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SOLIDARITY MINISTERIAL MEETING FOR CO-OPERATION IN THE INDUSTRIAL DEVELOPMENT OF THE YEMEN ARAB REPUBLIC

Sana’a, Yemen Arab Republic, 25—30 March 1984

REPORT

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Explanatory Note

References to ($) are United States dollars. The following abbreviations for organizations and financial institutions have been used in this Report:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADF</td>
<td>Abu Dhabi Fund</td>
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<tr>
<td>AFESD</td>
<td>Arab Fund for Economic and Social Development</td>
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<tr>
<td>AIDO</td>
<td>Arab Industrial Development Organization</td>
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<tr>
<td>AIIC</td>
<td>Arab Industrial Investment Company</td>
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<tr>
<td>ECWA</td>
<td>Economic Commission for Western Asia</td>
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<tr>
<td>IAIGCC</td>
<td>Inter-Arab Investment Guarantee Corporation</td>
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<td>IDB</td>
<td>Islamic Development Bank</td>
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<tr>
<td>OPEC Fund</td>
<td>OPEC Fund for International Development</td>
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<tr>
<td>IBRD</td>
<td>World Bank</td>
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</table>

References to project briefs are to projects contained in the project portfolio prepared for the Meeting (UNIDO.P/63.Rev.1) as well as to the appendix of the project portfolio, which was prepared during October 1982.
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INTRODUCTION

The Solidarity Ministerial Meeting for Co-operation in the Industrial Development of the Yemen Arab Republic, organized by the United Nations Industrial Development Organization (UNIDO) in co-operation with the Ministry of Economy and Industry of the Government of the Yemen Arab Republic, was held at Sana'a, from 25 to 30 March 1984.

This Meeting was the ninth in the series of Solidarity Meetings for industrial development organized by UNIDO since 1979 in co-operation with the Government of the country concerned. The purpose of the Meeting was to explore ways in which the participating countries could co-operate in promoting the industrial development of the Yemen Arab Republic. Several possibilities for such co-operation were identified. The requirements of the Yemen Arab Republic that could be met through bi-lateral or multi-lateral co-operation within the framework of economic and technical co-operation among developing countries were discussed in detail. Means of co-operation between the host and the participating countries in meeting those requirements were suggested.
I. INDUSTRIAL DEVELOPMENT POLICY OF THE YEMEN ARAB REPUBLIC

The economy of the Yemen Arab Republic, notwithstanding the considerable progress and achievements realized in the 1970's, is still considered as one of the least developed, with the following major characteristics:

- Low per capita income, and shortage of domestic financial resources.
- High rate of population growth, resulting in a high proportion of young people in the demographic structure of the country.
- Shortage of skilled workers, due to illiteracy, inadequate existing vocational training systems and migration to neighbouring countries.
- Low agricultural productivity and limited industrial activities with a rather weak industrial base.
- Lack of basic and modern institutional infrastructure.

However, modern industries have been set up in the Yemen Arab Republic such as ginning, spinning and weaving, cement, plastic, food, beverage and tobacco industries, as well as building materials and some chemical industries.

The private sector contributed effectively to this development, by implementing many projects during the First Five Year Plan. The First Five Year Development Plan witnessed a considerable rise in the sector's share of the Gross Domestic Product, from 247 million rials in the base year to 448 million rials in 1980/81, expressed in 1975/76 prices. This represented an average annual growth rate of 12.6 percent which raised the sector's share of Gross Domestic Product from 5.7 percent in 1975/75 to 7.8 percent in 1980/81.

The Second Five Year Development Plan aims at increasing the total production value of manufacturing industries from 2,173 million rials in the base year to nearly 4,163 million rials by 1986, expressed in 1981 prices, a 91.6 percent increase and an average annual growth rate of 13.9 percent. The targeted growth in this sector will help in achieving
the objectives of the general and sectoral strategy, in lowering imports and
expanding exports.

Production expansion is expected in all the sector's activities,
particularly in manufacturing products for local consumption as a substitute
for imports and to help reduce the balance of payments deficit. In
addition, it is expected to achieve a high degree of sectoral integration
by producing industrial products for other sectors.

The investments necessary to achieve the sector's objectives are
estimated at 3,290.4 million rials, the local component of which is
1,235.9 million rials (37.5 percent), while the foreign component represents
62.5 percent of the sector's total investments.

The Yemen Arab Republic has experienced considerable economic progress
during the First Five Year Development Plan 1977-1981. The Gross Domestic
Product has increased at an annual rate of 5.9 percent in real terms.
However, despite the substantial amount of improvement attained in recent
years by way of establishing modern institutions, building infrastructure,
expansion of public services and incurring of a sizeable amount of
investment from the private sector, significant constraints still remain,
hindering the progress of the socio-economic development of the
country.

The Second Five Year Development Plan provided a set of guidelines
for the Government's national efforts. It was designed to ensure that
the limited human, physical and financial resources available to the
nation would be purposefully and effectively used. A shift in emphasis
from infrastructural activities to productive activities can be noted
in the Plan.
II. ORGANIZATION OF THE MEETING

The Meeting was attended by representatives from the following countries: Algeria, Bangladesh, Brazil, China, India, Indonesia, Iraq, Jordan, Oman, Pakistan, Qatar, Saudi Arabia, Sudan, Turkey, Democratic Yemen and Yugoslavia.

Representatives of the following organizations attended the Meeting as observers:
Abu Dhabi Fund for Economic Development; Arab Fund for Economic and Social Development; Arab Industrial Development Organization; Arab Industrial Investment Company; Inter-Arab Investment Guarantee Corporation; Islamic Development Bank; OPEC Fund for International Development and the World Bank.

The following United Nations bodies were represented:
UNIDO; the United Nations Development Programme (UNDP) and the United Nations Economic Commission for Western Asia (ECWA).

The Opening Addresses

In his inaugural address, the Prime Minister of the Yemen Arab Republic, Mr. Abdul Aziz Abdul Ghani, on behalf of Colonel Ali Abdullah Saleh, the President of the Republic, welcomed the delegations to Sana'a. He said that the Meeting proved the determination of the developing countries to overcome their difficulties through mutual co-operation and collective self-reliance. He said that this Meeting constituted a concrete step towards the implementation of the Lima, New Delhi and Buenos Aires Declarations and Plans of Action, with a view to bringing about the New International Economic Order. He stated that the country had long suffered under the unjust and despotic Imamate regime, which had only fostered illness and ignorance in the country through its enforced isolation. The 26 September 1962 revolution
had opened the doors to the world to release the creative potentialities of the people in order to build up life anew and to march forward towards reconstruction and progress under the banner of the Yemeni revolution. The Prime Minister referred to the national charter, which emphasizes that the economic plan should be comprehensive in order to achieve economic development for the benefit of the people. He said that past and current development programmes and plans had proved that the Yemen Arab Republic was able to achieve social and economic development with the assistance of other brotherly and friendly countries and also regional and international funds and organizations. He said that the second five year plan had concentrated on developing industries based on domestic raw materials, and on the need for integrated development with a view to fulfilling the basic needs of the people. He added that, based on the directives of the President of the Republic, the Yemen Arab Republic would continue to support and encourage national, Arab and foreign investment in the industrial sector. The Prime Minister expressed his confidence that the Meeting would produce good and fruitful results.

Mr. Ahmed Kaid Barakat, Minister of Economy of the Yemen Arab Republic stated that the new industrial development in the Yemen Arab Republic is beset with difficulties and constraints which it can overcome with the assistance of other friendly countries. The Yemen Arab Republic has made great efforts to develop its industry and the country had experienced three periods of development. The Yemen Arab Republic was in the past famous for various industrial sectors such as textiles, weaving and steel. The Yemen Arab Republic went through the dark period before the 26 September 1962 revolution. But despite that period of acute economic recession, a number of traditional industries
survived. During the second period, after the 26 September revolution, which lasted until the mid-1970's, greater attention was paid to the development of industries such as textiles, cotton, food industries, in which new technology was introduced. During the third period, which began in the mid-1970's and which continues till today, more attention has been paid by the Government to organizing and promoting the industrial development and the creation of large and medium sized industries. During this period, a code of law was introduced concerning the promotion of industries and new investments. Further, this code contains many incentives for the development of industries, particularly industries utilizing new technologies. This period was characterized by the programming and planning of the social and industrial development of the country, in which the three year development programme and the first five year plan for the years 1974-1981, were adopted and implemented. As a result, the share of industry in the Gross Domestic Product increased substantially. The second five year development plan, 1982-1986, was adopted and was based on a clear strategy, aiming at full utilization of the available human and natural resources. The period of the 1970's was also characterized by the promotion of trade and the encouragement of the private sector. Despite all these efforts, the Yemen Arab Republic still faces difficulties emanating from administrative and technical deficiencies. The Minister indicated that the Government had determined its priorities in this Meeting in the following sectors: Food industries; engineering and metallurgical industries; chemical and construction industries. He mentioned the assistance required as follows: Financial assistance such as equity participation or soft loans; preparation of feasibility studies for new enterprises; the supply of expertise to new and old
industries for solving technical, financial and economic problems as well as management and training problems; training programmes within and outside the country for a period of three to six months. The Minister reiterated the importance of co-operation among developing countries as a means of assisting other less developed countries for mutual benefit.

Mr. Aroon K. Basak, on behalf of the Executive Director of UNIDO, conveyed his appreciation to the Government of the Yemen Arab Republic for hosting this Meeting. He pointed out the significance of Solidarity Meetings, which UNIDO has been organizing since 1979, for the specific benefit of the least developed and developing countries, as they constitute an important measure for enhancing the support of collective self-reliance. He indicated that the economic recession, in which the world has now been floundering for several years, had adversely affected the development of the developing countries. He pointed out that developing countries possess all the necessary resources such as labour, capital, raw materials, energy and even technology, to create the new production capacities that can guarantee their development. He reiterated the importance UNIDO attaches to co-operation among developing countries because it was considered to be an effective means to bring about the New International Economic Order. Mr. Basak emphasized that expanded and deepened co-operation among developing countries could lead to collective self-reliance. This did not mean that South-South co-operation should be a substitute for North-South co-operation existing among developing countries, and promoting fruitful links between them as an important and vital support to North-South co-operation. It was indicated that UNIDO had organized eight previous Solidarity Meetings and more were planned. The experience gained so far showed that although
developing countries display a clear commitment to the idea of solidarity, they nevertheless face problems in transforming general agreements and principles into practical programmes and projects. Therefore, this particular aspect of Solidarity Meetings would require a major effort on the part of the participating countries. UNIDO, on its part, believed that this Meeting provided an opportunity to consider in concrete terms assistance that could be rendered to any individual participating country. Mr. Basak stressed that the developing countries which are located far from each other gathered here at this Meeting was in itself a remarkable proof of the determination of the developing countries to join forces in conquering the problems facing their economic and social development and to attain a common, prosperous future.

Mr. Dragoslav Zdravkovic, the Resident Representative of the United Nations Development Programme (UNDP) in Sana'a stated that it was very encouraging to see such numerous and high-level representatives at this Meeting, which in itself was a demonstration of the basic philosophy of solidarity among developing countries. He indicated that the Government of the Yemen Arab Republic had embarked on a very ambitious and fully justified economic and social development programme. However, despite substantive improvements achieved, a number of development constraints still remained to be remedied. He indicated that the Government of the Yemen Arab Republic considers the industrial sector as one of the development priorities. The accent was laid on industrial activities based on locally available raw materials, such as food processing industries, building materials and textiles and leather industries. He said that if the aim was to assist least developed and less fortunate countries, in order to attain faster economic and social development with the
financial target and to bring all nations of the globe to an equal economic and social status, then the Yemen Arab Republic represented a typical case for this kind of assistance. It was underlined that economic co-operation among developing countries was an effective means to assist, particularly least developed countries, in promoting social and economic development. Mr. Zdravkovic further pointed out that UNDP Sana'a would spare no efforts to contribute to such universal efforts within its available possibilities. Finally, he said that ideally, solidarity among developing countries could be materialized here in a way which could warrant its further support and development.

Election of the Officers

The Meeting elected Ahmed Kaid Barakat, Minister of Economy and Industry of the Yemen Arab Republic as Chairman and Abdul Aziz Al Zamel, Minister of Industry and Electricity, Saudi Arabia; S.M. Shafiul Azam, Minister for Industries, Bangladesh; Jawad Anani, Minister of Industry and Trade and Tourism, Jordan; Ali Ahmed Abbas, Deputy Under-Secretary, Ministry of Industry, Sudan and Elahi Buksh Soomro, Minister of Industries, Pakistan, as Vice-Chairmen. S.M.S. Chadha, Joint Secretary, Ministry of External Affairs, India, was elected rapporteur.
Adoption of the Agenda

The Meeting adopted the following agenda:

Opening of the Meeting
Election of Chairman, Vice-Chairmen and Rapporteur
Adoption of the Agenda
Statements by Heads of Delegations
Bi-lateral Group Discussions on Specific Projects
Other business
Adoption of the Final Report.

III. SUMMARY OF STATEMENTS MADE AT THE PLENARY SESSIONS

Statements made by Heads of Delegations

Mr. Mohamed Mohamed Sabbagh, the Ambassador of Algeria in Sana'a, pointed out the economic policies being pursued by the industrialized countries vis-à-vis the developing countries which should prompt the developing countries to come closer to each other and co-operate among themselves. He stated that Algeria had always been supporting co-operation among developing countries and will continue to do so. He indicated that Algeria was interested in assisting the Yemen Arab Republic in the tannery project and the details of this assistance were to be determined in the bi-lateral discussions. He emphasized the close relation between his country and the Yemen Arab Republic in economic co-operation, cultural, educational and other fields.

Mr. Shafiul Azam, Minister for Industries, Bangladesh stated that this Meeting was being held at a time when the world economy was still to recover from the paradoxical situation of deep economic recession and a high inflation rate. He indicated the strong need for intensifying the economic and technical co-operation among the developing countries in attaining the goals set out in the Lima Declaration and Plan of Action. He stated that the Solidarity Meetings could play an effective role in evolving a meaningful strategy for helping each other in the field of
industrial development. He referred to his country having organized a Solidarity Meeting in 1980. He said that vast complementarities now existing among the developing countries themselves provide excellent scope for expansion through co-operation based on mutual benefit. He expressed solidarity with the people of the Yemen Arab Republic in the process of their industrialization and also offered whatever expertise they had in developing, implementing and operating certain projects.

Mr. Chong Han Jiu, the Ambassador of the People's Republic of China in the Yemen Arab Republic expressed his Government's pleasure in attending this Meeting. He commended the efforts made by the Government of the Yemen Arab Republic in the development of its national economy. He stated that there was a common wish and desire in the developing countries to improve the material and cultural life of their people. He stressed the fact that industrial development of the developing countries would certainly lead to the establishment of a new international economic order. As a pre-requisite, ties in economic and technical co-operation had to be strengthened, based on equality, mutual benefit and respect of state sovereignty. He commended UNIDO's efforts in organizing Solidarity Meetings since 1979 and their achievements. He said that the Chinese Government had always attached importance to strengthening its economic and technical co-operation with other developing countries, and in this regard, he briefly mentioned the various bi-lateral economic and technical co-operation relations with other countries of the developing world. He went on to mention the very well established economic and technical co-operation between the Yemen Arab Republic and the People's Republic of China in the Yemen Arab Republic. He mentioned that China would be ready
to make a modest contribution to this Meeting in granting aid to the Yemen Arab Republic, the details of which would be outlined during the bi-lateral discussion.

Mr. S.M.S. Chadha, Joint Secretary, Ministry of External Affairs of India mentioned that technical co-operation among developing countries was not a new concept for India, and outlined the features of the Indian technical and economic co-operation programme which was begun nearly two decades ago. Under this programme, India had been rendering training programmes for trainees from developing countries in specialized institutions and Indian experts had worked abroad where needed. The infrastructure available in India for technical co-operation among developing countries could be utilized much more fully for assisting developing countries. India already had an on-going programme of cooperation with the Yemen Arab Republic which could be further strengthened. A wide range of technologies adopted or adapted over the years were available in India, as also the organizational structures necessary to undertake virtually all the projects in the document presented. He outlined certain projects in which the participation of India would be particularly appropriate. These included the fields of glass, cement, sanitary ware, chemicals, leather, metal, industrial investment promotion, textiles and knitting, electricity insulations and chemical fertilizers. In this endeavour, he looked forward to co-operation with international funding agencies as well as other countries represented at the conference. In all projects in which India's involvement was finalized, India would undertake to cover all training costs within India for personnel from the Yemen Arab Republic.

Dr. Jawad Anani, Minister of Industry and Trade and Tourism of Jordan stated that both Jordan and the Yemen Arab Republic shared similar circum-
stances in that both countries were developing countries which depend on human resources. These human resources have been generating remittances which are vital for their industrial development. He stated that both countries used development planning as a means of achieving socio-economic development. He went on to say that Jordan was happy and willing to share its experiences with the Yemen Arab Republic in programming and planning industrial development, marketing, training of manpower, preparation of feasibility studies and to provide expertise, particularly in management. He indicated that Jordan was ready to enter into flexible bi-lateral agreements. He went on to say that the developing countries badly needed to make joint efforts to combat poverty, hunger and backwardness. This was necessitated by the fact that the North-South dialogue had not produced tangible results for the benefit of the developing countries. He emphasized that co-operation among developing countries could foster industrial development in the developing countries.

Mr. Ahmed Macki, Under-Secretary of Oman said that his country considered the participation in this Meeting as important since Oman was following with great interest the efforts made in the Yemen Arab Republic for its industrial development based on local resources. He stated that the Solidarity Meeting constituted a new dimension for fostering industrial co-operation among developing countries, since most of the efforts in the past were concentrated on obtaining aid and assistance from the developed world. He viewed the Meeting as an excellent form for utilizing knowledge and experience for the benefit of other developing countries. He stated further that the delegation of Oman had come to this Meeting after having carefully studied the project proposals, and hoped that many of them would be translated into reality.
Mr. Elahi Buksh Soomro, Minister of Industries of Pakistan stated that this Meeting was considered to be of great significance since it would benefit the host country, in particular, and developing countries in general. The participation of Pakistan in previous similar meetings reflected the clear desire of Pakistan to promote co-operation among developing countries. He stressed that the developing countries were passing through a period where every effort for the establishment and strengthening of economic ties should be made to fully utilize resource endowment. He emphasized taking full advantage of mutual complementarities that exist in industrial structures. He said that co-operation with the Yemen Arab Republic for promoting its industrial development was of special significance to Pakistan. He described his country's achievements in capital goods manufacturing industries and said that Pakistan had shared its experience with other developing countries. Pakistan could assist in a number of industries such as textiles, leather, cement, etc., and in respect of consultancy services and expertise. Pakistan was producing capital goods and machinery in many fields. In Pakistan, there were also research and development institutions where on-the-job and in-plant training could be provided. Joint ventures with the Yemen Arab Republic and Pakistan could be established on a bi-lateral and also on a triangular basis. He mentioned that the projects identified for joint co-operation had been given careful consideration, and he believed that there were a large number of areas in which Pakistan could provide assistance in one form or another within the limitations of its resources.

Mr. Abdul Aziz Zamal, Minister of Industry and Electricity of Saudi Arabia expressed the hope that this Meeting would bring about tangible results for the benefit of the host country. He stated that his country was happy to participate in this Meeting and support the process of co-
operation among developing countries. He said that co-operation among developing countries is a meaningful instrument for the promotion of industrial development and there was a clear evidence that this co-operation among developing countries was coming more and more to the fore. Mr. Al Zamel praised the efforts made by the Yemen Arab Republic in its endeavour to promote its industrial development. He said that Saudi Arabia was ready to co-operate, to the greatest extent possible, with the Yemen Arab Republic, and to know more about its industrial development through the bi-lateral discussions. He particularly emphasized the fact that Arab companies and funds should be associated more and more with the technical co-operation among developing countries for the benefit of the industrial development of these countries.

Mr. Ali Ahmed Abbas, Deputy Under-Secretary, Ministry of Industry of Sudan stated that Sudan was pleased to participate in the Yemen Arab Republic Solidarity Meeting, because it has always supported the principle of solidarity and economic and technical co-operation among the developing countries. He went on to say that Sudan enjoys excellent relations with the Yemen Arab Republic not only in the industrial field, but in other areas as well. He felt that the Meeting was a good opportunity for the developing countries to exchange views and experiences and for the least developed countries to receive assistance from the other more advanced developing countries. He went on to say that economic and technical co-operation between the developing countries was of vital importance due to the severe economic problems confronting most of the developing countries, including Sudan. He mentioned that Sudan could render technical assistance in the form of training in some sectors of industry for the Yemen Arab Republic, as well as the carrying out of feasibility studies for certain projects: further details would be outlined in the bi-lateral discussions.
Mr. Faik Koc, Deputy Under-Secretary of the Ministry of Industry and Commerce of Turkey stated that Solidarity Meetings were vitally important for the benefit of the least developed countries as they constitute a major effort by the developing countries to help each other. He gave a brief outline of his country's readiness to assist in the industrial efforts of the Yemen Arab Republic which would be discussed later in detail with the representatives of the Yemen Arab Republic. Turkey would welcome initiatives from other developing countries and financial institutions in financing the technical assistance to be offered by Turkey to the Yemen Arab Republic, due to Turkey's limited financial resources. He reiterated his country's continuing support to co-operation among developing countries.

Mr. Otman Abdulgbar Rashid, Deputy Minister of Industry of the People's Democratic Republic of Yemen stated that the large participation in this Meeting reflected the high degree of solidarity among the developing countries and also the importance of this Meeting. He indicated that his country had undertaken serious efforts in the industrialization process and emphasized the considerable attention being paid to the industrial development. He went on to stress the similarity in the industrial development efforts of his country and the Yemen Arab Republic and the difficulties they were facing due to market limitations. He therefore underlined the importance of a common market between the two countries. He stressed the importance of a common industrial development plan for each part of the two states with the assistance of the developing countries, regional and international organizations. He went on to say that commendable efforts were being made by the two states in this field and in this context, he indicated several projects which were undertaken jointly. He expressed the
readiness of the Government of the Yemen Arab Republic in furthering its industrial development.

Mr. Stevan Gojsina, Under-Secretary of the Federal Committee for Energy and Industry of Yugoslavia emphasized the fact that such gatherings were important for promoting co-operation among the developing countries and indicated that his country had close ties with the Yemen Arab Republic in various fields. He underlined the importance of the principle of self-reliance. He pointed out that developing countries possess knowledge, experiences and even technology which could be mutually utilized for the benefit of the industrial development of those countries and underlined the commonality and complementarities existing in developing countries. He stressed the importance of Solidarity Meetings and stated that his country had carefully studied the list of project proposals for this Meeting and the interests of the Government of Yugoslavia would be outlined in the bi-lateral discussions.

Dr. Mohamed Abdel-Latif, Economic Expert of the Abu Dhabi Fund for Economic Development thanked the Government of the Yemen Arab Republic for the invitation to participate in the Meeting and hoped that with so many countries participating in it, it should lead to concrete results, especially in view of the fact that the Yemen Arab Republic had successfully implemented many industrial projects. Its further industrial endeavour requires a great deal of technical and financial assistance and potentialities for setting up viable industrial projects in the Yemen Arab Republic exist. He briefly mentioned the various projects in the Yemen Arab Republic which had received assistance from the Fund including the financing of feasibility studies. He reiterated the Fund's continued support for viable projects in the Yemen Arab Republic.
Dr. Haidar Ghaibeh, Industrial Expert of the Arab Fund for Economic and Social Development expressed his thanks on behalf of the AFESD for the invitation to attend this Meeting. He praised the Government of the Yemen Arab Republic for its achievements in the industrial development of the country, and underlined the continued support of the AFESD for the further industrial development of that country. He cited examples of the types of credits that the AFESD offered to the Yemen Arab Republic, as well as technical assistance which could be provided and said that most of these credits were devoted to the development of electricity, water resources, construction industries and telecommunications. He reiterated the desire of the AFESD to continue co-operating with the Yemen Arab Republic in its industrialization efforts.

Dr. Mohamed Gabr, Chief Economics Expert and Acting Director of the Projects Department of the Arab Industrial Investment Company expressed the interest of the AIIC in identifying engineering projects in the Yemen Arab Republic which could qualify for their funds under its constitution. He briefly enumerated the procedure of financing by the AIIC. He emphasized the importance of marketing in determining the suitability of a project and this necessitated a regional approach in formulating projects. His company preferred projects which could serve the entire Arab market. The AIIC extended help to the private and the public sectors, and was interested in identifying joint Arab projects, and in the case of the Yemen Arab Republic, preferably projects involving the two parts of Yemen which could possibly include, later, other neighbouring Arab countries like Djibouti and Somalia, in order to meet the minimum market criteria for a viable project in the engineering industry.
Dr. Ahmed Mohamed Ali, President of the Islamic Development Bank expressed the thanks of the IDB for the invitation to attend this Meeting. He underlined the fact that the IDB supports technical and economic co-operation, the promotion of trade and transfer of technology among developing countries. He made a brief reference to the New Delhi and Buenos Aires Declarations and Plans of Action concerning the promotion and implementation of technical co-operation among developing countries. He spelt out the procedure of the Bank in financing industrial undertakings as well as the participation of the Bank in equity. He explained the technical assistance policy of the Bank and its technical co-operation programme. This programme consists of organizing training courses, exchange of expertise, transfer of technology, etc. He expressed the readiness of the IDB to co-operate closely with the Yemen Arab Republic and indicated the IDB's participation in various projects in the Yemen Arab Republic and said that the IDB was looking forward to closer co-operation with the former. He said that the delegation of the IDB would actively participate in any negotiations regarding the project proposals presented at this meeting and would also be ready to participate in some of them, particularly in agro-industrial projects. He reiterated the readiness of the IDB to co-operate with all participating countries and organizations.

Dr. Mehdi Ali, Director, Asia Region, of the OPEC Fund for International Development explained that the main reason for the establishment of the OPEC Fund was to promote North-South dialogue. The Fund has so far assisted over 80 countries in Africa, Asia and Latin America, and provides three types of loans: project loans, programme loans and balance of payments support loans. In addition to loans, the Fund also extends
grants particularly to regional projects. He then went on to point out that the Yemen Arab Republic was one of the first countries to receive OPEC Fund assistance. In January 1977, the Yemen Arab Republic signed its first loan for Balance of Payments Support with the OPEC Fund. Since then, the Fund's assistance to the Yemen Arab Republic had increased to reach US$ 39.3 million. The number of projects that have been financed with OPEC Fund assistance reached seven projects. These projects reflected the country's development priority as evidenced in the national development plans. He reiterated the continued support of the OPEC Fund for the development efforts of the Yemen Arab Republic.
IV. DISCUSSIONS WITH FINANCING INSTITUTIONS

The Chairman of the Meeting, His Excellency Mr. Ahmed Kaid Barakat, together with Mr. Aroon Basak, Representative of the Executive Director of UNIDO met jointly on 26 March 1984 with the delegations of the financing institutions attending the meeting, namely: Abu Dhabi Fund for Economic Development; Arab Fund for Economic and Social Development; Arab Industrial Development Organization; Arab Industrial Investment Company; Inter-Arab Investment Guarantee Corporation; Islamic Development Bank; OPEC Fund for International Development and the World Bank. The Chairman explained that the Bureau of the Meeting had met that morning, and after detailed consideration, had reached certain conclusions in order to ensure that concrete and comprehensive arrangements for assistance in the project proposals submitted to the Meeting would be reached within the framework of the Meeting, on a bi-lateral or tri-lateral basis.

Towards this end, it was necessary to devise during the course of the meeting some appropriate complementary arrangements to bridge the foreign exchange components which would remain uncovered in the bi-lateral offers from the developing countries participating in the Meeting, which in most cases were prepared to absorb their own local currency costs of technical assistance services rendered, but not the foreign currency costs. The Chairman asked the delegations of the financial institutions whether they could devise means to bridge the foreign exchange gaps which would remain in the bi-lateral offers.

The financing institutions appreciated the need for complementary foreign exchange financing but explained that their procedures are such that it would be very difficult to respond to emergency ad hoc bridge financing requests by the Government. The delegations added that the Government could consider technical assistance credits, where the financing could be made available more expeditiously for pre-defined and agreed objectives. The OPEC Fund and the World Bank explained their experiences in such credits.
V. BI-LATERAL DISCUSSIONS ON PROJECT PROPOSALS

Discussion between Algeria and the Yemen Arab Republic

During the meeting with the Algerian delegation, represented by Mr. Benhalla Salah Dine, Director of Studies of the National Organization for the Development of Manufacturing Industries, affiliated to the Ministry of Light Industries, Mr. Benhalla indicated that his organization was designated by the Government of Algeria to carry out the techno-economic studies required for the preparation and implementation of the project no. 26 entitled: Assistance to establish a leather industry in the Yemen Arab Republic, and to erect an experimental factory for leather products, and that the costs will be financed by an amount of US$ 400,000 which was pledged by the Government of Algeria to contribute to the Solidarity Ministerial Meeting for the Yemen Arab Republic.

The Yemeni side indicated that the delegation of Yugoslavia offered to supply the same project with equipment and machinery of Yugoslav origin and technical assistance for its installation and commissioning. The Yemeni side requested the Algerian delegate to take this into consideration when carrying out the techno-economic studies. The Algerian side took note.

Discussion between the Government of Bangladesh and the Yemen Arab Republic

1. The delegation of Bangladesh appreciated the initiatives of the Government of the Yemen Arab Republic and UNIDO in convening this conference and the efforts made by UNIDO to promote multi-lateral economic and technical co-operation among developing countries and
expressed their deep interest in enhancing technical co-operation with
the Yemen Arab Republic and in rendering to the Yemen Arab Republic all
possible technical assistance within their limited resources.

2. The delegation of the Yemen Arab Republic thanked the delegation of
Bangladesh and highly appreciated their participation in the conference
and their sincere interest to contribute to the further promotion of the
industrial development of the Yemen Arab Republic.

3. The delegation of Bangladesh explained the technical possibilities
of their country which might be of interest to the Yemen Arab Republic
and discussed the possible areas of technical co-operation between the
two countries. As a result, the following six projects were identified
and agreed upon, for which Bangladesh expressed willingness to co-operate
and to provide technical assistance:

(a) Project no. 8: Iron foundry and central workshop at Sana'a.

It was agreed that Bangladesh would provide training for two
persons for three months each, as required by the project, at the
Bangladesh Industrial Technical Assistance Centre (BITAC), Dhaka.
The Government of Bangladesh will cover their local expenses, which
will include accommodation, food and local transportation, while the
cost of the journey to and from Bangladesh will have to be borne by
the Government of the Yemen Arab Republic or alternatively, some other
financing institution.

(b) Project no. 20: Pre-investment studies for steel pipes and fittings
production.

The delegation of Bangladesh indicated that their country could provide
expertise in this field and it was therefore agreed that Bangladesh
would provide a team of experts composed of an industrial engineer,
a marketing analyst and one financial analyst for six man/months. The
Government of Bangladesh would provide the cost of the return air fare for the experts while the recipient country will arrange for their residential and office accommodation, local transportation and other logistics. As to the subsistence allowance/per diem of the experts during their deputation in the Yemen Arab Republic, both sides agreed that suitable financing institutions should be approached for assistance. The IDB was identified as one such institution, and it was decided that the Government of the Yemen Arab Republic will submit proposals to the IDB as well as other organizations and the programme will be finalized through discussions between the co-operating countries and the concerned financing institutions.

(c) Project no. 21: Institutional support to the Ministry of Economy and Industry.

It was agreed that one or more experts in institution building will be provided by the Government of Bangladesh for a total of 12 man/months. The Government of the Yemen Arab Republic will provide living and office accommodation to the specialist and cover his local transportation. The Government of Bangladesh will bear the cost of the return air fares for the experts. As to the financing of the other items of the technical assistance, the same approach as in the previous project has to be applied.

(d) Project no. 22: Industrial investment promotion unit.

It was agreed that two experts, including one industrial economist and one project evaluation expert for six months each will be provided by Bangladesh. Financing for this technical assistance is to be arranged in the same manner as in the previous projects.
(e) Project no. 23: Testing and quality control laboratories.
Bangladesh agreed to provide two experts for twelve months each to meet the required technical assistance. Financing is as for the previous projects numbers 20 to 22.

(f) Project no. 27: Standardization and industrial property unit.
It was agreed that Bangladesh would provide one expert for six man/months to undertake the task of setting up an industrial standard system for the Yemen Arab Republic. On the accomplishment of this assignment, Bangladesh would be ready to provide training facilities for personnel from the Yemen Arab Republic, which will be subject to further discussion between the two countries. The financing of this technical assistance is to be arranged in the manner of the previous projects numbers 20 to 23.

4. Both the delegations agreed that a composite proposal seeking financial assistance under the technical co-operation programme between the Yemen Arab Republic and Bangladesh for the above projects will be submitted to the IDB, which indicated its willingness to consider financing such a programme. Proposals will be submitted to other suitable financing organizations also.

5. Both sides agreed to continue their dialogue to work out further details of the co-operation programme in respect of each project and to finalize the programme through bi-lateral and, where necessary, tri-lateral negotiations as early as possible.

Discussion between Brazil and the Yemen Arab Republic

The Brazilian delegation explained that it was not possible to complete on time the work of circulation of the project portfolio amongst the Brazilian firms and governmental enterprises. Due to the amendments
introduced in most of the projects, the Brazilian delegation said that it would have to submit the new project documents to the Brazilian firms and governmental enterprises concerned. However, Brazil would be preliminarily interested in co-operating with the Yemen Arab Republic in the implementation of the following projects:

Project no. 6: Investment projects based on the cement industry.

Project no. 7: Assistance to prepare and assist with the project of the sanitary ware and ceramic tiles;

Project no. 8: Assistance to erect a foundry and a central workshop to serve the agricultural sector;

Project no. 11: Consultant services and to execute the necessary amendments to complete the oil factory which belongs to the cotton company at Hodeidah;

Project no. 13: Assistance to prepare preliminary studies related to investment for constructing an animal feed factory;

Project no. 16b: Producing caustic soda, chlorine and soda ash;

Project no. 14/19: Preparing a study related to the possibility of establishing a furniture industry and metal products as well as a steel industry;

Project no. 20: Prepare detailed economic feasibility study for steel pipes and fittings industry;

Project no. 26: Assistance to establish a leather industry in the Yemen Arab Republic and erect an experimental factory for the leather products.

In addition to the above projects, Brazil indicated also their interest in the deleted project nos. 10, 14 and 17 of the original project portfolio. With regard to projects nos. 11 and 20, the Brazilian delegation expressed great interest. The implementation of the technical assistance component by Brazil regarding project no. 26 would be quite promising in view of the availability of training facilities at their institute for research and technology.
The Brazilian delegation mentioned the considerable experience they have in the field of co-operation with Arab and African countries and expressed the certainty that co-operation between Brazil and the Yemen Arab Republic could be very useful to both parties.

The Brazilian delegation also mentioned the financial limitations of Brazil to carry out its co-operation with other developing countries and expressed the intention to discuss with the Yemeni authorities different mechanisms of financing of the projects with the participation of international banks and funds.

With regard to short-term consultancy services (3 to 6 months), Brazil could maintain the salaries of the experts and could also provide international travel expenses for their experts to Yemen. In making this commitment, Brazil would expect from the Yemen Arab Republic side that they bear the local costs like daily subsistence, housing, transportation, medical coverage, etc. With regard to long-term consultancy services, financial arrangements have to be agreed upon at a later stage or have to be sought elsewhere.

Brazil showed interest in the Yemeni financial scheme for implementation of projects. The Yemeni delegation will provide this information as soon as possible.

The possibility of executing new projects through joint ventures was discussed in broad terms. According to the Yemen Arab Republic delegation, a number of projects could be determined later for this kind of co-operation.
Discussions between the People’s Republic of China and the Yemen Arab Republic

During the discussions, the delegation of the People’s Republic of China expressed interest in providing technical assistance to project no. 11 of the appendix and concluded agreements as follows:

- To dispatch Chinese experts to maintain and refit the equipment of cotton ginning and cotton shelling down of the Hodeidah Cotton Ginning and Oil Extracting Mill, so as to reach the request of design.

- To dispatch thirteen Chinese experts according to requirements to guide technically the production of cotton ginning and cotton shelling down of the Hodeidah Cotton Ginning and Oil Extracting Mill for one ginning season and to train the Yemenis during the production.

- The Chinese will bear all costs except those of housing and local travel of the Chinese personnel during their missions and those of the counterpart Yemenis to the Chinese personnel.

- If the Yemeni side can provide the equipment for the oil refinery at Hodeidah Cotton Ginning and Oil Extracting Mill, the Chinese side would consider to dispatch experts to give the technical guidance on the installation of the machines and on trail production. In this connexion, UNIDO was requested to provide assistance.

With regard to the implementation of the offer of the Chinese delegation, it was understood that bi-lateral contacts between the Embassy of the People’s Republic of China in Sana’a and the Yemen Arab Republic authority (Ministry of Economy and Industry) will be established. UNIDO will be kept informed accordingly.
Discussion between India and the Yemen Arab Republic

The Indian delegation stated that they have an on-going co-operation programme with the Yemen Arab Republic, for which experts have already arrived.

The Indian delegation expressed its willingness to extend assistance to the following projects:

Project no. 4a: Hollow glass industry.

India could provide a consultant/expert to up-date the feasibility reports prepared by UNIDO and the IBRD in 1981, as well as training of Yemeni nationals in India.

Project no. 4b: Assistance towards preparing to execute the project of flat glass industry.

The same assistance as offered under project no. 4a could be provided for project no. 4b.

Project no. 5a: Assistance required by the cement industry.

As regards the Amran cement factory, India could train the Yemeni personnel in the cement factory. India also offered to provide experts as required under part A of the project. Indian assistance was also sought for the Banjil plant and it was clarified that training in India and experts could be provided.

Project no. 5b: Assistance to Al-Mafraaq cement project.

India could provide consultancy services, experts and training of Yemeni personnel in India.

Project no. 6: Investment project based on the cement industry.

India could offer experts, consultancy and training of local personnel in India.

Project no. 7: Assistance to prepare and assist with the project of sanitary ware and ceramic tiles.

India offered assistance for the: evaluation of offers, economic
evaluation of the project, assistance in supervising the construction and assistance in training of local staff.

The request of the Yemen Arab Republic for joint ventures could also be considered. However, India would need more information on this point before a decision could be taken.

Project no. 16a: Assistance to finance the project of refining and packing salt for the local market and for export markets.

India offered to provide the following: a team of qualified experts, an electrical expert, a mechanical expert to train the technicians and to maintain the machines, a food chemist and training in India.

Project no. 16b: Producing caustic soda, chlorine and soda ash.

India offered to provide a chemical specialist to prepare the feasibility study, an expert to execute the project and training in India.

Projects nos. 18/19: Preparing a study related to the possibility of establishing a furniture industry and metal products as well as a steel industry.

India offered to provide a specialist consultant in metal furniture and industries, a special consultant in metal fittings industry and a marketing and finance expert.

Project no. 22: Establishment of an industrial investment promotion unit.

India could provide the following: experts, consultants and training in India.

Project no. 26: Assistance to support the tanning industry in the Yemen Arab Republic.

India could provide an expert to evaluate offers; an expert in leather technology and operating tannery, an expert in clear remainings from tanning and training in India.
Project no. 30: Institutional support to the Industrial Estate Development Authorities.

India offered to provide an expert in the development and administration of the industrial estate, a specialist to design and supervise the execution of industrial services, an expert in building engineering and training for Yemeni personnel in India.

Project no. 31: Assisting the textile and spinning industry to overcome its technical and training problems.

India could assist in the development of a quality control system, technical support at factory level and training in India.

Project no. 32: Assistance to prepare feasibility studies and prepare tender documents.

India could provide the following assistance: services of experts for electrical insulators, geological surveying, financial and economic analyses and for appraising offers. Training could also be arranged in India.

Project no. 33: Project for producing chemical fertilizers.

India offered the following assistance: experts for fertilizers, financial analysis, feasibility study, and for supervising the execution of the project and training in India.

Moreover, the Indian delegation announced its willingness to provide any additional technical assistance on the preceding lines.

The Indian delegation further stated that its country was in a position to provide technical assistance in the shape of consultancy, experts and training for Yemeni personnel for all the projects listed in the document but the offers were made keeping in view the need to sharply focus on some to achieve concrete results. It was also felt that in respect to these projects, India could offer appropriate technology as suggested and adapted by India.
With regard to financial assistance in connexion with the above projects, India could pay the basic salaries of the expert consultants, with international travel costs and local subsistence to be borne by the Yemeni side or by a third party. For all projects in which India is involved, the training in India will be provided at India's cost, with international travel costs to be borne by some other source. The costs of consultancy payable in India will be similarly met by India. The Indian delegation assumes that financing institutions may very well be in a position to provide the uncovered foreign exchange requirements.

From the side of UNIDO, it was pointed out that in certain cases, UNIDO might be able to cover air fares and provide scholarship training.

The Indian offer for defraying costs in Indian Rupees for these projects, as quantified from the basic document regarding the various projects, would be the equivalent of approximately US$ 800,000. This figure is arrived at after deducting a nominal amount of 25 percent for air fares (which would be in foreign exchange) from the figures given in the document for training costs abroad of Yemeni nationals.

India is anxious to ensure the speedy and effective implementation of these projects. It is hoped that other sources will be available to cover the foreign exchange costs. However, should any difficulty arise on this score, India would be prepared to consider covering also the foreign exchange costs of its experts deputed to the Yemen Arab Republic including air fares but excluding local housing and certain local facilities in a selected number of projects from among those offered, amounting to 150 man/months. In terms of estimates in the basic project document, the assistance to be provided would be equivalent to an additional contribution in excess of US$ 1 million in foreign exchange.
Discussions between Indonesia and the Yemen Arab Republic

In his introductory remarks, the Indonesian delegate pointed out the recently established diplomatic relations between the two countries. In October 1983, the Embassy in Jeddah was also accredited to the Yemen Arab Republic; since then, Indonesia started activities to find ways for economic co-operation with the Yemen Arab Republic.

Since 1980, the Government of Indonesia has organized a series of technical co-operation programmes in various sectors. These programmes are operated by a number of institutes and research centres.

By giving this short background information, the Indonesian delegate indicated that Indonesia is willing to assist the Yemen Arab Republic in the following projects, in which Indonesia is particularly experienced:

Project no. 5a: Assistance required to the cement industry.

Project no. 5b: Assistance towards preparing to execute Al-Mafraaq cement project.

Project no. 6: Investment projects based on the cement industry.

Indonesia, in co-operation with the Islamic Development Bank, had just put a large cement factory with a capacity of 1 million tons per year into commercial operation, and can provide the requested training component subject to the willingness of the Islamic Development Bank to cover training expenses through their training scheme fund. The Indonesian delegate expressed that all efforts will be undertaken to arouse the interest of the Islamic Development Bank in this regard.

Project no. 7: Assistance to prepare and assist with the project of the sanitary ware and ceramic tiles.

Project no. 32: Assistance to prepare feasibility studies and prepare tender documents to establish electricity insulations project.
Indonesia is ready to provide under certain conditions training courses in ceramics and limestone technology. The duration of the course, provided free of charge, would be 3 man/months and one or two persons could be accepted. This course is offered by the Central Institute for Research and Development of Ceramics in Bandung. Living allowances of US$ 225 to US$ 250 would be provided by the Government; however, coverage of international travel expenses to Indonesia would need to be approved by the Government. Possibly other institutions like UNDP could cover the travel expenses.

The Indonesian delegate also expressed his strong interest in the project no. 14 of the old project portfolio, which had been cancelled by the Yemen Arab Republic Government: Pre-investment studies for establishment of a wood processing industry for the local market and for export. Indonesia has been exporting plywood to Yemen and since this plywood is processed in Yemen, Indonesia would like to offer training in this particular field. The Yemeni side agreed to accept this offer. Arrangements for this training course would be the same as above, i.e., Indonesia would provide free of charge the training and an additional amount for living allowances, while international travel expenses would need to be borne by a third party, unless the Government of Indonesia agrees on covering them. The training course of 3 months for 1 or 2 participants in wood carving would be offered by the Central Institute for Research and Development of Batik and Handicrafts in Yogyakarta.

Project no. 26: Assistance to support the tanning industry in the Yemen Arab Republic.

The Government of Indonesia is willing to provide the training component for a number of 4 to 6 persons for a duration of 3 man/months.
Again, the training will be provided free of charge and a living allowance of US$ 225 to US$ 250 will be paid, while the Government of Indonesia is not committed to provide international travel. The training course in tanning, leather goods manufacturing, and leather carving will be offered by the Central Institute for Industrial Research and Development of Leather Goods, Rubber and Plastics at Yogyakarta and the Leather Research Institute at Yogyakarta. Expertise in tanning and leather technology is available. However, financing needs to be provided by a third party.

Project no. 31: Assisting the textile and spinning industry to overcome its technical and training problems.

Indonesia can offer at the above conditions, training courses in textile design, weaving technology and calculation, dyeing technology and practical fabrics analyses for 1 or 2 persons for 3 man/months. The Indonesian authority would be the Central Institute for Research and Development for Textiles at Bandung.

Details of all training courses are given in the Technical Co-operation among Developing Countries Training Programmes booklet 1983/1984, issued by the Government of Indonesia, submitted by the Indonesian delegate to the delegation of the Yemen Arab Republic.

Discussion between Iraq and the Yemen Arab Republic

The Iraqi delegation offered technical assistance for any number of Yemeni trainees in Iraq according to the needs of the Yemen Arab Republic.

Iraq would also study the possibilities of co-operating in the industrial investment projects included in the list of project proposals and the appendix thereto, through Arab companies where Iraq has a majority of their equities.
Discussions between Jordan and the Yemen Arab Republic

The list of project proposals and its appendix prepared by the Yemen Arab Republic and UNIDO had been carefully studied and accordingly, areas and specific projects in which Jordan could co-operate and assist were selected.

Basically, Jordan was interested in undertaking the following projects:

<table>
<thead>
<tr>
<th>Project Title</th>
<th>No.</th>
<th>Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement</td>
<td>5a</td>
<td>training 100 man/months</td>
</tr>
<tr>
<td>Ceramic tiles</td>
<td>7</td>
<td>training of 3 persons</td>
</tr>
<tr>
<td>Central workshop for agriculture sector</td>
<td>8</td>
<td>one trainee</td>
</tr>
<tr>
<td>Central workshop at Sana'a Industrial Estate</td>
<td>9</td>
<td>- Industrial engineer 24 man/months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Mechanical engineer 24 man/months</td>
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<tr>
<td></td>
<td></td>
<td>- Electrical engineer 24 man/months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Training of 3 persons each for 2 years</td>
</tr>
<tr>
<td>Animal feed</td>
<td>13</td>
<td>- Expert to prepare feasibility study 3 man/months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Expert for factory establishment 3 m/m</td>
</tr>
<tr>
<td>Industrial investment promotion unit</td>
<td>22</td>
<td>- Expert, financial analyst 24 man/months</td>
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<td></td>
<td></td>
<td>- Expert, economic engineer 24 man/months</td>
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<td></td>
<td></td>
<td>- Expert, marketing 24 man/months</td>
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<tr>
<td></td>
<td></td>
<td>- Expert, industrial planning 24 man/months</td>
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<td></td>
<td></td>
<td>- Short-term consultant 48 man/months</td>
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<tr>
<td></td>
<td></td>
<td>- Training 24 man/months</td>
</tr>
<tr>
<td>Testing and quality control laboratories</td>
<td>23</td>
<td>Training of 3 persons</td>
</tr>
<tr>
<td>Industrial information unit</td>
<td>24</td>
<td>Expert, industrial statistics for first and second stage 18 man/months</td>
</tr>
<tr>
<td>Leather tanning</td>
<td>26</td>
<td>Expert in management 12 man/months</td>
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<td></td>
<td></td>
<td>Training 12 man/months</td>
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<tr>
<td>Project title</td>
<td>No.</td>
<td>Assistance</td>
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</tr>
<tr>
<td>Packing</td>
<td>28</td>
<td>Expert, survey to improve packing 12 man/months $100,000</td>
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<tr>
<td></td>
<td></td>
<td>Training 6 man/months $13,200</td>
</tr>
<tr>
<td>Industrial Estate</td>
<td>30</td>
<td>Project will be studied after returning to Jordan</td>
</tr>
<tr>
<td>Textile and Spinning Industry</td>
<td>31</td>
<td>Expert in spinning 12 m/m $100,000</td>
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<td></td>
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<td>Expert in spinning laboratory 12 m/m $100,000</td>
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<td></td>
<td>Expert in ready-made garments 12 m/m $100,000</td>
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<tr>
<td></td>
<td></td>
<td>*Training: spinning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*Training: ready-made garments</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>33</td>
<td>Expert to prepare a complete feasibility study 3 m/m $25,000</td>
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<tr>
<td>Joint venture projects to be studied</td>
<td></td>
<td>- metal construction</td>
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<td>- foundry for agriculture equipment</td>
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<td>- solar heaters</td>
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<td></td>
<td></td>
<td>- cement paper sacks</td>
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<tr>
<td></td>
<td></td>
<td>- corrugated paper</td>
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<td></td>
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<td>- electric house apparatus (washing machines, refrigerators, electric stoves, etc.)</td>
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<tr>
<td></td>
<td></td>
<td>- car filters</td>
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<tr>
<td></td>
<td></td>
<td>- electric cables</td>
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<tr>
<td></td>
<td></td>
<td>- metal sanitary ware</td>
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</tbody>
</table>

The Jordanian delegation offered to submit copies of the feasibility studies already prepared for projects to be implemented by Jordan. In principle, Jordan will pay the salaries and all other expenses of the experts, except accommodation and local transportation in the Yemen Arab Republic.

* duration and type of training will be defined later according to the needs of the Yemen Arab Republic.
Republic. For trainees, Jordan will bear training costs, pocket money and international air tickets. The Yemen Arab Republic will pay the local salaries of the trainees.

**Discussions between Oman and the Yemen Arab Republic**

The Oman delegation came with concrete offers to provide the Yemen Arab Republic with technical assistance as follows:

<table>
<thead>
<tr>
<th>Project title</th>
<th>No.</th>
<th>Assistance</th>
</tr>
</thead>
</table>
| Feasibility study for vegetable oil| 11  | - financial analyst $25,000
- vegetable oil expert $25,000
- animal feed expert for feasibility study preparation $25,000
- training $75,000
TOTAL $150,000 |
| Packing and Packaging             | 28  | - expert in packing $100,000
- training $13,200         |
| Metal furniture                   | 18/19 | - expert in metal furniture $30,000
- expert in steel structure $30,000
- expert in financial analyzing and market research $30,000 |
| Galvanized pipes                  | 20  | - expert in galvanized pipes $25,000
- expert in marketing $25,000 |
| Fish                              | 2   | - expert in fish industry $25,000
- training $16,400          |

The number of trainees and the fields of training will be fixed by the Government of the Yemen Arab Republic.

The delegation of Oman accepted financing the building of the project Quality Control (US$ 300,000) as a replacement of project nos. 25, 18/19, 20 and 28, pending final approval of the Government of Oman. As a total, the technical assistance of Oman will be in the range of US$ 444,600.
Discussions between Pakistan and the Yemen Arab Republic

The delegation expressed its willingness in offering technical assistance in all the projects included in the project proposal list and its appendix. The delegation requested the Yemen Arab Republic delegation to define its priorities with regard to the projects.

It has been agreed that Pakistan will provide experts and training of Yemenis only, according to the needs included in the list for the following projects:

- Fish packing and freezing
- Vegetable oil
- Animal Feed
- Soda Ash
- Industrial technology unit
- Standardization unit
- Industrial estates.

The delegation declared that for short-term experts, Pakistan will bear the cost of their salaries and air transportation, local costs, i.e., accommodation and local transportation to be paid by the Yemen Arab Republic.

For long-term experts, conditions will be discussed later on.

The delegation also mentioned that Pakistan is ready to participate in supplying machinery and equipment, know-how and financial participation by Pakistani private sector investors. The delegation offered to provide 8 experts in the cement industry. Conditions will be discussed later on.
Discussion between Qatar and the Yemen Arab Republic

In view of the fact that Qatar had not received the relevant project proposals related to the Meeting on time, it was agreed that the delegation of Qatar would submit these project proposals, and the final recommendations of the Meeting to the appropriate Government authorities concerned in order to enable them to decide upon possible contributions, and would revert back.

Discussion between Saudi Arabia and the Yemen Arab Republic

The Saudi delegation indicated their willingness to assist the Yemen Arab Republic in the implementation of four projects of the portfolio. The Saudi delegation emphasized that they are not authorized by their concerned authorities. However, the Saudi side was willing to promise commitments in the following projects:

Project no. 5b: Assistance for preparing and executing Al-Mafraq cement project.

Upon the request from the Yemeni side, the Saudi delegation substituted this project for the initially offered assistance for the tomato
paste plant project, subject to their concerned authorities' approval. The Saudi Arabian delegation promised to seek ways for financing the requested hydraulic and soil studies needed to construct the cement plant on a proper basis. The Saudi assistance would also comprise participation in financing the execution of the cement plant. No specification of the extent of involvement could be made at this stage, but Saudi Arabia could arrange for a meeting with other Funds to agree on the financing of the project, which possibly could be assisted through a soft loan.

Project no. 13: Assistance to prepare preliminary studies related to investment for constructing an animal feed factory.

The Saudi Arabian delegation promised to cover the complete cost of the requested consultant, subject to the approval of their concerned authorities.

Project no. 16b: Producing caustic soda, chlorine and soda ash.

In view of the experience of Saudi Arabia in this field, again subject to the approval of the concerned authorities, Saudi Arabia is willing to provide technical assistance for this project.

Project nos. 18/19: Preparing a study related to the possibility of establishing a furniture industry and metal products as well as steel industry.

For this project, Saudi Arabia can also provide technical assistance, especially in the field of metal and wooden furniture, under the conditions mentioned above.

The Saudi Arabian delegation also mentioned the possibility of circulating the project portfolio among private businessmen through the Chamber of Commerce to arouse their interest in a number of the portrayed projects.

The envisaged assistance of Saudi Arabia amounts to a total of US$ 1,101,400, which does not include the potential participation in sub-
sequent financing of the installation of the cement plant (project no. 5b); the extent of the participation will be determined later. The assistance to be provided under the above amount, subject to the approval of concerned authorities, can be specified as follows:

- Project no. 5b: hydraulic and soil studies US$ 850,000
- Project no. 13: one expert (3 man/months) US$ 25,000
- Project no. 16b: two experts (total of 15 man/months) training for a total of 12 man/months US$ 125,000
- Project 18/19: technical assistance for three experts (total of 9 man/months) US$ 75,000

Discussion between Sudan and the Yemen Arab Republic

The Yemen Arab Republic thanked the delegation of Sudan for their sincere interest in helping them in their efforts for industrial development. The delegation of Sudan expressed their interest in the following projects:

(a) Project no. 26: Pilot plant for leather products.

The delegation offered to provide training in Sudan for six Yemeni nationals for one or two months and the Sudanese party will cover the expenses of their accommodation, training and local transportation, but they declined to undertake the cost of the air fares due to their poor financial possibilities.

(b) Project no. 8: Iron foundry and central workshop at Sana'a.

The Sudanese delegation indicated that their country has considerable expertise in this field and they offered to provide training for 12 Yemeni nationals for three months. The same approach of the previous project regarding the financial responsibilities is applied.
(c) Project no. 11: Vegetable oil extraction from imported raw materials for the local market and for export.

The Sudanese delegation offered to provide technical assistance in terms of one or two experts to help in preparing a feasibility study for this project. The period suggested is for one month, and the Sudan Government will not be able to cover the international travel cost of these two experts and it was suggested that other financial resources be sought.

Finally, the Sudanese delegation indicated that they are ready to provide further expertise to the Yemen Arab Republic taking advantage of their Centre for Industrial Research and Consultancy.

**Discussions between Turkey and the Yemen Arab Republic**

The Turkish delegate expressed his readiness to provide technical assistance to the Yemen Arab Republic in the following projects:

Project no. 4a: Assistance towards preparing to execute the project of hollow glass industry.

The provision of Turkish experts for the preparation of the project and possibly for the implementation and production phase, if required by the Yemen Arab Republic.

Project no. 4b: Assistance towards preparing to execute the project of glass and safety glass industry.

Provision of Turkish experts for the preparation of the studies required for establishing a flat and safety glass industry and possibly for the implementation and production phase, if required by the Yemen Arab Republic.

The Yemen Arab Republic has agreed to provide a financial analyst or economist.
Project no. 5a: Assistance required by the cement industry.

Training in Turkey for groups of five or six Yemeni cadres for Yemen cement plants, in addition to the Turkish technical experts who will be fielded to the Yemen cement plants for on-the-job assistance.

Project no. 7: Assistance to prepare and assist the project of ceramic tiles.

Provision of Turkish experts to supervise the production line and quality control of tiles and to maintain the production machinery.

Project no. 11: Consultant services and to execute the necessary amendments to complete the oil factory which belongs to the cotton company at Hodeidah.

Training of Yemenis in Turkey and provision of Turkish experts for the renovation and operation of the vegetable oil plant at Hodeidah.

Project no. 31: Assisting the textile and spinning industry to overcome its technical and training problems.

Provision of Turkish experts to assist the textiles mill in Sana'a, in quality control, production and on-the-job training in Yemen and Turkey.

With regard to financing, both sides have agreed that Turkey will bear the costs for the Yemeni trainees in Turkey for housing, food, local transportation, and a certain amount of per diem. International transport of the trainees will have to be covered by the Yemen Arab Republic or a third party.

The Yemen Arab Republic will bear the costs of Turkish experts fielded to Yemen for housing, food, local transportation and a certain amount of per diem. The international transport of the Turkish experts will have to be covered by the Yemen Arab Republic or a third party.

Details of the technical assistance and training in terms of duration and number of experts and technicians are subject to further consultations.
between the Turkish and Yemen authorities concerned. The Turkish offer for defraying the costs in Turkish Lira for the above projects, as quantified in the appendix to the country paper regarding the various projects would be the equivalent of approximately US$ 1,278,750. This figure was arrived at after deducting a nominal amount of 25 percent for air fares (which would be in foreign exchange) from the figures given in the document for training costs abroad of Yemeni nationals and for expert costs.

Discussions between the People's Democratic Republic of Yemen and the Yemen Arab Republic

The delegation of the People's Democratic Republic of Yemen said that there should firstly be a further exchange of views on the ways of how to further co-ordinate and integrate the industrial development of the two countries. Secondly, they stressed the necessity of undertaking market studies in both countries with the aim of promoting the industrial development. Thirdly, they supported the proposals made by ECWA for joint projects in both countries which they feel are of specific importance for the co-ordination of the industrial development in both countries. Basing themselves on the previous projects, to serve as a basis for common efforts between the two countries with the aim of establishing co-ordinated industrial development.

(a) Project no. 1: Tomato paste plant at Banjil.
(b) Project no. 4b: Flat glass factory.
(c) Project no. 11: Vegetable oil extraction from imported materials for the local market and for export.
(d) Project no. 13: Animal feed production.
(e) Project no. 16: Salt, caustic soda, chlorine and soda ash production for the local market and for export.
(f) Project no. 6: Cement based industrial investment projects.

(g) Project no. 8: Assistance to erect a foundry and a central workshop for serving the agricultural sector.

(h) Projects nos. 18 and 19: Preparing studies related to the possibility of creating furniture industry and metal and steel products.

Discussions between Yugoslavia and the Yemen Arab Republic

The Yugoslav delegation conveyed its readiness to provide assistance in the implementation of some project proposals contained in the project portfolio. In this context, the Yugoslav delegation expressed its particular interest in project no. 26, entitled: Assistance in support of the tanning industry in the Yemen Arab Republic.

The assistance would consist of the following:

- Preparation of a techno-economic feasibility study required for the formulation of the project.

- Supply of equipment and machinery for the project of Yugoslav origin only; should the project require equipment of other origin, financing would have to be covered by the Yemeni side.

- Assistance in implementation of the above and the installation of equipment and its commissioning.

In addition to that, the two sides also discussed the other following projects:

Project no. 9: Assistance to construct central workshops at Sana'a Industrial Estate.

Project no. 23: Assistance to establish a testing and quality control laboratory.

Project no. 30: Institutional support to the industrial estate development authorities.

With regard to implementation of the aforementioned projects, it was agreed as follows:
The Yemen side would supply all relevant information about the afore-
mentioned projects before the departure of the Yugoslav delegation,
in order to enable the Yugoslav side to decide on viability of the
project and the amount of the grant-in-aid.

The Yugoslav side would notify the Yemeni side of its final decision
after the receipt of the required information by the competent
authorities in Yugoslavia.

The Yemeni counterpart for the above projects would be the Ministry
of Economy and Industry.

As for the financing of the foreign exchange component, it was agreed
that this would be sought from a third party, including UNIDO.

Discussions between the Abu Dhabi Fund for Economic Development
and the Yemen Arab Republic

The representative of the ADF indicated that the Fund's policy
was to give priority to financing agricultural and agro-industrial
projects. It is understood that finance could be available on official
Government requests for profitable projects which would give a return
on investment not less than 20 percent.

The ADF expressed interest in participating in the equity of
the hollow glass project up to 49 percent, provided that:

1. The Government of the Yemen Arab Republic submitted an official
   request;

2. UNIDO would provide the Fund with a photocopy of the feasibility
   study prepared by the World Bank and the UNIDO questionnaire pre-
   pared on the project.
Discussions between the Arab Fund for Economic and Social Development and the Yemen Arab Republic

The delegation of the AFESD explained the procedure and guidelines the Fund applies in rendering all forms of financial assistance. Consequently, being a member of the Arab Fund, the Yemen Arab Republic follows the same procedure which implies three basic elements: firstly, all requests for technical and financial assistance are to be channelled to the Fund through the AFESD Governor for the Yemen Arab Republic, that is to say, H.E. the Minister of Economy and Industry, in accordance with Yemen Arab Republic priorities. Secondly, the assistance is considered within the limits of the annual Yemen Arab Republic allocation in the Fund's budget of loans and grants. Thirdly, every project should prove to be technically and economically viable.

Having underlined that procedure, the delegation of the AFESD expressed their opinion that the following projects could be interesting:

(a) Project no. 6: Project related to the cement industry.

The delegation of the AFESD has requested to obtain the pre-investment study which has been prepared by the World Bank and UNIDO.

(b) Project no. 7: Glazed tiles industry (wall and floor).

The delegation of the AFESD expressed the opinion that this proposal needs a detailed feasibility study which will take into consideration the availability of raw materials in sufficient quantities and suitable specifications. A request for such a study could be submitted to the AFESD.

(c) Project no. 8: Assistance to erect a foundry and central workshop for serving the agricultural sector.

The AFESD delegation thinks that this project also needs a feasibility study before being submitted to the Fund.
(d) Project no. 11: Consultancy services and executing the necessary changes to complete the oil factory which belongs to the cotton company at Hodeidah.

The delegation of the AFESD thinks that this project needs an adequate feasibility study which would take into consideration the existing machines and equipment.

(e) Project no. 13: Assistance to prepare pre-studies related to investments for constructing an animal feed factory.

For this project, a feasibility study is needed in the opinion of the AFESD.

(f) Project no. 15: Producing gypsum and its affiliations.

Since this project is actually under implementation, the loan could be requested now.

(g) Project no. 26: Assistance to support the tanning industry of the Yemen Arab Republic.

The delegation of the AFESD requested a copy of the feasibility study of this project once it has been completed. This project could be important.

(h) Project no. 20: Preparing a detailed feasibility study for the steel pipes and fittings industry.

In the opinion of the AFESD delegation, this project deserves careful consideration.

Discussions between the Arab Industrial Development Organization and the Yemen Arab Republic

In accordance with the attributions and duties and with the protocol signed between AIDO and the Government of the Yemen Arab Republic in December 1983, AIDO offered to assist in the following, subject to the confirmation of the AIDO management:

- The preparation of the pre-investment studies required for the projects which are listed in the country paper and which will be specified in more detail at a later stage.
The provision of expertise for the establishment of a registry for industrial estates and industrial investment projects, licensed by the Ministry of Economy and Industry of the Yemen Arab Republic, to be specified at a later stage.

The provision of technical expertise for the establishment and operation of an industrial production statistics unit within the Ministry of Economy and Industry of the Yemen Arab Republic in co-operation with the Central Planning Organization Industrial Statistics Unit.

Discussions between the Arab Industrial Investment Company and the Yemen Arab Republic

The delegation of the AIIC gave a full picture of the activities and objectives of the AIIC which are aimed at promoting engineering industry projects in the Arab countries. The AIIC is deeply interested in investing in some engineering industries in the Yemen Arab Republic in participation with the private and public sectors. Preference is given by the AIIC to regional and sub-regional projects. Country oriented projects will not be excluded. The delegation of the AIIC indicated that there are three of the listed projects which could be of deep interest to the AIIC if their feasibility is established, namely project no. 10, mini steel project; project no. 20, steel pipes and fittings production and project no. 8, iron foundry and central workshop at Sana'a. The projects will be examined by the AIIC further as a matter of priority and the Government will be informed of the outcome. Upon the final decision of the Board of Directors, detailed feasibility studies for the selected projects will be carried out by the AIIC. The selected projects will be executed by the AIIC, the
Government of the Yemen Arab Republic and other investors. The AIIC will, in consultation with the Government of the Yemen Arab Republic, identify more projects for the Yemen Arab Republic in the area of engineering industries.

Discussions between the Economic Commission for Western Asia and the Yemen Arab Republic

The delegation of ECWA appreciated the efforts made in convening this Meeting and expressed their willingness to do their utmost in achieving its objectives. The Yemen Arab Republic delegation thanked the ECWA delegation for their deep interest and conscientious efforts in industrial development efforts in the Yemen Arab Republic. During the discussions, the following proposals were made:

1. The ECWA delegation pointed out the opportunity which exists for the Yemen Arab Republic to request regional advisory services in the areas of industrial programming, project identification, formulation, evaluation, diagnosis, tender evaluation, institutional infrastructure and management. Within the available resources, these requests could be met, wholly or in part, by the two regional advisers of the industrial division, with no financial obligation on the part of the Government of the Yemen Arab Republic.

2. In addition, the Government of the Yemen Arab Republic can benefit from ECWA's regular work programmes and operational projects. If the Government has any specific proposals, these can be submitted through the normal channels to ECWA, and ECWA will try to meet the substantive needs by securing extra-budgetary funds from prospective donors.
3. The role of ECWA in promoting international co-operation among developing countries within the region and of regional projects in the opening of new industrialization opportunities was emphasized. In this regard, the delegation referred to the report on the ECWA regional advisory mission, containing ideas on joint industrial projects between the two parts of Yemen. Further work can be undertaken by ECWA to promote joint projects.

4. The ECWA delegation emphasized the need for an effective follow-up system for the efficient implementation of the commitments made by the participating countries and financial institutions. ECWA can assist in the formulation of such a system.

5. The ECWA delegation believed that an alternative approach through the combining of some of the proposed institutional projects could lead to the economization of human and financial resources. ECWA could assist in the formulation of this approach.

Discussions between the Inter-Arab Investment Guarantee Corporation and the Yemen Arab Republic

The IAIGC offered to assist the Yemen Arab Republic within its own competence and established objectives and attributions in the following areas:

- Local training of Yemeni counterparts in the field of investment promotion through the organization of training programmes.

  Regarding training at IAIGC headquarters, the IAIGC is also ready to discuss details in due course.

- Participation in the organization of an investment promotion meeting for Yemeni investors in the Yemen Arab Republic.

- Guarantee of investment projects against political risks.
Provision of expert advisory services for the study review of the investment laws and regulations as well as the difficulties and obstacles impeding investment promotion in the Yemen Arab Republic.

Discussions between the Islamic Development Bank and the Yemen Arab Republic

The IDB explained that through the official channels according to its policy there are areas where its services could be extended to member states as follows:

1. Technical co-operation between member countries whereby any member country can render technical assistance to other member countries in the form of expertise or training provided the first country will bear the cost of service and the IDB will cover other costs such as international travel and part of the local expenses in the range of US$ 25,000.

2. Technical assistance: this could be covered by grants. The Bank is giving priority to agriculture and agro-industrial projects.

Concerning financing investments, the IDB representative expressed interest in the following particular projects: tomato paste factory; vegetable oil processing and animal feed projects, provided the Yemen Arab Republic submitted an official request through the official channels.

Discussions between the OPEC Fund for International Development and the Yemen Arab Republic

The representative of the OPEC Fund started his statement by explaining the procedures used by the OPEC Fund in funding projects: the OPEC Fund needs a request from the appropriate Government channels, in the case of the Yemen Arab Republic, the Central Planning Office (CPO), accompanied by a project appraisal. This appraisal could, however, follow later
but it is definitely necessary for the Fund. The OPEC Fund is for the moment not in a position to execute such appraisals themselves. Each request for assistance would then be submitted to the Board of the OPEC Fund for consideration. The request for assistance would have to be made by the Government on their own priority basis.

With regard to the project portfolio, the OPEC Fund could not commit itself during this meeting, as the procedures mentioned above had to be followed. In the opinion of the OPEC Fund representative, most of the projects contained in the project portfolio were presented on a very preliminary basis.

There was an exchange of views with regard to future co-operation, past assistance and the excellent response of the OPEC Fund to these requests has been mentioned. As regards future contacts relating to specific projects, these would have to be appraised first by international organizations, and/or OPEC Fund related agencies.

The OPEC Fund representative also mentioned that his Fund could also possibly extend grants, not only financing projects and programmes. From the Fund's point of view, every project would be looked into on its own merits.

The OPEC Fund representative stated that the Yemen Arab Republic is one of the priority countries for the Fund and that his presence here at this meeting was mainly to demonstrate the spirit of solidarity.
VI. CONCLUSIONS

1. The Meeting noted that the proceedings at the plenary meeting and bi-lateral discussions had reaffirmed that the Solidarity Ministerial Meetings provided a pragmatic approach to permit co-operation among developing countries. It was expected that the Meeting would mark the beginning of several programmes of mutual co-operation which would not only assist in the industrial development of the Yemen Arab Republic, but also constitute a concrete step in strengthening the solidarity and collective self-reliance of the Third World.

2. The Meeting appreciated that, under the able and energetic guidance of the Chairman of the meeting, bi-lateral discussions had been conducted in a manner which has led to concrete offers of assistance being made by country delegations, some of which had signed the record of their offers as a mark of their determination to follow through with them.

3. The Meeting noted that almost all the project proposals tabled by the Yemen Arab Republic at the Meeting had been covered by offers of assistance from participating delegations. With regard to certain proposals there were multiple offers of assistance which would be left with the Government of the Yemen Arab Republic for further evaluation and consideration.

4. The Meeting noted that while offering experts and training facilities, many delegations had agreed to cover their own local currency costs, leaving the foreign exchange components to be covered by the Yemen Arab Republic or other sources. Some delegations had offered to cover not only their own local currency expenses, but also a part of
whole of foreign exchange expenditure required to complete the respective projects.

5. The Meeting noted that the Government of the Yemen Arab Republic has approached the World Bank for a credit from IDA to strengthen the capability of the Industrial Bank of Yemen to identify, prepare and promote viable industrial projects. Some of the projects identified in the list prepared by the Ministry of Economy and Industry of the Yemen Arab Republic could be eligible for consideration under IDA assistance.

6. The Meeting noted that the Yemen Arab Republic would expeditiously set up an effective focal point themselves, exclusively to follow-up on the results of the Meeting and in particular to ascertain for each country and project the following: the specific field of activity; the form or mechanism of co-operation proposed; the financial implications for the participating countries and for the Yemen Arab Republic; the type of follow-up action required, including the division of functions and responsibilities among the countries or institutions concerned, and tentative schedules for implementing each co-operative agreement.

7. The Meeting urged that all donor countries should similarly designate clear focal points in their own countries in order to assist in the effective delivery of the technical assistance promised by them. The donor countries would in this connexion consider bringing in enterprises, either private or public, within the co-operation network.

8. The Meeting noted that UNIDO would accept to play an active role in helping the Yemen Arab Republic towards implementation of the project proposals, through assistance, monitoring, co-ordination, technical advice and active follow-up.
9. The Meeting noted with appreciation that some innovative features in the solidarity co-operation mechanism had already emerged at the Meeting, such as, amongst others, the designation by many delegations of their offers in standard monetary terms, the offer by some delegations to cover complementary foreign exchange expenditure, and the provision of a technical assistance credit to bridge foreign exchange gaps. However, the Meeting felt that further improvements in the co-operative mechanism may be devised and towards this end appreciated the suggestion that a Ministerial Review Meeting to consider comprehensive proposals with the assistance of UNIDO, may be held in the latter part of 1984.

10. The Meeting was convinced that the Government of the Yemen Arab Republic and the Governments of the participating countries with the support of UNIDO would spare no efforts to implement the cooperation arrangements reached at the Meeting as rapidly and effectively as possible, especially in view of the flexibility and generosity of the assistance offered at the Meeting.

11. The Meeting placed on record its warm appreciation of the guidance and blessings of the President of the Republic and the sincere support given to the Meeting by the Prime Minister of the Yemen Arab Republic and the tireless attention and inspiring guidance given by the Minister of Economy and Industry.
ANNEX I

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