REPORT AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED DEVELOPMENT CREDIT
OF SDR 7 MILLION
TO THE
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
FOR A
HEALTH DEVELOPMENT PROJECT

May 9, 1983
### CURRENCY EQUIVALENTS

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### 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

- **HC** - Health Center
- **HE** - Health Education
- **HG** - Health Guide
- **HU** - Health Unit
- **ICB** - International Competitive Bidding
- **IHMD** - Institute for Health Manpower Development
- **MOPH** - Ministry of Public Health
- **PIU** - Project Implementation Unit
- **PDRY** - People's Democratic Republic of Yemen
- **PHC** - Primary Health Care
- **TBA** - Traditional Birth Attendant
- **TST** - Training and Supervision Team
- **UNCDF** - United Nations Capital Development Fund
- **UNICEF** - United Nations Children's Fund
- **WHO** - World Health Organization
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

HEALTH DEVELOPMENT PROJECT

CREDIT AND PROJECT SUMMARY

Borrower: People's Democratic Republic of Yemen

Amount: SDRs 7 million (about US$ 7.6 million equivalent)

Terms: Standard IDA

Project Description: The project seeks to improve the health status of the population in the three governorates of Lahej, Abyan and Hadramawt through a cost-effective primary health care approach. To achieve this primary objective, the project would help strengthen and improve health services, with special emphasis on ten priority health problems; upgrade the skills of existing paramedical personnel, and train new categories of outreach voluntary health workers; develop and implement a community health education program; and strengthen the management capacity of the Ministry of Public Health. By increasing the number of trained community midwives and by developing popular awareness of family planning issues, the project would also help address the shortage of female paramedics and encourage the further development of family planning services. The project would include: (i) upgrading and repairs of 139 health units, the construction of 55 health units and furniture and equipment for these facilities; (ii) health education materials; (iii) training of medical personnel and technical and support staff; and iv) technical assistance. The population served in the three governorates as a result of the project would increase from 449,000 to about 1.3 million, or 83 percent of the estimated 1987 population. Among the beneficiaries would include about 49,000 infants, 190,000 children and more than 282,000 women of reproductive age. The limited management capacity of the Ministry of Public Health is the major risk faced by the project. The project has been designed to minimize this risk through the appointment of experienced staff in the Project Implementation Unit, the reorientation of ongoing multilateral technical assistance and the provision of technical assistance under the project.
Estimated Cost: 1/

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1/ Excluding duties and taxes which are not levied on development projects in PDRY.

Financing Plan:

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Rate of Return: Not applicable

Staff Appraisal Report: No.4324-YDR dated May 4, 1983
1. I submit the following report and recommendation on a proposed development credit of SDRs 7 million (about US$7.6 million equivalent) on standard IDA terms to the People's Democratic Republic of Yemen (PDRY) to help finance a Health Development Project. The Government has obtained $0.6 million of cofinancing from the World Health Organization (WHO) and $0.4 million from the United Nations Children's Fund (UNICEF), and is seeking about $7 million equivalent in cofinancing to complete the financing of three regional paramedical schools and three medical stores. They would complement the proposed project, which is however self-contained and fully justified on its own merits.

PART I - THE ECONOMY


Introduction

3. Situated in the southwestern corner of the Arabian Peninsula, the People's Democratic Republic of Yemen (PDRY) with a population of 1.9 million (mid-1981) covers an area of 333,000 square km and extends nearly 1,400 km along the Gulf of Aden. It is a semi-arid land of rugged configuration with sparse vegetation, low rainfall and few natural resources. Agricultural production is limited to some 12 scattered wadis comprising the total cultivable area of about 200,000 ha or less than 1 percent of the country's land surface. The one major resource is fish, which is not yet fully exploited. The majority of the population lives on the narrow coastal plain along the Gulf. There is also a concentration of population in the Wadi Hadramawt, a large fertile valley in the centre of the country. The rest of the population, of which 10 percent is bedouin live in small scattered communities. There are also an estimated 200,000 Yemenis working outside PDRY. Except for the oil refinery at Little Aden, there is little industrial activity in the country. The country is still at a low level of development, its institutions are relatively weak and its per capita income was $420 in 1980.

1/ Part I and Annex I of this report are substantially the same as those in the President's Report for the Second Wadi Hadramawt Agricultural Project (P-3494-YDR) which was approved by the Executive Directors on April 12, 1983.
Development Objectives and Constraints

4. Prior to independence in 1967, the economy was mainly centered around Aden and depended heavily on services provided by the port of Aden and budgetary support from the British. Following independence the Government has sought to diversify the economy and carry economic development to all parts of the country. 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.

5. 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.

6. 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. The response has been good from both Yemeni nationals returning from abroad and private foreign investors but unfortunately the Government is not yet in a position to offer significant assistance by way of feasibility studies or suitable projects.
7. 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.

8. These developments were supported by substantial aid inflows, and by a large increase of remittances sent by Yemenis working abroad (see para. 19). 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 and fish production have stagnated in the last 5-6 years. 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.

9. The Second Five-Year Plan continues to pursue the overall development objectives outlined above (see para 4). 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. The plan, which is currently in its third year of implementation, achieved very high implementation ratios during the first two years i.e., in 1981 about 80 percent and in 1982 about 90 percent of annual investment targets. Implementation ratios were about 90 percent in industry, agriculture and fisheries and 80 percent in social services. Nearly 60 percent of development expenditure was financed through foreign sources and the rest from domestic sources.

10. 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.

11. 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.

12. 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

13. 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. In 1981 development expenditures increased substantially to $305 million reflecting the special efforts of the Government to complete ongoing projects. Current government expenditures for education, health and more recently defense, continued to grow through 1981 both in nominal and real terms.

14. 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 6 percent during 1974-80, compared with only 2 percent per annum during 1970-73. The major growth sectors were government services, construction, manufacturing and transport. Agricultural output and fish production apparently stagnated. 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 referred to above (see para. 12).

15. Tentative estimates for 1981 show an increase in real GDP of about 6-8 percent. Agriculture production grew for the first time since 1975 by about 5 percent while construction grew by about 20 percent. Industrial production on the other hand slowed down in 1981 due to technical problems, congestion in the port of Aden, and low capacity utilization of the oil refinery. Fish production appears to have declined in 1981. Even though key economic indicators for 1982 are not completely available, economic growth appears to have slowed down in that year. The floods of March 1982 inflicted severe damage to the agricultural sector causing crop losses both for domestic consumption and exports. Similarly, industrial output is expected to show only a small increase due to shortage of raw materials.

16. 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 $362 million in 1981. This still left a large overall deficit in the public sector amounting to $342 million in 1981.

17. 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. Gross foreign aid inflows rose from $66 million in 1974 to $131 million in 1978. In 1979 they dropped to $87 million due in part to the decline in public investments. However, foreign aid inflows once again rose sharply in 1980 ($169 million) and again in 1981 ($319 million).

18. 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 $763 million in 1981. 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 represented food and beverages, 22 percent crude oil and petroleum products, and 20 percent machinery and equipment. 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.

19. Exports, mainly fish and cotton, have been able to cover only a minor share of the import bill. In 1981, they were estimated to be about $28 million or some 4 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 have risen rapidly since the mid-1970s, increasing from $41 million in 1974 to $415 million in 1981. This has been due to rising wage levels in the oil surplus countries, to additional emigration, and to new incentives which liberalized remittance financed 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 $255 million at end 1981, equivalent to about 4 months of imports.

20. Preliminary balance of payments estimates, for 1982 indicate a further increase in the current account deficit. The principal factors responsible for this trend were (1) growing imports due to the floods of 1982 and the intensification of the development effort, and (2) a slow down in workers' remittances following levelling off in wages and reduced construction activities in the oil rich labor importing countries. Moreover, disbursements of official loans and grants declined sharply forcing the country to draw on its reserves. Remittances could slow further as they did in the Yemen Arab Republic (YAR) while debt service payments are expected to increase sharply in the coming years.

Impact of Flood Damages

21. In late March 1982, unusual floods caused extensive economic damage in PDRY. Heavy rains fell continuously for about three days damaging arable land, infrastructure and buildings throughout most of the country. In many places, the rainfall exceeded 10 inches during the three day period and water descended from the mountain slopes surrounding the area and swept away villages causing substantial losses to agricultural areas and crops, livestock, roads and bridges and equipment. The most seriously affected areas are in Lahej, Abyan and Shabwah Governorates. Wadis in Lahej and Abyan Governorates were seriously affected due to erosion of the wadi banks thus washing away large tracts of agricultural lands and residential property. Along the wadis, most feeder and on-farm roads have also been washed away. Hence, much of PDRY's limited spate irrigated infrastructure is now in need of rehabilitation, repair and probably in need of basic redesign and reconstruction. The Zinjibar bridge in the Abyan Governorate has been totally destroyed as have numerous sections of the main Aden Al Mukalla coastal road linking the capital to other governorates and the branch to Wadi Ahwar in Abyan Governorate. Thus, the disaster was reputedly the largest in recent history. Official estimates list 500 people dead, 25,000 houses destroyed and 50,000 head of livestock lost with physical damage of between $250 million and $500 million in total cost.

22. Surveys on the overall impact of the floods on the economy indicate that a substantial portion of the seasonal crops viz. cotton, cereals, fruits and vegetables have been destroyed and prospects for resumption of such crops in the affected areas in the near future are uncertain. It would take up to 2 to 3 years before production could be resumed. Similarly, the damage to highways and bridges is quite extensive and although emergency works have already been completed, it will take about two years to complete full
reconstruction and rehabilitation. The Government has already begun rehabilitation, repair and reconstruction works to avoid further damage to wadi beds and agricultural land from subsequent flooding. It has begun to place orders for imports of machinery and equipment as well as building materials with assistance from multilateral and bilateral donors.

23. The damage to agricultural crops had a serious impact on the domestic food supply and exports. Apart from the export losses, the economy has to bear additional costs in the immediate period arising out of the necessity to import substantial amounts of foodstuffs to replace lost agricultural output and essential materials, machinery and spare parts to repair flood damaged infrastructure. While final balance of payments data are not yet available, the additional balance of payments burden caused by the floods during 1982 is tentatively estimated at between US$55-60 million. The impact on the 1982 budget is expected to be substantial ranging up to YD 20 million or about 10 percent of total expenditures. Emergency repair and reconstruction work is underway with the assistance from multilateral agencies and donor countries. PDRY has already received emergency assistance of $16.8 million from the International Monetary Fund and $7 million from IDA for flood recovery program. In addition, emergency assistance of about $6 million from UN agencies and some external assistance in the form of project loans have been provided. These cash and in-kind grants have so far been for relief purposes and their magnitude is small. The need to import additional food, construction materials and capital equipment to replace losses will no doubt have a negative impact on PDRY's balance of payments in the medium term. Hence, PDRY requires an increased flow of material and financial assistance from the international community.

External Debt

24. 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 1981 amounted to $1,404 million, of which $651 million was disbursed. Bilateral sources accounted for $1,009 million or 72 percent of total commitments with the USSR providing the bulk ($591 million), followed by China ($149 million), other Eastern European countries ($158 million), and Arab countries ($111 million). By the end of 1981 multilateral flows amounted to $395 million including $252 million from Arab Funds, $111 million from IDA 1/ and $32 million from IMF. The terms of all loans are highly concessionary. In addition, PDRY has received $398 million in grant assistance during 1974/81, mostly from Arab countries.

25. The soft terms of PDRY's external debt have resulted in relatively small debt service obligations. Debt service payments in 1981 were $11 million or 3.4 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 country's low income level and low level of development, the Bank's assistance to PDRY should continue to be on IDA terms. For the same reason, local cost financing by IDA is justified.

1/ This amount is now $143.6 million (see para. 28).
26. In 1969, under Nationalization Law No. 37, the Government nationalized most of the foreign-owned enterprises (see para. 5). 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 has stated its desire to reach mutually acceptable settlements with all claimant companies.

PART II - WORLD BANK OPERATIONS

27. 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 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.

28. 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 22 operations in PDRY 2/, for a total commitment of $143.6 million. Of this total, $39.8 million has assisted the transport sector, $50.3 million the agriculture and fisheries sector, $21.5 million the

1/ Part II of this report is substantially the same as that in the President's Report for the Second Wadi Hadramawt Agricultural Development Project (P-3494-YDR) which was approved by the Executive Directors on April 12, 1983.

2/ Including two engineering credits subsequently refinanced under Credits 560 and 1038.
power and energy sector, $15.4 million the education sector, and $16.6 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 continues to be satisfactory. It is superior to other countries in the Middle East and compares favorably with the Bankwide average. This trend is expected to continue. Lessons learned from experience with delays and cost overruns in earlier projects are being taken into account in our follow-up projects. Annex II contains a summary statement of IDA credits as of March 31, 1983, and notes on the execution of ongoing projects.

29. Future operations are both in the preparation and study stages. A water supply project for the town of Seiyun in the Wadi Hadramawt is at an advanced stage of preparation. Project possibilities in agriculture, fisheries, industry, transport, education and power 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 mid FY83, IDA has been successful in securing through its projects about $143 million of cofinancing from other aid donors (UNDP $1.5 million; Kuwait Fund $26 million; Arab Fund $49.5 million; Islamic Development Bank $11 million, Abu Dhabi Fund $16 million, OPEC Fund $22 million, IFAD $11 million and EEC $6.4 million), thus helping to increase the inflow of development aid to the country.

PART III - THE HEALTH SECTOR

Introduction

30. About one-third of the total population of PDRY lives in urban areas, about 55 percent live in rural areas and 10 percent are nomadic. On the basis of an estimated growth rate of 2.6%, total population in mid-1981 was about 1.9 million, of which 1.4 million lived in the three Governorates of Lahej, Abyan and Hadramawt. The country's total fertility rate is one of the highest in the world, and the comparatively lower rate of natural increase of the population is mainly the consequence of low health standards and a high infant mortality rate. While the Government's principal and understandable concern at present is the reduction of morbidity and mortality, it also recognizes that a decline in fertility will be necessary to improve per capita economic growth rate, living standards, and maternal and child health. The Government has adopted an official policy of birth spacing and, in the main cities, family planning is well accepted; however, the expansion of family planning services is seriously hampered by the shortage of female paramedicals and social workers, which is severe in the cities and critical in rural areas. National planners recognize that interventions to improve the health status of the population should be accompanied by a parallel effort to slow down fertility. The Family Law of 1974 which introduced major reforms for the
emancipation of women in PDRY inter alia abolished child marriages, raised the minimum legal ages for marriage to 16 for women and 18 for men, and instituted compulsory civil registration of marriages. The Government has also made major and successful efforts to open up employment and education opportunities to women. However, while dramatic gains in terms of reducing infant mortality can be obtained relatively quickly and at relatively low cost, fertility decline is a much more difficult process and will occur at a much slower pace.

Health Status

31. PDRY's health status is among the worst in the Middle-East and North Africa region: the total fertility rate is in the 6.2-7.0 range, the crude birth rate 45-48 per thousand, the crude death rate 16-21 per thousand, and the infant mortality rate 146-155 per thousand live births; estimates for maternal mortality range between 100 and 500 per 100,000 deliveries, and are more likely to be at the upper end. Life expectancy at birth is only about 45-47 years. The country is still in the first stage of epidemiological transition where the health status of the population is primarily affected by communicable, infectious and parasitic diseases, and underlying malnutrition. Tropical diseases, although present in PDRY, do not have an overwhelming weight on the epidemiological profile. The health status is also affected by chronic infectious diseases due to complications or persistence of common ailments that would recede if basic health care were accessible.

32. Data are fragmented and incomplete but an epidemiological assessment conducted in 1979 with the assistance of the World Health Organization (WHO) resulted in the establishment of a list of ten priority health problems in PDRY. Communicable diseases of childhood rank first among these priority health problems, with measles and whooping cough the two major killers for this age group; poliomyelitis and tetanus are frequent in rural areas, and diphtheria is still present. The prevalence of malaria, the second priority, is extremely high, and it is likely that as much as two-thirds of the population live in endemic areas. Diarrhea, the third priority, is the major single cause of under-five mortality. Acute respiratory infections (pneumonitis, pneumonia and bronchopneumonia), the fourth priority, are also a leading cause of infant mortality. Tuberculosis, the fifth priority, has a very high prevalence rate. Anemia the sixth and malnutrition the seventh priority are closely linked and together account for 58 percent of new patients recorded annually. Malnutrition is undoubtedly the most serious underlying general health problem in the country. Communicable eye diseases (mainly trachoma and conjunctivitis), the eighth priority, have an extremely high prevalence rate. High perinatal and maternal mortality rates, the ninth and tenth priorities, are due to socio-cultural and nutritional factors as well as deficiencies of health services. Other diseases (leprosy, salmonellosis, hepatitis, dysentery and amoebiasis) account for a significant part of morbidity and would be more difficult to control. Finally, endemic diseases such as schistosomiasis, typhoid and cholera, even if not prominent as causes of morbidity, constitute real threats of potential epidemics.

Health Policy and Services

33. Considerable progress has been made since independence in 1967 in expanding the network of hospitals, health centers and health units, in
training medical and paramedical personnel, and in establishing nine vertical disease control programs. Prior to the joint WHO/UNICEF International Conference on Primary Health Care (Alma Ata, September 1978), the Government prepared a National Health Program and, also with the assistance of WHO, designed its strategy around a primary health care (PHC) concept with a view to reaching the Alma Ata Conference objective of Health for All by the Year 2000. The National Health Program, which was comprehensive and identified the needs of the sector, constitutes a very important conceptual and analytical step. A National Primary Health Care Council was created, the curricula for paramedical training was revised, new job descriptions and drugs lists were prepared, and two pilot schemes were implemented in two governorates. However, because of limited financial resources and managerial capacity within the Ministry of Public Health (MOPH), little more has been done.

34. PDRY's health infrastructure, though modest, has some positive attributes: the mix of facilities is well balanced; peripheral facilities are relatively well distributed and, when upgraded, would provide basic health coverage to all major clusters of population. Moreover, health policy is strongly oriented to low-cost primary health care and to improving the efficiency of rather than expanding the size of the existing system. The first level of care is provided by 300 dispensaries or health units (HUs) consisting of small buildings, staffed by one or two (male) nurses. The HUs provide simple curative care to a population of 3,000-5,000; except in the two districts where Health Guides (HGs) exist (see para. 39), the HU has no outreach capacity and its effective coverage is limited; however, drug supplies are usually adequate for their present limited functions. The second level of care is provided by 18 health centers (HCs), often larger dispensaries which were upgraded and equipped with beds, and staffed with one physician and/or medical assistant, nurses, midwives and laboratory and pharmacy technicians. Each HC delivers primary health care to the local population (up to 15,000 persons), and also serves as a referral for secondary care, through outpatient consultations and inpatient care. At the third level are 29 hospitals with a total capacity of 2,500 beds, i.e. an average of 1.3 beds for 1,000 population; seven of them, located in Aden, act as national hospitals; in the governorates, an 80-190 bed hospital is located in the main city; there are also a few smaller hospitals with 40-60 beds. Staffing, quality of service, maintenance of facilities and equipment vary widely but, in general, hospitals are relatively well run. The hospital infrastructure represents the minimum needed for comprehensive care and would be sufficient if well integrated in the overall delivery system.

35. However much remains to be done both to integrate the present system and with respect to training before the National Health Program can be realized. Area hospitals still perform as independent bodies and provide only minimal technical guidance and supervision to health centers which, in turn, do not supervise the work of health units. While some health units were physically upgraded during the Second Five Year Plan, most are in urgent need of repair and a small number have had to be closed. The health centers are the weakest link in the referral system because their supervision and back-up functions viz-a-viz the health units in their respective areas are not well understood by the staff of the health centers.
36. Paramedics have all received a hospital-based curative-type of training; as a consequence, while nursing services in hospitals are relatively efficient, health personnel assigned to the periphery are not well prepared for delivering preventive care, serving in public health or performing community work. This staff will be reoriented through on-the-job training. Moreover, new front-line nurses will be trained in the three regional branches of the Institute for Health Manpower Development (IHMD) under a revised curriculum which has been extended to two years. However, the three regional branches are presently housed in inadequate and crowded buildings; none have boarding facilities and students' living conditions (especially in Lahej and Abyan) are appalling. The absence of boarding facilities makes it practically impossible to recruit female candidates from the region who could be assigned to their districts of origin upon graduation.

The Ministry of Public Health (MOPH)

37. The MOPH is responsible for the delivery of health care services in PDRY. The Minister is assisted by two Deputy Ministers and by six advisory units which report directly to the Minister. The most important of these are the General Directorate for Planning and Statistics and the Advisory Committee. A Deputy Minister of Public Health is responsible for administration including pharmaceutical operations, while a Deputy Minister of Public Health Affairs is responsible for all operational activities of the MOPH. Regional Health Directorates of the MOPH in each of the six Governorates in PDRY are responsible for operations at the Governorate level. Overall, the administrative and managerial capacities of the MOPH are still inadequate, and many physicians in charge of essential activities are relatively young and inexperienced. Vertical programs (malaria, tuberculosis, immunizations, etc.) are not integrated into a comprehensive delivery system and reporting and evaluation procedures remain informal. Although all Governorates suffer from a lack of qualified personnel the uneven distribution of the few qualified personnel is also a problem. Shortages are particularly serious in the categories of technicians, sanitarians, midwives, supervisors and outreach agents. The almost complete absence of women as nurses and female paramedics in rural areas is a fundamental weakness of the present system.

Health Manpower

38. The MOPH has 3,300 staff. There are 147 physicians in the country, including 95 nationals trained abroad. The Aden Faculty of Medicine was created in 1975, and the first group of 52 locally-trained physicians graduated in 1982; the annual output of the school will vary between 50 and 70 during the next seven years. Since its establishment in 1970, the IHMD has trained about 3,000 paramedicals (mostly males) in 15 different categories. The IHMD is located in Aden and also operates three regional branches to train additional practical nurses for the first level of care. Its present output is about 300 paramedicals per year.

39. The new category of outreach health worker, the Health Guide (HC), has the potential to make a significant impact on health services coverage in the near future. The HG is a volunteer selected by the community. He works
under the supervision of Health Unit staff, as a health agent for 300-1000 persons, watching and reporting health conditions, giving simple advice on basic health problems and sanitation, delivering simple health education messages, providing first aid and elementary treatment for common ailments, dispensing a few basic drugs, and facilitating referral of patients. This approach has been successfully tested in two districts in PDRY, and is to be expanded. Female Traditional Birth Attendants (TBAs) or Giddas are still active in rural areas but are not part of the health services network. However the MOPH is planning to use eligible TBAs as primary health care outreach agents under the supervision of qualified community midwives.

Pharmaceutical Supplies

40. Most facilities receive adequate and timely supplies of drugs. However, storage and handling is carried out under precarious conditions, especially at the governorate level. Annual expenditure on imported drugs amount to YD1.5 million (about $2.20 per capita), a very modest level of consumption. In addition, a variety of standard preparations are produced locally. The MOPH controls drug utilization well and the list of authorized drugs is realistic and limited to 800 generic and brand name products (as compared to several thousands in most countries). The MOPH has considered the possibility of establishing a cost-recovery mechanism for non-essential drugs. But given the high per capita tax effort in PDRY, the low per capita income and the various controls already in place, this is not a high priority issue.

Community Health Education

41. The Government gives strong support to the concept of health education but programs which are usually carried out through mass organizations are uncoordinated and too sporadic to be of real use. The MOPH has recently established a Directorate for Health Education to develop a nationwide community health education system, starting with the governorates of Lahej, Abyan and Hadramawt. The various mass organizations in PDRY (People's Defense Committees, General Union of Yemeni Women, Agricultural Cooperatives, and Asheed, the Yemeni Youth Organization) which reach every person in the country in both rural and urban areas provide an excellent potential vehicle for the delivery of health education programs.

Health Expenditures

42. Total health expenditures have been growing by more than 30 percent a year since 1977, to reach the level of $23.5 million in 1981. Virtually all of this has been for recurrent expenditures, which were $23.4 million in 1981 ($12 per capita). Capital expenditures in the health sector, which previously were minimal, have now been increased sharply and are expected to be $17.7 million in 1982, that is 3.5 percent of total development expenditures (compared to less than 1 percent in 1976). Between 1976 and 1981 the share of health in social sectors investment increased from 6.6 percent to 11.4 percent. Over the same period capital expenditures in social sectors were raised from 15-percent to more than 30 percent of total development expenditures as Government began to compensate for its past neglect of housing, water supply and sewerage and health. The share of health in
Government's recurrent budget was about 6 percent in 1981 compared with 5.4 percent in 1977. These levels of expenditure on health and the balance between capital and recurrent expenditures for health are considered appropriate. The health sector in PDRY receives considerable technical and limited financial assistance from six UN Agencies, the Islamic Development Bank, the Arab Fund and at least six bilateral sources.

**Primary Health Care (PHC)**

43. The primary health care approach calls for the integration over time of all vertical activities into a comprehensive delivery system, which will permit a much greater proportion of the population to be reached by higher quality health care facilities in a much more cost effective manner than at present. As defined by the MOPH primary health care consists of measures and activities at the community level, where the national health care system is in direct contact with individuals, families and the community. The community shares the responsibility for PHC, while the other levels of the delivery system provide continuous support in terms of technical knowledge, supervision, logistics, training and referral. But this functional integration within the MOPH will be achieved in phases, to avoid disruption in service delivery. As a first step, the position of Director General of PHC, a Central Council for Primary Health Care and two new units, one for Program Development and Evaluation, the other for Training and Supervision have been established. The present heads of the vertical programs will retain their responsibilities for programming, preparation of guidelines and norms, quality control, and monitoring and evaluation. Priorities have been established and integration at the peripheral level has started with health education, maternal and child health and family planning, and school health under the responsibility of the Director General of PHC. Once the primary health care network has been strengthened, integration of other vertical activities will follow. Ultimately a Supreme PHC Council will be established at the inter-ministerial level to ensure inter-sectoral coordination and similar PHC Councils will be established at the local levels of government. This process was assisted by consultants financed under a Project Preparation Facility (PPP) advance to help prepare the proposed project.

44. While most of the conditions needed to launch a viable primary health care program are present in PDRY, the Government's resource constraints dictate that it phase the geographical implementation of the program. The Government has thus decided to proceed initially in three governorates, giving priority to improving the quality and effective coverage of existing facilities and services. This has created a favorable environment for the proposed project, which would be IDA's first operation in PDRY's health sector. While other bilateral and multilateral organizations are expected to continue their involvement in the sector, most of this aid will still be in the form of technical assistance. IDA's principal role would, therefore, be to provide financial assistance and, through the technical and institutional support associated with Bank projects, to strengthen the MOPH's management and implementation capacity.
Project Objectives

45. A project which would help the Government implement its new health policy was identified in 1980 and its preparation assisted by UNICEF and by consultants financed under two advances from the Project Preparation Facility (PPF) totalling $266,400. The PPF advances also financed training of key MOPH staff to be associated with the project, a survey of health facilities in the project area, and the preparation of a national health map. This project was appraised by IDA but, because of lack of financing, certain components had to be dropped at negotiations. These components, which would complement the now proposed project, consist of the construction of three regional paramedical schools of the IHMD including boarding facilities and the provision of furniture and equipment, and the construction of three regional medical stores including the provision of furniture, equipment and vehicles. The Government is continuing to seek about $7 million in cofinancing for these components. The proposed project has been designed so that it is self contained and is fully justified on its own merits. The fundamental objective of the project would be to improve the health status of the population in the three governorates of Lahej, Abyan and Hadramawt (the project area). The approach to be followed in the project has been successfully tested in two pilot schemes from 1979. The project was appraised in October/November, 1982. Negotiations were held in Washington in April 1983. The delegation of the Government of PDRY was led by Dr. Bukair, Minister of Public Health. A Staff Appraisal Report (No. 4324-YDR of May 4, 1983) is being distributed separately to the Executive Directors. Special conditions in the Credit Agreement are summarized in Annex III. Three maps of the project area are attached.

46. To achieve the basic objective, the project would help strengthen and improve the organization and quality of care of the health delivery system by rehabilitating and upgrading the network of health facilities at the peripheral and village levels, and by concentrating on the ten priority health problems identified in the National Health Program. It would help upgrade and retrain existing paramedical personnel, and train front line voluntary health workers of both sexes. The project would develop and implement a well-structured community health education program to help mobilize support for PHC at the community level with the active participation of mass organizations, and it would strengthen the MOPH's management, programming, monitoring and evaluation capacity at the central and regional levels.

47. The shortage of female paramedics constitutes the major obstacle to the development of maternal and child health and family planning services (see para. 30). This would be addressed by the project through specific interventions to: a) increase the number of trained community midwives from the governorates of Lahej, Abyan and Hadramawt (see para. 51); and b) develop popular awareness of population and family planning issues through the health education component (see para. 50). The 120 additional community midwives to be trained during the four year project implementation period would directly improve service delivery in this area and would also help strengthen family planning as an integral part of the Government's primary health care delivery system. In the long run however, the solution lies in the construction of the boarding facilities for female students in the three regional paramedical schools of the IHMD (see para. 51).
Project Description

48. The project would consist of: (a) upgrading and repairs of 139 health units, the construction of 55 health units and the provision of furniture, equipment, drugs, supplies and vehicles for these facilities; (b) health education materials; (c) training of medical personnel, and technical and support staff; and (d) strengthening the MOPH through consultant services and fellowships for overseas training.

49. Health Units. Out of 225 health units in the project area, only 47 are in satisfactory condition. 139 need to be upgraded or repaired and another 39 units must be reconstructed altogether. To raise health services to a minimum acceptable level and reach the population coverage mentioned above, 16 additional rural health units would have to be built in areas of high population density. Therefore the project would include the upgrading and repairs of 139 existing HUs and the construction of 55 HUs. The 16 additional HUs would supplement the additional coverage expected from the 32 health units (170 m² on the average) financed by the United Nations Capital Development Fund (UNCDF) and now being built under UNICEF supervision. Careful design for each type of unit to be financed under the project would make it possible to limit the impact of extremely high construction costs: out of 55 HUs to be built under the project, 15 would have an area of 56 m² and 40 would be 99 m². The project would include furniture, equipment and drugs and supplies for the 55 new and all 186 existing HUs, as well as additional equipment for the 15 existing health centers operating in the three governorates.

50. Health Education Materials. The project would assist the MOPH to develop a well-structured health education (HE) program to be carried out with the support of the mass organizations. The Directorate for HE in the MOPH is preparing a four-year program of activities with special emphasis on measles, nutrition, infant diarrhea, malaria, personal hygiene, drugs and alcohol, breast feeding, mother and childcare, family planning and tuberculosis. The Directorate would also prepare a Field Manual for PHC staff and produce a Quarterly Bulletin to serve as a teaching document and an active link with field personnel, and design and produce radio and television programs. The project would include the production of eight films on basic health themes in PDRY, as well as the purchase of other films from external sources. The project would also provide equipment for the production of audio-visual and printed materials, as well as short-term technical assistance and fellowships for overseas training.

51. Training. The project would support the MOPH's ongoing manpower development efforts. The additional 120 positions to be generated by this and the ongoing UNCDF financed project will be filled by improved deployment of existing staff and by present pre-service training output. The Government is seeking funds to support the longer term pre-service training needs of the PHC system through the construction of three regional branches of the IHMD including boarding facilities (see paras. 36 and 45). With respect to community midwife training, the Government has agreed that, pending the construction of these regional branches of the IHMD, the MOPH beginning in
1983 would recruit annually at least 30 community midwife candidates from the governorates of Lahej, Abyan and Hadramawt for training, and would assign them to their districts of origin upon graduation (Development Credit Agreement, Section 3.09). This would help reduce the shortage of midwives, now estimated to be 160. To meet the short-term requirements of the PHC system, the project would help establish a regional capacity for in-service training, field supervision, and continuing education through mobile training and supervision teams. Four regional training and supervision teams (TSTs) would be created under the project, to provide: technical guidance for PHC; retraining of existing field staff; training for Health Guides and TBAs; intensive supervision of newly deployed personnel; and on-going supervision thereafter. Later in the Project, TSTs would become the principal channel for continuing education. The TSTs would be part of and directly supported by the regional Directorates of Health Services. Each team would consist of one medical assistant, one community midwife, and one assistant health inspector, all selected from experienced staff with previous supervision responsibilities. The four TSTs would retrain 580 medical assistants, nurses and community midwives (190 in Lahej, 150 in Abyan and 240 in Hadramawt) through short-term courses over the four years 1983-87. They would also train 480 Health Guides through short-term courses over the four-year project period, thus extending PHC coverage by about 144,000 persons. The project would provide for a survey to gather basic information on TBAs in order to design specific educational objectives and modules for their training. In the third year of the project the MOPH would begin a program of on-the-job continuing education for all PHC staff, which would concentrate on operational matters, with special emphasis on the ten priority health problems.

52. **Strengthening the MOPH.** The project would finance 48 manmonths of consultant services and 18 manmonths of overseas training fellowships. To support the Director General of PHC who would be responsible for programming and coordination, the project would provide for consultant services in PHC management, family planning and health planning. For the same purpose, the project would include fellowships for overseas training in public health, maternal and child care and family planning, and nutrition (9 manmonths). The project would also provide for the services of a short-term training specialist to assist the Director General of PHC and the IHMD in evaluating the on-going training programs, assessing the adequacy of the curricula, and recommending appropriate measures to improve the implementation of this component. One fellowship for overseas training (2 manmonths) has also been earmarked for the same purpose. To assist the General Directorate for Planning and Statistics in implementing the revised health monitoring system (see para. 55), the project would provide for consultant services in statistics and epidemiology, and overseas training (2 manmonths) in the same field. Overseas training for health educators (3 manmonths) and senior MOPH staff (2 manmonths) is also included in the project. Four experienced construction supervisors would be provided to supplement, in remote areas, the normal supervision of civil works under the project carried out by the Ministry of Construction. The project would also finance furniture, equipment and vehicles for the Project Implementation Unit (PIU), the Directorate for Health Education and the three Regional Directorates. The Government has agreed to employ consultants whose selection, qualifications, experience and terms and conditions of employment are satisfactory to IDA and are carried out in accordance with the Bank's Use of Consultant's Guidelines (Development Credit Agreement, Section 3.03). The Government has also agreed to appoint suitably qualified people for the overseas training program using criteria for
selection and award that are acceptable to IDA, after approval of the training programs and locations by IDA (Development Credit Agreement, Section 3.08). Under their contributions to the proposed project, WHO will provide 20 man months of technical assistance in the next two years, and UNICEF will provide equipment, vehicles, drugs and local training of MOPH staff. WHO will also fill future vacancies with full-time advisors in health planning, health education, and health statistics and epidemiology.

Project Implementation

53. A Project Implementation Unit (PIU) would be established within the MOPH. It would be responsible for the execution of the proposed project. The PIU would be headed by the Director General for Planning and Statistics of the MOPH and consist of a project coordinator, a qualified accountant, two technical staff and two support personnel. The project coordinator has already been appointed. The establishment of the Project Implementation Unit (PIU) by the Government under terms of reference and with an organization acceptable to IDA would be a condition of effectiveness of the proposed credit (Development Credit Agreement, Section 6.01). The Government has agreed to appoint the project coordinator, the accountant, and the two technical staff for the PIU, all with qualifications, experience and terms of reference satisfactory to IDA, by October 1, 1983 (Development Credit Agreement, Sections 3.02(b)). The PIU would be assisted by the MOPH engineer. This position is presently filled by an internationally recruited expert. The Government has agreed that, should this position become vacant, the MOPH would make available to the PIU the services of a qualified architect or engineer within the MOPH (Development Credit Agreement, Section 3.02(b)). The Government would forward certified copies of the project accounts as well as the annual audit report of the Central Board of Audit (CBA) to IDA not later than nine months after the end of each fiscal year (Development Credit Agreement, Section 4.01(c)). The overall status of project preparation is good; detailed designs for the buildings to be constructed under the project have been completed, and furniture and equipment lists were agreed at negotiations. The various training programs and their content, implementation procedures and schedules were also discussed and agreed at negotiations.

54. The Central Council for Primary Health Care would provide overall guidance for the development of PHC, the integration of health services, the organization of training activities, and program monitoring and feedback. The Program Development and Evaluation Unit in the MOPH would be responsible for detailed programming of all PHC activities while the General Directorate for PHC would coordinate inputs and supervise service delivery. The Training and Supervision Unit would program and supervise the training component with the assistance of the IHMD, and the Directorate for Health Education would implement the community health education program. The Government has agreed to appoint an adequate number of qualified staff to the Program Development and Evaluation Unit, the Training and Supervision Unit, the Directorate for Health Education and two health education officers in Lahej and Abyan all in the Ministry of Public Health by October 1, 1983 (Development Credit Agreement, Section 3.04).

55. The General Directorate for Planning and Statistics would establish a revised health monitoring system, centralize and analyse statistical reports, and circulate feedback information. Monitoring would be based on input indicators, output indicators (coverage and performance) and on outcome
indicators. This would be supplemented by studies and applied research on primary health care to be financed under the project. The nature, scope and cost of each would be based on information obtained from the monitoring system and would be agreed with IDA prior to being carried out. As part of the project monitoring system, the PIU would conduct a mid-term evaluation of the project. The Government has agreed to carry out a mid-term evaluation of the project under terms of reference satisfactory to IDA, to complete it by December 31, 1985, and to provide a copy promptly to IDA. It has also agreed to take any remedial action which the Government and IDA jointly agree is required (Development Credit Agreement, Section 3.07). The project is expected to be completed by September 30, 1987.

Project Cost and Financing

56. The total cost of the project, exclusive of duties and taxes which are not applicable to development projects in PDHY, but inclusive of contingencies, is estimated at $10.4 million equivalent with a foreign exchange cost of $5.2 million, or 50 percent of total project costs. The cost estimates are based on April 1983 prices. Physical contingencies are estimated at 10 percent for civil works and 5 percent for furniture, equipment, vehicles and supplies. Price contingencies on local costs for civil works, other local costs and foreign costs respectively are compounded annually at rates of 15, 7.5 and 7.5 percent (1984), 14, 7.5 and 7 percent (1985), 13, 6 and 6 percent (1986 and 1987). The costs of civil works are derived from current contracts for similar types of construction in the project area. Furniture and equipment costs are based on CIF unit prices adjusted appropriately. The cost of consultants and other internationally recruited personnel is estimated at $8,400 per manmonth. This rate includes salaries, social costs, overheads, fees, overseas allowances and international travel costs and is consistent with the prevailing rates in PDHY. Overseas training fellowships are based on an average monthly cost of $2000 including international travel.

57. The proposed IDA credit of $7.6 million would finance 73 percent of the total cost of the project. The Government has obtained $0.6 million from WHO and $0.4 from UNICEF to help finance the project. The Government would finance the balance ($1.8 million). The Government is continuing to seek about $7 million of cofinancing to complete the financing of the three regional paramedical schools and the three medical stores (see para. 45). The two advances for project preparation totalling $266,400 would be refinanced under the project. The Government would establish and maintain a 90 day $225,000 revolving fund to finance advance payments to local contractors, payments for consultants' services, for overseas and local training, and for drugs financed by the IDA credit. The opening of the revolving fund on terms and conditions satisfactory to IDA would be a condition of effectiveness of the proposed credit (Development Credit Agreement, Section 6.01). The financing plan was discussed and agreed upon at negotiations. Incremental recurrent expenditures generated by project implementation would total $1.9 million. In any year these expenditures would not be more than 2.4 percent of the MOPH's 1981 recurrent budget ($23.4 million), and 6.4 percent of current health expenditures in the project area ($8.9 million). On these bases, the project is affordable for the Government and would not strain its limited resources; fiscal replicability of project standards to the rest of the country would be possible at a later stage. However, to ensure proper maintenance of PHC buildings and equipment in the future, the Government has
agreed to maintain all facilities, equipment and vehicles provided under the project and to ensure that beginning in 1984 the annual budget of the MOPH includes a regular and adequate provision to finance the maintenance of project buildings and equipment (Development Credit Agreement, Section 4.02).

**Procurement**

58. All buildings to be constructed in the project are small in size and widely scattered over isolated rural areas. It is therefore unlikely that such small buildings would be of interest to foreign contractors. Consequently, contracts for civil works costing $4.7 million would be awarded on the basis of local competitive bidding (LCB) following local advertising and local procedures which are satisfactory to IDA. These procedures permit the grouping of contracts and the participation of foreign contractors. Upgrading and repairs of existing facilities would be executed by regional authorities through force account, and expenditures under this category would not exceed $50,000 in Aden, $0.5 million in Lahej, $0.3 million in Abyan and $0.8 million in Hadramawt. The construction of isolated new health units would be carried out by force account when no satisfactory bids have been received or when LCB has proven unsuccessful in the past. Civil works for new health units under force account, in each governorate, will not exceed $200,000 equivalent. Furniture, equipment and vehicles, amounting to $1.3 million, would be grouped to the extent possible in large packages to permit bulk procurement. About 70 percent of furniture and equipment for the health units are expected to be procured through UNICEF's Packing and Assembly Center in Copenhagen (UNIPAC), whose procedures are satisfactory to the Association. All other contracts for furniture and equipment would be awarded on the basis of international competitive bidding (ICB) in accordance with the Bank's Procurement Guidelines. Small items or groups of items needed quickly or of a specialized nature for which ICB would not be practical, and estimated to cost less than $100,000 per item and not more than $250,000 in aggregate would be procured under government procedures which are satisfactory to IDA and would include to the extent possible quotations from at least three suppliers in eligible countries. In the event of local bids for furniture and equipment being received under ICB, the 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 CIF price, whichever is lower.

**Disbursements**

59. The IDA credit would be disbursed over 5 years and the closing date would be June 30, 1988. Disbursements would be made on the basis of: i) 70 percent of expenditures for civil works; ii) 100 percent of foreign expenditures, 100 percent of local expenditures (ex-factory), and 70 percent of local expenditures for locally procured items for furniture, equipment, materials and vehicles for the PIU, the 55 new health units and for the health education component; iii) 100 percent of foreign expenditures for consultants' services and fellowships; iv) 100 percent of expenditures for drugs for new health units and all health guides; and v) 100 percent of expenditures for in-service training of health assistants, training of health guides and for operating costs of the four TSTS. The disbursement projections are consistent with the overall PDRY disbursement profile.
Justification, Benefits and Risks

60. The project's principal benefit would be the improvement of health conditions for the population in the three governorates of Lahej, Abyan and Hadramawt, which includes 68 percent of the total population but about 80 percent of the rural population of PDRY. Increased and improved coverage of primary health care services under the project would benefit about 1.3 million persons or 83 percent of the estimated 1987 population in the project area. Among the beneficiaries would be 49,000 infants, 190,000 children and more than 282,000 women of reproductive age. The development of preventive activities through immunization, community health education and family planning, and basic curative treatment for the ten major health problems would reduce morbidity and mortality rates substantially. Because of present low health standards, significant gains can be expected. The health education component of the project would help improve local environmental conditions.

61. The project would also yield substantial benefits through more efficient use of MOPH resources, and improved cost-effectiveness of health services delivery. This project would be the first major development project to be implemented by the MOPH and it would help strengthen the Ministry's management, planning, implementation and evaluation capability. An additional contribution of the project would be the more productive use of the considerable technical assistance provided to the sector by bilateral and multilateral organizations.

62. There are no unusual technical risks associated with the proposed project, and it has strong institutional support from Government. But it faces two managerial and operational risks. First, the MOPH has no experience in implementing large projects. This is recognized by the MOPH which has appointed its most experienced senior administrator to head the PIU. He would be backed by a senior medical assistant with extensive field experience. The project coordinator is already appointed and good progress is being made in arranging for the establishment of the PIU and the recruitment of the other staff required for the project. The project also includes the provision of consultants in key areas related to project implementation. In addition, both WHO and UNICEF have agreed to reorient their substantial technical assistance to provide technical support for the project. Second, the MOPH would have to rely on the Ministry of Construction for all matters related to civil works, and there is a risk that it would not be able to supervise on a regular basis the construction of small buildings scattered in isolated rural areas. The project thus includes the provision of four site supervisors, under the MOPH, who would assist the Ministry of Construction in supervision of civil works in rural areas.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

63. 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. The establishment of the Project Implementation Unit (PIU) by the Government under terms of reference and with an organization acceptable to IDA and the opening of a revolving fund on terms and conditions satisfactory to IDA are additional conditions of effectiveness of the proposed credit (Development Credit Agreement, Section 6.01).

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

PART VI - RECOMMENDATION

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

A. W. Clausen
President

Attachments

May 9, 1983
Washington, D.C.
### Table 3A

<table>
<thead>
<tr>
<th>AREA (THOUSAND SQ. KM.)</th>
<th>YEMEN PDR</th>
<th>REFERENCE GROUPS (WEIGHTED AVERAGES)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GNP PER CAPITA (US$)</td>
<td>MOST RECENT</td>
</tr>
<tr>
<td>TOTAL</td>
<td>335.0</td>
<td>23.7</td>
</tr>
<tr>
<td>AGRICULTURAL</td>
<td>92.7</td>
<td>209.5</td>
</tr>
</tbody>
</table>

**Population and Vital Statistics**

- **POPULATION, MID-YEAR (THOUSANDS)**: 1209.0
- **Urban Population (Percent of Total)**: 28.0
- **Population Projections**
  - **Population in Year 2000 (Millions)**: 3.1
  - **Stationary Population (Millions)**: 7.8
  - **Year Stationary Population is Reached**: 2130

**Population Density**

- **Per Sq. Km. Total**: 3.6
- **Per Sq. Km. Agricultural Land**: 13.2

**Population by Age (Percent)**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>0-14 YRS.</th>
<th>15-64 YRS.</th>
<th>65 YRS. &amp; Above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>44.8</td>
<td>52.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Urban</td>
<td>45.4</td>
<td>51.9</td>
<td>3.8</td>
</tr>
<tr>
<td>Rural</td>
<td>43.9</td>
<td>49.7</td>
<td>3.1</td>
</tr>
</tbody>
</table>

**Population Growth Rate (Percent)**

- **Total**: 2.0
- **Urban**: 5.8

**Crude Birth Rate (Per Thousand)**

- **Total**: 50.4
- **Urban**: 52.4

**Crude Death Rate (Per Thousand)**

- **Total**: 28.8
- **Urban**: 31.0

**Gross Reproduction Rate**

- **Total**: 3.4
- **Urban**: 3.6

**Family Planning**

- **Acceptors, Annual (Thousands)**: 65.6
- **Users (Percent of Married Women)**: 3.6

**Food and Nutrition**

- **Index of Food Production Per Capita (1969-71=100)**: 100.0
- **Per Capita Supply of Calories (Percent of Requirements)**: 81.4
- **Proteins (Grams Per Day)**: 49.4
- **Protein of Which Animal and Pulse**
  - **Total**: 17.7
  - **Urban**: 25.3
  - **Rural**: 6.2

**Child (Ages 1-4) Mortality Rate**

- **Total**: 39.4
- **Urban**: 44.3
- **Rural**: 30.5

**Health**

- **Life Expectancy at Birth (Years)**: 36.6
- **Infant Mortality Rate (Per Thousand)**: 209.5
- **Access to Safe Water (Percent of Population)**
  - **Total**: 24.0
  - **Urban**: 20.0
  - **Rural**: 5.0
- **Access to Excreta Disposal (Percent of Population)**
  - **Total**: 24.0
  - **Urban**: 20.0
  - **Rural**: 5.0
- **Population Per Physician**
  - **Total**: 13285.7
  - **Urban**: 3426.9
  - **Rural**: 596.0
- **Population Per Nursing Person**
  - **Total**: 13285.7
- **Population Per Hospital Bed**
  - **Total**: 1409.1
  - **Urban**: 978.0
  - **Rural**: 430.1
- **Adequacy of Hospital Beds**
  - **Total**: 33.3

**Housing**

- **Average Size of Household**
  - **Total**: 5.3
  - **Urban**: 5.3
  - **Rural**: 5.3
- **Average Number of Persons Per Room**
  - **Total**: 2.2
  - **Urban**: 2.2
  - **Rural**: 2.2
- **Access to Electricity (Percent of Households)**
  - **Total**: 22.0
  - **Urban**: 22.0
  - **Rural**: 22.0
### TABLE 3A
**YEMEN PDR - SOCIAL INDICATORS DATA SHEET**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1960</th>
<th>1970</th>
<th>MOST RECENT ESTIMATE</th>
<th>MIDDLE INCOME</th>
<th>NORTH AFRICA &amp; MIDDLE EAST</th>
<th>LATIN AMERICA &amp; CARIBBEAN</th>
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</thead>
<tbody>
<tr>
<td><strong>EDUCATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Adjusted Enrollment Ratios</td>
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<td></td>
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<tr>
<td>Primary:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
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<td>57.0</td>
<td>70.0</td>
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<td>104.3</td>
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<td>20.0</td>
<td>91.0</td>
<td>99.0</td>
<td>104.3</td>
<td>106.4</td>
<td>103.3</td>
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<td>5.0</td>
<td>23.0</td>
<td>42.0</td>
<td>72.0</td>
<td>103.3</td>
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<td>Secondary:</td>
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<td></td>
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<td></td>
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<td>Total</td>
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<td>40.4</td>
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<td>4.0</td>
<td>18.0</td>
<td>25.0</td>
<td>41.6</td>
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<tr>
<td>Vocational Enrollment, (% of Secondary)</td>
<td>5.0</td>
<td>3.3</td>
<td>1.8/a</td>
<td>10.1</td>
<td>33.7</td>
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<tr>
<td>Pupil-Teacher Ratio</td>
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<td></td>
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<tr>
<td>Primary</td>
<td>29.2</td>
<td>31.2</td>
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<td>20.6</td>
<td>19.5</td>
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<td>23.7</td>
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<td>Adult Literacy Rate (Percent)</td>
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<td>27.1/h</td>
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<td>7.8</td>
<td>17.8</td>
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<tr>
<td>Passenger Cars per Thousand Population</td>
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<td>6.8</td>
<td>8.2</td>
<td>17.8</td>
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<tr>
<td>Radio Receivers per Thousand Population</td>
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<td>52.1</td>
<td>53.7</td>
<td>131.3</td>
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<td>TV Receivers per Thousand Population</td>
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<td>17.7</td>
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<td>Newspaper (&quot;DAILY GENERAL INTEREST&quot;) Circulation per Thousand Population</td>
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<td>6.4</td>
<td>31.5</td>
<td>63.7</td>
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<td>Cinema Annual Attendance per Capita</td>
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<td><strong>LABOR FORCE</strong></td>
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<td>Total Labor Force (Thousands)</td>
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<td>392.2</td>
<td>463.2</td>
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<td>Female (Percent)</td>
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<td>4.9</td>
<td>5.7</td>
<td>10.6</td>
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<td>Agriculture (Percent)</td>
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<td>85.0</td>
<td>45.0</td>
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<td>31.3</td>
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<td>Industry (Percent)</td>
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<td>15.0</td>
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<td>Participation Rate (Percent)</td>
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<tr>
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<tr>
<td>Male</td>
<td>32.0</td>
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<td>46.3</td>
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<tr>
<td>Female</td>
<td>2.2</td>
<td>2.5</td>
<td>2.8</td>
<td>5.6</td>
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<td>Economic Dependency Ratio</td>
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<td>1.8</td>
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<td><strong>INCOME DISTRIBUTION</strong></td>
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<td>Percent of Private Income Received by Highest 5 Percent of Households</td>
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<td>Highest 20 Percent of Households</td>
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<tr>
<td>Lowest 20 Percent of Households</td>
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<tr>
<td>Lowest 60 Percent of Households</td>
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<td><strong>POVERTY TARGET GROUPS</strong></td>
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<tr>
<td>Estimated Absolute Poverty Income Level (US$ per Capita)</td>
<td></td>
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<tr>
<td>Urban</td>
<td></td>
<td></td>
<td></td>
<td>279.2</td>
<td>184.1</td>
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<tr>
<td>Rural</td>
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<td></td>
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<td>160.0</td>
<td>178.6</td>
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<tr>
<td>Estimated Relative Poverty Income Level (US$ per Capita)</td>
<td></td>
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<td></td>
<td>403.6</td>
<td>518.0</td>
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<tr>
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<td>87.0</td>
<td>285.6</td>
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<tr>
<td>Rural</td>
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<td>87.0</td>
<td>371.1</td>
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<tr>
<td>Estimated Population Below Absolute Poverty Income Level (Percent)</td>
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<td></td>
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<td>22.1</td>
<td>30.9</td>
<td></td>
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<tr>
<td>Urban</td>
<td></td>
<td></td>
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<td>20.0</td>
<td>30.9</td>
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<tr>
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<td></td>
<td></td>
<td>20.0</td>
<td>30.9</td>
<td></td>
</tr>
</tbody>
</table>

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.


c Birth and death rates are crude estimates. The natural rate of increase does not agree with observed population growth rate; /d 1977; /e 1976; /f 1968; /g percent of population 1975 data; /h age 10 years and over, for 1973; /j 1963.

May, 1982
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 inter-comparable because of the lack of standardized definitions and concepts used by different agencies. The data are, nevertheless, useful to describe orders of magnitude, indicate trends, and highlight certain major differences between countries.

The reference groups are (1) the same group used in the subject country and (2) a country group with somewhat higher average income than the country group used in the subject country. For “Middle Income North Africa and Middle East” group no other country was chosen because of strong identification with the concept of the country group used in the subject country, and it is composed of countries in the Middle East (excluding Turkey) and North Africa. The data in the group are not uniform, caution must therefore be exercised in relating averages of one indicator to another. These averages are only useful to describe arid trends, and characterize certain major differences between countries.

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### NATIONAL ACCOUNTS

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<th>1981</th>
<th>US$ mln</th>
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<tr>
<td>Gross Domestic Investment</td>
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<td>Gross National Savings</td>
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<td>Export of goods and NFS</td>
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<td>Imports of goods and NFS</td>
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<td>26</td>
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</tbody>
</table>

### GOVERNMENT FINANCE

(in millions Yemeni Dinars)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total receipts</td>
<td>2/</td>
<td>23.6</td>
<td>16.9</td>
<td>32.1</td>
<td>43.4</td>
<td>36.0</td>
<td>68.0</td>
</tr>
<tr>
<td>Current expenditures</td>
<td></td>
<td>27.6</td>
<td>25.6</td>
<td>39.2</td>
<td>47.4</td>
<td>61.4</td>
<td>76.2</td>
</tr>
<tr>
<td>Current deficit</td>
<td></td>
<td>-4.0</td>
<td>-8.7</td>
<td>-7.1</td>
<td>-4.0</td>
<td>-5.4</td>
<td>-8.2</td>
</tr>
<tr>
<td>Development expenditures</td>
<td></td>
<td>19.6</td>
<td>18.9</td>
<td>39.2</td>
<td>57.3</td>
<td>59.7</td>
<td>52.0</td>
</tr>
<tr>
<td>Overall deficit</td>
<td></td>
<td>-23.6</td>
<td>-27.6</td>
<td>-46.3</td>
<td>-61.3</td>
<td>-65.1</td>
<td>-60.2</td>
</tr>
<tr>
<td>Borrowing from Banking System</td>
<td></td>
<td>10.4</td>
<td>12.5</td>
<td>15.6</td>
<td>18.5</td>
<td>13.2</td>
<td>27.6</td>
</tr>
<tr>
<td>External Financing</td>
<td></td>
<td>13.2</td>
<td>15.1</td>
<td>30.7</td>
<td>42.8</td>
<td>51.9</td>
<td>32.6</td>
</tr>
</tbody>
</table>

### MONEY, CREDIT AND PRICES

(Y.D. million, end period)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Money and quasi-money</td>
<td>55</td>
<td>67</td>
<td>98</td>
<td>140</td>
<td>168</td>
<td>168</td>
<td>217</td>
</tr>
<tr>
<td>Bank credit to Government</td>
<td>24</td>
<td>37</td>
<td>62</td>
<td>72</td>
<td>87</td>
<td>110</td>
<td>127</td>
</tr>
<tr>
<td>Bank credit to non-Government Sector 3/</td>
<td>19</td>
<td>24</td>
<td>31</td>
<td>49</td>
<td>59</td>
<td>61</td>
<td>98</td>
</tr>
<tr>
<td>Increase in %</td>
<td>24</td>
<td>12</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

1/ The fiscal year was April - 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.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports 1/</td>
<td>8</td>
<td>8</td>
<td>26</td>
<td>24</td>
<td>17</td>
<td>20</td>
<td>38</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td>Imports 1/</td>
<td>-190</td>
<td>-178</td>
<td>-268</td>
<td>-365</td>
<td>-386</td>
<td>-411</td>
<td>-650</td>
<td>-763</td>
<td>-797</td>
</tr>
<tr>
<td>Trade Deficit</td>
<td>-182</td>
<td>-170</td>
<td>-242</td>
<td>-341</td>
<td>-369</td>
<td>-391</td>
<td>-612</td>
<td>-735</td>
<td>-762</td>
</tr>
<tr>
<td>Non-factor Services, net</td>
<td>22</td>
<td>14</td>
<td>20</td>
<td>10</td>
<td>17</td>
<td>14</td>
<td>14</td>
<td>10</td>
<td>-7</td>
</tr>
<tr>
<td>Factor Services, net</td>
<td>48</td>
<td>18</td>
<td>43</td>
<td>76</td>
<td>111</td>
<td>142</td>
<td>176</td>
<td>199</td>
<td>193</td>
</tr>
<tr>
<td>Labor Income</td>
<td>(41)</td>
<td>(18)</td>
<td>(37)</td>
<td>(69)</td>
<td>(103)</td>
<td>(131)</td>
<td>(146)</td>
<td>(155)</td>
<td>(160)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>(7)</td>
<td>(3)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
<td>(11)</td>
<td>(30)</td>
<td>(44)</td>
<td>(33)</td>
</tr>
<tr>
<td>Transfers</td>
<td>1</td>
<td>52</td>
<td>125</td>
<td>174</td>
<td>191</td>
<td>205</td>
<td>286</td>
<td>399</td>
<td>401</td>
</tr>
<tr>
<td>Official</td>
<td>(1)</td>
<td>(10)</td>
<td>(46)</td>
<td>(55)</td>
<td>(76)</td>
<td>(111)</td>
<td>(142)</td>
<td>(155)</td>
<td>(162)</td>
</tr>
<tr>
<td>Private 2/</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Official M and Lt Capital, net</td>
<td>65</td>
<td>31</td>
<td>73</td>
<td>70</td>
<td>94</td>
<td>59</td>
<td>76</td>
<td>171</td>
<td>139</td>
</tr>
<tr>
<td>Gross Disbursements</td>
<td>(45)</td>
<td>(32)</td>
<td>(75)</td>
<td>(71)</td>
<td>(95)</td>
<td>(64)</td>
<td>(86)</td>
<td>(175)</td>
<td>(150)</td>
</tr>
<tr>
<td>Repayments</td>
<td>0</td>
<td>(-1)</td>
<td>(-2)</td>
<td>(-1)</td>
<td>(-1)</td>
<td>(-5)</td>
<td>(-10)</td>
<td>(-4)</td>
<td>(-11)</td>
</tr>
<tr>
<td>Other Capital (incl. E and O)</td>
<td>38</td>
<td>42</td>
<td>4</td>
<td>29</td>
<td>45</td>
<td>-8</td>
<td>86</td>
<td>2</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

**Memo Item:**

Gross Official Reserves (end year) 67 54 81 99 188 210 235 255 n.a.

**MERCHANDISE EXPORTS**

<table>
<thead>
<tr>
<th>Average 1980-81</th>
<th>US Million</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish and Fish Products</td>
<td>12</td>
<td>38</td>
</tr>
<tr>
<td>Agricultural Products</td>
<td>13</td>
<td>41</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>21</td>
</tr>
</tbody>
</table>

**EXTERNAL DEBT (December 31, 1981)**

<table>
<thead>
<tr>
<th>External Public Debt Outstanding</th>
<th>US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which: Disbursed</td>
<td>1,404</td>
</tr>
<tr>
<td>Debt Service Payments in 1981</td>
<td>651</td>
</tr>
<tr>
<td>Debt Service Ratio (Exports of Good and Services)</td>
<td>3.4 percent</td>
</tr>
</tbody>
</table>

---

1/ Net of re-exports.

2/ Workers' remittances.

**EMIDDD**
3/4/83
### A. Statement of IDA Credits
(As of March 31, 1983)

<table>
<thead>
<tr>
<th>Credit No.</th>
<th>Year</th>
<th>Borrower</th>
<th>Purpose</th>
<th>Amount $(less cancellations)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IDA</td>
</tr>
<tr>
<td>615- YDR</td>
<td>1976</td>
<td>PDRY</td>
<td>Wadi Hadramawt Agric. Proj</td>
<td>7.0</td>
</tr>
<tr>
<td>768- YDR</td>
<td>1978</td>
<td>PDRY</td>
<td>Wadi Tuban Agric. Proj</td>
<td>5.2</td>
</tr>
<tr>
<td>829- YDR</td>
<td>1978</td>
<td>PDRY</td>
<td>Power I</td>
<td>5.0</td>
</tr>
<tr>
<td>865- YDR</td>
<td>1978</td>
<td>PDRY</td>
<td>Education II</td>
<td>4.0</td>
</tr>
<tr>
<td>932- YDR</td>
<td>1978</td>
<td>PDRY</td>
<td>Fisheries II</td>
<td>10.0</td>
</tr>
<tr>
<td>1038- YDR</td>
<td>1980</td>
<td>PDRY</td>
<td>Aden Water Supply</td>
<td>13.2</td>
</tr>
<tr>
<td>1050- YDR</td>
<td>1980</td>
<td>PDRY</td>
<td>Petroleum Dev. Assistance</td>
<td>9.0</td>
</tr>
<tr>
<td>1144- YDR</td>
<td>1981</td>
<td>PDRY</td>
<td>Highways III</td>
<td>12.5</td>
</tr>
<tr>
<td>1145- YDR</td>
<td>1981</td>
<td>PDRY</td>
<td>Wadi Beihan Agric. Proj.</td>
<td>8.0</td>
</tr>
<tr>
<td>1159- YDR</td>
<td>1981</td>
<td>PDRY</td>
<td>Al Mukalla Water Supply</td>
<td>3.5</td>
</tr>
<tr>
<td>1222- YDR</td>
<td>1982</td>
<td>PDRY</td>
<td>Education III</td>
<td>6.0</td>
</tr>
<tr>
<td>1268- YDR</td>
<td>1982</td>
<td>PDRY</td>
<td>Power II</td>
<td>7.5</td>
</tr>
<tr>
<td>1274- YDR</td>
<td>1982</td>
<td>PDRY</td>
<td>Fisheries III</td>
<td>6.0</td>
</tr>
<tr>
<td>1295- YDR</td>
<td>1982</td>
<td>PDRY</td>
<td>Roads Flood Reconstruction</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Total of which has been repaid

134.59 $\text{a/ b/}$

66.3

Total now held by IDA

134.52 $\text{a/}$

Total undisbursed

66.3

**a/** Excluding exchange adjustments.

**b/** An IDA credit of SDR 8.3 million ($9 million) for a Second Wadi Hadramawt Agricultural Development Project (1346-YDR) was approved by the Executive Directors on April 12 and signed on April 28, 1983. It is not yet effective.
C. Projects in Execution /\n(as of March 31, 1983)

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

The project is designed to increase agricultural production on about 8,100 ha of irrigated land in the Wadi Hadramawt 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. The project has been essentially completed with the exception of 10 km of feeder roads. The date processing plant is operating well below capacity and IDA and the Government have agreed on a plan of action to improve the situation. The Project Completion Report is under preparation. The credit was closed December 31, 1982 and the final withdrawal applications are being processed.

CR. 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, 1984

The project is designed to increase agricultural production on about 8,600 ha of cooperatives and state farm land 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. A water management study and an agricultural prices, taxation and

\[1/\] 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.
subsidy policy study have been completed. The Arab Fund, which cofinances this project, approved its loan of $6.1 million in February 1980. The progress in irrigation improvement works being financed by the Arab Fund is behind schedule. Procurement under the IDA credit is expected to be completed before June 1984. The rural roads component was subject to a substantial cost overrun and agreement was reached to apply funds allocated for this component to flood protection works in the wadi to meet the need for rehabilitation of works damaged during major floods in March 1982. Progress is satisfactory. The Closing Date was extended by one year in order to ensure complementarity with the project components being financed by the Arab Fund.

CR. 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 the Wadi Hadramawt by electrifying 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 network. 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. Although the power station was commissioned in March 1982 only one out of the four generating units can be operated as the anticipated agricultural load has not materialized. A work program for the installation of 105 electric pumps in 1983 has been agreed between PCEP and the Ministry of Agriculture. The power station, in addition, is using costly diesel oil instead of cheaper fuel oil pending completion of fuel oil tank storage facilities at Al Khalf port near the town of Al Mukalla. A new PCEP branch in the project area was created in November 1982; however, there are still problems in organizing a proper management information system in the branch.

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

The project is assisting the Government in establishing three vocational training centers (VTCs) which would be the forerunners 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. Fellowships, financed from bilateral funds have been completed. Construction of the commercial VTC in Al Mukalla is now completed and in its first year of operation. The construction of the agricultural school at Saber is ahead of schedule. Construction at the Al Kod industrial school is progressing on schedule. All furniture has been procured and delivered. All equipment has been ordered and 80% has been delivered. The remaining equipment will be obtained shortly. Comments on the revised curricula distributed to the Ministries of Agriculture, Industry and Labour by the Ministry of Education are still awaited.

CR. 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 PDRY. It 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 with 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, which is being financed by the Arab Fund for Economic and Social Development. Construction of the port and related shore facilities began in December, 1981 and is proceeding according to schedule.

CR. 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. Project execution is progressing satisfactorily and procurement under the project is now completed. IDA has agreed to a reallocation of credit proceeds to allow financing of 100% of expenditures for combined civil works and equipment supplies.
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. Project implementation is proceeding satisfactorily and the seismic operation is progressing according to plan. The Closing Date was extended for one year and the project description amended to permit the inclusion of the onshore Balhaf area in the seismic survey program.

The project provides for 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 through (i) consultants' services 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) training of MOC and ICU staff. The team of management consultants is in place, consultants have been appointed to provide technical and construction supervision assistance to the Ministry of Construction, procurement of equipment is complete and most items have been delivered. Overall project startup is 3 to 4 months behind schedule due to delays in delivery of equipment and to logistical and other difficulties caused by the March 1982 floods. All project components except the technical assistance to the Ministry of Construction are under implementation and about 50 km of earthworks are complete.

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. Project implementation has fallen about 6 months behind schedule, partly because of damage caused by the March 1982 floods and partly because of difficulties in recruiting all the expatriate staff needed. However, most key staff are on post, and procurement and project implementation are now underway.

CR. 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 to improve health practices and sanitary conditions in Al Mukalla. It also 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, and consultants' services. The project would provide substantial health and environmental benefits to the population of Al Mukalla. Project execution has continued to progress rapidly during the last six months. The appointment of engineering consultants for construction supervision has been deferred until an evaluation of the team's work is made. PWC has signed a contract with an engineering firm for the carrying out of hydrogeological studies at Wadi Buwaysh and Wadi Khirba.

CR. No. 1222-YDR  Third Education Project: $6.0 million Credit of May 25, 1982; Effectiveness Date: October 22, 1982; Closing Date: June 30, 1987

The project will (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. The project will also help to strengthen both male and female training and primary education in remote areas. Specifically, the credit is financing 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 are also being financed by the credit. Technical assistance relating to the above project items is being financed by the Government through bilateral sources under ongoing programs. Due to the financing gap, project implementation is proceeding in two phases. The Government has agreed to meet the full costs of the project if cofinancing is not obtained. Final bid design and bid documents for all project installations have been approved. Bid opening for phase one will be about 2 months behind schedule. Disbursements which are 3 months behind schedule are expected to improve in 1983 as construction commences. Phase two bidding is scheduled for late 1983.

CR. No. 1268-YDR  Second Power Project: $7.5 million Credit of August 11, 1982; Effectiveness Date: January 11, 1983; Closing Date: December 31, 1985

The project will improve electric power supply to five small towns and thirteen villages east of Al Mukalla, the second largest city in PDRY and the capital of the Hadramawt Governorate. The project area has a population of about 150,000. The project consists of the supply, construction and erection of a 6.6 MW (3 x 2.2 MW) central diesel power station at As Shihr using residual fuel oil, 84 km of 33 kV and 11 km of 11 kV transmission lines and about 51 km of 11 kV and 48 km of low voltage distribution lines and substations, meters and service connections for about 7,300 new customers. It also includes equipment to transport material and for the erection of transmission and distribution lines as well as consultants' services and overseas training for PCEP staff. The project will provide improved and expanded electric power supply and help meet some of the demand for electric power that is at present suppressed in the project area. The central generating station will replace a large number of small and fuel inefficient generating sets and provide electric power supply to an additional 7300 customers who are at present using costly kerosene for lighting. Existing diesel-driven pumpsets will be electrified. The project supports the Government's policy of bringing economic development and investment opportunities to rural areas as well as providing them with social amenities. Project implementation is behind schedule because of delays in finalizing the bid specifications and general conditions. PCEP's tariff increase proposal is being reviewed by the Committee on Price and Income before its submission to the Council of Ministers and the Supreme People's Council.

CR. No. 1274-YDR  Third Fisheries Project: $6.0 million Credit of August 11, 1982; Effectiveness Date: February 28, 1983; Closing Date: June 30, 1988

The project is designed to address two of the sector's most critical constraints, the lack of adequately trained manpower at all levels and the lack of facilities for the exploitation of the substantial coastal fish resources by the traditional coastal fisheries sub-sector. The project
consists of (i) the establishment of a Fisheries Manpower Development Center (FMDC), a self-contained training facility to meet the fisheries sector's trained manpower needs; (ii) financing of teaching equipment for the training of refrigeration technicians; and (iii) a Fisheries Village Development component aimed at upgrading four existing fisheries cooperatives in five villages by providing integrated fish landing, handling, storage, marketing, transport and repair facilities. The project also provides technical assistance. The principal beneficiaries are: fishermen in the five villages, whose incomes will rise by 80-105 percent as a result of project investments, employees of the Ministry of Fish Wealth and Unity School graduates who will be trained at the FMDC, and the 150,000 people in the project and surrounding area who will benefit from an improved and stable supply of fresh fish. Initial implementation is proceeding satisfactorily.

Cr. No. 1295-YDR Roads Flood Reconstruction Project: $7.0 million credit of October 27, 1982; Effectiveness Date: March 22, 1983; Closing Date: December 31, 1984

The project helps to restore normal traffic conditions on roads in Abyan and Aden Governorates, following severe damage caused by floods in March 1982. It consists of: (i) the strengthening of management, installations and equipment of an existing Road Reconstruction and Maintenance unit (RRMU); (ii) reconstruction of (a) numerous damaged road sections totalling about 40 km in Abyan Governorate and (b) two sections totalling about 2.3 km in Aden Governorate; (iii) technical assistance to strengthen the Ministry of Construction's project supervision and monitoring capabilities; and (iv) a transport sector study. RRMU, with the assistance of engineering management consultants (appointed in October 1982), has started mobilization and is preparing a detailed reconstruction program which takes into account additional damages which this year's spring floods caused at the project locations. Over half of RRMU's new installation and equipment is under procurement. Selection of experts and consultants for project items (iii) and (iv) is in progress. Overall, project implementation is 4 months behind schedule.
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

HEALTH DEVELOPMENT PROJECT

Supplementary Project Data Sheet

Section I. Timetable of Key events

(a) Time taken by country to prepare project 2 years 2 months (August, 1980 to October 1982).

(b) Agency responsible for Preparation: Government and Consultants

(c) First Bank mission to consider Project: August 1980

(d) Appraisal Mission: October 1982

(e) Negotiations completed April 1983

(f) Credit effectiveness By September 1983

Section II. Special Bank Implementation Action

None.

Section III. Special Conditions in the Credit Agreement

1. Conditions of Effectiveness

   i) establishment of the Project Implementation Unit (PIU) by the Government under terms of reference and with an organization acceptable to IDA (para. 53); and

   ii) the opening of a revolving fund on terms and conditions satisfactory to IDA (para. 57).

2. Other Conditions. The Borrower has agreed to:

   i) beginning in 1983 recruit annually at least 30 community midwife candidates from Lahej, Abyan and Hadramawt governorates for training and to assign them to their districts of origin upon graduation (para. 51);
ii) appoint the project coordinator, the accountant, and the two technical staff for the PIU by October 1, 1983, and make available to the PIU the services of a qualified architect or engineer within the Ministry of Public Health (para. 53);

iii) submit the audited project accounts and the annual audit report to IDA not later than nine months after the end of each fiscal year (para. 53);

iv) appoint an adequate number of qualified staff to the Program Development and Evaluation Unit, the Training and Supervision Unit, the Directorate for Health Education, and two health education officers in Lahej and Abyan all in the Ministry of Public Health by October 1, 1983 (para. 54);

v) carry out a mid-term evaluation of the project under terms of reference satisfactory to IDA, complete it by December 31, 1985, and take any remedial action which the Government and IDA jointly agree is required (para. 55); and

vi) ensure that beginning in 1984 the annual budget of the Ministry of Public Health includes a regular and adequate provision to finance the maintenance of project buildings and equipment (para. 57).
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

FISCAL YEAR APPROVED:
- HIGHWAYS I 1973
- HIGHWAYS II 1973
- AGRICULTURE 1974
- WADI HABABAN AGRICULTURE 1975
- WADI TUBAN AGRICULTURE 1976
- WADI HABABAN POWER 1976
- WATER SUPPLY ENGINEERING & TECHNICAL ASSISTANCE 1976
- EDUCATION II 1976
- FISHING II 1976
- PETROLEUM DEVELOPMENT ASSISTANCE 1978
- WATER SUPPLY 1978
- HIGHWAYS III 1980
- WADI BEHAN AGRICULTURE 1980
- MAKALLA WATER SUPPLY 1980
- ENGINEERING 1980
- EDUCATION III 1982
- FISHING III 1982
- POWER II 1982

EXISTING FEATURES:
- Administrative Capitals
- National Capital
- Ports
- Rivers and Wadis
- Primary Roads
- Secondary Roads
- Governmental Boundaries

KILOMETERS

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