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REPORT ON
JOINT UNIDO/IDCAS INTERGOVERNMENTAL EXPERT GROUP MEETING
OF ARAB LDCS ^{1/}

Cairo, 31 July to 3 August 1978

(RP/IDC/78/001/A)

by
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A Joint UNIDO/IDCAS meeting of the Arab LDCs was held in Cairo during the period 31 July to 3 August 1978 to develop a programme of technical assistance in favour of these countries on cost-sharing basis. The meeting was partly financed under RP/IDC/78/001/A.

Objectives of the Meeting:

The objective of the meeting, which was jointly organized by UNIDO/IDCAS, was to identify, develop and elaborate technical assistance programmes for the Arab LDCs, with a view to solving the main obstacles facing these countries in their industrial development process and to accelerate their industrialization by assisting them in the areas which would be given priority and identified in the meeting. It is envisaged that UNIDO and IDCAS will co-operate closely to assist jointly in preparing and implementing the agreed upon programme on cost-sharing basis within available resources in the two organizations and the technical assistance resources available to the various Arab League technical organizations, Arab Funds and Arab developing countries.

The meeting was attended by representatives of Somalia, Yemen Arab Republic and Mauritania* and representatives of various Arab organizations. UNCTAD also participated in the meeting. Please see (Annex I) list of participants and organizations in the meeting.

IDCAS prepared country papers on each of the Arab LDCs providing background information and the status of the industrial sector and highlights of some of the main difficulties facing these countries and a background issue paper on the industrialization of the Arab LDCs. The recommendations contained in the report of the Intergovernmental Expert Group Meeting on Industrialization of LDCs organized by UNIDO in Vienna during the period 15-24 November 1976 was a basic document for the discussion of the meeting and development of the required programmes. The participants of the LDCs also presented brief country papers indicating some of the main difficulties facing their countries and some of the required priority technical assistance projects. The outline of the country papers and some of the available documents in English presented during the meeting are attached as Annex II.

*Mauritania is not included in the UN list of LDCs. It is a Sudano-Sahelian Zone Drought-affected country. It is considered by IDCAS as an Arab LDC.

The meeting discussed the main problems facing the Arab LDCs which were summarized, as follows:

- 1) Shortage and weakness of physical infrastructure in the Arab LDCs required for implementation of development plans in the industrial sector;
- 2) Shortage of trained local cadres;
- 3) Lack of knowledge on the local natural resources and/or the identified natural resources are not utilized;
- 4) Lack of institutional infrastructure, legislative and organizational aspects;
- 5) Lack of financing;
- 6) Shortage of industrial information.

The meeting has reviewed and exchanged views on the materials contained in the above-mentioned documents and special emphasis was put on the main recommendations of UNIDO Intergovernmental Expert Group Meeting on Industrialization of LDCs held in Vienna during the period 15-24 November 1976, which was presented by UNIDO representatives in the meeting. Those recommendations were considered by the meeting as a good base for identifying the required technical assistance programmes. It was agreed that the required technical assistance would fall in three main areas:

- a) Development of institutional and physical infrastructures required for industrialization;
- b) Development of national capabilities in the LDCs (training, etc.)
- c) Financial Resources

The meeting has noted the readiness expressed by the Arab Funds, Arab League and the Arab technical agencies representatives to assist the LDCs. It was clearly indicated that most of these organizations have directives from their respective Board of Directors and Governmenting bodies to increase their technical assistance in favour of the Arab LDCs.

The meeting also discussed the ways and means of strengthening the Co-operation Among the Arab LDCs and among them and the other Arab developing countries and the various Arab organizations and Funds, with a view to increasing the required resources to accelerate the industrial process of Arab LDCs.

Main Recommendations of the Meeting:

1. It was agreed that the Arab LDCs should be assisted in the implementation of their industrial sector contained in their development plans;
2. To undertake this, it was recommended that UNIDO/IDCAS should jointly, in co-operation with the Arab League and the other Arab agencies and organizations concerned should form a team of experts to visit the following countries: Djibouti Republic,^{1/} Sudan, Somalia, Mauritania, Yemen Arab Republic and Peoples' Democratic Republic of Yemen;
3. The team should review the plan of the industrial development sector within the framework of the development plan of each country, in order to identify the main bottlenecks and obstacles which faced these countries in the implementation of their industrial projects included in the industrial plan and proposing the appropriate solutions to solve those problems which would fall mainly under any or all of the following areas:
 - a) institutional infrastructure building and physical infrastructure building
 - b) development of local capabilities
 - c) financial and investment resources
 - d) provision of experts
4. The experts team, among others, should identify and prepare for further action, the required technical assistance projects for solving the identified problems in order to assist in breaking the identified bottlenecks hindering the implementation of industrial projects included in the development plan and suggest the appropriate action in this direction, with the necessary estimations of the resources involved;
5. The Arab LDCs involved should participate in the above-mentioned exercise by forming local teams to prepare prior to arrival of UNIDO/IDCAS team and participate and collaborate with the team of experts in order to prepare and follow-up the implementation of the agreed upon recommendations at a later stage.
6. IDCAS and UNIDO should finalize the programme of technical assistance including the detailed plans and the required prefeasibility and feasibility studies and provide the necessary substantive support for the preparation of the identified projects to be prepared by the joint experts team and prepare the estimated cost for the implementation of each project;

^{1/} Djibouti is not included in the UN list of LDCs. It is a newly independent country (General Assembly resolution 32/93 of 14.12.1977)

7. IDCAS and UNIDO, in co-operation with the Secretariat of the Arab League, and the concerned Arab organizations should consider the possibility of forming a consulting group for consultation and co-operation for assisting the Arab LDCs in implementing the technical and financial assistance projects identified in the respective plans of the industrial sector. The proposed body should be composed of the Arab LDCs, Arab Economic and Development Funds, Arab technical and investment organizations and the Arab League;
8. IDCAS and UNIDO, in co-operation with the Secretariat of the Arab League and the concerned Arab organizations and on the basis of the findings of the joint experts team should assist in preparing a long-term action-oriented plan with special emphasis on co-operation programmes among the Arab LDCs and the other Arab developing countries taking into full consideration the special situation of each Arab LDCs and the future plans for the industrial sector within the framework of the Arab strategies for development with special emphasis on the Arab industrial strategy;
9. IDCAS, in co-operation with UNIDO, should call for a Ministerial Meeting to be attended by the Ministers of Industry in the Arab LDCs to review the proposed plan of action and the results and recommendations of the IDCAS/UNIDO team of experts in order to finalize the programme and provide directives concerning the proposed consulting group and the required course of action to implement the required technical and financial programme of assistance as well as the long-term overall approach in each Arab LDCs and the co-operation and co-ordination among these countries. The recommendations of the meeting would be presented to the Arab and Social Council for its endorsement and support.

Proposed Plan of Action:

On the 5th of August, I have had a meeting with IDCAS for exchange of views on the proposed joint UNIDO/IDCAS team of experts which would visit the Arab LDCs in order to review the industrial sector development plans and identify the required technical assistance to strengthen the capabilities of these countries in implementing their industrial projects included in those plans. As a result, a project document was drafted

jointly by IDCAS and myself. However, due to the shortage of time, it was agreed that the draft project document would be prepared and forwarded, along with Cairo meeting report, to UNIDO in due course for finalization prior to submission to the concerned Arab LDCs. Please find attached as

Annex III, an outline of the suggested draft project document.

ANNEX I

List of Participants in the Joint UNIDO/IDCAS Meeting of Arab LDCs

- I. SOMALIA
Mr. Mohammed Moulalim Hussein
Director-General
Light Industries Projects
Ministry of Industry
Somalia
- II. MAURITANIA (Islamic Republic)
Mr. Abdella Wald Bah
Assistant Secretary-General
Ministry of Industry
Mauritania
- III. YEMEN ARAB REPUBLIC
Mr. Mohammed Hussein Nzar
Director-General
Department of Industry
Ministry of Economics
Yemen Arab Republic
- IV. ARAB LEAGUE SECRETARIAT
Mr. Mohammed Abdelwahab El Saket
Economic Department
Arab League, Cairo
- V. ARAB COUNCIL FOR ECONOMIC UNITY
Mr. Mohamed Amin Gadou
Consultant

Mr. Abdel Fatah Shawgi
- VI. DEPARTMENT FOR ACTIVITIES OF ARAB AND INTERNATIONAL ORGANIZATIONS AND TECHNICAL ASSISTANCE - ARAB LEAGUE
Mr. Mohammed Omer Khatab
- VII. ADMINISTRATIVE STUDIES ORGANIZATION/ARAB LEAGUE
Mr. Youssif Mustafa Saada
Officer-in-Charge of Arab Co-operation
- VIII. ARAB FUND FOR TECHNICAL ASSISTANCE FOR AFRICA AND ARAB STATES/ARAB LEAGUE
Mr. Ali Ahmed Ali Abbas
Chief,
Operations and Information Department
- IX. ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT
Mr. Khalid Tahseen Ali
Director
Department of Programmes
Kuwait

- X. UNCTAD
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- XI. UNIDO
Mr. Kamal H. Ahmed
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UNDP
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- XII. IDCAS
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Director-General
IDCAS

Mr. Yahia Sabir Elmulla
Consultant for Secretary-General for Arab Co-operation

Mr. Haider Tarabishi
Consultant for Secretary-General for Field Activities

Mr. Walid Saeed El Sharif
Director
Field Activities Department

Mr. Mohammed Hilal Mohammed
Director
Industrial Policies and Programme Department

Mr. H. Mohamed Mandour
IDCAS Expert and Reporter of the meeting

Mr. Abdelfatah El Marashli
Chief
Planning and Programming of Industrial Projects

Mr. Hanafi Aboud Mohamed
Chief
Field Project Implementation Section

Mr. Ahmed Hassan Abdel-Rahman
Officer-in-Charge
External Relations Section

IDCAS Contd.

Mr. Mohamed Kamal Moustafa
Services and Industrial Institutions Department

Mr. Talat El Sahan
Field Activities Department

Mr. Mohamed Taha El Washly
Field Activities Department

Mr. Busha Hussein El Tureki
Field Activities Department

Mrs. Suad Ibrahim El Helbawi
Industrial Policies and Programming Department

Mr. Muhsin Mohamed Osman
Industrial Policies and Programming Department

Mr. Asaad Khalil Aghl
General Administration for Administrative and Financial

Mr. Ahmed Mahmoud Abdellatif
Field Activities Department

Miss Nadia El Mutaim
Industrial Policies and Programming Division

ANNEX II

A country report on economic situations and development efforts in Popular Democratic Republic of Yemen.

Firstly: Basic information:

The emergence of the republic was in the year of 1967 after 129 years of British occupation. The major difficulties which faced the new state were:

- Under development of the economic structure which was depending upon offering services to the British forces.
- Contraction in ship services and transient trade due to closing of Suze Canal.

National economy was principally - till that time - depending upon offering these two services. The rate of annual population growth is 3.1 % and the percentage of illiteracy was estimated in 71/1972 as 80-90% of the whole population.

Secondly: Economic resources:

So far, there is no mineral resources to be economically exploited and prospects for petroleum are high in addition to the presence of some deposits of chemical compounds. Salt is the only strategic industry in the country.

Cultivable land represents 0.3% of the total area of Yemen and seeds represent 70% of the total yield. Double irrigation system is adopted by means of rain water and underground water. Fish, in addition to animals, represent the other source of food. Fish industries represent an investment sector of increasing importance.

The rate of unemployment is about 15%. There is two major ports in Yemen and there is no railways.

Thirdly: The economic development in Yemen:

The average annual rate of inflation is about 11.7% and the real rate of growth is between 1.2-5.2% in the period 1970 /1975.

General consumption increased by 68% and there is a great and increasing deficit in the trade balance in the period 73 - 1976.

It is predicted that there will be a deficit in the balance of payments in the period after 1976.

Import structure indicates that there is a concentration to direct foreign aid for development , and export structure indicates inadequate production structure.

Fourthly: Industry in Yemen:

Industry represented only 8% of the total local production (1975) , and the annual real rate of growth in the period 70/1975 might reach 11.7-14.7% on the average excluding price rise.

Industrial structure of Yemen shows, that 2/3 of the whole industry is concentrated in food industry(39%) and spinning, weaving, clothes and leather industries (26.7%).

The unexploited potentialities in industry are very high in numerous projects in all industrial sectors, and it is to be noticed that the salt institution and the tomato plant have no unexploited potentialities. These two projects are relatively large and are highly technologically equipped.

Fifthly: Evaluation of the present economic situation in the republic:

- 1) Analysis shown that the economic development efforts and development of the industrial sector were achieved in high growth rates according to current prices. When correcting the data to calculate the achieved actual growth rates, the real growth rates of the total local yield in the average period 70-1975 were ranging between 1.2-5.2% and these rates were low if we know that the rate of population growth is 3.1% annually. The industrial sector had grown in high rates amounted to 11.2% annually after removing the influence of inflation. These rates were high and led to increasing quota of the industry in the general local yield of the state which changed the economic structure so that the percentage contribution for the industry amounted to 8% after it was 4.7% in the year of 1970. This result was mainly achieved due to the great increase in investment in recent years and especially after 1973.

- 2) It was noticed that investments were mainly concentrated on the productive sectors and the principal structures for the Yemen economy to be converted from a service economy to a commodity productive one and this conversion was a correct strategic orientation although it was faced by some difficulties among which were:

-Inadequate rate of the local accumulation and the dependence greatly on the foreign aids and loans which will continue in future due to relative stagnation of exports with essential exception in fish industry. The reason of such stagnation is due to under development of the agricultural sector and directing a main part to the self-consumption as well as due to the undeveloping mutual relations in an adequate way between industry and agriculture till now.

The unexploitation of the available potentialities to the maximal degree because exploitation of the existing productive potentialities is not efficient as has been shown by the analysis. The reason is due to lack of administrative and technical persons and the inadequate engagement relations between industry and sectors of transportation marketing and importing..... etc. It is perspectivevely noticed that projects of the five years plan are not linked by clear productive targets so that their consequences may be put in frame plan for the national calculations as well as there is no uncompleted commodity balance in planning and calculating semi-product consumption because calculating techniques for projects are different.

3- Besides the above mentioned, the government efforts in the field of establishing institutions had gone far and especially in establishing the planing boards and their principal organs. In addition to the central board for planning, there are units for planning in ministries and, local and regional boards and there are also sections to plan for the governmental projects and it remains only to improve quality of the planning services and planing technique.

Ministry of planning is the ministry to define priorities of investment and is responsible for foreign finance and technical aids and to undertake the execution of the plans.

- 4) Data of exports and imports show the enormous increase of imports despite their adequate structure where about 2/3 of imports are allocated for importing semi-produced and capital commodities. yet, exports don't cover 5% of the value of imports and this means a great deficit in the trade balance which is going to an increase.

- 5) Except the fish wealth, Yemen undergoes a sharp decrease in natural resources suitable for economic exploitation and it also undergoes lack of trained persons and in adequacy of the capital formation based upon local sources with a deficit in trade balance and the balance of payments. Therefore; the development prospects are still strongly linked to development of the agricultural sector which contributes by 25% of the total local yield . Democratic Yemen government realizes this fact and there is an intention for planned horizontal and vertical expansion in the agricultural sector and to vary crops especially in the territories and vallies around Adan where production of crops may be increased and to boost monetary production as well as developing the animal wealth sector. This expansion may eventually lead to developing and expansion of the industrial base which depends upon agricultural raw materials (weaving - Oils - leather etc) by rationalization

of the available exploited water if it is surface water or underground one. For the finance resources, present tax value represents 17% of the national income(1975) and it is an adequate ration for the developing countries. It is noticed that the agricultural sector is shouldered by a great burden in this respect, and these conditions of development are found as a historic necessity in all developed countries considering agriculture as the main productive activity which produces a real economic surplus.

Technical aids for Popular Democratic Republic of Yemen.:

- 1- The republic obtains great foreign aids- which share by 55% from the total value of investments allocated for development- from Arab and Foreign states and by means of bilateral accords with numerous states among which are the socialist states. Promotion and developing of trained persons quantitatively and qualitatively is the main afactor which governs Yemen conditions and represents the main obstacle. Despite the great governmental efforts to train persons through extensive and rapid expansion in the teaching and training sector, Yet there is a deficit which will continue in this field and there is a need to foreign experience especially to establish and execute the new projects and their subsequent operation.
- 2- Yemen also needs an adquate system to evaluate the investment projects and to link their indications to the national plan. It needs to improve planning machineria, and to develop national calculations and accountancy for the project.

- 3- Southern Yemen is still undergoing the problem of unemployment and subsequently orientation should include establishing of high density labour industries especially in the realm of small and environmental industries considering them as means for labour absorbing and as a source to train persons which represents a reservoir to develop great mechanical industries. It is noticed that traditional commodity market undergoes deflation which threatens this sector. In this respect, state should issue legislative and organizing procedures which help to develop this sector and, the surplus of production to be directed for exportation, considering its yield as a cultural commodity. It seems that reason for deflation in this sector is due to fear of the private sector from nationalization procedures, immigration of some investors to the north, the low purchasing power in towns, and at least due to bad organization of this sector. Yemen may need a technical experience to develop this sector and Arab potentialities can provide with it.
- 4- In its plan of aid for the year 1978 which was proposed in response to the Yemen's call, the I.D.C. for Arab States intended to perform a comprehensive industrial sweeping and organized offering of 10 training grants in the realm of industry. Variety of disciplines will be defined according to results of sweep which is carried out in Yemen. There is an intention to implement the unified accountancy system in Yemen's industrial institutions. Five technical feasibility studies will be performed to establish projects and, the Arab Fund for Technical Aid to the African and Arab States undertakes the participation in financing the execution of these projects.

A Country Report on Economic Situations
and Economic Development in Democratic
Republic of Sudan

Firstly: Basic information;

The annual growth rate of population is 2.2% (1966-1975).

Secondly: Economic resources:

There are some different metals like iron ore (a reservoir of about 150 million ton), copper (10 million ton), chrome (1 million ton), gold, manganese, lead, tin, tungsten,etc. There is great prospects for petroleum.

The cultivable land is about 18% from the total area of Sudan and cultivable land is about 10.13 million feddan. There is also 80 million feddan of pasture. Agriculture in Sudan depends mainly on rainy-irrigation. The major corps in Sudan depend on rains, therefore production figures are seriously increased or decreased depending upon rains.

80% labour power work in the sector of agriculture and forests. As agricultural work is still depending upon traditional ways and the prevailing of a self-reliant production mode, therefore agricultural expansion prospects are necessarily linked with adopting modern agricultural techniques and the mechanization of some agricultural processes.

Area of forests is about 455 of square km, and, in view of the importance of forests for Sudan, therefore, there is a special machinery for forests inside Ministry of Agriculture since the year 1932. Gum arabic is the second major crop in Sudan foreign trade where 50 thousand tons of it are annually exported.

Sudan is considered as one of the little countries in Africa and Middle East which has 300 million feddan and there are 44 million cattle in 1978 (International Bank estimates).

Animal wealth is considered the most important source for the local yield in the state where it shared by 16% in the total local yield (1975).

Potentialities of fishing is about 60 thousand ton of fish annually in river Nile in addition to fishing along 700 km of coasts on Red Sea.

Most industries in Sudan depends upon agricultural and animal resources like industries of spinning and weaving, oils, sugar, cigarettes, dairy products and to dye leathers.

There are three main line of railways in Sudan and 19000 km. of roads.

Thirdly: Economic development of the State:

Convertible industries had grown in average annual rate of 6% in the period 59/1970-74/1975 taking 66% 67% as a reference year.

Data of I.M.F. indicate that the real growth rate for the total local yield in Sudan was an average of 2.1% annually in the period 65/1973. This rate is less than the rate of population growth, the situation which led to a decrease in the average income of individuals of local yield for the same period in terms of -0.7% annual average.

Sudan foreign trade is considered of high relative importance in the total national yield where this sector occupies the second class after the sector of agriculture and forests yet it has the same characteristics of foreign trade in the developing countries i.e. most exports of Sudan are agricultural products confined in a limited number of commodities especially cotton and also most of imports are consumptive commodities. Non-consumptive commodities are confined with importing tools, spare parts and equipments of transport.

Consumptive goods represent more than 85% of the total value of imports.

There is an improvement in the balance of payments in the year 72/1973 due to the improvement in the trade balance.

Sudan depends to a great extent on foreign aids and loans for the purpose of economic development and, to finance a great part of current expenditures in the annual budget. Despite that the foreign assistance and loans are offered to Sudan with great facilities, yet the continuous dependence on these aids has a great influence on state's debts.

Analysis of data shows that about one fifth of the total value of exports is allocated to pay for loans and it is a high ratio. Consequently, Sudan needs in the forth-coming years loans with facilities, gifts and various aids.

Fourthly: Convertible industries in Sudan:

Industry shared by a low ratio in the total local yield which amounted to 15.1% in 74/1975 according to current prices. Modern industries began in the wake of the II World War and are represented mostly in consumptive industries which shared by 78.4% in the local yield of convertible industries (1971). Among these industries we find that the food and, spinning and weaving industries to be the most important one.

Industry depends mainly on importing tools and equipments.

Available data point out that the unexploited potentialities in industry reach to 50% in spinning industries.

Priorities of the industrialization policy, in a country such as Sudan, may be viewed as follows:

1. Vertical expansion in the existing industries through utilization of the unexploited potentialities to boost productivity by the least possible costs.
2. To link together plans of the industrial and agricultural sectors, to the effect that productivity can be increased.
3. Development of the industries which represent a compensation because of importing. These industries depend on local prime-materials and consumptive industries.
4. Development of building materials and construction industries to cope with requirements of development plans.
5. To execute mineral research programmes then the expansion in some industries which may be exported and not need complex technology in the first stage as spinning and to dye leathers.

Technical aids to Sudan:

Sudan requested IDCAS to offer these aids for the year 1978:

1. Performing industrial sweeping for food industries.
2. Performing pre-feasibility studies to establish an industrial agricultural complex to extract plant oils.

3. Assistant to apply the system of cost estimation, to lay down a system for stores in supplying with spare parts and to lay down a system to evaluate performance in addition of establishing and evaluation of some other industrial projects.

Sudan also requested aid in some other projects for the year 1979 which are represented as follows:

1. To perform a comprehensive industrial sweeping in co-ordination with UNIDO.
2. To design the general policy for planning and quality control in the companies related to the Institution of spinning and weaving in addition to other aids.
3. Offering of training grants in the fields of spinning, weaving and others.
4. To organize courses for electrical and mechanical maintenance.

A Country Report on Economic Situations
of the Yemen Arab Republic

Firstly: Basic Information:

Rate of population growth is about 2.4%.

(International Bank estimates) and, percentage of illiteracy is about 87% of the whole population.

Secondly: Economic Resources:

Mineral resources are still diminished except 100 thousand ton of rocky salt produced annually since 1972, in addition to small quantities of iron ore. There is a project to search for and to extract metals and there is no petroleum.

Cultivable land represents 42% of the total area of Yemen and agriculture depends mainly on rains which irrigate 85-87% of the total cultivated area. There is also an animal and fish wealth.

It is expected that there will be a sharp decrease in number of highly qualified and normal persons required to implement the development plans.

The underdevelopment is the basic feature of public utilities in the state. There are three parts and there is no railways.

Thirdly: Economic Development in the State Since 1970:

Agriculture represents the major economic activity

where it contributes by about 50% of the total local yield, and contribution of industry is very diminished. Capacity to save from the total local yield is equal to zero. It is noticed that the total achieved investments had exceeded planned investments in the period 72-73 - 75-76. Foreign trade is not considered as a source for growth and there was a great and increasing deficit in the trade balance in the period 70/1975. Development depends mainly on foreign finance and this will produce negative effects on both the short and long terms and a great deficit on the balance of payments in addition to a subsequent contraction in investments.

Fourthly: Industrial Structure and the Industrial Rate of Growth:

Industrial sector is considered to be in its early steps of growth. Industry is based upon substitution of some imports and quota of the new industries of spinning and weaving, cement and some consumptive industries reached 40% of the industrial production's total value. Industrial rate of growth reached 8.7% annually in the recent four years.

Available industrial potentialities should depend in this phase on industries which substitute imports.

The state is concerned with the formation of an

administrative system for the industrialization process, in order to drive more investments to the industrial field.

Industrial food sector is the major sector followed by - in decreasing order of importance - sectors of building material, weaving, minerals and chemicals.

Fifthly: Evaluation of the present Economic Situation:

1. Yemen undergoes a sharp decrease in the natural resources attainable to be economically exploited in present. It also undergoes lack in technical, administrative and semi-skilled persons in addition to social nature of the state (difficulty to adaptation between different families), isolation of rural area, disorder of the internal markets, and, inadequacy of the capitalistic formation established on local sources. All these factors hinder the process of development.
2. Despite of all these hindrances, the drive of development is eventually hinges on developing of the commodity sectors in the society and these sectors are agriculture, industry and, construction. The governing element here is the agricultural sector which represents the major sector in the field of commodity production. Necessity to develop agricultural sector, increasing its productivity and, increasing efficiency of exploiting

agricultural resources especially land is the real burden which represents a challenge for development efforts in Yemen. Starting point must be in the direction to find means of establishing monetary economy through increasing percentage of marketable agricultural products and to reject gradually self-consumption economy to save industry requirements in agricultural commodities, to save food for urban areas inhabitants, to export, to ensure expanding of the internal market and, to develop relations between productive sectors and especially agriculture and industry. It is obvious that achievement of rapid accomplishments in this connection is faced by great difficulties and needs long periods of time since it is connected principally to the nature of the social structure. It is also required to link isolated territories by means of transportation and communications.

3. Analysis of the status quo indicates serious inadequacy in the ratio of capitalistic formation from the local yield. So far, capitalistic formation was mainly achieved by dependence upon foreign sources. Consequently, the approach is to increase tax proceeds from local product even in low ratio simultaneously with good orientation of resources and financial follow-up on expenditures and, curbing down of the

high growth rate of expenditures in the governmental budget as well as adopting modern techniques of savings.

4. Many difficulties were arose when execution of the development plan projects due to the non-efficient sector of construction and contractors.re
5. Despite serious difficulties, Yemen achieved relatively high growth rates in the period 1970-1976. It is to say that starting point to develop Yemen emanates from: modernization of agriculture, increasing convertible sharing of national sources, training personnel, tackling the problem of immigration, development of the construction and transport sector and, establishing necessary institutions capable of achieving all of these tasks in a contemporary way.

Technical Aids to Yemen:

1. Yemen obtains different forms of aids from Arab and international sources and the real problem here lies in, how to choose priorities for exploiting technical aids.
2. It is noticed that the absorption of aids which are connected to execution of foreign supervised projects needs two essential elements on the Yemen's part so that the maximal economic benefit can be attained.

These two elements are:

- a- Establishing of technical and administrative institutions responsible for execution of these projects.
- b- Training personnel to be responsible for the operation of the project.

It is to say here that Yemen requested I.D.C. for the Arab States to aid Yemen in establishing a system for industrial statistics and that request was scheduled in projects of technical aids of I.D.C. for the year 1978.

3. To accelerate the development process - especially in the next five years plan - Yemen needs a specialized technical experience in the realm of pre-feasibility studies of projects and a boosting for machineries of providing with necessary information for development.
4. Prompt aid can be offered to develop accountancy and costs system in public sector and, to develop financial administration system of the state and the financial follow-up.
5. In the industrial field, Yemen can be technically helped as follows:
 - a- To specify and choose industrial projects which

achieve integration with agricultural and mineral sector with the evaluation of these projects.

- b- Yemen undergoes a sharp lack of trained personnel and immigration of labour power. So, there is an intention in the next plan to use modern technological techniques. Consequently, the technical required aids lie in defining and choosing adequate productive technology for definite projects and, to help informing a board to be responsible for applying selected technology and to set legislative laws in this field.

A Country report on the economic situations in Islamic Republic of Mauritania and its development prospects.

Firstly: Basic information:

Mauritania is a dependent state since November 1960. Rate of annual population growth is 2.9%. The agricultural sector is too underdeveloped and the major economic activity is still depending upon pasture which represents the main source of income for more than 70% of inhabitants. Only 20% of inhabitants work in agriculture.

Secondly: Economic resources:

Extensively exploited mineral wealth is represented in presence of great amount of iron ores (about 8 million ton of production in 1972) and copper ores(about 20 thousand ton of annual production). Other ores are present as phosphates, heavy sands, gold, lime etc....

Agricultural production seriously decreased in the years 70-1973 due to a long dryness so that the decrease amounted to a ratio of 70% . Also, animal wealth decreased in a rate reached to 20%. Contribution of agriculture in the total local yield was only about 4%(1973). Agriculture depends mainly on rain water but, there are some projects to establish a series of dams on the Singal

river to ensure irrigation of many areas of cultivable land.

Animal wealth sector shared by about 25% of the total local yield(1972) and this sector had undergone great losses due to dryness since the year 1968. This sector represents a possibility for industrializing meat and leathers.

Mauritania possesses 563 km. of coasts on the Atlantic ocean which are very rich in fish and representing a possibility for fishing estimated annually by 3 million tons. There is also a good possibility for fishing in Singal river. Fishing sector shared by about 5% of the total local yield(1973).

In the sector of forests, Mauritania is considered as the second state in the whole world in the field of producing gum arabic which represents 1% in the total local yield and 2% of exports.

Rate of illiteracy is still more than 90% and, Mauritania undergoes a great deficit in technical personnel and it employs a great number of foreigners in the modern economic sectors (2/3 of personeel in modern sectors are foreigners).

There is only one main road in the country, one line for railways, two main ports and one company for civil aviation.

Thirdly: Economic development in the country:

A short period economic pick up began in 1974 but, world price rise in addition to high prices of imports, led to

serious internal inflatory pressures which in turn, led to a deficit in the balance of payments. Another deficit was also achieved in 1975 due to reduced price of copper and insufficient world demands on iron ore.

Present development strategy for the five years plan 76/1980 indicates the intention of the state to develop commodity sectors and, resources especially animal wealth, agriculture and, fish.

Development of the modern sector will play an important role in improving the financial potentialities of the state through boosting of investments in radical sectors. The international Bank estimates points out that, rates of growth in the modern sector may reach - in the next five years plan- to an annual average of 5% considering that iron ore extraction and, fish industries represent the two pioneer sectors in this field.

Growth rates of the radical sectors will be ranging from 2-3% annually according to the same source. Therefore the total estimated growth rate of the Mauritanian economy will be in terms of 4% annually.

Growth rate of the total local yield was 2.2% in the period 70-1973, then it increased in the period 73/1975 to be 8.2% annually. Growth rate for the total local yield is estimated by 4.2% in the period of the plan. It is noticed that rates of total local income was in average less than growth rates of the local

yield due to deterioration of conditions and rates of foreign exchanges not in favour of Mauritania, i.e. Foreign trade caused a great reduction in the achieved growth rates for the total local income.

It is noticeable to mention that contribution ratio of the consumptive commodities in the total value of imports had decreased in significant way in favour of rising the ratio of capitalistic commodities in relative to the total value of imports and , it is a positive change.

Mauritania mainly depends upon exporting one commodity of an increasing relative importance and it is iron ore which represented about 84.6% in the value of exports (1975), and it is not expected for this situation to be greatly changed till the year (1980).

Deficit in the trade balance increased from a value of 0.1 million dollar (1970) to reach a value of 36.2 million dollar (1975) on basis of constant prices for the average period of years 1967 - 1969.

According to the International Bank estimates, it is not expected to bridge the gap between import and export till the year of 1980 but, this gap will widen to reach a little more than 2 5% of import value.

Fourthly: Industry in Mauritania:

The major part of industrial production is due to extraction industries in the field of iron ore and copper production. Production of iron represented about 27% of the total yield for the years 70-1972.

Except of tin-fish, Sector of convertible industries is still too limited.

According to the industrial studies performed by UNIDO in 1976, there are some obstacles which hinder the establishing of new industrial units. The most important of these obstacles is the serious lack in available industrialized resources due to self-consumption of agricultural and animal resources in addition to lack of technical personnel. There is a great potentiality to establish a group of small and medium - size projects in the fields of food, building materials and simple technological industries. It should be assert on the necessity to develop a technical, commercial and financing basis so that new industries may be developed and to be boosted by the government.

Technical aids to Islamic Republic of Mauritania:

Mauritania requested I.D.C.A.S to offer aid in three projects:

- 1) Granting of 20 scholarships for one month each in the fields of practical training of printing and plastic industries and, the evaluation of projects.

- 2) Laying down a scheme to establish industrial complex to offer the industrial services, aids and, technical experience needed by private and public industrial institutions.
- 3) Establishment of a consultative, technical, economical and legal unit to help the ministry of industrialization in performing industrial projects studies and, in preparing tenders and books of specifications till the actual execution stage.

All these projects were submitted to the Arab Fund for Technical Aid to the African and Arab States.

A Country report on economic situations
and development efforts in Democratic

Republic of Somalia

Firstly: Basic information:

The average annual growth rate of population was 2.6% in the period 70-1975 and, 80 % of the whole population work in agricultural sector.

Secondly: Economic resources:

Somalia is poor in mineral resources but there are some unexploited metals as iron ores, tin and , radio active materials. There is no petroleum.

Cultivated land (6% of the total area of the state) represents half of the cultivable land and, degree of salinity is high.

Animal resource represents the most important source for obtaining foreign currency and, Fish sector is still underdeveloped.

Rate of illiteracy is represented now by 50% after it was 95% in the year of 1972.

Great expansion in the technical and high education will cover requirements of the development plans by labour power in 1981.

There are 17700 km of roads, four ports and ten airports but there is no railways.

Thirdly Economic development in the state:

The percentage area of industry was 12% in the total local yield in 1974. Foreign finance in the industrial sector represents 85% of the planned investment value for industry. The value of investments had increased by high rates in the years 76,1977 and this means that foreign finance is directed to investments on one hand and contribution of it in the development expenses is increased from the other hand and this might lead in long terms to the increasing of foreign debts which in turn lead to bad effects on the development process. Analysis indicates high national rate of saving but, if this rate was compared by total local yield, it may be of a negative value. The trade balance achieved a surplus in 1975 but it is predicted that it will achieve a deficit in the year of 1976.

Fourthly Industry and the industrial growth in Somalia:

The major part of industry depends upon agriculture and there is a project to establish a petroleum refining plant financed by Iraq. The industrial contribution in the total local yield amounted to 9% in 1973 and the annual growth rate for industry was about 17-18% excluding price rise. The main sector in industry is the food .

beverages and cigarette industries. Document of the New Triple Program for Industrialization defines the main problems which face industry as technological under development, lack of trained personnel, lack of supply with prime materials etc. The document also set solutions to develop the industry depending upon the local resources.

Fifthly: A perspective evaluation for economic situations in Democratic Republic of Somalia;

- 1- There is a lack in precise information and data and, all available data are approximate estimates.
- 2- Due to rarity of rain water in 1973 - 1974, there was an economic catastrophe and a decrease in the agricultural product. Cattle and banana, the two major sources for foreign currency, were badly affected. For this reason, Somalia lost 20-25% of its animal wealth and 19 thousands of individuals were killed (till the end of 1975) due to dryness and dearth.
- 3- This catastrophe was the basic phenomena which faced the development process in the years from 1974 and till now. Investments were affected but, a new economic flourish phase has begun with the middle of 1975.
- 4- There has been a surplus in budget (governmental savings) since the year 1971 and after 10 successive years of budget deficit. Yet, extension of the governmental services and investments makes preserving of this

surplus in the forthcoming years to be a difficult problem. So, there is a need to develop tax system, to search for other sources of revenues and to develop public sector and increase its efficiency.

- 5- So far, trade balance is still undergoing deficit in an increasing manner since Somalia dependence in 1960 due to the high growth rate of imports and constancy of exports. This fact can be explained if we know that imports connected to the development process was representing 40% of the total value of imports at 1974 and this percentage is higher now. The other 60% is mainly earmarked to import food products and it is difficult to curb down importing food. Therefore the percentage covering of imports value by exports is still low and, subject to sharp fluctuations of world prices.
- 6- Obtaining of 65.8 million dollar as a liquid money in addition to loans led to achieving a surplus in the balance of payments estimated by 51.9 million dollar (1975). This was the major positive phenomena in that year.
- 7- Foreign aids have played, and they will, an important role in financing investments in addition to budget savings. Besides the efforts exerted to obtain foreign financing for its projects and in particular from OPEC states, Somalia adopt a policy for self-dependence.

- 8) Foreign debts of Somalia were estimated last of the year 1975 by 433.7 million dollar but, the major part of these debts was offered by very easy conditions. Rate of covering foreign debts increased from 3.4% (1972) to 4% (1975) and it is a slight ratio. Somalia as a poor country and its exports are subjected to great fluctuations- has to obtain foreign aids in very easy conditions.
- 9) Population structure and resources are the principal definitive for the development prospects. Starting point is to focus on agricultural sector which may achieve a surplus towards food self-dependence and to supply industry with the necessary requirements of production. Although current plans concentrate on development of the agriculture depending upon irrigation and to decline the dependence upon rainy agriculture, to the effect that, high productive and constant rates may be achieved, yet development of rainy agriculture is also adopted to reach its utmost benefit. Somalia undertakes development and increasing marketing of the animal sector.
- 10) Economy is developing now in a high growth rates. Success is pretended in execution of great investment plans in addition to offering services to the people and despite that, there is a surplus in the budget. The state achieved also eminent accomplishments in the field of education either basic education (as a necessity for life) or to train labour power (as a necessity for the development process).

11) The quota of the industrial sector is more than 9% of the total local yield. Most industries depend upon agriculture and the animal wealth and, the new program for industrialization depends upon completeness of sugar, cement and asbestos plants. The state aims at development of the existing plants and to modernize other projects and then to establish new projects in the fields of consumptive industries, building materials and production of iron bars. The industrial sector sharply undergoes from a set of problems which are: lack of supplies from prime materials, rarity of trained labour power, serious inadequacy of the administrative staff and, absence of the institutions responsible for planning, administration, and offering the industrial services. The Triple program adopts modernization of the small industries sector and to turn it to be more mechanically equipped.

Technical aids for Somalia:

- 1- Foreign finance represents about 80% from the total value of investments.
- 2- Somalia obtained aids and loans from Arab States and international organisations. A part of these aids was earmarked for technical aids among which are road projects, education, training and development Bank as a major institution in addition to the ministry of industry to plan for establishing and

following up of the industrial projects.

3-I.D.C. for Arab States has scheduled some projects for technical aids in its plan for the year 1979, and they are:

a) Eight training grants in leather, oils, sweet and cigarette industries. Training of personnel will be performed in Arab States and the cost of the project is 11.3 thousand dollar. Period of training is one month.

b) Sending experts to Somalia for productive administrative and, technical development in leather industry. Somalia intend to increase the output of one plant and to modernize the other one.

4- Somalia intend. to establish new industries as cement, iron and steel and , glass industries. Because of the lack in experience in these industries, Somalia is in need for technical aids in these fields. Somalia has to define accurately its needs so that I.D.C. for Arab States can put plans of technical aids to be offered.

A Country report on economic situations
in Republic of Giboti and its development prospects.

Firstly: Basic information:

Giboti is a dependent state since 8 May 1977 and for the absence of national statistical machinery, the state has no population data.

Secondly: Economic resources:

There is a probability to find petroleum and copper in Giboti. The land is poor where rocks and sands cover about 90% of the total area. Exploitation of cultivable land hinges on the abundance of water and, water is rare. Animal wealth has grown in the previous five years in low rates and fish wealth is estimated only by 700 ton annually. There is one considered port (Giboti), and, there is also one line for railways but, Camels are still playing a vital and an important role in the internal transportation. Country is still undergoing from lack of trained labour power and depends upon foreign labour power in the economic activity.

Thirdly: Some economic indications:

Although extraction industries are confined only with production of salt, yet its production seriously declined. Food consumptive industries represent the only activity in the convertible industries. There is two stations, one for electric power and, the other to refine water. There is only

one considered town in the republic (Giboti).

The trade balance is always away to the negative direction.

Export structure shows a full-dependence to a great extent, on the exporting of services and not on exporting commodities which considered as an inadequate indicator for the state. The major part of the import structure (more than 80%) is mainly allocated to import food. The other part is mainly earmarked for investment commodities.

Possibilities to decrease the value of imports in near - future are difficult due to the dependence of imports on supplying with basic needs of population in food and consumptive commodities.

Fourthly: Evaluation of the economic situations of Giboti and its development prospects:

1. The real problem which faces the country is not the lack to resources but, how to develop and exploite these resources in a state of very little number of inhabitants.
2. Giboti economy is a service economy and it is also a dual economy: modern sector based on ship services and transient trade and, underdeveloped sector depending on cattle.

3. Although there is no data about the fish wealth, yet, this point must be considered in a research work.
4. The available potentiality for meat and for establishing a leather industry is about 175 thousand animals annually and it is a good figure. The necessary condition to establish such industry lies in marketing of the alive animals, transporting them, offering medical services, guiding of cattlemen, ... etc.
5. Attention must be paid to the salt industry considering it as an exporting industry to improve the balance of payments. Intensive research work must be paid for other metals like copper and petrolsum.
6. A building material industry may be established through modern and small size production units and this needs a technical prefeasibility studies.
7. Attention must be paid for prompt utilization of the available resources especially to dye leathers and, in leather industries and animal-rejects.
8. Ship services sector in addition to transient trade represent the economic and necessary base to ensure achieving the development. So, attention must be paid

to this sector which represents the major source for foreign currency.

9. There is a good touristic areas especially in Giboti and sick persons can be treated there due to dry atmosphere of the territory. Consequently, tourism can flourish by this way.
10. Human power is the main source for development which - if it was trained - can undertake the responsibility of executing the policy of development. Human power undergoes now a serious backwardness and in this respect, Giboti needs important foreign aids in the educational, vocational training, technical and, high education fields. In this connection, Giboti submitted a request to the I.D.C.A.S. to offer some of training grants.

Fifthly: Technical aids to Giboti:

1. Analysis of the economic situation of Giboti indicates an inadequate and non-varient productive structure and, dependance of this structure on the service economy. This led to a great deficit in the trade balance. Foreign capitalistic exchanges are the only way to overcome this deficit.

2. For technical aids, it is obvious that Giboti undergoes a lack in responsible institutions for development of the resources in the fields of industry, fish and animal wealth and, mineral industries. This because Giboti's institutions are mainly linked to a service structure. Therefore starting point is to aid the state in establishing necessary institutions to undertake implementing of the development process:

- a) In the field of development of the institutions connected only to industry, Giboti had actually requested a technical aid from the I.D.C.A.S. to establish a consultative, technical, economic and legal unit to aid the recent established ministry of industry. Tasks of this unit are to choose the industrial investment opportunities and to perform prefeasibility studies in order to establish industrial projects. I.D.C.A.S. estimated 156 thousand dollar to establish this unit in 1979 by finance from the Arab Fund for Technical Aid to African and Arab States.
- b) Giboti also asked for technical aid to issue laws for industrial legislations including a law for industrial organization and industrial register

which contains data and statistics required for the country in its industrial development. This project was scheduled in I.D.C.A.S. plan for the year 1979.

3. In the field of technical aid connected to the industrial sector, Giboti asked I.D.C.A.S. to perform a preliminary study to utilize animal-rejects and crude leather. It is known that animal wealth is one of the important natural resources in the country. This project was scheduled in the plan of the centre for the year 1979.
4. Giboti necessarily needs technical aids in the fields of commodity production (salt, minerals and fish industries) and in the field of utilization from rare local water resources. Development of cultivated land (by vegetables and fruits) and, the sector of animal wealth is also needed.
5. Giboti needs a great number of scholarships and training grants either inside or outside the country for training personnel and especially in the fields of leather industries. The Arab states may participate in this respect.

1. The Second General Conference of the U.N.I.D.O. held in 1975, issued the so called "Lima Declaration" which called developing countries to have at least 25% as a share in the world industrial production till the year 2000.

Recommendations and procedures- embodied in working plan of the declaration- included the following:

- Procedures to be undertaken by the state, the most important of which are mobilization and maximal exploitation of the available natural and human resources in order to raise the standard of living through adopting wise policies, plans and, industrial procedures which should be a reflection for economic and social circumstances of the state and hence, industrial projects may be established on right economic and technical basis which achieve-through engagement with other industrial projects, raising of the industrial activity growth rates as well as achieving- through integration with the other economic activities raising of the comprehensive development rates on level of the state.
- Procedures concerning L.D.C. which include urging of other states and, specialized international and regional organizations to offer sufficient aids to assist these states in the industrialization process and for achieving economic development to an acceptable degree.

These procedures also included desire to establish necessary conditions for industrialization as the basic structure, investment of available natural resources by means of establishing industrial complexes and, exploration of new natural resources. Procedures as well are concerned with establishing integrative productive units and to develop rural areas by establishing small size productive units to meet requirements of local markets and available demands of exporting.

2. It is expected for I.D.C.A.S. to face, as a responsible organization this development and the increasing desire of the less developed Arab countries to break down the circle of underdevelopment and to be set on the way of comprehensive development through a programme aiming at paving the way before the less developed Arab countries in particular and, the Arab homeland in general, to achieve their aspirations, and this can be attained by performing studies and specialized technical researches included in the area of activities and tasks of the I.D.C.A.S.

As the I.D.C.A.S. policy is to coordinate with the concerned Arabic and international organizations in the top of which is UNIDO, therefore, this policy will also be adopted in performing necessary studies and in consultation to find the best and successful ways to achieve the required industrial development for Arab states in general and the Arab L.D.C. in particular and to

find the practical and objective means for achieving high rates of industrial development for Arab L.D.C. taking into consideration national interests of each individual state.

3. There is an inquiry about the appropriate approach and/or approaches to orient the joint efforts for favour of the Arab L.D.C. to achieve higher rates of industrial development by the utilization of available potentialities to the maximal degree in frame of present development plans for each state.

In searching for an appropriate approach and/or approaches, the following features and factors must be taken into consideration:

- a) These states should be mainly self-reliant in their development and promotion.
- b) Forests and, agricultural, animal and fish resources should be considered-in conformity with conditions of these states-as targets to be industrially and economically developed in view of the stream-up and stream down,relations of these resources with industry.
- c) Promoting and training of human and technical skills to be considered as a major goal in the process of industrialiation.
- d) Industrial development for these states should be tackled in view of the comprehensive perspective for the Arab economic and social development.

- e) To propose investment policies in these states to ensure flow of Arab capitals where there is an urgent need for these capitals to achieve actively the desired industrial development.
- f) To consider that developing of the existing development institutions and establishing of new specialized institutions-as need calls for will help in creating of businessmen, and to offer them support and assistance in selecting, studying, and execution of projects in addition to marketing the products of these projects (as industrial complexes and industrial areas).
- g) Industrial development should be oriented towards boosting and development of radical industries and in selecting of adequate technology for development of these industries and training personnel.

In terms of the above seven proposals, a plan must be laid down to direct the joint efforts towards the industrial development in these states- as individual states- followed by rationalized development programmes which ensure criteria of success for the industrial development and to ensure technical and economic studies and, the administrative and technical skills necessary to operate and invest projects of this industrial development.

In this connection, it is proposed for these plans to be on two levels which are:

- Country development plan derived from plans of the concerned states.

- Joint development plans in terms of capabilities of coordination and cooperation between these states to tackle their joint problems on condition that, these plans must be in frame of the Arab industrial development strategy.

4. It is proposed for country projects, which consolidate development, to be selected from proposals of states representatives after reviewing them in this conference on condition that the intention to be towards enhancement of the specialized establishments in the field of industrial development and the assistance in performing technical and economical studies for these projects.

It is proposed for the joint projects among states to focus on:

- a) Study and foundation of information systems and establishment of industrial documentation centres and, centres for industrial information media in frame of Arab information network which to be founded by I.D.C.I.S. and U.N.I.D.O. in addition to training personnel necessary to operate this network.
- b) Study of the industrial policies in these states and rationalizing of these policies and proposing prime targets for them.
- c) A comprehensive study on radical and handcraft industries and establishment of industrial complexes and areas in the states which have no such establishments in addition to laying down a plan of development and, selecting adequate technology for these industries.

- d) A comprehensive study on labour power in these states and, requirements of development plans for trained labour, laying down a joint plan to make use of the available training centers in these states and, enhancement and development of these centres in addition to making use of the training centres present in the Arab states.
- e) Study of principal structures in these states, their problems and to lay down a plan for promoting these states in conformity with requirements of each state.
- f) A comprehensive study on natural resources known in these states, the adopted techniques to invest them, and proposing of procedures, a programme to develop techniques of investment and, to industrialize these resources to the maximum degree.
- g) A comprehensive study on the available investment opportunities in these states and performing prefeasibility studies on investments. These studies are to be issued in bulletins distributed on the Arab states in order to promote investment of Arab funds in these states.
- h) A study on projects executed in these states by Arab and international institutions and proposing a unified plan to direct these projects towards coordination and cooperation among these states.
- i) A study on financial resources necessary for the execution of some selected projects which boost the development in these

states and to lay down a plan in which Arab and foreign development institutions contribute in execution in consultation with these institutions.

5. The Blue Print:

It is proposed to lay down a joint blue print between I.D.C.A.S. and U.N.I.D.O and the other participating institutions. This blue print contains the following:

- a) Estimation of the necessary finance to perform proposed country and joint studies.
- b) Determination of the commitments by which each participant institute pledges.
- c) To put a time -schedule for execution of the proposed studies.
- d) Formation of a joint working group from participant institutions and the concerned states to follow up execution of the time-schedule.

I.D.C.A.S. calls for formation of the joint working group to initiate execution of the blue print which will be concluded through your good meeting in addition to determination of the group-way of working and, contribution each of the participant institutions.

THE INTERVENTION OF UNCTAD'S REPRESENTATIVE TO
THE FIRST MEETING FOR THE ARAB LEAST DEVELOPED
COUNTRIES

I would on behalf of UNCTAD Secretariat wish to express the appreciation for the invitation extended to my Organization by IDCAS to attend this first meeting for the Arab Least Developed Countries. As you are aware Mr. Chairman UNCTAD has played a pioneering role in mobilizing international support for special measures in favour of the least developed countries. UNCTAD resolutions 62 (III) and 98 (IV) call for the implementation of special measures in favour of least developed countries by the international community in a range of areas including technical and financial assistance, commercial policy, economic cooperation among developing countries, transfer of technology, shipping, insurance and reinsurance, trade promotion, trade facilitation, restrictive business practices and action by socialist countries of Eastern Europe. Allow me Mr. Chairman first to highlight briefly some of the salient features of the economic situation of the Least Developed Countries and the global engagement of UNCTAD for these countries as a whole before I turn to the specific UNCTAD activities in the Arab Least Developed Countries.

Despite some progress in the implementation of special measures, namely with respect to the flow of concessional assistance, the economic performance of the least developed countries as a whole has been very unsatisfactory and the economic prospects for these countries are very bleak. The data available to the UNCTAD Secretariat indicate that during the 1960's real per capita GDP of the Least Developed Countries has grown at a rate of only 0.9 per-cent per annum, while from 1970 to 1977 the rate has been only 0.6 per-cent which contrasts with a growth performance by all developing countries for the same period of 2.7 percent. Indeed for all the least developed countries as a whole there have been declines in the period 1970-1977 in other key areas such as agricultural production manufacturing output, gross domestic ^{product} investment, export purchasing, power and import volume. The bleak economic prospects for these countries are evidenced by the fact that if the average growth rates of the past 17 years were projected until 1990 the absolute levels per capita for all of these key variables in the least developed countries would be little changed from their present extremely low levels.

While concessional assistance to the least developed countries as a whole in per capita terms increased during the 1970's, mainly as a result of increased flows from DAC and CEEC member countries, export receipts declined and thus the total foreign exchange availabilities in real per capita terms increased only from an overall of \$ 30.5 in the period 1965-1968 to \$ 30.9 in 1976. During the same period real per capita availability for all developing

countries grew slowly but steadily increasing by one-third. Given the acute need to expand the import capacity, which is crucial if these least developed countries have to overcome the present acute stagnation in the growth of their economies, it is clearly essential that the international community makes more serious efforts expand external assistance to these countries. As mentioned above the OPEC assistance programme to these countries, to which several Arab countries contribute, has played a significant role in the increased support for these countries in recent years. This is very gratifying and it is hoped that in the spirit of the Technical Cooperation among Developing Countries these efforts will be further intensified.

The UNCTAD Secretariat, in an effort to mobilize increased international financial and technical assistance support for the least developed countries, convened a meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with representatives of the least developed countries in November 1977. The recommendations of the meeting included, inter alia, the expansion of assistance flows to these countries, the improvement of the terms and conditions for such assistance and other measures including adapting assistance criteria to the specific needs of least developed countries financing of local and recurrent costs of projects, improvement of assistance management and administration, provision of a longer time frame for assistance, debt relief and improvement of the effectiveness of aid policy through greater coordination of assistance programmes. The second session of the intergovernmental group on the least developed countries which met in Geneva between 17 to 28 July endorsed these recommendations and recommended to the Trade and Development Board to reconvene the Intergovernmental Group within the next three years.

The support of the Least developed countries in the commercial policy field has been particularly unsatisfactory and their export performance is still very weak.

Greater international support to strengthen the export capability of the least developed countries is essential in order to enable these countries to reduce their presently high dependence on external assistance. Whereas the calls for assistance in this area are mainly addressed to the developed countries, economic and technical cooperation arrangements among developing countries could serve as a useful framework to some degree for assisting the Least Developed Countries in their efforts to develop their foreign trade sector potential.

I would, Mr. Chairman, now like to turn to the specific activities which the UNCTAD Secretariat is involved in and from which the Arab Least Developed Countries namely the Somalia, Sudan, Yemen Arab Republic and the Yemen Democratic Republic draw or could draw some benefits. The UNDP financed, UNCTAD executed inter-regional project entitled "Exploratory Mission to the Least Developed Countries on Foreign Trade Policy and Planning" covered the four Arab Least Developed Countries. The missions to these countries which took place

between June 1975 and March 1977 reviewed the foreign trade policy, and planning and the overall foreign sector strategy of these countries and identified needs for additional United Nations assistance in these fields including advisory service and training.

As a follow-up this exploratory project the UNCTAD Secretariat has formulated an inter-regional project to support the efforts in the external sector planning and policies in the Least Developed Countries. This project is already operational and the project's services are available to all the Arab Least Developed Countries as well as others Least Developed Countries. At the regional the UNCTAD Secretariat has also formulated a trade policy technical assistance project covering the African Least Developed Countries including Somalia and Sudan. This project will consist initially of two to three advisers covering each four to five countries and two middle level experts attached to the relevant ministries in each country. It is hoped that all the countries concerned can make full use of this technical assistance support, which should constitute a useful input in the planning and development of the external sector in these countries.

At the country level the UNCTAD Secretariat is backstopping a foreign trade policy project in the Yemen Arab Republic which is being financed by the OIC. The project, mainly consisting of a senior trade policy adviser, has been operational for 3 years and it is being extended for another three to five years. UNCTAD experts have also been involved in short term assignments to YAR to assist in the discussions on the new Five-Year Plan and in the evaluation of the foreign trade policy project mentioned above. Mr. Chairman these are a few observations I wanted to make on behalf of my Organization and I am looking forward to participating fully in the deliberations of this meeting and I expect that these will, inter alia, open up new opportunities and a framework for a more effective cooperation between the various regional and international institutions, which will promote better our concerted efforts on behalf of the Arab least developed countries.

Annex III

Draft Project Document

I. Title: IDCAS/UNIDO Assistance to the Arab LDCs in implementing the industrial projects included in the industrial sector of the development plan.

II. Background information:

The Second General Conference of UNIDO (Lima) called for, among others, special measures in favour of the LDCs and massive continuous flow of resources for assisting this group of countries to expedite the process of their industrialization. The Third Conference on Industrial Development in Arab States, held in Tripoli in April 1974, recommended "that the Arab countries give priority to least developed countries among them in respect of all sorts of aid and assistance".

Both UNIDO, which has established a special Section for the least developed countries, and IDCAS, which is giving preferential treatment to these countries, have agreed to co-operate and undertake jointly to develop a programme of technical assistance to benefit the Arab LDCs on share basis of cost within available resources of the two organizations.

A Joint UNIDO/IDCAS meeting for developing an agreed-upon programme was held in Cairo during the period 31 July to 3 August 1978. This meeting was attended by representatives of the Arab LDCs, various Arab funds, and various concerned Arab League technical organizations. The meeting recommended assisting the Arab LDCs by focusing on the requirements for making possible the implementation of the industrial sector included in the development plan of each country. To implement this recommendation it was agreed that IDCAS and UNIDO should jointly formulate a team of experts to visit the Arab LDCs and review the industrial sector development plan and identify the main problems encountered and prepare a suitable technical assistance project for presentation to the Meeting of the Ministers of Industry of the Arab LDCs, and subsequently for presentation to a consultative meeting of the Arab LDCs, UNIDO and IDCAS, the Arab funds, and the concerned Arab League technical institutions, etc.

The envisaged programme is expected to generate the required resources (technical and financial) under the framework of co-operation among the Arab countries and the respective Arab organizations and institutions and other international institutions.

III. Objectives:

a) Short-term

- 1) The project aims at identifying the main areas of technical and financial assistance required by the Arab LDCs to implement the industrial sector of the development plans in each of the Arab LDCs.
- 2) Prepare the required technical assistance projects in order to assist in strengthening the capabilities of Arab LDCs in implementing the industrial projects included in the industrial sector of the development plans with special emphasis on the strengthening of physical and institutional infrastructure, development of local capacities and assist in continuous flow of financial and investment resources.
- 3) Prepare estimation for the required resources for providing the technical assistance which is envisaged to be provided by the various Arab Funds, Arab technical organizations, and Arab developing countries and other sources.

b) Long-term

- 1) Identify long-term strategy and course of action for aiding the Arab LDCs through the co-operation of other Arab developing countries and Arab technical institutions and funds.
- 2) Formulation of a consultative group from the Arab LDCs, IDCAS and UNIDO, Arab League Institutions and Arab Funds to assist the Arab LDCs in implementing their development plans within the long-term strategy for the industrialization of the Arab countries.

IV. Plan of Work:

- 1) A Joint UNIDO/IDCAS team of experts (3-4 experts: team leader, Industrial Economist, Mechanical Engineer and Chemical Engineer). The team would visit the Arab LDCs to be assisted by UNIDO experts assigned in each of the Arab LDCs for a duration of about 6 months in order to review the industrial sector of the development plans in each country and identify and formulate the required technical and financial assistance for the implementation of

the industrial projects indicating the necessary estimated cost for each project and prepare the necessary project documents.

2. A national team in each of the Arab LDCs, would undertake preparatory work and work closely with the team of experts.
3. IDCAS and UNIDO would jointly review the recommendations of the experts and prepare the necessary documentations containing all the required technical and financial assistance and the estimated cost for their implementation, for presentation to the meeting of Ministers of Industry of the Arab LDCs, in order to review and finalize the required technical assistance programme.
4. IDCAS and UNIDO would work out, on the basis of the findings of the team of experts, the terms of reference for the proposed consultative group to be composed of the Arab LDCs, the Arab League, the Arab technical institutions and organizations and IDCAS and UNIDO to assist the Arab LDCs in the implementation of the industrial sector of their industrial development plans.

V. Schedule of Work:

1. Submission by IDCAS to the Arab LDCs the draft project document along with the Cairo meeting report after the endorsement of UNIDO for approval.
2. Upon receipt of the approval of the Arab LDCs countries of the proposed terms of reference for the project, the team would be recruited as soon as possible (6 weeks).
3. Debriefing of the team jointly by IDCAS and UNIDO and preparation of the final recommendations of the team on the required technical assistance projects within 6 weeks after the return of the team from the Arab LDCs.
4. Convening of the Ministerial Meeting for 4 days early in 1979.

VI. Estimated Cost:

A. The estimated cost on sharing cost basis to be provided by UNIDO/IDCAS, are as follows:

(i) Experts

- | | | |
|--|---|----------|
| 1) 1 team leader - Economist (6 m/m) | - | \$25,200 |
| 2) 1 Industrial Economist (6 m/m) | | \$25,200 |
| 3) 1 Industrial Engineer - Mechanical (6 m/m) | | \$25,200 |
| 4) 1 Industrial Engineer - Chemical (6 m/m) | | \$25,200 |

| | |
|--|---------------------------|
| (ii) Travel of UNIDO staff member to Cairo for the preparation of work and briefing and debriefing of the team | \$ 800 |
| (iii) Miscellaneous - | \$ 2,000 |
| Grand Total - | <u>\$103,600</u> ***** |

B. Counterpart Contribution:

A national team of officials in each of the Arab LDCs would be made available by the Government to collaborate with the team of experts and to assist in preparing the required technical assistance project after review of the industrial sector of the development plans prior to the arrival of the team of experts and to work with the experts during their stay in the country.

C. The Arab League and its technical organizations concerned would make available to the team of experts any related studies and reports already prepared on the Arab LDCs.



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