NILE AND RED SEA REGION

Egypt
Ethiopia
Yemen
Sudan

Directorate-General for International Cooperation of the Netherlands Ministry of Foreign Affairs

POLICY PLAN FOR 1992-1995

NILE AND RED SEA REGION

The country and regional policy plan series, of which this plan forms part, relates to Dutch bilateral development cooperation for the period 1992-1995. There are country policy plans for Bangladesh, India, Indonesia, Pakistan, the Philippines and Sri Lanka, and regional policy plans covering the Nile and Red Sea, West Africa, East Africa, Southern Africa, Central America, the Andes and the Mekong region. Country and regional policy plans were previously published for 1985-1988 and 1989-1992.

The above plans have been drawn up after consultation with the recipient countries. The regions selected and the themes covered have where possibe been brought into line with the policy insights laid down by the Netherlands Government in the policy document "A World of Difference".

The Hague, 1992

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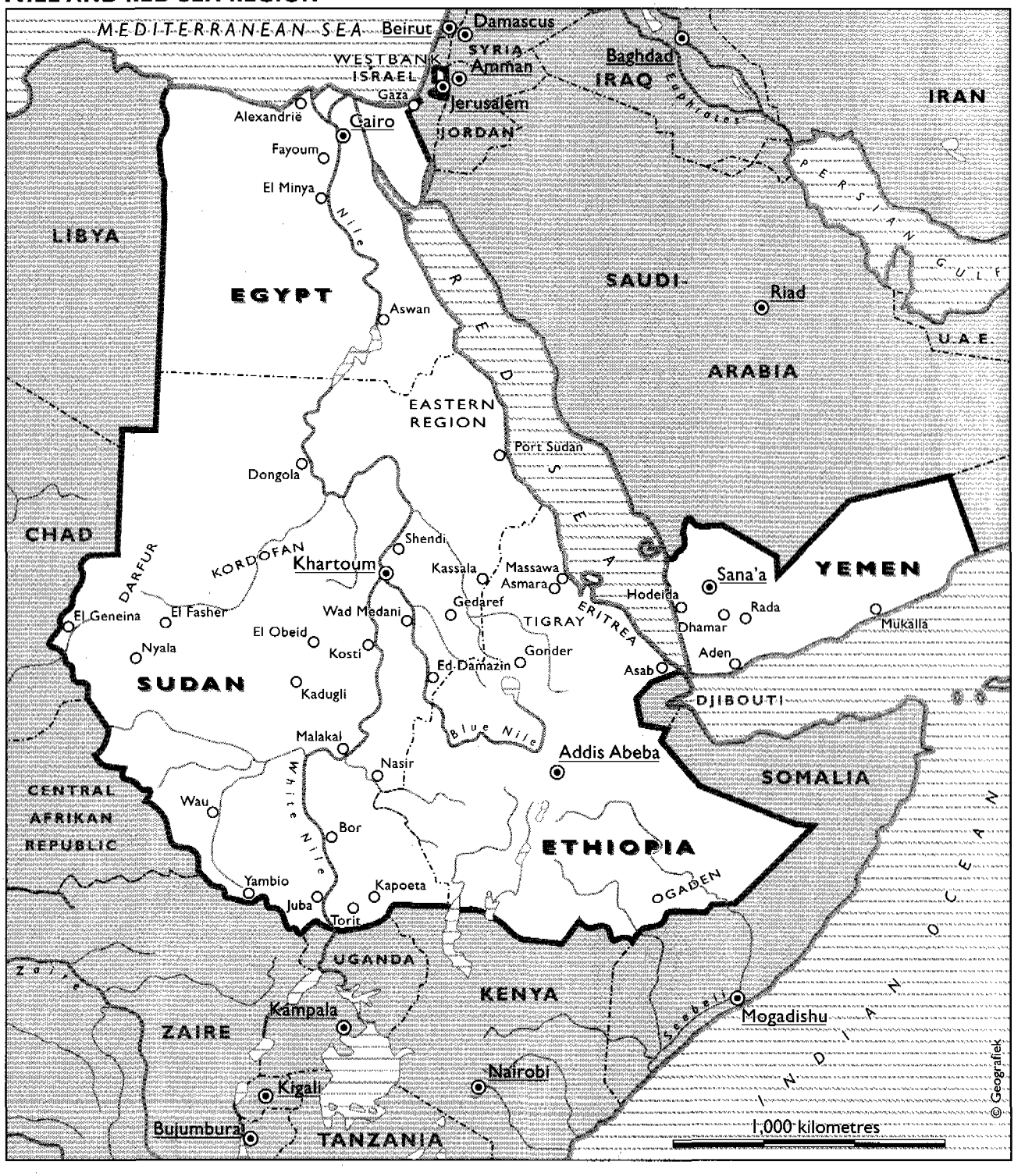

NILE AND RED SEA REGION - BASIC DATA

	EGYPT	SUDAN	YEMEN	ETHIOPIA
Area (x 1000 km2) (1)	1,001	2,506	528	1,222
Population (millions) (2)	52.4	25.1	11.7	49.2
Annual population growth (%), 1990-95 (2)	2.2	2.9	3.6 (5)	3.0
Urbanization (%), 1988 (2)	47	22	29 (5)	13
GNP per capita (US$), 1989 (1)	640	270 (6)	650	120
Annual GNP growth (%), 1965-89 (1)	4.2	0.0 (4)	..	- 0.1
Share of agriculture in GDP (%), 1989 (1)	19	33 (4)	22 (5)	42
Share of manufacturing in GDP (%), 1989 (1)	30	23 (4)	26 (5)	16
Exports FOB (US$ million), 1989 (1)	2,565	520	933 (5)	420
Imports FOB (US$ million), 1989 (1)	7,434	1,390	1,908 (5)	1,100
Current-account deficit (US$ million), 1989 1)	-2,828	-1,216	-531	-378
Foreign debt (US$ million), 1989 (1)	48,799	12,965	5,685	3,013
Ratio of debt-service payments to export earnings, 1989 (1)	20.5	9.2	11.6	38.7
Net ODA receipts per capita (US$), 1989 (1)	30.9	31.0	25.6 (5)	14.2
Human development index (3)	0.394	0.164	0.242	0.166
Human development index (ranking) (3)	114	143	130	141
Life expectancy at birth, 1990 (2)	62	52	53	47
Fertility, 1990 (2)	4.0	6.3	7.0	6.8
Infant mortality/1000, 1990 (2)	57	99	114 (5)	143
Enrolment in primary education (%), 1988 (1)	90	49	91 (7)	36
Enrolment of girls in primary education (%), 1988 (1)	79	41 (4)	40 (7)	28
Literacy rate (%), 1985 (3)	45	24	32	66 (4)
Female literacy rate (%), 1985 (3)	30	10	20	..
Health care spending as % of GNP 1986 (3)	1.1	0.2	1.2	1.3
Education spending as % of GNP 1986 (3)	5.5	4.0	5.6	3.7
Defence spending as % of GNP 1986 (3)	8.9	5.9	9.1	8.6

(1) World Development Report 1991 (World Bank)
(2) State of the World Population Report 1991 (UNFPA)
(3) Human Development Report 1991 (UNDP)
(4) Figures from World Development Report 1990
(5) Estimate based on 1988 figures
(6) Information supplied by World Bank representative in Khartoum, situation as at mid-1991
(7) World Development Report 1990. The figure is for North Yemen; no figure is available for South Yemen.
.. No figures available

1. INTRODUCTION

The Nile and Red Sea area, comprising Yemen, Egypt, Sudan and Ethiopia, is one of the target regions for the Netherlands' development efforts over the coming years. Three of the four countries are classified as least developed (indeed two of them, Ethiopia and Sudan, are among the world's poorest). Only Egypt, with its per capita GNP of some US$640 and a slightly higher level of development, falls outside this group. All four have their location on the Red Sea in common; the three African countries also sharing the lifeline of the Nile, but there are also major geographical, ethnic and historical differences between them.

In recent times the region has been hit by drought and war, both external (the Gulf crisis) and internal (civil wars); the resulting problems, in the form of large numbers of refugees and displaced persons, have drawn much international attention and action.

The region is home to some 140 million people, of whom almost three quarters live in Egypt and Ethiopia; there is great ethnic diversity, with Arab groups making up a little over half of the total population. While Egypt and Yemen may be entirely reckoned part of the Arab world, Ethiopia is an African country. The far-from-distinct boundary between the two bisects Sudan from east to west south of the Sahara, but in both Arab north and African south there are dozens of ethnic groups, each of them to be divided into as many tribes. This is one of the reasons for the persistent tensions affecting the region. The region is also crossed by a religious boundary, albeit far less sharp than the ethnic divide. Yemen is virtually entirely, and Egypt very largely, Islamic. There are also some five or six million Christian Egyptians, almost all of them Copts. In Sudan some 70% of the population, and in Ethiopia some 40%, are Muslims; the remainder of these countries' populations are adherents of Christianity or various forms of nature worship. Religious differences are a major factor in the civil war which has continued for many years in Sudan; another is the economic and cultural disadvantage, real or supposed, suffered by the south of the country. In Ethiopia the underlying cause of the recent civil war was not religious differences but what was perceived by various population groups, notably the Eritreans, as colonial domination by the Amhars. Later, resistance also grew up among other population groups against the marxist regime of President Mengistu.

The climate of virtually the whole region is characterized by drought. Only in Ethiopia is there a relatively large area where annual precipitation exceeds 1000 mm; in Sudan only the extreme south has so much rainfall. It is partly for this reason that the region suffers from very variable harvests and regular food shortages; all four countries therefore receive structural food aid, mainly from the United States. The situation is gravest in Sudan and Ethiopia, which are affected by recurrent emergencies resulting also from civil war and damaging economic policies.

The Netherlands established multi-year development links with Egypt, Sudan and the former North Yemen in 1975, partly from a desire to contribute to the

Middle East peace process; the three countries were also in great need of international aid for purposes of social and economic development.

Until recently no development links existed with Ethiopia and the former South Yemen, through SNV (the Organization for Development Cooperation and Awareness, formerly the Organization of Netherlands Volunteers) had undertaken some activities in both countries. In addition Ethiopia received continuing food and emergency aid in considerable amounts through non-governmental organizations. The recent transfer of power to a transitional government, emphasizing democratic values and respect for human rights, has created favourable conditions for the establishment of a structural aid programme.

Under the Netherlands' policy for the region aid also goes to the Palestinian territories occupied by Israel, and in recent years aid has been channelled through non-governmental organizations with a view to contributing to the peace process and promoting the economic independence of the Palestinian people. The aid is targeted on the Gaza Strip, where the need is greatest.

Formal consultations with the three former programme countries (Egypt, Sudan and Yemen) have been held twice a year. The autumn consultations focus on policy and have involved discussions on the development policies of both the recipient countries and the Netherlands and on sectoral and regional policy. In the mid-term review, held in the spring, the emphasis is on the current programme and the discussion of problems affecting its implementation. In view of the change of policy in respect of Sudan, consultations with that country are likely to be somewhat less intensive in future; in the case of Ethiopia, in contrast, intergovernmental consultations have yet to be structured, until which time use will be made of non-governmental and multilateral channels as well as SNV.

While the aid going to the Occupied Territories is still mainly channelled through the Dutch joint-financing organizations (which are non-governmental), regular consultations are nevertheless held with representatives of Palestinian organizations in the Occupied Territories with a view to identifying both needs and effective means of providing aid. To this end missions are undertaken to the Occupied Territories together with representatives of the joint-financing organizations. Aid may also be channelled through international NGOs or in certain cases directly to Palestinian organizations. Also of importance is the support given to human-rights organizations.

Little if any cooperation takes place directly between the four countries of the region. The political differences, already considerable, were further aggravated by the Gulf crisis, when Yemen and Sudan showed clear sympathy with the Iraqi regime. Intra-regional trade is also limited, in the case of the Arab region amounting to no more than 5% of all foreign trade. For many years there was tension between Ethiopia and Sudan as a result of the latter's aid to the Eritrean liberation movement. The three Arabicspeaking countries' membership of the Arab League generates little by way of regional cooperation, while the Arab Cooperation Council, which brings together Yemen, Egypt, Iraq and Jordan, has

in practice ceased to exist. Sudan is a member, along with Ethiopia, of the Intergovernmental Authority on Drought and Development (IGADD), to which Djibouti, Somalia and a number of East African countries also belong.

Recent years have also seen tensions between Egypt and Sudan, in part reflecting the prolonged Anglo-Egyptian domination of Sudan in the past and Egypt's dependence on the waters of the Nile; they have been exacerbated since the Gulf crisis and the arrival in power in Sudan of a fundamentalist military regime. Even so agreements on the control of the Nile (which also involve Ethiopia) have existed for many years between the two countries.

In the recent past relations between Egypt and the former North Yemen have generally been good. In the 1960s, following the overthrow of the imamate, the Egyptian army fought on the side of the republicans against the royalists; since then Egypt has contributed to Yemen's development with technical assistance in many fields. Yemeni schooling in particular owes much to Egyptian models and many Yemenis attend Egyptian institutions of higher education. Since the Gulf crisis, however, most of the Egyptian advisers and teachers working in Yemen have left.

This regional policy plan sets out the Netherlands' development cooperation policy for the four years from 1992 to 1995.

Chapters 2 and 3 look at the political, social and economic situation in the countries concerned, at the policies those countries pursue in these areas and at the Netherlands' intentions in the field of development cooperation. One of the particular focuses of chapter 2 is the human-rights situation and the problem of poverty. In the light of the wide differences which exist in each country all topics are treated under separate headings for each country; this is also done for the Occupied Territories. The three former programme countries (Egypt, Sudan and Yemen) are considered at greater length than Ethiopia, for which no detailed policy can as yet be presented; we first need to build up our knowledge of Ethiopia, particularly in view of the changes which have occurred there over the past year. In addition, greater clarity is needed as to the new government's economic policies, while detailed consultations have yet to be held on cooperation with the Netherlands. The Occupied Territories, where assistance is to be given on a limited scale and in a few specific fields only, are for that reason dealt with much more briefly. Certain topics not immediately relevant to Dutch aid to the Occupied Territories are not covered in chapter 3; in the case of Ethiopia too, some topics remain undiscussed, since the information needed to determine priorities in all areas is not yet available.

2. POLITICAL SITUATION AND SOCIAL AND ECONOMIC POLICIES

2.1. General

Since the start of the development link with the Netherlands, Egypt has been the only country in the Nile and Red Sea region to have enjoyed reasonable political stability and the calm that is essential to a country's development. In Yemen recurrent skirmishing between North and South ceased only five years ago, but since the country's unification in 1990 the conditions appear to be in place for gradual democratization and development; in Ethiopia too the new situation is hopeful.

Since independence in 1955 Sudan has enjoyed only a brief period of peace, in the 1970s, when the process of development was accelerated; thereafter violence flared up again as a result of Islamic fundamentalism and maladministration and misguided economic policies which left the south derelict.

Even if peace comes the internal refugee problem will remain. Hundreds of thousands of displaced persons have settled around the towns and cities of north and south, where they live in the most appalling conditions: there is insufficient food, no work, no education, no health care and a virtually complete absence of other services. The government has made little attempt to improve the situation, since the refugees' presence is seen as temporary and undesirable. Non-governmental organizations, many of them foreign, are the only source of relief.

From the annexation of Eritrea by Emperor Haile Selassie in 1962 to the ousting of the Mengistu regime in spring 1991 Ethiopia enjoyed no period of real peace. While certain comparisons can be drawn between the wars in Sudan and Ethiopia and their causes, generalizations would be inappropriate: in both countries the situation is more complex than can be conveyed in a brief description. What is indisputable is the disastrous impact of war on both countries' social and economic development. Millions of people have sought refuge abroad or in safer parts of their own country; in Sudan alone there were until recently some 700,000 Ethiopian refugees, while others had fled to Kenya or Somalia. In the course of 1991 many returned from Somalia, fleeing from the war which was also ravaging that part of the Horn of Africa. After the change of regime which took place in Ethiopia in May 1991 there was a further exodus from western Ethiopia to Sudan; this included 55,000 former soldiers, who were returned to their former homes in 1991 with the help of the UN High Commission for Refugees.

The human-rights situation in Sudan is dire, with tight surveillance by the security services, frequent arrests without warrant and reports of torture and abuse. While 300 political prisoners were released in August 1991 there are probably still dozens in custody. All opposition is stifled and the press heavily censored.

In Egypt and Yemen the position is better than it was some years ago. In

particular the freedom of the press has improved considerably in both countries. Even so, there are regular reports from Egypt of arrests by the security service without any warrant and of serious forms of torture. In Ethiopia the situation has much improved since the change of regime.

Over the past ten years the two countries in the Horn of Africa have experienced neither economic growth nor social development, only impoverishment: GNP per head has fallen significantly owing to rapid population growth, environmental degradation and the declining productivity of agricultural land. In Ethiopia, which experienced annual growth of 1.1% from 1965 to 1973 and stagnation from 1973 to 1980, GNP per capita fell by 1.6% a year between 1980 and 1987. In the case of Sudan the economic-growth figures for the three periods are -1.7%, +3.5% and -4.3% respectively, the relatively high middle figure clearly reflecting the period of peace from 1972 to 1983.

In large parts of the region the position of women is affected by both poverty and religion. Women are often disadvantaged in many respects, but there are wide differences between the countries of the region and between different groups within those countries. In Yemen and Sudan women generally remain in and around the home, where they busy themselves with household tasks; in rural areas, certainly among the poorer groups, these include working the land, looking after livestock, fetching water and collecting firewood. The rise of Islamic fundamentalism is also restricting the role of middle-class women and of educated women filling public posts. Women's autonomy has developed furthest in Egypt and least far in Yemen, where women in the south are having to submit to further restrictions under the influence of Islamic codes of behaviour from the north. In Sudan there are wide differences between the Islamic north and the south. In Ethiopia women tend to have more freedom (indeed, the equality of men and women is guaranteed by the constitution), but here too equality of men and women is far from having been achieved; Islamic women in the southern highlands are particularly disadvantaged, while those who have taken part in the liberation movements have achieved greater awareness and autonomy.

All the countries of the region are experiencing rapid population growth (in part due to the disadvantaged position of women), but there are wide differences between them: annual growth rates range from 2.2% in Egypt to some 3.6% in Yemen. In all four countries populations are growing - at annual rates ranging from 3.7% in Egypt to some 7% in Yemen - almost twice as fast in urban as in rural areas. Population pressures are heavy in all the countries, given that the area of land available for agriculture is severely limited by geography: desert in Egypt and Sudan, mountains in Ethiopia and Yemen. This results in problems in food supplies and in public services such as health care and education. The pressure of population also has adverse effects on the natural environment of rural areas and the human environment of the cities. Egypt is the only country in the region to have begun pursuing an active population policy.

The Gulf crisis has had major consequences for all the countries of the region. Politically a division has opened up between Egypt on the one hand and Sudan

and Yemen on the other, reflecting the differing attitudes adopted during the war when Egyptian troops played an active part in the liberation of Kuwait while the other Arab countries of the Nile and Red Sea region more or less supported Iraq, and political relations have been so seriously disrupted as a result that their normalization is likely to take some considerable time. The prospect of technical, economic and cultural cooperation between the region's countries - let alone their already long-standing differences - is now even more remote because of this. Ethiopia was also affected by the Gulf crisis, in that both Arab countries' considerable support for the resistance movements and Israeli arms supplies to the Ethiopian army were greatly reduced. How far the latter fact helped strengthen the relative position of the resistance movements and thus bring about the change of regime is difficult to tell. All four countries have suffered economically as a result of the Gulf crisis as remittances from migrant workers in the rich Gulf states have declined, oil prices risen, tourism fallen off, and so on. Hardest hit overall have been Yemen and Sudan.

The situation of large sections of the population in all four countries is a matter for grave concern: Egypt would appear to be in the best position to alleviate poverty; Yemen's prospects have deteriorated as a result of the Gulf crisis; and in the two countries in the Horn of Africa many people face a future with no real prospect of improvement.

2.2. Political situation

2.2.a. Egypt

After many centuries of Ottoman and later British rule, Egypt set out on the road to modern statehood with Nasser's military revolution of 1952, thereafter taking a leading position in the Arab world and a pioneering part in the movement of non-aligned countries, among them many former colonies which obtained independence in that period. Disappointed at the limited help offered by the west Nasser turned to the eastern bloc for assistance. Egypt's state structures were also increasingly patterned on socialist lines. Then in the 1970s President Sadat's government introduced growing political and economic liberalization and restored links with the west; Sadat's peace initiative towards Israel, which led in 1979 to the Camp David agreements, resulted among other things in Egypt's exclusion from the Arab League but brought the country real benefits as aid flows, particularly from the United States, increased considerably. Since the assassination of President Sadat in 1981, Egypt under President Mubarak has played a moderating and sometimes mediating role in the Middle East; in 1990 the country was readmitted to the Arab League, whose secretariat is now once again located in Cairo. The Gulf crisis and war had a major impact on relations between the Arab states: Egypt condemned the Iraqi aggression from the outset, supporting all Security Council resolutions on the crisis and making an active contribution to the Coalition's military intervention.

Egypt's regional and international position has been strengthened by the outcome

of the military intervention in Kuwait and Iraq; the likelihood of the country once again playing a leading role in the Arab world has grown considerably as a result.

Domestically too the position of President Mubarak and his government seems not to have been adversely affected, given the lack of any significant opposition to the policies adopted during the Gulf crisis. Partly thanks to its attitude and actions during the crisis Egypt has received large-scale economic support from the west and the Gulf states, while Egyptians now have greater opportunities to work in Saudi Arabia and the Gulf states.

While Egypt could not be called a democratic state in the western sense it has several legal opposition parties and a measure of press freedom. After the Supreme Court had found improprieties in the election of parliament new elections were held in October 1990, but the opposition parties were so critical of the new electoral law regulating the division of the country into constituencies and the method of nominating candidates that they decided to boycott the elections. Despite the very low turnout, particularly in the cities, the elections were seen as the most honest and democratic in Egypt's history. The ruling National Democratic Party had no difficulty in retaining its large majority but around sixty independent candidates were also returned. On the debit side the ten-year-old state of emergency was extended in spring 1991 for a further three years.

Domestic decision-making in Egypt, which has traditionally had what is relatively a very large state apparatus, is generally slow and laborious. The process of policy formulation, planning, decision-making and implementation through legislation, projects or otherwise, involves a long and slow march through the maze of Egyptian bureaucracy. Obstacles to efficient government include not only the complex state structure, which often involves many bodies in the processes of preparing and implementing policy, but also the generally low salaries paid to civil servants. The economic reform programme introduced in 1990-91 stresses the delegation of central-government functions to governorate level with a view to more efficient administration; this reform is still at an initial stage, however, and what fruit it will bear remains to be seen.

2.2.b. Sudan

Sudan is a very diverse country. The most obvious, and explosive, is the split between north and south along the boundary between Islamic North Africa and traditional Sub-Saharan Africa. This is a crude division, however, and tends to divert attention from the differences between e.g. the sedentary and nomadic peoples living in both north and south; it also obscures the differences between Arabs and Muslim Africans in the north and between Egypt's 35-century-old sphere of cultural dominance in the east and the Sahel cultures of the west. Above all, the north-south division tends to hide the fact that the introduction of western technologies and systems of administration is by no means problem-free,

producing as it does, great contrasts between the modern and the traditional. Westernization may have eroded traditional links and loyalties but they remain strong enough seriously to hinder the working of modern economic and administrative systems.

Having intervened to restore Egyptian authority at the end of the last century, the British largely took over the reins of power. While in the north traditional administrative and religious power relations were respected, in particular the influences of the Mahdiyya sect in western Sudan and of the Khatmiyya sect in the east, southern Sudan came under separate and much more direct British administration. Before the country became independent on 1 January 1956 the prospect of government by northerners, which for the south brought back memories above all of the slave trade, had already produced an uprising which developed into the Anya-Nya (snake venom) rebellion. From 1956 to 1969 Sudan was a very unstable multi-party democracy, with an interval of military government from 1958 to 1964. The divergences of interest between northerners and southerners resulted in virtually every possible coalition being tried, but with little by way of decisive government.

In 1969 power was seized by a group of young officers led by Jaafar Nimeiry who, after briefly flirting with the eastern bloc, pursued a pro-western policy. He achieved peace in the south in 1972 and launched a series of large-scale and ambitious development projects. His political base remained shaky, however, not least because of the widening differences between north and south. His decision to limit the autonomy of the three southern provinces (aimed at increasing the north's control over the south) led to serious disturbances. The Islamic criminal law, introduced in September 1983 under the influence of the Muslim Brotherhood, produced a new civil war; as a result of this, and of the failure of his economic policy, Nimeiry became so isolated that the army deposed him in 1985 with a view to making way, after elections, for a democratic regime. The election showed that the political map of Sudan had changed, with the fundamentalist National Islamic Front (NIF) becoming a factor of importance in the north alongside the UMMA party (Mahdiyya) and the Democratic Unionist Part (Khatmiyya). The shifting coalitions of 1986-89 had in common the fact that they were headed by the UMMA leader, Sadiq el Mahdi, and their failure to achieve economic reforms or to end the civil war. Then on 30 June 1989, when the war seemed at last to be ending, a group of young army officers with NIF links seized power.

Since 1989 the Sudanese regime has been increasingly repressive, Islamic fundamentalism has grown and any meaningful dialogue with the Sudanese People's Liberation Movement (SPLM), the southern rebel movement with its guerilla army (the Sudanese People's Liberation Army), has ceased. A possible further obstacle to such a dialogue has recently emerged in the form of differences between those within the SPLM who do not seek separation from the north (such as the current leader, John Garang) and those who favour a breakaway. An attempt at economic reform has failed, partly because the position which Sudan took on the Gulf war lost it the support and assistance of its most

powerful western and Arab partners (see also 2.4.2). The likelihood of the present regime achieving peaceful and effective economic reforms appears remote.

The opposition (UMMA and DUP) has formed an alliance with the SPLM but it is very doubtful that this grouping could take power: this would require support from the army, and following a number of real or imaginary coups, potential rebels appear to have been Intimidated or eliminated. The federal structure introduced in March 1991, dividing the country into nine states (three of them in the south), is also unlikely to bring peace any closer while governors and other senior officials continue to be appointed by the central government in Khartoum. Despite soothing commitments given when the federal system was introduced the policy of islamicizing the south is still being pursued with vigour.

The end of the cold war has greatly reduced Sudan's geopolitical importance. As in the case of Ethiopia, there is no longer any point in sacrificing moral standards in attempts to block the opposing side. But while Sudan is now of negligeable importance to the industrialized world, it remains a major factor in Egyptian foreign policy, given its control over the waters of the Nile and in view of the two countries' trade links. Ethiopia and Sudan were for decades antagonists, each country supporting rebel movements in the other, but this situation too appears to have changed: the new Ethiopian regime has no need of foreign enemies and has ended support for the SPLA. Finally, the Gulf states' withdrawal of support has left Sudan with Libya as its only remaining source of vital oil supplies, prompting the country to go along with Colonel Ghaddafy's permanent merger-drive; however, initial enthusiasm for Libyan-Sudanese union seems to have cooled on the Libyan side, since it became clear that the Sudanese government seeks a complete fusion of religion and politics.

2.2.c. Yemen

Yemen's north and south have undergone separate political development. For centuries North Yemen had an Islamic form of government under which the imams had absolute princely power. Since the imams had kept the country isolated from the outside world, its condition was still virtually medieval when a group of modernizing young officers proclaimed the Yemeni Arab Republic, following a coup d'état in 1962. Succeeding years were marked by conflict and political instability, manifested e.g. in frequent coups, but the arrival in power of Ali Abdullah Saleh in 1978 ushered in a period in which power relations were consolidated, the task of establishing state structures was taken in hand and a gradual process of democratization began.

Having occupied Aden in 1829 with a view to securing the sea route to India, Britain gradually extended its influence over the whole of southern Yemen. Yemeni opposition to the British presence grew, however, culminating in a military struggle which led ultimately to independence and the institution of the Yemeni People's Democratic Republic in 1967. Despite the relative stability of

the marxist regime itself, buttressed as it was by large-scale Soviet aid, ongoing power struggles within the ruling Yemen Socialist Party resulted in many coups, political assassinations and internal party reforms.

On 22 May 1990 North and South Yemen merged to form the Republic of Yemen. This put an end to the division of an area which had always been seen as a single ethnic and geographical entity but had never had a unified government. The factors leading to the union of the traditionalist north with the marxist south included popular support for unification, the south's economic malaise, the Soviet Union's declining willingness to help the People's Republic and the desire of North Yemen's President Saleh to create a counterweight to the influence of Saudi Arabia within the peninsula. Unification brought to an end the love-hate relationship between the two Yemens which had twice led to military collisions.

After unification a presidential council was formed comprising President Ali Abdullah Saleh as chairman and two members each from north and south, among them the former political leader of the People's Republic, Ali Salim Albidh, who became vice-chairman. The two countries' parliaments and ministries were merged and Sana'a was chosen as the capital. Before the merger the two parliaments approved the draft of a new constitution declaring Islam the state religion and the Sharia the main source of law. Agreement was reached on a thirty-month transitional period during which an integrated and slimmed-down government machine was to be created. The new constitution was approved by a large majority in a referendum held on 16 May 1991 and multi-party parliamentary elections are scheduled for 1992; by the beginning of 1991 over 40 parties were active in Yemen, among them Saleh's General People's Congress and Albidh's Yemen Socialist Party.

The main domestic political concern over the next few years will be the development of a national consciousness and national institutions; in particular, steps will be needed to neutralize the aversion of Saudi-backed Islamic fundamentalists towards what they see as an excessively secular form of government (e.g. with women entitled to vote and to stand for election), traditional tribal resistance to central authority and the frustrations of traditional marxists. Successful social and economic development - perhaps in part through local structures like the Local Councils for Cooperative Development, which currently function only in the north - will add greatly to the present regime's legitimacy.

On the international side Yemen found itself isolated in 1991 as a result of its ambivalent attitude on the Gulf crisis. While condemning the Iraqi invasion and occupation of Kuwait, Yemen refused to support resolutions directed against Iraq in the UN Security Council, and the impression of Yemeni support for Iraq was reinforced by the Yemeni people's pro-Iraqi sentiments. Relations with Saudi Arabia and Kuwait in particular deteriorated sharply, leading to the withdrawal of their formerly considerable aid to Yemen and the return of over three quarters of a million Yemeni migrants (some sources put the total as high as 1-1.5 million

(30)). The United States suspended aid and other western nations, for a variety of reasons, also cut back their aid efforts, while virtually all the countries of eastern Europe have terminated their assistance, which was mainly to the former South Yemen. Over the next few years Yemen's foreign policy will be aimed at reversing the country's isolation.

2.2.d. Ethiopia

Following the overthrow by the army of the autocratic "ancien régime" of Emperor Haile Sclassie in 1974 the country was proclaimed an army-governed socialist people's republic, and in 1977 the regime (in Amharic, the Derg) came under the leadership of Colonel Mengistu Haile Mariam. The causes of the revolution lay in, among other things, the great poverty and wide social inequalities which existed in Ethiopia, the oppression of certain ethnic groups and the recurring famines which hit the north of the country in particular. Until recently Ethiopia received considerable support from communist countries, notably the Soviet Union. Owing partly to the civil war which flared up in 1962 between the central government and resistance movements in the north the country has seen little real development. Other reasons include the totalitarian nature of the regime and its marxism-based political and economic programme.

The immediate occasion of the civil war was Ethiopia's annexation in 1962 of Eritrea, which had previously been an independent part of the federation, a state structure sanctioned by the UN in the early 1950s. In later years the liberation movements in Eritrea (among them the Eritrean People's Liberation Front, EPLF) were paralleled by resistance movements in other parts of the country such as Tigray (TPLF).

While increasing liberalization had been perceptible since 1990 in Ethiopia's economic laws and regulations this was not true of its politics: the constitution of September 1987, proclaiming the People's Revolutionary Democratic Republic of Ethiopia as a one-party state with absolute presidential power, remained fully in force. The civil war ended in 1991 in the resistance movements' favour; Mengistu fled the country and on 28 May 1991 the Ethiopian People's Revolutionary Democratic Front (EPRDF), an alliance of the Tigrayan People's Liberation Front and several other liberation movements, took over the reins of government.

At the beginning of July 1991 26 Ethiopian groupings took part in a national conference in Addis Ababa; the EPLF attended as an observer. The participants reached agreement on a Transitional Period Charter of Ethiopia and the formation of a transitional Government under President Meles Zenawi. The Charter stresses democratic decision-making, respect for human rights, the right to self-determination of all peoples and nationalities and the maintenance of peaceful relations with neighbouring countries; it also underlines the transitional government's intention of giving priority in the rehabilitation process to places and people that have suffered particularly through drought or civil war and to

those sections of the population which the previous regime forcibly settled in villages or in completely different and even distant parts of the country. The transitional government has also undertaken to focus special attention on hitherto forgotten or neglected areas and to take immediate steps to restore the war-damaged infrastructure. Finally, the Charter requires that national elections be held within two-and-a-half years of the transitional government's accession and that power be handed over to the party or parties gaining a majority in the national assembly.

During the national conference the EPLF agreed with other liberation movements that the Eritrean people should decide its future through a referendum, scheduled for summer 1993; this provision is included in an accord between the Ethiopian transitional government and the provisional government of Eritrea. The referendum in Eritrea is scheduled for the middle of 1993. Despite the fact that Eritrea's political future will not be officially decided until 1993 it already has considerable de facto autonomy, so that Ethiopia no longer has a seaport and depends on those in power in Eritrea for the transport of goods from the ports of Massawa and Assab. In this connection the accord between the two governments states that Eritrea recognizes the importance of Assab to Ethiopia and that Assab will remain a free port for Ethiopia.

Ethiopia's transitional government now faces the huge task of national reconstruction and of rehabilitating the various sectors of the economy. Years of civil war, the repressive Mengistu regime and the drought afflicting large parts of the country have brought little development and much destruction in their train.

With the civil war over and the marxist regime replaced by a transitional government committed to peace, freedom and respect for human rights Ethiopia can now hope for an uninterrupted period of reconstruction. Of importance here is the fact that the country possesses a competent civil service and strong state institutions; fortunately, despite the fact that under President Mengistu some 60% of the budget was devoted to the civil war, government departments and public undertakings have continued to operate reasonably effectively. Non-governmental organizations have not so far been significant in Ethiopia.

2.2.e. Occupied Territories

The West Bank of the Jordan (including east Jerusalem) and the Gaza Strip have been occupied by Israel since 1967. In response to Israeli occupation of these and other areas the Security Council adopted resolution 242, which called on Israel to withdraw from occupied territories in the framework of a peace settlement and upon the Arab states to recognize Israel's right to exist (the "land for peace" principle).

Since 1967 the populations of the West Bank and Gaza Strip have been under military government (the so-called Civil Administration), which is under the

aegis of the Ministry of Defence. The Israeli authorities apply Jordanian law on the West Bank and Egyptian law in the Gaza Strip, supplemented in both cases with British emergency legislation dating from the time of the Palestinian mandate and a mish-mash of military orders. In 1980 the city of Jerusalem, including the mainly Palestinian eastern part, was declared by Israel to be the "indivisible capital of the State of Israel", an annexation rejected by the Security Council under resolution 476.

Although the living standards of the Palestinians in the Occupied Territories at first rose gradually after 1967, mainly thanks to migrant labour in Israel and the Gulf states, the failure to achieve a lasting political settlement led to growing political unrest, and in December 1987 Palestinian frustrations exploded in the form of a popular uprising, the intifada. The Palestine Liberation Organization, seen as representing them by most Palestinians in the Occupied Territories, was surprised by this development and, particularly at the beginning, had little grip on events. Within the Occupied Territories there developed a clandestine leadership, the Unified National Leadership of the Uprising, which sought with the help of pamphlets to give direction to the intifada. The UNLU includes representatives of the main factions within the PLO: the relatively moderate Fatah of PLO leader Yasser Arafat, the left-wing People's Front for the Liberation of Palestine (PFLP) and Democratic Front for the Liberation of Palestine (DFLP), and finally the Communist Party. Alongside this secret leadership there is a public leadership which generally follows the PLO line and consists of a grouping centred on Faisal al-Husseini, who, partly thanks to the intifada, now has greater influence on the PLO. There is little prospect of an end to the intifada in the absence of a political solution to the Palestinian problem, albeit the Middle East peace conference which began in Madrid at the end of October 1991 gave Palestinians some hope that peaceful coexistence with Israel may be attainable in the somewhat longer term.

As frustration among Palestinians increased and moves on the Palestinian side (such as the Palestinian National Council's initiative of November 1988, proposing acceptance of resolution 242 and a Palestinian state limited to the West Bank and the Gaza Strip) drew no response, so the fundamentalist movement known as Hamas grew, to the point that it is said to count as much as a third of the population of the Gaza Strip among its adherents. Acting independently of UNLU, Hamas favours the establishment of an Islamic republic in the whole of "Palestine". The longer a peace settlement is delayed, the greater is the danger that this radical Islamic movement will grow to a considerable size. Fundamental improvements in both the political and the economic sphere are possible only if the current peace process bears fruit.

2.3. Human rights

2.3.a. Egypt

The Egyptian government is relatively tolerant towards minorities, the judiciary

is independent and press censorship occurs only exceptionally. However, the machinery of state still regularly uses the special powers it was given under the emergency legislation introduced after the assassination of President Sadat in 1981 (and in the beginning of 1991 extended for a further three years). Harsh action is sometimes taken, frequent use is made of preventive detention and abuse and torture are still regular occurrences.

In general official repression is mainly directed at organizations of extreme Islamic fundamentalists, who have been held responsible for, among other things, the assassination of the speaker of parliament, Mr. Al-Mahgoub, in October 1990. The members of these minority groupings see the current state structure as illegitimate and incompatible with Islam and seek the government's overthrow. During the Gulf crisis harsh measures were often taken against those who disagreed with official policy towards Iraq.

The independent judiciary plays an important role in helping to counter human-rights violations, particularly torture; it regularly happens, for example, that accused persons are freed in cases where torture has been used to obtain confessions.

Alongside the Islamic majority Egypt also has a Christian minority (mainly Orthodox Copts) accounting for some 10% of the population; the country's tradition of religious tolerance means that as a rule this minority can practise its faith without restriction. This is not true of Muslim converts to Christianity, however, who often face problems; nor is religious tolerance shown by the extreme Islamic fundamentalists, who from time to time target attacks on the Copts' religious and cultural identity. In addition, Christians fill disproportionately few government posts, and in general their social position is held to a level such that they cannot acquire too much influence in what is an officially secular but essentially Islamic state.

With regard to the position of women it should be noted that the subordinate position accorded them by the country's culture is sanctioned in a number of respects by its law: women are not men's equals before Egyptian law.The extent of women's subordination in everyday life depends on their social environment, however, and the difference between the well educated upper and middle classes on the one hand and the urban lower class and country-dwellers on the other is considerable.

The economic angle is also important. Unless accompanied by appropriate measures in the social sphere, the kinds of radical economic measures envisaged in the IMF package could lead to a growth of social unrest, with the risk of increasing repression.

2.3.b. Sudan

Under the Mahdi governments of 1986-89 there were serious violations of human

rights in the south of the country, perpetrated by both the army and the Sudanese People's Liberation Army; outside the war zone, however, the political climate was marked by a striking openness and unrestricted freedom of expression. This latter state of affairs has been entirely terminated by the regime of General Omar el-Beshir: political parties and trade unions have been banned and the press has been regimented; the security service arrests opponents of the regime generally without charge and is accused of torture. On repeated occasions army officers suspected of involvement in a coup attempt have been executed without a proper trial (1).

The Sharia is a particular problem. It had always governed the civil law applying to Islamic northerners without causing any great difficulties; in 1983, however, in the hope of taking the wind out of the National Islamic Front's sails, President Nimeiry extended it to the criminal law and the whole country. The criminal sanctions (huddud) for which it provides, include the severing of limbs as a punishment for theft, stoning as a punishment for adultery and the death penalty for apostasy (this last punishment has in fact been used only once in Sudan, when the old and respected but very liberal-Islamic leader of the Republican Brotherhood was executed in 1985). For the large non-Islamic minority this was intolerable; many Muslims too were unhappy but could not voice their dissatisfaction for fear of being suspected of apostasy and putting themselves at risk. While the Mahdi government did not dare revoke the Sharia-based criminal provisions it did suspend their enforcement. On 22 March 1991 the Sharia was once again introduced in full, but while its provisions are to apply throughout the country not all are to be enforced in the south, where it is intended that courts base their decisions in part on local custom and practice. However, since the judges will be appointed by central government there are justifiable doubts as to the significance of this concession; whether non-Muslims in the north will be accorded appropriate treatment is even more questionable.

The growth of Islamic fundamentalism also implies a further marginalization of women. Women are excluded from public posts; in particular southern women are treated as third-class citizens in the Islamic north, having only very limited access to basic foodstuffs and housing.

Displaced southerners who have sought refuge from war and hunger in the cities of the north are at the mercy of "people's committees" and the security police. Displaced persons' camps are regularly cleared and their inhabitants transferred to inhospitable sites far outside the cities, where there are few if any basic facilities and no employment.

2.3.c. Yemen

The period following the establishment of the Yemen Arab Republic was one of great political turbulence and tribal conflict, mainly in the north and east of the country. In such a situation the climate was long unfavourable to respect for human rights, generating as it did political murders and arbitrary arrests. The

constitution was based on the Sharia. After 1978, the year in which President Saleh came to power, tentative moves were made towards democratization and a gradual improvement in the human-rights situation. Even so there were still political prisoners (over 100 in 1989), the death penalty was still in use and cases of torture still occurred.

The human-rights situation in the People's Democratic Republic was what might be expected in a left-wing authoritarian state. On the one hand the classical human rights were subordinated to the social and economic ideals of socialism; on the other the regime's dictatorial nature meant an ongoing preoccupation with eliminating dissidents (including those within the ruling party). An indisputable nadir was reached during and immediately after the civil war of 1986, with the death of at least 10,000 people and numerous human-rights abuses. While the situation began to improve under the new leadership which took power after the civil war, human rights continued to be violated: dissidents were arrested without charge or trial, there were cases of torture and the death penalty remained in use.

Since the process of north-south unification began at the end of 1989 and the need for security measures declined accordingly, the human-rights situation in Yemen has improved. A general amnesty was announced for political prisoners and the press was given greater freedom (which quickly produced a varied supply of daily, weekly and monthly titles), the idea of a multi-party system with free elections was accepted and articles were included in the draft constitution guaranteeing the classical human rights. Nevertheless respect for human rights is not rooted in Yemeni society but rather politically determined, with factors such as cultural attitudes and perceptions of national security playing an important part. Cultural attitudes underlie, for example, the legal restrictions affecting women and the limits on freedom of worship, which reflect the constitutional provisions that Islam is the state religion and the Sharia the main source of law, while considerations of national security have led to tightened security measures in response to the increased political tensions with Saudi Arabia resulting from the Gulf crisis. One such measure is the press law of December 1990, which imposes a number of restrictions on press freedom.

2.3.d. Ethiopia

The human-rights situation in Ethiopia has been, at least until recently, very poor. According to Amnesty International the detention without trial of dissidents, including prisoners of conscience, was commonplace. There were many reports of torture or abuse of political prisoners by security troops. Prisoners and unarmed civilians are said to have been executed in the course of conflicts between government troops and resistance groups in various parts of the country. Freedom of expression, including press freedom, were non-existent; all mass media were in the hands of the state and subject to censorship. The last months of the civil war brought a sharp increase in the forced recruitment into the government army of school and college students, many of whom are said to have gone underground. Initial indications for the future are more favourable,

however. The new regime has freed all its predecessor's political prisoners and former political and government leaders from the Mengistu regime has so far been well treated. In Ethiopia, unlike some other countries in the region, there is a large measure of religious freedom and men and women are equal before the law. However, there have been reports from Eritrea of the expulsion of citizens alleged to have collaborated with the Mengistu regime.

2.3.e. Occupied Territories

The Israeli authorities systematically violate the provisions of the Geneva Convention on the Protection of Civilians in Wartime. The violations involve among other things altering the Territories' demographic structure through the establishment of Jewish settlements, collective punishments such as the demolition of homes and the closure of educational institutions, deportations, the regular imposition of curfews and the detention without (published) charge of Palestinians suspected of prohibited political activity ("administrative detention"). The Israeli government denies that the Fourth Geneva Convention is de jure applicable to the Occupied Territories, a view which the country is virtually alone in holding; Israel also takes the view that de facto it does observe the Convention's provisions.

Since the start of the intifada the number of violations of human rights has increased considerably, as witness e.g. reports by Amnesty International, the Palestinian human-rights organization al-Haq, the Palestinian Human Rights Information Centre as well as the Israeli organization B'tselem. Tens of thousands of mainly young Palestinians have been arrested and held in primitive conditions in detention camps (Ansar II in Gaza, Ketzi'ot in the Negev desert). At the beginning of the intifada in particular the Israeli army used excessive force, while in the camps many detainees fall victim to the security services' harsh interrogation techniques; overall almost a thousand Palestinians were killed by Israel soldiers and settlers in the first three years of the intifada. Few of those responsible for such fatal incidents have been convicted of any offence.

Violence among Palestinians is also a cause for concern: several hundred Palestinians have been murdered by their fellows on suspicion of collaboration with the Israeli intelligence services.

The sharp deterioration in the economic situation which resulted from the Gulf war, particularly in Gaza, has led to an increase in crime which the Israeli police and courts have made little active attempt to curb.

2.4. Social and economic situation and policies

2.4.1. Egypt

2.4.1.a. Economic growth and the prospects for economic autonomy

Under President Nasser Egypt built up a dominant public sector, controlling large parts of the economy: banking and insurance, transport, mining, wholesaling and also agriculture. Economic growth remained modest, however, and in 1974 President Sadat introduced his "open door" policy, aimed at attracting foreign and domestic investment. In the second half of the 1970s the economy grew by more than 9% per year, but the figure fell back to 5-6% between 1982 and 1986. The growth achieved proved to have been mainly the result of external factors such as rapidly rising oil-export revenues, remittances from Egyptians working in the Gulf states, tourism and the Suez canal. Sadat's policy had only very limited real effects on the economy, which was not liberalized in any substantial way.

The public sector's dominance remained considerable, accounting as it did for 75% of planned investment under the five-year plan for 1982-86; the proportion has to be reduced to 62% under the current plan, however. Between the mid-1970s and 1987 the service sector grew from some 40% of GNP to 51%, the main initial beneficiaries being public services such as health care and education (6.6% of GNP in 1986).

After 1986 economic growth fell back to 2.5-3%, mainly reflecting a sharp decline in oil revenues and a plateau in remittances from abroad. The result was a serious worsening in the balance of payments, despite the introduction of import controls (which in turn adversely affected manufacturing output), with the current-account deficit rising to over 10% of GNP in 1990 (18). The recession was aggravated as structural imbalances in the Egyptian economy (such as price distortions and the inefficient use of production resources) made themselves felt. These imbalances had developed as a result of rigid price controls, low domestic energy prices, tough import restrictions, inefficient state industries and the inflexible and over-valued rate of exchange of the Egyptian pound. The high level of state subsidies and rapidly increasing burden of interest charges mainly on foreign debt, caused public spending to get out of control, to the point that the public-sector deficit now stands at almost 20% of GNP (2).

The combined effect of the slow-down in economic growth and ongoing rapid population increase was a slight fall in per capita incomes, to US$ 640 in 1990.

Development in the various economic and social sectors has so far fallen short of the targets set in the five-year plan for 1987/8-1991/2 (18), reflecting the recession and more recently the effects of the Gulf crisis. Unlike earlier plans, which were mainly aimed at improving the infrastructure and promoting economic growth, the current plan puts more emphasis on economic reform, rehabilitation and stabilization. A central element is a greatly enlarged role for the private sector, the government's role being somewhat reduced; in fact the private sector is to generate and carry out 40% of the total investment requirement of 46.5 billion Egyptian pounds (15).

Agriculture remains an important sector of the Egyptian economy, employing 35% of the labour force and generating 20% of GNP. Egypt is self-sufficient in

fruit and vegetables but produces only 30% of the wheat and 66% of the maize that it needs; overall Egypt's farmers meet 55% of the country's food needs, the remaining has to be imported. The area under cultivation and output are not keeping pace with population growth, so that Egypt will continue to depend on imports for a considerable proportion of its food supplies. There are no food shortages, however; the government ensures that sufficient food is imported and subsidizes consumer prices. Under the programme of economic restructuring these subsidies are to be sharply reduced, though how quickly this is to happen remains unclear.

In its drive to ensure cheap food supplies the government involved itself in all stages of agricultural production, providing inputs, dictating crop patterns, setting producer prices and controlling distribution. This interventionist policy created major disincentives from the farmers' viewpoint, however, and the rigid price controls led among other things to a sharp decline in the cultivation of cotton, rice and sugar as farmers switched to financially more attractive crops such as maize. Under pressure of economic circumstances the policy has since been modified and a start made on winding down state intervention and price control. Together with other policy measures and the encouragement of private enterprise, this is likely to have a beneficial effect on agricultural output.

Between 1982 and 1988 the share of manufacturing in GNP fell from 31% to 24%. This was due almost entirely to the sharp fall in the oil sector's share, since other manufacturing activity stayed at 18.5%. Manufacturing employment has also declined, from 15% of the population in 1965 to only 13% at present.

The Gulf crisis both harmed and benefited Egypt. Adverse effects included the sudden fall-off in remittances from Egyptians in Iraq and Kuwait and a one-billion-dollar drop in tourism revenues between 1989 and 1990. Egypt was the region's main contributor to the allied war effort, and in return for their country's support Egyptian diplomats were able to negotiate the remission of almost seven billion dollars' worth of debt to the United States. The Arab Gulf states remitted a similar amount of long-standing Egyptian debt. Mainly thanks to these measures Egypt's external debt had by the start of 1991 been cut by about a third, from 52 to 35 billion dollars (virtually equal to the country's GNP). By the end of May 1991 agreement was reached in the Club of Paris (a group of seventeen western creditors) on a phased remission (linked to IMF conditions attached to stand-by credits) of 50% of all outstanding bilateral lending, on concessional and non-concessional terms, by the seventeen countries. The final result could be the remission of almost ten billion dollars. The Gulf Crisis Financial Coordination Group estimates that Egypt lost revenues totalling US$3.4bn through the Gulf crisis, offset by almost US$3bn in extra assistance in grant form (indeed, unofficial estimates indicate that the balance was in Egypt's favour); around half came from Saudi Arabia. A short-lived increase in oil revenues also gave Egypt an unexpected foreign-currency bonus. The sharp increase in military shipping through the Suez canal in the latter months of 1990 offset the fall-off in commercial traffic, but since the start of 1991 Suez Canal revenues have declined sharply.

Having dragged on for years, consultations with the World Bank and the IMF culminated in spring 1991 in an agreement with both institutions. Agreement in principle had already been reached with the World Bank on the slimming-down of the public sector, the need to cut the government deficit, the reduction of subsidies on basics and the hiving-off of public enterprises.

Egyptian economic policy for the next few years is largely dominated by restructuring measures agreed with the IMF, of which the most important are:

- a rapid transition to a fully convertible currency on the basis of a uniform exchange rate, together with further trade liberalization;
- partial privatization and reform of the public sector, over time, together with the promotion of private investment;
- the setting of realistic domestic interest rates to encourage domestic saving;
- phased price liberalization, for instance the payment of higher cotton prices to farmers;
- import and export liberalization, higher energy prices and the introduction of a value-added tax with a view to cutting the large government deficit to 6.5% of GNP in 1993. Energy prices are planned to rise to world levels by mid 1995. Other subsidies on basics are also to be greatly reduced step by step over the next few years.

A start was made on implementing these measures in 1991. Along with further fiscal measures and money and credit controls they will initially have the effect of further reducing economic growth. Price liberalization and the decreasing of subsidies will raise inflation from 20% to over 30% in 1992; thereafter a sharp fall is forecast.

The recent political situation engendered greater sympathy for the Egyptian government's view that certain of the measures demanded by the IMF (such as the ending of subsidies on energy and other basics) were impractical or could not be implemented immediately, and agreement has now been reached on a much more gradual implementation of these unpopular measures than the IMF had originally proposed. The agreement reached on the establishment of a Social Fund aimed at softening the impact of the reforms on vulnerable sections of society, to be funded by the World Bank and donors, has also been helpful.

The effects of these unavoidable measures, which will hit the poorest groups hard, have also been mitigated by the exemption of certain basics from the new value-added tax.

2.4.1.b. Demography and environment

In mid-1990 Egypt's population totalled 52 million, of whom a little over two million were then working abroad. The annual rate of growth is currently 2.2%, i.e. roughly a one-million increase every ten months.

Population density related to the country's total area (over a million square

kilometres) is around 50 per square kilometre, but in practice only 4% of the total - the Nile valley and delta - is habitable. This area, smaller than the Netherlands, has an average population density of 1250 per square kilometre, which is greater even than in Bangladesh or the island of Java in Indonesia.

Almost half (47%) of Egypt's population live in towns and cities, fourteen million of them in Cairo alone (making the city the world's tenth largest). Other major cities include Alexandria (with three million inhabitants) and Suez (with one million). It is estimated that 60% of city-dwellers live in slums. Compared with urban population growth in other Third World countries the figure for Egypt's cities is at present relatively low.

The kind of massive trek to the cities which marked President Nasser's period in office is no longer happening, a clear indication that the rural-urban gap has significantly narrowed in Egypt.

The control of population growth is officially among the government's high priorities. The effectiveness of population policy remains slight, however, despite growing awareness of the issue among both public and politicians. Where initially it was felt that population growth was best controlled through social and economic development, in the 1980s more direct approaches to population planning have also been adopted, among them the promotion of birth control. In 1988 38% of married women of childbearing age were using contraception (Demographic and Health Survey 1988), a much higher figure than in many other Arab countries. Even so population growth has yet to be curbed, in part because the implementation of population programmes by the centres for basic health care still leaves much to be desired.

Rapid population growth and urbanization, also of the countryside, are putting pressure on the environment. While new satellite towns have been built in nearby desert areas, such as Sadat City in the neighbourhood of Cairo, this has not been enough to prevent further industrialization and urbanization of an increasing proportion of Egypt's limited and thus valuable area of agricultural land.

The problem of air and water pollution from industrial and urban sources is increasingly compounded by that of environmental damage by farming as soil and water are degraded by increasing and uncontrolled fertilizer and pesticide use. More seriously, the misuse of irrigation water, combined with inadequate or inappropriate drainage, is raising the water table, leading to salinization and flooding; this in turn produces crop infections and diseases and adversely affects the harvest. The use of chemical herbicides to clear irrigation and drainage channels has also harmed water quality; it was made illegal in 1991.

While Egypt has no comprehensive system of environmental legislation or regulation, laws have been introduced to deal with the pollution of surface waters in the Nile, other watercourses, irrigation and drainage canals etc.; others cover urban planning and the protection of historic sites, and new legislation on air pollution is in preparation. Even so the political priority accorded to the

environment remains low, partly because the environmental movement in Egypt, as in other countries of the region, is still not strongly developed.

2.4.1.c. Poverty situation and policy

A good indicator of levels of poverty is provided by the Human Development Index, on which Egypt is ranked 114th (104th if GNP per capita is used) among the world's nations. It thus falls into the middle group and is not one of the least developed countries (LLDC).

Estimates dating from 1985 (7) - more recent statistics on income distribution are unavailable - indicate what is for a developing country a fairly favourable position. Following the Nasser revolution the differences between social classes clearly became less extreme. According to the Human Development Report 1991 25% of the population fell below the poverty threshold in rural areas and 21% in the cities.

Food supplies in Egypt are adequate and reliable and the mass of the population have access to most basic services; 73% of people (56% in rural areas, 92% in the cities) have access to safe water supplies (1987), and under the current five-year plan supplies are to be extended to a further 4.5 million people.

Under Egyptian law everyone has a right to education, which is free from primary to higher level. Compulsory schooling covers the primary and junior secondary stages and lasts nine years, and enrolment in primary education is high compared with other Middle Eastern countries: around 70% in rural areas and 90% in the cities in 1985, and 90% nationwide in 1988. The proportion of youngsters who leave before completing their basic education is high, however, at 30-40%. The female participation rate, while higher than in other Arab countries, is significantly lower than the male rate. Around 55% of the population (40% of men and 70% of women) are illiterate.

Recent decades have brought considerable progress in health care, with with average life expectancy at birth rising from 46 years in 1960 to 62 in 1990 and mortality among under-fives falling from 202 per thousand in 1973-77 to 102 per thousand in 1983-88. While nutrition is quantitatively quite adequate, thanks partly to the subsidies on basics, there are qualitative shortcomings: by WHO standards 35% of rural and 26% of urban children show stunted growth, the result not of hunger but of a poorly balanced diet.

Access to medical services has improved, with almost every medium-sized village now having its own medical centre; there is now a physician for every 800 people and a hospital bed for every 500 (1986). Even so, in the poorest urban slums and in the countryside housing and sanitary provision remain bad and access to other services leaves much to be desired.

Recent official estimates indicate that 14.9 million Egyptians have a job and that a further 1.5 million or more are working abroad (other sources suggest double the latter figure). The ILO estimates that 20% of the labour force have no job, a problem aggravated by the forced return in late 1990 and early 1991 of many of the Egyptians who had been working in Iraq, Kuwait and Jordan. With the population growing by one person every 24 seconds finding work for 400,000 extra people every year is a virtually impossible task. Since the government can no longer make good its guarantee of a job for every university graduate it is putting more effort into promoting entry into technical and vocational education. However, this branch of the education system is still poorly developed. With regard to the political dimension of poverty, it is noteworthy that a relatively large proportion of Egyptians have access to and make us of the processes of decision-making; however, these are mainly men in certain occupational categories (farmers, small businessmen, civil servants etc.).

Egyptian government policy on the relief of poverty is somewhat ambivalent. Little or no attempt is made to redistribute income through the tax system or other transfers. For its revenues the state depends almost entirely on indirect taxes such as import and excise duties and Suez Canal fees; this situation will be reinforced by the planned introduction of value-added tax, seen as a major tool for increasing government revenues under the economic restructuring programme. While there is a basic social-security scheme for civil servants (the Sadat pension fund), the state input is very limited owing to the lack of resources. Most bodies operating in this field are NGOs of a cultural or religious nature which focus on specific and limited disadvantaged groups. While spending and investment in the areas of water supply, sanitation, health care, education and housing are scheduled to increase from 21% of public investment in 1986-7 to 27% in 1991-2, this target is not expected to be achieved. Official statistics indicate that annual defence spending is greater (at 9% of GNP), and in the light of the Gulf crisis we can assume that last year's military expenditures were even higher. Future defence-budget cuts will depend on the outcome of the Middle East peace process.

The subsidies applied to basics - food, fuel etc. - are a valuable policy tool for the relief of poverty to which the government has long held fast and, despite the heavy burden on public finances, there has been only a limited response to the IMF's pressure for their reduction or abolition. A phased approach is now being followed, with compensatory measures planned.

2.4.2. **Sudan**

2.4.2.a. Economic growth and the prospects for economic autonomy

Through most of its existence as an independent state Sudan has been ravaged by a civil war which has transformed an open society into one marked by narrow extremism, while the economic policies pursued have fatally undermined confidence in the effective use of the country's vast natural resources. GNP per

head continued to rise until the end of the 1970s; since then it has fallen, however, and a country in which donors and investors once saw great possibilities has become one structurally dependent on emergency aid and a deceleration of decline is the best that can be hoped for in the short term.
Sudan's economic base is narrow, with only 4% of the population employed in manufacturing. Agriculture is the foundation of the economy, accounting for 32.5% of GDP and 65.8% of employment; in 1965 the figure was 82% (2,4,8). Small-scale rain-fed farming has never had much official attention, which has always been focused on the immense resources of the Nile and the rich agricultural land along its banks. Already under British rule vast irrigation works were carried out, particularly in the Gezira, where cotton - some of the best quality in the world - was planted. Depending on the price it commands on world markets, cotton accounts for around half of Sudan's export earnings (43% in 1988) (2,24). In years of surplus sorghum, grown on a large scale around Gedaref, is also a major export. The basis of sorghum production is ecologically unsound, however: large areas are allocated to operators, not themselves farmers, who grow the one crop for a few years, partially exhausting the soil, and then move on to a new area. Other export crops are sesame seeds and gum arabic (23% of exports in 1988) (2,24). The government also puts great emphasis on irrigated wheat cultivation with a view to reducing dependence on imports (and hence political dependence on the United States). Finally, horticulture is a sector which has great potential but which is not exploited to the full for lack of a processing industry or export infrastructure. In the 1970s ambitious plans were developed with a view to making Sudan the granary of the Arab world, but due to the weak management of the funding agency (the Arab Authority for Agricultural Investment and Development) and fluctuating world-market prices the investments made have proved loss-making.

Following the second oil crisis and the rise of interest-rate of the 1980s this and other failures in the area of large-scale investment (e.g. in sugar production) put an intolerable burden on the Sudanese economy. The large and persistent government deficit is a major problem: in 1988 central government spent 20% of national income but collected only 9% (2). This is mainly the consequence of the subsidies already mentioned and losses in the state sector and of the heavy dependence on import and export levies, which both shrink rapidly in a declining economy and tend to hold back growth.

The state bureaucracy claims authority over every aspect of the economy. Pricing policies push many commercial activities into the black market, with all the upward pressure on costs that this implies, and lose the government revenue. The subsidies are hugely expensive, as are the state enterprises, whose management is based entirely on political criteria and whose heavy losses are met from public funds.

Sudan sought help from the IMF but carried out the various recovery programmes so half-heartedly that the only result was spiralling debt. The growing debt burden undermined the country's ability to import the inputs needed to keep the economy running, thereby creating a vicious spiral of decline

from which Sudan could no longer break free. Only a combination of radical measures and great generosity on the part of creditors could turn the tide.

The problems and interlocking problems affecting the Sudanese economy mean there can be no simple solutions. Certain IMF proposals will clearly have to be accepted, among them devaluation and control of the growth in the money supply (primarily through a cut in the government deficit).

In September 1991 a limited devaluation was carried out, several more subsidies were scrapped and the work of slimming down the machinery of government was taken further in hand - all measures which, had they been taken two years earlier, might have brought a turn for the better but which are now probably inadequate. The obvious way of bringing government finances into balance, however, is by ending the civil war: every day it continues another US$1-2 million goes to waste as defence spending swallows up at least 40% of the state budget and the potential of seven million people (southerners and soldiers) and a large part of the land is left unexploited. But more is needed. A recent World Bank report indicated that Sudan was losing its capacity to produce a food surplus, the result of unrealistic marketing policies, a neglect of small producers in rain-fed agriculture and an apparent fundamental ignorance of farming systems. Without a revitalized agriculture any recovery programme will lack an engine. In part because of the severe drought of the previous year food aid from abroad totalling 700.000 tonnes was needed, the total cost of which is put at 350 million guilders.

Sudan's need for emergency aid is now structural. This is true above all in the south, where donors are collaborating under the name Operation Lifeline Sudan, but in the north also drought and misgovernment have resulted in severe food shortages. The Netherlands' contribution to the emergency aid operations amounted in 1990 to some 19 million guilders and in 1991 to some 37 million (including a shipment of wheat to the value of 12 million guilders, made and paid for at the end of 1990 but intended for use in 1991).

Better economic policies will not relieve Sudan's plight overnight. Without planned and coordinated donor support it is for example likely that the transport infrastructure will collapse still further, destroying the prospect of achieving certain hoped-for results. The country is weighed down by a debt burden of some US$ 13.5 billion and may be excluded from the IMF on the grounds of its economic policy (with a debt of over a billion dollars Sudan is the IMF's biggest debtor). The IMF nevertheless intends to continue the dialogue with Sudan to the last. A distressing aspect of the Sudanese debt problem is the fact that a considerable volume of Sudanese citizens' assets are held in foreign banks pending better times. This flight of capital is both a cause and a consequence of the weakness of the Sudanese pound, which has repeatedly been devalued, to the real rate of two years earlier, without adequately stringent measures of monetary policy being taken in support (20).

With external debt totalling more than one-and-a-half times GNP (two thirds of

it on non-concessional terms) and service commitments which are a multiple of export earnings (interest payments due in 1988 amounted to US$ 527 million, with another US$ 1695 million in arrears also due, as against export earnings in that year of US$ 598 million; principal repayments are ignored), Sudan's problems are such that almost the only solution conceivable is a virtually complete remission of all outstanding debt, but this will have to be in exchange for hard guarantees that better economic policies will be pursued.

2.4.2.b. Demography and environment

Sudan's population, which is growing by 2.8-2.9% a year, passed the 25-million mark in 1990; just over a quarter live in the south. Population density varies widely: where in the southern states and in Kassala and Kordofan it is close to the national average of ten per square kilometre, areas in the west (Darfur), north and east (Red Sea hills) are much more thinly populated. More than a quarter of the country's population live in the Khartoum region and the irrigated areas to its south (Gezira, Managil and Rahad); in 1988 22% of the population lived in towns (4).

Khartoum in particular has grown enormously: from having only a quarter of a million inhabitants in 1956 and 1.5 million in 1983, it has grown into a city of between three and four million people. This exceptional growth is due to the influx both of displaced persons fleeing drought in 1983-5 and again in large numbers in 1991 and of the two million or more southerners who have left the war zones since 1983. Towns close to the border with Ethiopia, particularly Port Sudan and Gedaref, also accommodate large numbers of Ethiopian refugees, and many of the 500.000 Eritreans and Tigrayans concerned have now lived for so long in Sudan that they are unlikely to return home immediately when the opportunity arises. In contrast, following the change of regime in Ethiopia hundreds of thousands of Sudanese who had sought refuge in that country were forced to return home. In addition many southerners have left for Uganda, Zaire, the Central African Republic and Kenya (21).

One of the results of this urbanization is that, where poverty in Sudan was until recently mainly rural, urban poverty is now becoming an ever greater and above all more visible problem; around 40% of Khartoum's population are estimated to live in unregulated squatter areas with few if any services.

Of Sudan's area of 2.5 million square kilometres, 30% is desert and 29% suitable for agriculture. The farming areas are mainly in the savannahs of central and southern Sudan with moderate rainfall, but also in the desert where rivers - principally the Nile, but also inland deltas such as those of the Gash and the Tokar - ensure adequate water supplies and good soil. Many thousands of square kilometres around Gedaref are unwatered but have such rich soil that drought-resistant crops like sorghum grow there well. However, as was noted earlier (2.4.1) this land is badly used: because it is cultivated not by small farmers, who generally look after their holdings, but by large "suitcase farmers" who get

themselves allocated new land when the yield from the old land declines, little effort is put into weed control. The environmental profile of Kassala, funded by the Netherlands in 1989, found that large areas of Sudan's best farmland were meanwhile overgrown with perennial weeds and could be reinstated, if at all, only at great cost in terms of money and effort.
Other problems include overgrazing and deforestation: particularly in the north, in an area stretching from North Darfur to Kassala, over a thousand square kilometres of woodland disappear every year as trees are cut down mainly for firewood; the area around El Obeid, for example, has turned from a wooded to a desert savannah in the space of 25 years. Traditional users are fully aware of the dangers of uncontrolled felling but will themselves engage in it as long as, in the absence of any control, others do so and saplings are eaten by nomads' livestock. While there has been some replanting, this has little point unless it is backed by the effective protection and rational exploitation of existing woodlands, and such protection is achievable only if alternative fuels are available for household use.

These gloomy trends are the outcome of the fact that a large part of the population live in the most ecologically vulnerable semi-arid part of the country where natural population growth and migration are greatest. Some of the migration was the result of the Ethiopian civil war; particularly in East Kassala, near the Eritrean border, there are hundreds of thousands of exiles who are expected to return to Eritrea and Tigray as the situation there stabilizes.

2.4.2.c. Poverty situation and policy

In 1990 Sudan was ranked 143rd on the UNDP's Human Development Index list, lower even than Ethiopia. Had such an index existed in 1975 or earlier, its ranking would certainly have been much higher. Income per head has declined by 2% or so every year over the past decade, giving a total fall of 25%, and in the areas of health care and education too the position has deteriorated (4). Africa's biggest country, its territory accommodating a great diversity of cultures, has been unable since independence to forge a common identity or to find and implement policies to develop the potential of its people and natural resources.

The poverty situation in Sudan is a complex one. The country's macroeconomic impoverishment, described in section 2.4.2.a, is pushing the economy into free fall, and protection against this situation is enjoyed only by those who have access, generally illegal, to hard currency; since the Gulf war their number has declined, mainly through the return of Sudanese migrant workers from the Gulf states but also because Saudi and Kuwaiti investors have now pulled out of Sudan altogether. The fortunate few can be expected to use their considerable power and influence to minimize the damage they themselves suffer, doing so at the expense of the rest of the population.

Victims include wage- and salary-earners, whose incomes are quickly eroded.

Trade-union activities are now restricted to a centrally controlled labour movement able at most to secure certain fringe benefits but excluded from the political arena (in which it had played an important role before July 1989). Worst affected, however, is the politically powerless rural population, which sees the price of agricultural inputs rising without any offsetting increase in the price of its products. It is such people who are hit hardest by the process of impoverishment, and the result is that they are demotivated and fall back on extensive, ecologically damaging minimum-input subsistence farming.

The damage is greatest in the south. In rural southern Sudan, with the exception of some areas along the border with Ethiopia and Kenya which have long been in SPLA hands, civil administration has disappeared, agricultural inputs are unobtainable and the money economy is only a distant memory. Small groups of people are faced with a choice between trying to survive here in impossible conditions and leaving for the cities of northern or southern Sudan where prospects are no less bleak.

Where economic collapse is compounded by a drought which robs them of their crops and livestock farmers are driven into the underclass of Sudanese war refugees, now five-million strong and growing fast. Alongside the general inequality in the distribution of wealth there are also regional differences: the sedentary population of Darfur have a relatively egalitarian society while also the tribal relations of livestock-holders in northern and southern Sudan ensure a fairly equal distribution of available resources. While poverty in these areas is often not thereby diminished, it only becomes intolerable - and then for large numbers of people at once - in drought conditions such as occurred in 1983-5 or 1990-1 (23).

A different pattern of distribution characterizes the area lying roughly to the north of latitude 10 deg. N and to the east of longitude 30 deg. E (Arab Sudan), where we find a rural proletariat (mainly around Gedaref) and, in the Khartoum area, rapidly rising numbers of urban poor in a culturally unfamiliar and often hostile environment and dependent on foreign aid. For them the traditional mechanisms of mutual distribution are now largely or entirely inoperative; all are in the same boat, while women, who have traditionally borne the heaviest work burden, are doubly handicapped or worse, because their most lucrative occupation, beer-brewing, is illegal.

The many displaced southerners are a particular thorn in the present regime's side: they are seen as threatening the strict Islamic nature of northern Arab society and attempts are therefore made to remove them or to make their life in the Khartoum area as intolerable as possible. Few if any services are provided for them, and the lack of drinking water, which in the slums of Khartoum is often available only from water-sellers, is thought to be a major cause of the high rate of infant mortality among displaced persons.

In smaller cities such as Port Sudan and Gedaref, where there are markedly fewer southerners and more Ethiopian refugees and drought victims from the

west, aid initiatives are possible which would be inconceivable in Khartoum.

Water supplies and health care are scarce in rural areas: 50% of people have no access to health care and 80% are without safe drinking water, the position being worse on both counts in rural areas. Even for a less developed country these are very low figures. Sudanese education, whose reputation in the post-colonial period was good, is losing ground in terms of both participation rates and especially quality. Literacy levels are very low, showing what is only a relatively slight rise from 17% in 1970 to 23% in 1985; literacy levels among women are less than half of those found among men. Between 1960 and 1986 the proportion of national income spent on health care fell from 1% to 0.2%.

Sudanese government policy for the relief of poverty is virtually non-existent. Small farmers' rural poverty finds little response in official rural-development programmes. The rural proletariat of South Kassala is important mainly as cheap labour, while the urban poor are seen simply as an encumbrance. The social fund, included in the 1990-91 budget to soften the impact of reform measures, was aimed primarily at urban salary-earners, though as far as is known even they have gained little benefit from it. It is thus not comparable with e.g. the Egyptian social fund; the latter is much clearer as to target groups, likely problems and required and available resources than is the Sudanese version, which is furthermore tied to a doomed economic-recovery plan.

To sum up, where the Human Development Report put the proportion of the population living below the poverty line in 1977-89 at 75% (40% of the urban population and 85% of the rural), a further increase in rural and urban poverty (in the latter case a very rapid one) is now in prospect (4).

In addition to the rural-urban divide there are important differences between eastern, western and southern Sudan, between rain-fed and irrigated farming areas and between the poor and the better-off in the urban areas themselves.

2.4.3. **Yemen**

2.4.3.a. Economic growth and self-reliance

Shortly before unification per capita GNP in North and South Yemen together was put at US$ 650 (1989). This is certainly an underestimate, since it does not take full account of income from qat-growing, smuggling between Yemen and Saudi Arabia and migrant labour. Local groups with money do exist. Nor is the per capita GNP indicative for the low level of development in much of Yemen, because of the fact that 25 years ago the country was still practically medieval.

Structural problems impeding national economic development, in the north more than in the south, include illiteracy, skill shortfalls and a weak administrative infrastructure.

The Yemeni economies of north and south have been marked since the 1970s by a poor government sector and very heavy dependence for foreign currency on donor aid and remittances from Yemenis working abroad. Since 1987 foreign-currency needs have increasingly been met from oil revenues, which have also resulted in a considerable domestic income shift from the private to the public sector. Overall, though, there has been a sharp fall in the inflow of foreign currency (from US$ 1.6 billion to US$ 740 million), and only the discovery of new oil reserves can fill the gap.

Border disputes relating to oil-rich areas meant that Arab aid to the former North Yemen began to fall off as early as 1986; the Soviet Union, the former South Yemen's main donor, has also withdrawn virtually all support; and as a result of the Gulf crisis total foreign aid has fallen from 10% to only 1% of the state budget. ODA is currently put at around one half of one percent of the 1989 GNP figure.

Revenues from migrant labour fell sharply in the 1980s with the deceleration of economic growth in Saudi Arabia and the Gulf states and increased competition in those countries from migrant workers from south and south-east Asia. Where in 1982 such revenues had totalled US$ 1.2 billion, about 40% of all foreign-currency receipts, by the start of the Gulf crisis they were estimated to have fallen to some US$ 450 million. Thereafter virtually all the migrant workers and their families returned home, in the space of a few months, cutting off this source of foreign currency and facing Yemeni society with the need to absorb over three quarters of a million people, many of them children.

Total external debt in 1990 was put at US$ 7.0 billion (37), slightly less than GNP. The amount grew sharply in 1989 owing to commercial loans anticipating increasing oil revenues. Total debt service probably stands at around 20% of GNP.

Unification on 22 May 1990 brought together two different economic systems. In the north a semi-capitalist system had developed, over which the state was only gradually getting some control. Local tribes retained very considerable influence within their own areas and on central government's room for manoeuvre.

In the south the economy was until recently dominated by the command model, with central planning and the collective ownership of the means of production through parastatal undertakings and cooperatives. This is reflected e.g. in the fact that government spending in 1989 amounted to some 90% of GDP.

There are striking similarities in the distribution of GDP over the different sectors of the economy. The share of manufacturing is around 26% in both parts of the country and that of services in north and south is 50% and 60% respectively. While farming's share of GDP has fallen in both parts it remains the main source of employment (60% in the north and 40% in the south). In rural areas in the north more men than women were recorded as working in

agriculture, but virtually all women worked on the land. Manufacturing employment in the north amounted to around 14%. Figures for the south are unavailable.

Farming's contribution to GDP is slightly higher in the north (23%) than in the south (16%); this reflects the more limited agricultural potential of the south, where the area suitably for agriculture is much smaller and lack of water means that only half of it can be used. Finally, collective land ownership (half of it in the form of state farms), the agricultural methods used and marketing by parastatal and cooperative undertakings are also likely to depress farm output.

In both north and south many migrant workers left rural areas for Saudi Arabia and the Gulf states. Coupled with the exodus to towns and cities this produced a worsening labour shortage in rural areas, further encouraging mechanization and the lucrative cultivation of qat, which requires little labour. This situation, combined with rapid population growth, has led to increasing food imports and declining food security.

While annual economic growth in the north peaked at 2% of per capita GNP between 1980 and 1987, over the same period the south experienced a decline averaging 6.1% per year (Human Development Report). For both countries this represented a sharp deterioration as compared with 1965-80, when annual growth averaged 6.5% in the north and 0.6% in the south. While the north's GDP grew by an average of 6.5% per year between 1980 and 1986, investment fell from some 47% of GDP in 1980 to 12% in 1988. In addition the budget deficit has widened in recent years despite growing tax revenues.

In the former North Yemen an adjustment programme was implemented in the mid-1980s; government spending was also cut in the south. The result was a fall in imports and a sharp decline in investment, together with a halving of the current-account deficit on the balance of payments. The revenues from oil exports led to a relaxation of the retrenchment programme from 1987 onwards, however. Inflation is currently running at around 30%.

Relations between Yemen on the one hand and the IMF and the World Bank on the other appear to be improving somewhat, even though agreement has still not been reached on macroeconomic policy. While both Bretton Woods institutions see oil and gas extraction as potentially providing some relief, they nevertheless advise speedy measures to broaden the country's productive base with a view to import substitution and export growth (in 1988 oil accounted for 90% by value of all exports). Agreement is also needed on an adjustment programme aimed at financial stability and an improved balance of payments.

Unification could give a new impetus to broadening Yemen's productive base given the complementarities between the two economies. Exports of farm products to the south can grow and the north can now exploit the opportunities offered by the port of Aden, around which a free-trade zone is being established. The country should also benefit from the south's relatively well trained

workforce and the north's greater economic strength. However, in the longer term further development will be seriously impeded by the country's limited water resources.

Following unification the multi-year plans then in operation were wound up in order to give the new government greater room for policy manoeuvre in the medium term. The thirty-month transitional period is to be used mainly for policy formulation, which must involve finding a synthesis between the different economic systems of north and south. In 1991 there was still something of a policy vacuum in respect of the medium term, making it impossible to indicate how Yemen wishes to direct its further development.

2.4.3.b. Demography and environment

In 1990 the north had a population of 9.2 million; average annual growth over the period 1980-88 was already high at some 3.4% and is currently put at 3.6%. Not only is the birth rate very high, it actually rose to 54 per thousand population in 1988. The death rate too is relatively high, owing notably to the disturbingly high level of infant mortality (192 per thousand in 1989), but fell to 20 per thousand population in 1988. This fall can mainly be ascribed to improved nutrition and health care, which even though still leaves much to be desired. Malnutrition is very high at 53%, certainly compared with e.g. Egypt (13%). In 1988 48.4% of the population were under 15, reflecting the high growth rate.

The south's population in 1990 stood at 2.5 million. Demographic indicators compare with those in the north, but with somewhat lower birth and death rates; this probably reflects greater female participation in education and employment and more widely available family-planning services (34). At the time of unification the population of Yemen as a whole was put at 11.7 million.

During the 1980s the government of North Yemen began to recognize that rapid population growth was harming the country's social and economic development, and the Central Planning Office's Population Studies and Research Centre was strengthened to enable it to collect information on demographic trends. At the same time a cautious start was made on providing family-planning services, notably through the IPPF-supported Yemen Family Care Association, as part of the mother-and-child care given by hospitals and health centres. A national conference was held at the end of 1991, which had an important input to the development of a coherent population policy. However, the culture of Islam can be expected to constrain national debate.

The trek from country to town is considerable. The north's urban population rose from 5% of the total in 1965 to 23% in 1988, and while urban population growth in the south has levelled off the proportion of urban dwellers is relatively high at 43% (1988). The most recent World Population Report forecasts urban growth of 7% in Yemen as a whole over the period 1990-5.

Migration abroad is a significant demographic factor. On the basis of the 1986 census the number of North Yemenis working abroad was put at 1.1 million; the corresponding figure for South Yemen, based on the 1988 census, was 240,000. A downward trend had set in by the mid-1980s, however, and by the end of 1990 the Iraqi occupation of Kuwait and the consequent tensions between Yemen and Saudi Arabia had led to the return of over three quarters of a million Yemeni migrants. Migrant labour and the rural-urban exodus have encouraged farm mechanization and have led, through lack of maintenance, to the crumbling of centuries-old terracing and hence to erosion.

As a result partly of rapid population growth but also of the accelerated development of society and the relative wealth of some groups, Yemen faces serious environmental degradation. Rural environmental problems reflect on the one hand overexploitation of resources (water, wood, minerals) and on the other unsound (because unsustainable) practices in agriculture (neglect of terraces) and oil extraction (in the south). The results take the form of deforestation, drying out, erosion, salinization and desertification, further reducing the area of land currently or potentially available for agriculture. The traditional rural water and energy sources, wells and firewood, are coming under pressure as a consequence.

Urban environmental problems centre on the failure adequately to dispose of and process sewage and domestic refuse and on pollution by industry and road traffic. The rapid rate at which inland centres are being opened up may also lead to the loss of cultural assets. Flows of consumer goods spread across the country from urban areas, resulting in the diffuse pollution of rural areas by waste oil, plastic and so on.

The obstacles to effective environmental policy are various: one is the weakness of government, which means that insufficient financial resources are transferred from the private to the public sector where they would be available e.g. for the implementation of environmental policy; another is the lack of knowledge and experience. An illustrative point here is that considerations of environmental protection still play no role whatever in investment decisions.

2.4.3.c. Poverty situation and policy

With low life expectancy and high illiteracy Yemen falls into the "low human development" category (average around 0.242) on the Human Development Index; it is also classified among the Least Developed Countries. While the north is richer, the index for the south (the former People's Democratic Republic of Yemen) is slightly higher, indicating that the quality of life was slightly better for the average southerner. In 1990 Yemen was ranked 130th on the Human Development Index list. Compared with Ethiopia and Sudan, Yemen is less affected by acute poverty and malnutrition; even so the country is seriously underdeveloped.

A more detailed picture of the south is to be built up over the coming years in the course of formulating a development programme, but pending this a number of cautious conclusions may nevertheless be drawn. For example, the relative poverty in north and south appears to be a fairly general phenomenon, to which there are however positive exceptions. These relate in the first instance to Yemeni tribes in the thinly populated mountain regions along the northern border with Saudi Arabia, who are said to receive, or to have received, loyalty payments from that country. Further east are Bedouin tribes, which traditionally enrich themselves through smuggling through the Marib area; irrigated farming and oil extraction are also practised in this area, generating local revenues. In the south the better-off notably include rich families from the Hadramaut who have long-standing links with Saudi Arabia and families from Aden who have done well from trade.

The most acute poverty is to be found in the north on the Tihama coastal plain (particularly in and around Hodeidah) and around the cities of Sana'a and Dhamar. Those affected are in the first instance groups of part-African origin who form a lower caste in Yemeni society, the aqdaan. Women from these groups work on the land and in household occupations and, often alongside men, as unskilled labourers in refuse disposal. Poverty also affects large parts of the governorates of Dhamar and Al Bayda and to a lesser extent that of Hajjah. In the southern coastal strip, finally, there are groups of Bedouin who can be classed among the very poor; these people are not integrated into society and, notably in the south, are virtually seen as pariahs.

In the north three quarters of the population live in rural areas, in the south just over half. In the north in particular country-dwellers have far less access to health care and water supplies than do town-dwellers; in the south this is true of water supplies, but health care would appear to be available to 60% of the population of the rural south. Relative to population there are more doctors in the south. No rural/urban breakdown of figures on incomes or access to schooling is available for Yemen.

Women's dependent position and lack of mobility limit their access to health care. Another risk factor is the high fertility rate (an average of seven births per woman), producing a high perinatal maternal mortality rate (ten deaths per thousand live births). The figure for the south is unlikely to be much lower. In the absence of basic education women lack elementary knowledge of health, hygiene, nutrition and contraception, and while many women are interested in birth-control their freedom to practise it is limited because e.g. they require the permission of their husband, for whom a large family is often a matter of prestige.

The health of the population is one of the most worrying aspects of Yemeni society. Ignorance of nutrition and hygiene, limited access to clean water supplies and a lack of sanitation create a breeding-ground for many diseases. The level of malnutrition among children is strikingly high at 53%. Life expectancy in north and south averaged 37 years in 1960 and 53 in 1990, so there has been

some improvement (notably in the area of infant and child mortality, though at around 115 and 190 per thousand respectively the rates remain far too high).

The north inherited a rudimentary health-care system from the imamate. In developing this sector the government focused initially on curative care in urban areas. At independence the south possessed a well-developed urban health-care system but few if any rural facilities. The 1970s saw a further improvement in curative care, and in the 1980s the Health for All approach was adopted throughout Yemen in the form of a primary health strategy for rural and urban areas. In the south there was considerable stress on popular involvement and around 6% of the budget went into health care as against 4% in the north (1.2% of the unified country's GNP). Since unification a five-year plan has been drawn up, an important element of which is that health care will no longer be free of charge.

The lack of skilled workers and administrators within and outside government is a major obstacle to Yemen's development. In 1985 58% of men and 97% of women in the north were illiterate, the figures for the south being 41% and 75% respectively. Even so, there have been dynamic developments in education in recent decades (30, 39). Under the imamate all education was religious and provided by Koranic schools, but from 1970 onwards a secular schooling system was developed at full speed, mainly based on the Egyptian model, in which education is free but not compulsory. In the south the government introduced a school system on Eastern European lines, with free and compulsory education for all 7-14-year-olds. Attempts were also made to achieve a balanced geographical spread of schools.

Drop-out rates are high in both north and south: in the period 1985-7 the proportion of pupils not completing primary school was around 85% in the north and 60% in the south. Reasons include the economic necessity of keeping children at home, the great distances between home and school, oversized classes, the traditional resistance to school attendance by girls and the early age at which girls marry. The participation rate among girls in the north is among the world's lowest: in 1984 49% of all northern schools were for boys, 50% were mixed and only 1% was for girls. Since unification school attendance has been compulsory throughout the country, which should bring about some improvement in educational performance. In 1988 about 4% of government spending went on education in the north, the figure for the south being somewhat higher. Defence spending in both Yemens was always high; in the new Yemen it stood in 1991 at around 25% of government expenditure. Unification can be expected to lead eventually to lower spending on defence with the ending of the belligerent relationship between the two former republics.

2.4.4. Ethiopia

2.4.4.a. Economic growth and self-reliance

Following the revolution of 1974 all land was nationalized; production and distribution too were largely taken into state hands. The causes of the country's economic malaise - the lack of industrialization, high population growth, civil war, soil exhaustion, infrastructural inadequacies and the narrow range of export products (mainly coffee) - were however not tackled. The post-1974 stress on collectivization and state farms was at the expense of small-scale agriculture, whose existence was made practically impossible by a web of rules and regulations. More recently the Ethiopian government had begun to recognize that the officially promoted process of collectivization (the forced establishment of new villages along centrally imposed cooperative lines) was not producing the desired results. Ethiopian agriculture employs 80% of the country's workforce and provides 82% of its export revenues (the main cash crop by a wide margin is coffee, which accounts for over 50% of export earnings); its share of GNP is over 40%. Of all public spending on agriculture the collectivized sector receives 76% of fertilizer, 95% of improved seed varieties and 80% of all agricultural credit; even so, in recent years state farms have accounted for only 4-5% of agricultural output.

As a result of government policies, political instability and weather-induced fluctuations in agricultural output, annual GNP growth in the period from 1974-5 to 1989-90 ranged between -7% and +9.5%; the average was 2.1%, less than the rate of population growth. In recent years Ethiopia's balance of payments has deteriorated sharply. Export revenues have suffered through unstable agricultural output and falling world-market prices, notably for coffee. The manufacturing sector depends heavily on imports of capital goods, with the result that the current account is in structural deficit (as indeed is the capital account). External debt, which comprises mainly official bilateral and multilateral loans, is very high, having stood at 43.6% of GNP in 1986 and 57.3% in 1990; debt service rose from around 7% in 1980-1 to 30.1% in 1985-6 and reached 56.9% in 1989-90.

The Ethiopian government realized that its centralist policies needed modifying to avert a further fall in farm productivity, and in recent years the cooperative model was no longer imposed, the Agricultural Marketing Corporation's quota and price system was abolished and private land ownership was introduced de facto if not de jure. The New Economic Policy announced in March 1990 seemed to continue the line of the reforms, but it was unclear whether the measures were prompted by the Mengistu regime's precarious position or formed part of an integrated policy of economic reform.
In any event the measures boosted production, as the area under cultivation increased by 20% and output by 7%.

The civil war entirely disrupted large parts of the country: from 1974 onwards military spending rose by 15% per year, both skilled workers and university

graduates fled in large numbers, and in what was a war economy productive investment was practically non-existent. The new regime intends developing different economic policies, and though it is not yet clear what they will be, the ending of the civil war seems certain to release more resources for productive investment in the economy. Military spending, which had risen under Mengistu to over 60% of government expenditure, is to be considerably reduced, with the size of the army being more than halved. Ethiopia has great agricultural potential and in the right macroeconomic and political framework there is much scope for increasing output. Better use of the country's manufacturing capacity and expansion of road construction and the service sector are also possible.

In the transitional period, however, great efforts will be needed to relieve immediate needs. Helping the displaced, refugees and former soldiers and supplying food to areas hit by drought and civil war will require a great deal of money, organization and manpower, and the assistance of the international donor community is essential.

The new government in Addis Ababa is very cautious in developing new economic policies on the grounds that it lacks the necessary democratic legitimacy, taking the view that decisions which go beyond the interim phase up to the elections are outside its mandate. Even so, the government is convinced that agriculture, with an emphasis on the small-scale, merits the highest priority, that job-creation measures are urgently needed and that the encouragement of private enterprise is the best way forward in these areas. Radical decisions are needed in this connection, relating for example to the ownership of state farms and investment guarantees.

2.4.4.b. Demography and environment

Ethiopia's population, currently some 49 million, is growing by three percent a year. While the growth rate is below the average for Sub-Saharan Africa, this is mainly a reflection of the very high death rate since the birth and fertility rates are among Africa's highest. 90% of the population live in rural areas, their main livelihood is small-scale subsistence farming; half are aged under 15. Even were it possible sharply to restrain the growth rate now, the total population would still double within twenty-five years.

The area available for agriculture is some 85 million hectares, depending on climatic conditions; of the total only 16 million are used for arable farming, the remainder for extensive animal husbandry. While serious ecological decline (deforestation, erosion, soil exhaustion) means that the area under cultivation in the highlands is most unlikely to increase in the near future, in its lowlands Ethiopia has considerable potential for both irrigated and rain-fed agriculture. Yields per hectare are lower in Ethiopia than in the surrounding countries, and over the last decade food output per head of population has gradually declined; where in 1980 100,000 metric tonnes of food had to be imported, by 1988 the total was almost one million. Increasing deforestation (according to the World

Bank only 2.7% of the country is now wooded) and the resulting erosion are among the main causes of the food shortages. In addition the former government's economic policies did not encourage increases in output on the part of small farmers, even though they account for some 95% of production. Without huge tree-planting schemes the demand for wood (notably as fuel) is expected to exceed local output within 20 years, with all the ecological and other consequences that this implies.

In 1990-91 Ethiopia experienced one of its worst droughts of the last fifteen years when some 4.3 million people, mainly in the north (Eritrea and Tigray) faced starvation. Massive emergency aid, coordinated by the World Food Programme, provided sufficient food to cover the major part of the 900,000-tonne shortfall and prevent a recurrence of the horrors of 1974. If the new government's policies succeed, large parts of the country will produce enough for their needs or even a surplus, but there will still be areas like Hararghe and Eritrea where self-sufficiency is not a realistic goal. While the outlook for the 1992 harvest is good in many regions, in e.g. Eritrea a shortfall of some 300,000 tonnes is forecast.

Within the Horn of Africa the problem of refugees and displaced persons is at its most acute in Ethiopia. Some 360,000 Sudanese refugees, driven out by the civil war which flared up in 1985, have lived for years in camps like Itang and Fugnido in south-western Ethiopia; a similar number of Somalis are thought to be in the Hartisheik and Aware camps in the south-east. In seeking to look after the 700,000 refugees in Ethiopia the World Food Programme and the UN High Commission for Refugees face an almost impossible task; the camps are mainly in inhospitable (border) areas, bringing problems of accessibility and security. There are as many Ethiopian refugees in Sudan. In 1990 the Netherlands channelled a large sum into emergency aid for Ethiopia, of which six million guilders went via UNHCR to the refugee programme. Little statistical information exists on the Ethiopians displaced by drought and war; what is known is that many are accommodated in Government Resettlement Schemes managed by the Relief and Rehabilitation Council. In February 1991 the Netherlands took part in a multi-donor mission to Ethiopia whose purpose was to recommend better ways of tackling the problem of refugees and displaced persons. A particular effort will be needed to ensure that the right farming and food-supply measures are taken to meet the needs of these people, many of whom have already spent years in the same inhospitable places.

At 12% Ethiopia's urban population represents a smaller fraction of the total than in the neighbouring countries. Urban poverty is nevertheless widespread; ten years ago 79% of the population of Addis Ababa lived in shanty towns, and we can assume that the situation has not improved since.

2.4.4.c. Poverty situation and policy

In terms of GNP per head ($120 in 1988) Ethiopia is among the world's poorest countries, and while this partly reflects natural factors the impact of central economic planning and vast military budgets must not be underestimated. Some 60-70% of government revenue is said to have gone on defence. The political and economic measures of recent years have made donors very cautious in the matter of structural aid; this contrasts with the position regarding emergency and humanitarian aid, which has been provided on a large scale. The outcome is seriously deficient infrastructure, industry and services (water and energy supplies, health care, education). Shortages of hard currency mean that essential inputs such as machine parts, fuel, fertilizer and pesticides are available only in small quantities, thereby further depressing production and reinforcing the downward spiral. It is thus hardly surprising that (hidden) unemployment is very high. While 80% of the workforce (16.5 mln.) are in agriculture many of them (the statistics are unavailable) have no real job; urban unemployment, which is also high, is partly countered by the informal sector and by the army's large-scale recruiting round-ups. There is nevertheless a great need for skilled workers and administrators, who have fled in large numbers for fear of government army press-gangs.

Despite its classification as one of the world's poorest countries, Ethiopia has in general received less aid per head of population by comparison with other low-income countries in sub-Saharan Africa. The reasons for this were mainly political: problems such as those concerning the settlement of claims resulting from nationalisation in 1975 and the resettlement policy pursued by the government, resulted in the World Bank (between 1974 and 1984) providing aid worth US$ 9.9 per head compared to US$ 22.50 for similar countries in sub-Saharan Africa. The level of facilities (education, health care) is still low, in both urban and rural areas. Nevertheless, some progress has been made: between 1960 and 1990 life expectancy rose from 36 to 46, while the infant mortality rate fell from 294 to 226 per 1,000. The percentage of the population with access to safe drinking water rose from 8% to 19%. Although illiteracy was estimated by the UNDP at 66% in 1985, it is generally accepted that only about 7% of the Ethiopians could read and write in 1974.

2.4.5. **Occupied Territories**

2.4.5.a. Economic growth and self-reliance

In the course of the first two decades of occupation the Palestinian economies of the Gaza Strip and the West Bank were gradually incorporated into the Israeli economy, creating a large measure of dependence. Israel uses the Occupied Territories as a market for its own products and as a reservoir of cheap labour. Sectors affected included agriculture, whose 34% GDP share in 1968 shrank to 20% in 1985, while the proportion of the workforce it employed shrank from 39% in 1970 to 25% in 1986.

Manufacturing output has stagnated since 1967, its share in GDP hovering around 7-9%.

Unemployment has risen continuously: by 1988 only 65% of the Palestinian workforce were in full-time work. At the same time labour migration to Israel increased from 12% of the labour force in 1970 to 38% in 1987; since then the percentage has fallen sharply following the start of the intifada and the outbreak of the Gulf war and, in view among other things of the influx into Israel of immigrants from the former Soviet Union, it is likely to remain at a lower level for some time.

The Palestinian economic base has been continually eroded by expropriation and the sale of Palestinian land and by the abstraction of water in the Occupied Territories for use in Israel.

While the trade and payments balances were in chronic deficit private consumption rose by an average of 5% per year over this period. This trend, which has levelled off since the start of the intifada, was made possible by income from migrant work in Israel and the Gulf states (69,70).

Since the start of the intifada in December 1987 Palestinian efforts have been actively directed towards reducing economic dependence on Israel and reinforcing the weakened economic base. Initially the Israel authorities took steps to frustrate initiatives aimed at promoting self-reliance; since mid-1989 this policy has however been relaxed somewhat, partly from a fear of pauperizing the Occupied Territories but also under pressure from international public opinion and as a result of development cooperation involving, among others, the European Community and international non-governmental organizations.

From August 1990 onwards the Palestinian economy was further crippled by the Gulf crisis and war: on the one hand many weeks of curfew led to a considerable and probably irreversible loss of jobs in Israel and greatly reduced farm output in the current year; on the other remittances from Palestinians who had been working in the Gulf dropped off, while the Gulf states largely withdrew their financial support for the PLO and the Occupied Territories in response to the pro-Iraqi position adopted by the Palestinians. Israeli opposition to the development of a Palestinian economic and social infrastructure hardened: new obstacles were put in the way of trade and industry, while the breakup of the Occupied Territories into subdivisions (Gaza Strip, West Bank, East Jerusalem) between which free movement is not possible further damages these areas' development prospects.

The next few years are likely to increase the economic importance to the Occupied Territories of aid from international organizations, donor countries and non-governmental organizations. Developments in the Palestinian macroeconomic situation will nonetheless continue to be prompted and determined by regional and international political factors.

2.4.5.b. Demography and environment

The Palestinian population of the Occupied Territories was recently put at some two million, of whom 1,100,000 lived in the Gaza Strip, 750,000 on the West Bank and 150,000 in East Jerusalem. The annual rate of increase on the West Bank is around 2.8% and in the Gaza Strip 3.1%.

The occupied West Bank has an area of 5,500 square kilometres and a population density of 200 per square kilometre; its Palestinian inhabitants include 430,000 or so refugees, of whom some 25% live in the 20 UNRWA camps. The Gaza Strip has an area of 365 square kilometres and a population density of 2,055 per square kilometre; it is estimated that around 30% of its Palestinian population are original inhabitants of Gaza and the remainder (some 533,000) refugees; 55% of the latter live in the eight UNRWA camps (71).

The demographic position becomes all the more acute when set against the background of Israeli measures affecting Palestinian natural resources, primarily land and water. As regards land areas, in the period 1967-87 52% of the West Bank and 40% of the Gaza Strip were earmarked for exclusive Israeli use; in 1988 and 1989 an area totalling 99 square kilometres was confiscated. In 1990 210,000 Israelis lived in the Occupied Territories, 120,000 of them in East Jerusalem, 88,000 on the West Bank and 3,000 in the Gaza Strip.

As for water, of the 807 million cubic metres abstracted from the Jordan river in 1990 510 went for use in Israel and 160 went to Israeli settlements on the West Bank; this left only 137 million cubic metres for Palestinian use (70).

Gaza in particular, with its high population density, currently faces serious environmental problems, notably in the form of water pollution. The findings of a recent water study carried out by Dutch experts showed how grave the position is. Domestic water consumption amounts to 25 million cubic metres a year; 10,000 of the 18,000 hectares of farmland are irrigated, consuming 100 million cubic metres a year. Water availability is very limited, however; rainfall, the only source of supply for underground aquifers, provides only around 35 million cubic metres, and in recent decades the shortfall has led to falling groundwater levels and rising salt contents. Nitrates as well as chlorides are present in high concentrations, presenting a serious danger to health. This problem, with its obviously strategic dimension, also of course has far-reaching implications for agriculture in the Gaza Strip.

Policy goals must therefore include the economical and efficient use of groundwater and the treatment and reuse of waste water. The situation is compounded by the political problem of the increasing numbers of Israeli colonists in Gaza and their ever growing demands on scarce water resources (61).

2.4.5.e. Poverty situation and policy

Over the first two decades of Israeli occupation, up to the start of the intifada, the Palestinian population's per capita GNP and private consumption rose continuously. There was an ongoing improvement in living standards as reflected in such indicators as food consumption and the ownership of consumer durables (e.g. in 1985 86% of families in the Gaza Strip owned an cooker, as against 3% in 1967). There were also improvements in education: in 1986 77% of the Palestinian population of the Occupied Territories had attended elementary school compared with 51% in 1970 (64).

This relative affluence was not primarily the result of economic growth in the Occupied Territories themselves, however. Before the intifada the share of GDP in GNP was 55% in the case of the Gaza Strip and just over 70% in that of the West Bank. There was also considerable donor assistance, both through the UNRWA camps and in the form of Arab funds flowing in at a rate of some US$ 40 million a year. Since the start of the intifada the economic situation has deteriorated rapidly, notably in the Gaza Strip where the economy is more fragile than on the West Bank and where gross disposable income per head in the 1980s was already some 20% lower than on the West Bank; in fact in the first two years net national income fell by 40-50%. At the end of 1988 per capita GNP in Gaza was estimated (by the Israeli defence ministry) at some US$ 650 (67).

The Gulf war too had a considerable economic impact on the Occupied Territories: on the one hand Arab aid (which went mainly into education and health care) dried up and remittances from Palestinians working in the Gulf area (which in 1988 totalled some US$ 250 million, 15% of GNP) largely ceased; on the other the local economy came to a virtual standstill and Palestinian jobs in Israel were once again lost.

Various indicators show living standards to have fallen since 1987 (it should be noted moreover that the most recent data do not include the effects of the Gulf war). Unemployment has risen to some 40% of the workforce and child labour (8-14-year-olds) has doubled. In Gaza the UNRWA's supplementary food programme was used by 25,000 children in 1989 as against 8,500 in 1988. Between June 1988 and June 1990 the proportion of special hardship cases among UNRWA-registered refugees (70% of the population in Gaza and 50% on the West Bank) rose from 8.4% to 12.2% in Gaza and from 5.8% to 7.4% on the West Bank; the situation is certainly no better for these areas' indigenous inhabitants.

Finally, social and economic conditions in the Occupied Territories are also adversely affected by a range of other factors which are hard to quantify. These include the occupation itself, statelessness and deracination, human-rights violations and failures to recognize and observe legal rights.

3. THE NETHERLANDS' AID PROGRAMME AND POLICY INTENTIONS

3.1. General

3.1.1. Aims and principles

The serious economic and social problems with which the countries of the Nile and the Red Sea region are struggling, each in its own way, reflect on the one hand unfavourable world-market trends (e.g. high oil prices, low prices for local products like cotton and coffee) and successive years of drought and on the other such internal factors as civil war, poor administration and stifling bureaucracy, environmental damage, stagnating food production and underdeveloped economic structures.

The direct aid going to the countries concerned relates mainly to the internal factors. The achievement of sustainable improvements depends in large measure on national governments pursuing sound social and economic policies. The Netherlands seeks to exercise influence in this direction through dialogue, both bilaterally and through multilateral forums, with the governments concerned and through support for programmes which embody sound policies or can serve as models. The scope for such activity varies widely from one country to another.

The basis for Dutch policy towards the region is laid down in the policy paper "A World of Difference" (September 1990); at its core is the structural relief of poverty, implying great emphasis on strengthening the productive capacity of poor social groups, improving basic services and promoting participation by the poor in the decision-making process.

The priorities are:
- sustainable development which meets people's needs without undermining the ability of future generations to meet their needs (Brundtland report);
- increased food production and food security, integrated into a regional, agricultural development policy;
- the promotion of policies which enhance women's autonomy, both by ensuring that all development programmes take account of women's interests and through projects aimed specially at women. As part of Dutch policy on women and development, support will also be given to women's networks and governments;
- environmental rehabilitation through better production systems, erosion control (through soil conservation, reforestation, etc.) and more efficient energy use, and improvement of the urban environment;
- help with government policies aimed at restructuring the national economy where beneficiaries are likely to include the poorer sections of society through improved employment opportunities, higher incomes and better basic services;
- provision of basic needs for disadvantaged groups, such as health care, drinking water supply, sanitation as well as primary education;
- to contribute to the ongoing process of developing and updating our

understanding of the processes of change at work in the region and to develop research capacity to this end;
- assistance in formulating and implementing population policies through help with censuses, activities aimed at enhancing women's autonomy, education, health care, family planning, applied research and so on;
- help for refugees and displaced persons and support for programmes which enable them to reenter the production process.

Activities will also be supported at regional level where they are of importance to the region and where the exchange of knowledge plays a major part. Many such programmes are carried out by international organizations using resources provided inter alia by the Netherlands.

Help is currently being given to the International Centre for Agricultural Research in Dry Areas (ICARDA), a CGIAR institution, which is carrying out a programme in the Arab world aimed at the further development of agriculture through, among other things, selective breeding. Egypt, Sudan and Yemen are taking part in the programme. The Netherlands also gives assistance to a regional WHO nutrition project, with Alexandria as its centre, which provides training for nutritionists and government officials. In Sudan and Yemen aid is given to the world-wide WHO programme for essential drugs.

No grounds have so far been felt to exist for offering aid to the Intergovernmental Authority on Drought and Development. This organization's work will nonetheless be carefully monitored and if real opportunities emerge for strengthening it or for Dutch involvement in worthwhile programmes, serious consideration will be given to providing assistance.

In implementing programmes in the countries concerned increasing use will be made of local expertise. In Yemen use has been made for many years of experts from other Arab countries, while Yemenis have been enabled to study elsewhere in the Arab world (notably Egypt). Further exchanges of expertise will be promoted.

3.1.2. Choice of countries

As noted earlier, the development link with Egypt, Sudan and what was then North Yemen was initiated in 1975. While this choice of countries also reflected political considerations, the main aims were to relieve poverty, promote democratic development and strengthen the autonomy of nations which had only recently gained independence.

In the case of the region's poorest country, Ethiopia, political and human-rights considerations meant that close aid links were not established until much later; it was only when the changes being made in Ethiopia following the major shift in the European political situation seemed likely to improve the chances of democratization and development that it was decided to intensify aid contacts.

The ongoing civil war, which put large parts of the country outside government control, meant however that only humanitarian aid for refugees and displaced persons was possible. Ethiopia's domestic political situation has since improved and a structural link is to be built up; part of the aid will be aimed at rehabilitation with a view to a long-term solution to the problem of refugees and displaced persons.

Given the lack of policy agreement with the government of Sudan links with that country will not be maintained in the form they have acquired over the past sixteen years and no new bilateral activities will be approved in 1992; however, aid through multilateral and non-governmental organizations will remain possible and consideration will be given to restoring the former link after 1992 if the situation outlined in chapter 2 shows improvement.

In the case of the Occupied Territories a start was made in 1989 on a programme of structural cooperation alongside existing funding for humanitarian aid and human-rights activities. The immediate occasion was the rapidly falling standard of living, the result partly of the intifada and restrictive Israeli policies; in addition a worsening social and economic situation in the Occupied Territories was seen as a breeding ground for further radicalization, throwing up further obstacles to Palestinian-Israeli dialogue.

3.1.3. Aid volumes

Since the mid-1980s regular aid to the three former target countries, for which until 1990 separate cash ceilings were set up, has totalled around 125 million guilders a year; total aid flows to the countries concerned have fluctuated around 250 million guilders a year, however, the balance coming from programmes for rural and industrial development, balance-of-payments support, education and research, aid through Dutch private co-financing organizations (MFO's), etc. Aid to Ethiopia, which mainly comprised emergency and food aid and support for the rehabilitation of agriculture, has ranged between ten and thirty million guilders a year.

In the case of Sudan it was initially agreed that one third of all aid should be earmarked for the south, but after the recrudescence of the civil war the aid programme (other than humanitarian aid) for the south became increasingly difficult to implement and had to be terminated in 1984. The restoration of democracy in 1986, following the 1985 coup against President Nimeiry, gave a new impetus to bilateral cooperation, but when peace and economic reforms failed to materialize it was finally decided, in 1989, to reduce the volume of aid to Sudan. At the same time it was decided to fund part of the aid under the cash ceiling for humanitarian aid, which mainly benefits the south of the country. It was further decided to restrict Sudan's access to additional Dutch aid programmes as a signal to the government that the Netherlands holds it responsible for the continuing war and the damaging economic policies being pursued. Finally, in 1991 it was decided to provide aid only through multilateral

or non-governmental organizations, with a sharp reduction in the total flow. In 1991 the cash ceiling for the region as a whole, which included the former rural-development programme and sections of the industrial-development programme, was 150 million guilders; at the start of the budgetary year the shares going to Egypt, Sudan and Yemen were provisionally set at about 35, 65 and 50 million guilders respectively. Funds for Ethiopia and the Occupied Territories were reserved under other budget headings. Aid to the Occupied Territories amounted to some five million guilders, around half of it in the form of humanitarian aid. The distribution is not set in concrete and may be modified year by year. The 1992 cash ceiling for the Nile and Red Sea region is 145 million guilders: for Egypt and Yemen roughly the same sums are earmarked as in 1990 while aid to Sudan will be more than halved; the remainder will be then available for Ethiopia and the Occupied Territories and for region-wide activities. From 1992 onwards aid to Ethiopia will thus be brought largely under the regional cash ceiling; the exact amount will not be decided until the political situation becomes clearer and concrete activities are identified.

Aid above and beyond the cash ceiling may be offered from other sources such as the four spearhead programmes (Women and Development, Environment, Relief of Urban Poverty and Research and Technology) and the international education programme. The size of total aid flows over the next few years cannot yet be specified. In the case of Yemen it was decided in 1990 to increase aid by three million guilders for the purpose of helping the new south (the former People's Democratic Republic). The share going to help the south may be somewhat increased by stages.

3.1.4. Aid forms

While in the past loans have also been given, in recent years all aid has been in grant form (except for two activities in Egypt, now almost completed, which were funded using loans); no new concessional loans are to be provided anymore to the countries of the Nile and Red Sea region.

Mixed credits ("less concessional loans") too have in the past been given to Egypt and Yemen, but given their accumulated debt and the impossibility of servicing it (and given Yemen's status among the least developed countries) these countries, like Sudan and Ethiopia, are now ineligible for this form of aid. Only in Egypt's case is there much likelihood that, if liberalization policies revive credit-worthiness, the country could in the not-too-distant future qualify for assistance under the mixed-credit programme for development-related export transactions (ORET).

Most of the aid given takes the form of technical assistance, with projects being implemented with the involvement of experts. Dutch advisers are often used for this purpose, though foreign experts - sometimes from the recipient country - have also been employed; the aim is to make increasing use of advisers from the region itself.

Some of the technical assistance projects include a considerable investment element, generally accommodated using the procedure for financial aid.

Within the cash ceiling programme aid is still also being given in the priority sectors of the Dutch aid programme. Its aim is to promote the economic self-reliance of the countries concerned. In the case of Egypt programme aid has accounted for 25% of the total; the proportion may be increased from 1992 onwards to around a third in the light of Egypt's economic restructuring and development policies. It has also been decided to help Egypt over the next four years by giving a contribution to the Social Fund established with World Bank funding.

Yemen has also regularly received programme aid in the form of goods deliveries, albeit on a much smaller scale; in 1991 large-scale deliveries of inputs for use in agriculture and public services were funded as part of the economic recovery programme launched after the Gulf crisis. Yemen's low level of development and lack of trained managers and administrators mean that its great need is for technical assistance, a situation which will not speedily be altered by unification.

Sudan received substantial programme aid for the last time in 1988. In the circumstances of the last few years programme aid in the form of commodity supplies could no longer be justified: while the country's needs - evident from its considerable budgetary and balance-of-payments deficits - are no less great, the macro-economic framework they need in order to be effective is entirely absent. The only supplies that could be maintained are essential drugs (via the WHO) and agricultural inputs for small farmers, a group to which great importance will continue to be attached, should the situation change for the better and economic recovery begin. Action will then also be needed to ensure the availability of those goods, essential to sustainable development, which experience shows are easily lost from sight in a reform programme: teaching materials for schools, medicines for basic health care and all materials and equipment needed to maintain the transport infrastructure, also serving remote areas of less economic interest. Such aid as remains to be given will continue to be carefully targeted on those most in need.

Egypt receives limited budgetary support in connection with the Social Fund whereas the scope for certain forms of budgetary aid to other countries in the region is to be investigated. In Sudan and Yemen use has been made for some years of counterpart funds: revenue from the sale of goods supplied through programme aid goes into a special fund which is then used, after mutual consultation, as a counterpart contribution to cover local costs under the Dutch aid programme. This practice can help prevent projects being delayed or their implementation otherwise impeded by lack of funds, though in the case of Yemen it is not working well. Despite certain disadvantages to the procedure (e.g. that it does not allow recipient governments to allocate budgetary resources among sectors and activities in accordance with their priorities), the continued and improved use of counterpart funds is justified in the light of both countries'

inadequate economic policies. The procedure is not used in the case of Egypt, since that country's development policies are broadly endorsed by the Netherlands, and Egyptian contributions of counterpart funds present no great problems.

In the case of Ethiopia the Netherlands will seek to contribute, through dialogue in multilateral and European frameworks, to the development of appropriate social and economic policies. Furthermore, a substantial bilateral link is to be established in 1992. A wide-ranging identification mission will visit Ethiopia in 1992 with a view to making detailed recommendations for sectoral and regional choices within the Dutch aid programme. Aid through multilateral channels, NGOs and SNV will have an important part to play. The scope for programme aid, alongside project aid, will be examined.

Aid to the Occupied Territories will continue mainly in project form.

3.1.5. Regional targeting

In the case of aid to Yemen and Sudan mention has already been made of a division of aid between north and south. In addition, regions have been selected in these two countries and in Egypt with which long-term links have been established and where the various programmes and activities are fitted as far as possible into an integrated approach; the same procedure is planned for Ethiopia. The choice of these regions reflects several factors, including the severity of poverty, population density, local absorptive capacity and desire to cooperate as well as the presence of other donors. Targeting aid on a limited number of regions is seen as valuable because, working in close cooperation with the local authorities, it makes possible a more programmed approach in which the various activities can be better coordinated and reinforce one another.

In the case of Egypt, where initially a somewhat fragmented national programme was carried out, it was decided some years ago to target Dutch aid on the poor and very rural governorate of Fayoum (with a population of 1.7 million) located on low-lying land outside the Nile valley and delta. Efforts are being made through intensive policy dialogue with the governorate administration further to strengthen the coherence of activities in Fayoum, to which around one third of project aid to Egypt goes. In addition activities concerned with water management and use in the area around the northern Nile valley (Minya and Beni Suef) will be gradually extended. Most of the remaining project aid will remain largely nationally oriented and such activities as are still in progress in other regions (such as aid for health care in Damietta) will be wound down.

In the case of Sudan there has long been a programme of cooperation covering the regions of Darfur and Kordofan in the west and Kassala in the east of northern Sudan. Owing to the difficulties encountered in Darfur, which were partly the result of recurring conflicts among the area's mutually hostile tribes, no new activities are to be undertaken beyond the water-supply and women's

projects now underway. Now that no new commitments are to be made to the Sudanese government in 1992, the time is also ripe for a critical reappraisal of the whole programme of regional targeting. This applies equally to Kassala, where implementation of the aid programme has for years faced considerable problems. Immediately after peace is established absolute priority will be given to the reconstruction of the war-torn south, but it is still too soon to decide where Dutch aid should then be targeted. Where the situation is sufficiently stable and effective channels exist for implementation, small-scale reconstruction projects could possibly be undertaken already in southern Sudan.

Dutch aid to Yemen has gradually come to be focused on rural development and the establishment of basic services in urban areas and in the countryside in the three target regions of Al Bayda, Dhamar and the Tihama coastal plain. The choice of these regions follows from their great poverty and the involvement of other donors elsewhere in north Yemen; the Tihama, a dry coastal plain, is the most disadvantaged of the three, and a shift of emphasis towards this region will therefore be considered following further study of the need and scope for action to relieve poverty. Following unification the Netherlands is gradually to increase its aid to the former South Yemen, seeking hereby to underline the importance attached to unification and the resulting relaxation of international tension. A multi-year programme for the south, taking account of its specific requirements, is now in preparation. In the south too particular regions are to be targeted; among those currently under consideration are the provinces bordering on Al Bayda.

In Ethiopia a small number of regions are to be identified which are reasonably representative and can provide models for application in larger parts of the country; priority will be given to the areas hardest hit by the war, such as Gondar, Wollo, Tigray and Eritrea; in the case of Eritrea decisions on long-term structural aid must await the outcome of the referendum on independence. The regions will also be chosen on the basis of the scope for integrated rural development and productivity improvements in small-scale agriculture.

Within the Occupied Territories the main bulk of the aid will go to the Gaza Strip, reflecting its greater poverty and the very serious problems facing its Palestinian population. Aid activities will however also be possible on the West Bank.

3.1.6. Themes and sectors

Reflecting the general aims and principles of Dutch policy and the region's specific needs the regional programme for the four countries will largely focus on a limited number of sectors. While the sectors were originally selected country by country, the choices in the three former programme countries largely coincide. Cooperation in the main sectors is to be continued and extended.

In the case of Ethiopia the analysis points in the first instance to the choice of small farming and food production and food security; this is also the area in which Dutch expertise is greatest, since SNV has been involved in rural development projects in Ethiopia since 1974. Once bilateral structural cooperation is under way it could be extended to other sectors relating to rural development, such as health care; one option is support for primary health care in rural areas, with a special focus on the population problem.

In the Occupied Territories Dutch aid will target aspects of rural development, among them improved water management and use, and the promotion of income-generating activities. The possibility will also be examined of developing activities in the area of education, perhaps involving cooperation between universities in the Netherlands and the Occupied Territories notably in the areas of water management and agriculture; economic planning for the development of the Occupied Territories could be an element in this cooperation. Support for human-rights organizations is to continue.

Most of the activities carried out within the target sectors relate to rural development and are mutually reinforcing. Over the last three years 40% of available funds have gone into rural development and this percentage will at least be maintained in the years to come. Activities within the sectors will be carried out either in parallel or integrated in a rural development programme, their common purpose being to implement the policy priorities mentioned earlier in this chapter. In the Nile and Red Sea region most aid will be targeted on the following four sectors, of which the first three are generally operated as elements of rural development:

- Small farming, with an emphasis on food production and supplies. This sector's development is of particularly importance in the Nile and Red Sea region given the low levels of self-sufficiency and wide fluctuations in output; aid is being channelled into the production of seed potatoes in the three former target countries and into the development of primary agricultural and horticultural crops (in part through ICARDA) in the whole region. Work is also being done on improving water management and irrigated agriculture. The transfer of knowledge through training and agricultural advisory services will play an important part in Dutch programmes.
- Water supply and sanitation. Activities in this sector are crucial to raising health standards. They are concerned notably with rural water supplies, relating not only to the physical infrastructure but also to institutional development and the management of ground and surface waters. Great emphasis is placed on the involvement of local people, especially women, who have traditionally done much of the work of fetching water for the family. In Yemen and Egypt the Netherlands is involved in activities relating to urban water supplies; here the importance of sanitation is also great, and areas of activity include water treatment and the disposal of solid wastes.
- Health care has long been an important sector of Dutch aid, especially in Yemen and to a limited extent in Egypt. Aid is mainly targeted on primary health care in rural areas and forms an important element in many local development projects. In recent years increasing efforts have been made to

involve local people in the assessment of their health situation. Problems of hunger and nutrition, particularly the high level of malnutrition among children, merit greater attention. Women play a very important role. In the context of health care increasing emphasis will be placed on issues of sexuality and safe child-bearing, including family planning; this could help improve control of population growth. National programmes for improving health care (such as essential-drugs programmes) may also be aided. Reflecting the importance attached to strengthening the Netherlands' role in this sector a sectoral specialist in health care is to be appointed in Sana'a to cover the whole region.

- While the relief of urban poverty has hitherto not been a specific aid sector, urban activities have been carried out to varying extents in all three former programme countries, generally in the area of water supply and sanitation but also in that of small-scale manufacturing and employment. Activities relating to urban poverty are to continue, with a particular focus on improving the urban environment and public services and on creating employment, particularly in the informal sector.

The priority themes of Dutch policy - Women and Development, Environment, Education and Research - are covered within these four main sectors. The general position is outlined below; country-specific details follow in later sections.

The Women and Development theme is addressed in all four countries, particularly the three former target countries, and sectoral specialists in this field have been appointed to the Netherlands' embassies in, Khartoum and Sana'a whereas in Cairo appointment of a WID specialist is expected soon. Their job is to monitor the programme of cooperation, checking it constantly against the DAC/WID criteria. These can be summarized as follows:

- women from the recipient country, preferably from the target group itself, must be consulted on the establishment of the project;
- local women must participate actively in implementation;
- obstacles to women's involvement must be identified and removed;
- expertise on the Women and Development theme must be available throughout the project cycle.

Every effort will be made to increase the proportion of aid meeting the DAC/WID criteria to around 35% by 1995 as a step on the way to achieving the 50% target already set for 1998.

In accordance with the aims and principles laid down in the policy paper A World of Difference, the approach adopted to improving the position of women seeks to enable them to set their own requirements and priorities. This autonomy-enhancing approach will be promoted at all levels. More concretely, projects must contribute substantively to strengthening women's autonomy in one or more of the following respects without adversely affecting any of the others:

- equal access to and control over the means of production;
- greater political awareness, involvement and political say;
- changes in traditional male and female stereotypes, a right to an independant identity and self-respect;
- control over one's own body, particularly in the areas of sexuality and fertility.

At the same time the implementation of these policies must allow for the values and traditions of the region's largely Arab and Islamic culture; aid will therefore be given to local organizations which seek to enhance women's autonomy and to national and local women's organizations and networks.

The various instruments used to assess projects' impact on women will be applied continuously through the project cycle to give effect to policy in this area. Impact studies will be carried out by sectoral specialists in Women and Development at the formulation stage of certain projects to determine the possible effects of development activities on the position of women and men and to find ways of increasing women's involvement. The sectoral specialists will also ensure that relevant expertise is deployed in the various identification, formulation and evaluation missions. Training will be given to promote local expertise on Women and Development.

Finally, a Women and Development briefing paper detailing policy on this sector will be drawn up for each country and area; in the case of the Occupied Territories this task will be undertaken by the Development Cooperation Department of the Cairo Embassy, while in Ethiopia SNV may be given the job of compiling a preliminary paper.

The theme of the environment is also fully addressed in all the main sectors, as witness the intended use of an impact-assessment procedure to determine every project's likely effects on the environment. Projects specifically aimed at the protection and long-term improvement of the environment may also be supported, in such areas as institutional development (including the development of human resources) at national and regional level, forestry, soil conservation, improved land and water use and in particular the reduced use of pesticides in the context of integrated crop-protection. Other relevant activities include those aimed at the efficient and environment-friendly use of natural resources (exploitation of woodlands, alternative energy sources, water control) and at improving the urban environment (e.g. the slaughterhouse and refuse-disposal projects in Yemen).

Many projects in the Nile and Red Sea region can be classed as having immediate environmental benefits. They currently account for some 11% of the aid programme and the proportion is scheduled to rise further to some 15% in 1995.

Activities are also to continue in the area of education and training, with a special focus on higher vocational and university education, particularly in the

main sectors of the aid programme; priority will be given to disadvantaged groups, including women. Study in the region remains important: training for managers and administrators in the region may be provided at educational institutions in the four countries. In the case of southern Sudan training may also be provided at institutions in other countries (e.g. Kenya and Uganda).

Cooperation between educational institutions in the Netherlands and the countries of the region remains possible within the four main sectors; it must be aimed at strengthening the region's educational and research capacity, particularly in the sectors in which the Netherlands is active. In the context of rural development and various projects great emphasis will be placed on in-service training for counterparts and on the acquisition of functional literacy and skills relevant to earning a living, improved food production, health care etc.

With regard to future research into processes of change in the countries of the region an examination will be made of the scope for establishing integrated multi-year social and economic research programmes; these will approach processes of change from the viewpoints of poverty alleviation, the protection of the environment and the advancement of women, fitting in with the main sectors of Dutch aid policy for the region and facilitating productive interactions between research, policy and implementation. Such integrated and multi-disciplinary research programmes will be drawn up and carried out in close cooperation with policy-makers and researchers in the countries concerned. It is intended that some 5% of the resources earmarked for the regional programme should go into research.

An awareness of the cultural context of development work will continue to inform the aid link with the countries of the region: the keying of project activities to local ways of life and thought is a precondition for sustainable development and the involvement of local people and use of local knowledge will be encouraged. Efforts will be made, on the basis of dialogue with local people and the government, to link projects with the processes of cultural change and to promote the latter where they correspond with Dutch priorities; examples include environmental awareness, greater knowledge of health and hygiene and the enhancement of women's autonomy. Projects aimed at strengthening the cultural identity of particular groups in the countries of the region will continue to receive funding on a limited scale.

3.1.7. Choice of aid channel

Most regular bilateral aid is channelled through the governments of recipient countries, with Dutch embassies directly responsible for identifying and supervising aid activities; in some cases however it is channelled through non-governmental or multilateral organizations, which then also do the work of identification.

NGOs can play a major part in organizing target groups and interpreting their needs and potential, thereby promoting local people's participation in their own development; this is considered vital if it is to be sustainable. They have also shown to fulfil an important function in the bottom-up creation of democratic and pluralist social structures, and for these reasons more aid is to be given through this channel. Aid through NGOs has never been given on a large scale in the Arab countries as the Dutch co-financing organizations concerned with non-governmental development activities (MFO's), have been less active here than elsewhere in Africa. The potential for funding projects through these organizations is greatest in Ethiopia, where ICCO, CEBEMO and NOVIB are active, and until the Ethiopian government's development policies take shape more clearly, NGOs are the obvious channel for activities which crucially involve direct participation by the target group. A major obstacle is the limited number of local NGOs in Ethiopia; moreover they are often mainly concerned with emergency aid. Much of the aid going to the Occupied Territories is also provided through the Dutch co-financing organizations (notably NOVIB and ICCO). In Egypt too, the scope for using the non-governmental channel has increased somewhat in recent years. In Sudan the use made of NGOs is more limited and mainly involves food and emergency aid; greater use is planned of NGOs in Sudan, since governmental channels appear increasingly unsuited to realizing Dutch policy aims, particularly in the field of poverty alleviation, and have therefore been dropped as a medium for new initiatives, at least for 1992. The problem is that the Sudanese government is unsympathetic towards many foreign NGOs and their work, even where emergency aid is involved, and puts a multitude of obstacles in their way. Alongside the aid given through the MFO's, aid funds will also be channelled through other Dutch and foreign NGOs, including Médecins sans Frontieres, CARE and the Save the Children Fund. The links which various NGOs have built up with ERA and REST (the Eritrean and Tigrayan emergency-aid services) are such that their services may well be of value during the phase of reconstruction.

The multilateral channel is used particularly for regional activities, with the Netherlands contributing towards the total costs of such programmes. The requirement is that the programmes concerned must fit into the main sectors of Dutch aid to the region. Aid may also be provided for multilateral organizations' national projects, however; this is the obvious course to be adopted in the case of Ethiopia, to enable the country to make a new start with a properly coordinated contribution from outside. Programmes may be entirely funded by the Netherlands or their costs shared, possible also with other donors. Such projects, involving UNDP, FAO, ILO, WHO, UNICEF, the EC and the World Bank, are under way in all the countries of the region; mainly they involve activities for which these organizations have the expertise needed to provide monitoring and advice. In practice the main focuses are women's employment, forestry and health care. World Bank activities generally involve large-scale sectoral programmes of social and economic development to which the Netherlands contributes along with other donors.

Finally, in Ethiopia and Yemen there is funding on a limited scale of SNV-implemented projects; SNV experts are also sometimes employed in bilateral projects. Collaboration with SNV is to be extended notably in Ethiopia, where, as a private/public organization, cooperating with both government and NGOs, it is able to play an important role. In the present phase of the development link with Ethiopia the channelling of aid to official projects through SNV will help to provide a picture of the new government's development policies in both theory and practice. At the beginning of 1991, following several years of negotiations between Ethiopia and the Netherlands, an agreement was signed covering SNV activities. Cooperation between the Directorate General for International Cooperation (DGIS) and SNV could take the form of some regionally targeted rural-development projects geared to the Netherlands' policy objectives in respect of Ethiopia.

3.1.8. Donor coordination

The Netherlands favours an ongoing policy dialogue involving the recipient country's main donors, both bilateral and multilateral, and where appropriate including the recipient country itself. The Nile and Red Sea region lacks any forum for interregional dialogue such as exists in some other regions where the Netherlands is active, however, and until recently there were no consultative groups for the region's countries under the leadership of the World Bank or UNDP-organized Round Table meetings. A Consultative Group meeting for Egypt was held in Paris in 1991, while the first such meeting for Yemen is scheduled for Geneva in 1992.

Some donor coordination takes place in all the countries of the region, however, often on an informal basis. In the case of Egypt a coordination group was set up in 1986, at the initiative of Canada and the Netherlands, which meets monthly and in which all bilateral and multilateral donors are represented; the Egyptian government also participates periodically. Sectoral consultations involving groups of donors are also organized, and the Netherlands is currently actively involved, notably in the water-supply group.

In the case of Sudan donor consultations are currently limited to emergency and food aid provided through the UN or EC. A number of donors are also active in the area of women and development and take part in regular consultations. The Development Assistance Group consultations led by the World Bank have unfortunately ceased with the withdrawal of many donors from Sudan.

In the case of Yemen donor consultations take place under UNDP chairmanship. Coordination is sectorally organized and involves various Yemeni government agencies.

Other than in respect of humanitarian aid no donor consultations are yet being held in the case of Ethiopia, though coordination is sought under the flag of the World Bank.

Finally, EC countries involved in any way in aiding the Occupied Territories take part in consultations which are held in Brussels from time to time; the UNDP office in Jerusalem has also recently begun organizing donor meetings. The Netherlands will play an active part in donor consultations and will take initiatives to that end where possible. It is believed in this connection that recipient countries should play a major part in the consultations on cooperation aimed at their social and economic development; large non-governmental aid organizations should also be able to participate in donor consultations.

3.1.9. Regional cooperation

Given the lack of cohesion of the Nile and Red Sea region and the current political situation it is not surprising that cooperation among the region's countries is on a very limited scale; moreover most of the forums which exist involve only a few countries. Ethiopia, for example, does not take part in many regional programmes for the Arab world, such as the UNDP Regional Programme for Arab States, or in cooperation under the auspices of the Arab League. The Nile states collaborate in the FAO-coordinated Monitoring, Forecasting and Simulation Project for the Nile Basin, which is introducing advanced techniques for monitoring climatic influences, notably with a view to forecasting Nile water levels; the Netherlands is helping to fund Sudan's participation.

Cooperation on agricultural and horticultural development is organized through ICARDA, whose research centre is in Syria. The Netherlands funds certain sections of the programme, such as the improvement of horticultural crops and cultivation methods in northern Sudan. In addition the Netherlands has for many years provided bilateral support for projects concerned with the production and storage of seed potatoes in Egypt, Sudan and Yemen. An examination is to be made of the possible utility of an exchange of knowledge and experience and perhaps also of cooperation. Also to be investigated is the scope for regional cooperation in integrated pest control.

IGADD, with its headquarters in Djibouti, is a fairly loose association of countries in the Horn of Africa and East Africa; a fairly young organization, it has yet to achieve much by way of results. The Netherlands intends monitoring IGADD activities, and if worthwhile openings are found for aid consideration will be given to funding from regional funds. Through IGADD or otherwise, consideration may be given to the possibility of funding cooperation between Sudan and Ethiopia in the area of forestry and watershed management.

Education offers evident openings for aid. For many years the Netherlands has funded attendance by Yemenis at universities and higher vocational schools mainly at Egyptian institutions. The Cairo-based Palestinian Institute of Nurse Education also receives Dutch funding.

Other openings clearly exist: greater use could be made of education and training possibilities in Egypt for students from Yemen and Sudan, both for formal courses and perhaps also for tailor-made training.

Another possibility which has occasionally been used, notably in Yemen, is the deployment of experts from other countries in the region, and the exchange of experts in this way will be promoted. Since no Arabic is spoken in Ethiopia (except in a part of Eritrea) the scope for exchanges is less in this case.

At regional level moves have already been made to promote coordination and cooperation in the area of water control. In November 1991, for example, the Research Institute for Groundwater organized a round-table conference in Egypt on planning for groundwater development in arid regions. Representatives from Ethiopia, Sudan and Yemen (among others) were invited to attend and given the opportunity of discussing the specific water-control issues facing them. The conference is seen as a starting point for the exchange of scientific and technical knowledge built up in the Nile and Red Sea region and elsewhere.

3.2. Themes

3.2.1. Rural development

3.2.1.a. Egypt

Egypt's agriculture and water supplies are virtually entirely dependent on the Nile; only in remote areas, such as the oases in the western desert and Sinai, is groundwater the source of supply. Egypt is seeking to derive maximum benefit from the waters of the Nile through new irrigation and drainage systems. The Aswan Dam provides water for irrigation throughout the year, allowing the land to be continuously cultivated. Fertilizers and pesticides are heavily used to prevent declining harvests. The new situation also brings growing danger of the salinization of good farmland.

Increasing yields, through improved technologies, seeds and other inputs, crop diversification or otherwise, must therefore have high priority; this will also help cut Egypt's heavy dependence on food imports, with their high cost in scarce foreign currency. The Netherlands has for some years been aiding specific areas of food production; a national seed-potato project concerned with the introduction of new varieties, improved seed production, disease control and training, a glasshouse project for horticulture in the delta, a horticultural-development project in Fayoum concerned with training and crop diversification, and the supply of certain agricultural seeds. Except for the glasshouse project, which is not to be extended, these activities will be continued over the coming period.

Improvements in supply, processing, distribution and storage are also of vital importance, and the Netherlands has been helping since the end of 1990 by funding a large grain silo in Fayoum. In the processing field aid was given in the

1980s for the rehabilitation of two dairy plants; in the coming period aid will be limited to assistance with their technical maintenance.

Average farm size is very small, two or three feddan (around one hectare). Of the seven million feddan of land available for agriculture around one million has been opened up only recently, but this process has had only limited success; between a third and half of the land prepared for cultivation is underproductive owing to poor soil quality and inefficient water use. Alongside the expensive process of creating farms in the desert, in recent years there has been increasing interest in the more efficient management and use of water in the traditional agricultural areas of the Nile valley and delta from which 95% of output comes. These areas face increasing problems of salinization and flooding or water shortages, and while the current five-year plan allocates 1.4 billion Egyptian pounds for remedial measures much more is needed if the unaccounted for rate of 50% is to be cut to no more than 25%. The maintenance, rehabilitation and conservation of existing irrigation and drainage systems, together with improved water management, require a sustained long-term effort. The intensification of agriculture and the associated increased use of fertilizer and pesticides may pose a serious threat to soil and water quality on the one hand and to crop quality on the other, and greater awareness is therefore needed of the harmful side-effects of the increased use of agricultural inputs. The need and scope for assistance in such areas as integrated crop protection, the quality of agricultural export products and low-investment agriculture will be investigated over the coming period.

In view of the poor quality of water management and the lack of the technical knowledge needed to plan and operate irrigation and drainage systems, the Netherlands, which has gained a good reputation in Egypt, is to continue providing assistance to the crucial agricultural sector in these fields. This will take the form of institutional development, training, advisory services, applied research and assistance in implementing projects in such areas as drainage construction and rehabilitation, groundwater research and development and water control. A major coordinating role here falls to the Drainage Advisory Panel, which includes noted Egyptian and Dutch experts. The Panel will make policy recommendations to Egyptian government agencies involved in researching, planning and implementing land-drainage and associated water-control schemes. Alongside continued cooperation in the area of water control, both nationally and in the target region, in the second half of 1991 a project was launched aiming at alleviating such acute problems as flooding and salinization in new farming areas and the old areas in the Nile valley which border on them. Funding is also to be provided for an environmental study investigating a.o. the possible effects of storing fresh Nile water in a delta lake during periods when water use for irrigation is at a low level. Reflecting the great importance of water-related activities in Dutch aid work, the Cairo Embassy has a sectoral specialist responsible for supervising, extending and improving the programme.

Steps will be taken further to integrate aid activities, including those relating to basic services such as health care and water supply (see sections 3.2.5.a and

3.2.6.a). This applies particularly to Fayoum, the region on which most Dutch activities in Egypt concerned with farming, water and rural development will continue to be targeted; ways may also be examined of promoting the development of small-scale animal husbandry in this region, an activity virtually entirely in the hands of women.

3.2.1.b. Sudan

So far rural development activities have not always had the form or priority they merit, and while the Sudanese government persists in favouring large-scale farming, both irrigated and rain-fed, significant progress is unlikely. A World Bank report issued in November 1990 (Towards an action plan for food security) marked a step towards a better approach which assigns a crucial role to small-scale (particularly rain-fed) farms and is aimed at helping the country regain and retain its function as a food exporter. If small farmers are assisted in the areas of property rights, extension, provision of agricultural inputs, marketing and credit, under a price regime offering real incentives (i.e. one which is not or only marginally state-controlled), then major increases in yields are possible. In addition small farmers can be expected to use more sustainable agricultural methods.

Functional literacy schemes are an essential element in this kind of approach, as are water supply, sanitation and basic health care. It is because small-scale rain-fed agriculture has not been a priority in Sudanese policy that research into production systems lags well behind what has been achieved in climatically comparable regions in West Africa. Where possible the Netherlands will promote research of this kind in Sudan.

While the goal is still remote, small farmers, which farm close to the Nile and use its water for irrigation, are being reached through the Agricultural Bank of Sudan with a programme of input supplies (fertilizer, seed, farm tools etc.) and advisory and credit services.

Aid will continue to the FAO-implemented project aimed at promoting integrated crop protection. This project has so far been mainly concerned with cotton-growing but is to be extended to the cultivation of wheat and vegetables.

Two successful agricultural projects due for completion in the near future, concern the introduction of potato-growing in the Nile valley, using locally produced seed potatoes, and the supply to poultry farmers of day-old chicks to poultry farmers; these too are now being produced in Sudan in ever-increasing numbers. The latter project will however continue to need supplies of parent stock and drugs.

After a decade of not always successful efforts it has been decided to terminate Dutch aid to the integrated KADA programme in Kassala province; its resumption will depend on Sudan's adoption of more effective rural-development

policies. Areas of activity which did prove reasonably successful within the KADA project (health care, women and development, vocational education) may however be continued if possible, using countervalue funds.

In the other target region, Darfur, work on village water supplies now in progress as part of a wide-ranging rural development programme is likely to be completed in mid-1992. A rural health project in the same region had to be abandoned as a result of Sudanese security measures following internal tribal conflicts and attacks from Chad; it may be resumed when circumstances permit.

A sectoral specialist in rural development attached to the Khartoum Embassy assists to developing rural development, identifying new activities in rural areas and monitoring the programme; he works closely with the sectoral specialist on women and development.

3.2.1.c. Yemen

Agricultural development in Yemen, centred on the improved supply and increased use of water and the introduction of modern production techniques, has brought a relatively sharp increase in farm output and productivity. Even so most people still have to rely on rain-fed agriculture, with the result that food security can be achieved only by maintaining stocks of imported foodstuffs; indeed, over 60% of the country's food needs are met from imports.

It is increasingly clear that future increases in agricultural output will depend on the more efficient use of available water resources rather than the development of new ones. In some important farming areas groundwater levels have fallen alarmingly and so far the government has lacked the capacity and political influence to restrict abstraction to a more sustainable rate. Agriculture, which accounts for 90-95% of water consumption, is expected to be the main cause of environmental degradation over the coming years. Dutch aid in this sector will focus mainly on restoring and maintaining old terraces, on more efficient water use on the basis of zonal farming systems, and on training and advisory services in the area of ecologically sound production methods. Similar goals apply to livestock farming, where research and advisory services will be geared to production within the ecosystem's carrying capacity. The link with the theme of women and development is important here, since it is women who are mainly responsible for animal husbandry in Yemen.

Regional agricultural development projects have led to an unbalanced sectoral distribution of Yemeni government funds over the northern provinces. In most regions aid goes mainly to agricultural activities, through regional agricultural development organizations, while other sectors receive only assistance through general support at national level. As yet there is no system of regional development planning on the basis of regional needs and potential. Only in Al Bayda province have the first steps been taken towards regional planning, as part of the Dutch-funded Rada Integrated Rural Development Project; this project is

proving to be the most important instrument of development in the province and as such serves as a model for all other provinces in the north. The current and final phase of the project is intended to provide sufficient information at regional level to enable regional planning after 1992.

Another drawback of the situation as it exists in the north is that the agriculture ministry remains weak, both at the centre and in the regions. The Netherlands intends, with cofinancing from the World Bank, to provide aid for the purpose of strengthening the ministry, particularly in the area of agricultural advisory services. Account will also be taken of the specific situation in the south.

In the Tihama the Netherlands is aiding, again with World Bank cofinancing, the construction, operation and maintenance of advice and information centres for agricultural development; within this project the Netherlands has successfully pressed for a more equitable distribution of surface water among farmers. Aid to the Yemeni seed-potato production centre in Dhamar is planned to end within the current policy period, providing a successful example of gradual institutional development. In the area of livestock development a poultry project is being implemented. Assistance to this sector is subject to variable results; hopefully its prospects will emerge within the current policy period.

Future Dutch aid for rural development in the south will take account both of the need for changes in the social and economic situation and of the historically rooted society that now exists.

3.2.1.d. Ethiopia

Ethiopia's structural dependence on food imports has worsened sharply in recent years, reflecting both government policies and the effects of civil war and prolonged drought. Despite heavy investment in large-scale collective farming, output has shown little or no growth. The former Ethiopian government was increasingly aware of this and announced some years ago a package of measures to encourage private enterprise, to increase agricultural output and attract foreign investment, thus meeting certain requirements for development in the medium term. Now that the principal requirement, namely the ending of the civil war, has also been met, foreign investors and the international donor community can be expected to make funds available on a larger scale.

Sustainable small-scale farming will be an important focus of Dutch policy; possibilities include assistance with training in sustainable production methods, linked with the provision of inputs such as seed, fertilizer and tools. Other determinants of agricultural output include pricing and marketing policies, patterns of land ownership, credit facilities and access to the means of production. Environmental degradation is widespread and serious, so that agricultural development must be pursued in close conjunction with improved environmental management (soil conservation, reforestation etc.).

Rural development in Ethiopia may also be promoted through continued aid for integrated programmes of local development at district level aimed at increasing output from small-scale farming. A number of specific themes - the position of women, environmental protection, health promotion - can be addressed in the same context. SNV could play an important role here, given its long experience of rural development in different parts of Ethiopia and of collaboration with various counterpart agencies (both governmental and non-governmental); the target groups identified by SNV and its desire for continued involvement in rural affairs (notably food security) are in keeping with Dutch government policy. Aid may also be given to small-scale rural-development initiatives operated by NGOs in former rebel areas.

3.2.1.e. Occupied Territories

The targeting of the Gaza Strip means that in principle it is the only region in which rural-development activities are eligible for funding.

The Gaza Strip, which measures some ten by forty kilometres, has predominantly sandy and permeable soils; rainfall ranges from 450 mm in the north to 200 mm only forty kilometres away in the south. The main local activities are citrus-growing, horticulture, animal husbandry, services, handicrafts and fishing. The local economy suffers from a lack of non-agricultural sources of income and employment in the Gaza Strip itself, inadequate facilities for exporting surplus production and in particular shortages and salinization of water. The fact that the area lacks its own administrative machinery means that economic planning is weak or non-existent, with all negative consequences this has for the local infrastructure and services such as banking and agricultural extension.

In the light of several missions' findings it has been decided to aid rural-development activities which help to:

- promote exports to the EC countries;
- adapt agricultural and horticultural production to water availability;
- promote means of livelihood outside the area of primary production.

Aid is currently going to a number of small-scale projects, operated by local and international NGOs, which are based on an integrated approach. This includes among other things agricultural research and the introduction of new crops, the distribution of food-crop and animal-feed seeds, food processing and preserving, as well as credit facilities for income-generating activities within or outside the farming sector.

In connection with exports to the EC a Palestine Trade Promotion Office is to be established within the Centre for the Promotion of Imports from Developing Countries (CBI) in Rotterdam; it will receive institutional and financial support under the Dutch aid programme.

Over the next few years the programme will be taken further along the lines set out above.

3.2.2. Environment

3.2.2.a. Egypt

Rapid population growth and urbanization are putting pressure on the environment. In particular there is a danger that the increasingly serious pollution of surface waters, groundwater and soil will do great harm to Egypt's agriculture and indeed its people.The Egyptian government has become increasingly conscious of the danger in recent years, as witness the establishment of the Egyptian Environmental Affairs Agency; the Agency is to play a major role in promoting awareness, preparing environmental legislation and assisting various agencies involved in policy preparation and implementation (such as the Ministry of Public Works and Water Resources), where environmental concerns are taking on ever growing importance.

For these reasons attention is - and in the coming years will increasingly be - focused on water and soil pollution and the adverse effects on the environment of uncontrolled water use.

The Netherlands strongly supports this policy, assisting it wherever possible, and virtually all water-related projects now have an environmental component. They include projects concerned with the reuse of drainage water, groundwater development, mechanical canal maintenance, water supply and sanitation, the control of salination, etc.

In addition an environmental profile for Fayoum has been compiled in 1991 with Dutch help; its purpose is to produce specific recommendations leading to action. Environmental education for government officials, farmers and the public at large will play an important part. A scheme for the establishment of a system of water-quality control is also in preparation and environmental experts are to be included in the new Drainage Advisory Panel. In rural-development programmes greater emphasis is to be placed on crop diversification and the cultivation of disease-resistant varieties with a view to cutting pesticide use. Biological crop-protection methods are to be investigated. At the same time the possibility to support climate-related activities will be investigated; already a study of the impact of rising sea levels on the delta region is currently being carried out.

3.2.2.b. Sudan

A large proportion of Sudan's population lives in the country's central region with its Sahel climate, where the problem of soil exhaustion and desertification is now acute (22); the environmental profile of Kassala province, compiled with Dutch assistance in 1989, provides a shocking picture of the situation.

Wood and charcoal are the main domestic fuels, and the pressure this puts on vegetation is aggravated by the fact that saplings are eaten by nomads' livestock. The first priority must therefore be the protection of existing woodlands and greater efficiency in fuel use.

The prime purpose of the aid given to the Sudanese forestry service is to improve management methods and enable rural people to use woodland resources in sustainable ways. This is the focus of the FAO's Fuelwood for Energy project, whose stress is to shift increasingly from replanting to education and more efficient patterns of use. Education is also an important element in the UNSO-implemented Gum Belt project, which applies modern notions of agro-forestry to promoting the production of gum arabic. With a view to providing an alternative to the use of wood, support will also be given to the manufacture of fuel briquets from agricultural waste, the subject of an interesting trial project which was recently completed.

Current political and economic circumstances offer little scope for action to counter soil exhaustion (see also 3.2.4.b), but immediately the situation in Sudan permits priority will be given - on the basis of experience gained in the Sahel - to promoting improvements in agricultural production systems which combine sustainable land use with increased output.

How Nile water is to be controlled and used is a nationally and internationally sensitive issue. The construction of the Jonglei canal, halted by the civil war, would have had an unpredictable impact on the Sudd marshes, a major component of southern Sudan's ecology. When the civil war ends it is therefore desirable that support be given to a multi-donor study of the matter before work is resumed.

3.2.2.c. Yemen

The Netherlands will continue to assist the process of institutional development through the Environmental Protection Council. The EPC, which at the end of 1990 was given a new status superior to the ministries, is responsible for formulating environmental law and contributing to relevant legislation. It also got the task of establishing programmes to promote environmental awareness in Yemen.

Specific activities which can be undertaken in this context include the commissioning of ecological assessments to identify vulnerable areas and the formulation of regional strategies to protect them. Environmental profiles have already been compiled for the three target regions of Dhamar, the Tihama and Al Bayda. Assistance will also be given for the decentralization to local authorities of decision-making on waste-disposal.

Ecological issues are particularly urgent in the area of water use. The uncontrolled use of pumped irrigation water, causing the water table to fall by

several metres every year, is a cause of grave concern, but the government has not yet been able to curb the practice. However, for a number of years information on the location and use of water has been gathered centrally by the General Department of Hydrogeology, which receives assistance from the Netherlands. The Netherlands will continue to urge a stronger position for the Yemeni government in this matter.

Small-scale forestry in the form of windbreaks along roads and around agricultural areas, as included in the Rada Integrated Rural Development Project, receives aid from the Netherlands. Encouragement will also be given to the introduction of clean and sustainable agricultural and manufacturing production methods; means to this end include methods for low-external-input agriculture and environmental-impact reports. Such reports are also relevant to manufacturing industry, together with the introduction of technology assessments in technical and financial feasibility studies for new investments.

3.2.2.d. Ethiopia

Ecological deterioration is one of the gravest problems facing Ethiopia. Deforestation, soil exhaustion and erosion, coupled with long periods of drought, are taking a growing toll and form a great obstacle to any increase in output of the area under cultivation. Structural aid is desirable, for example through UN programmes and rural-development projects implemented by NGOs. Under the co-financing programme with Dutch private organizations (MFO's) activities in such areas as food-crop cultivation, livestock farming, irrigation and reforestation have already been funded, and use can be made of the knowledge and experience built up in this way. Assistance may be given to new projects concerned with forestry and land-use planning for sustainable land use, which is currently being formulated by FAO and UNSO; the Netherlands has previously been involved through SNV in a programme for the opening-up and reforestation of a badly degraded region in Wollo. At the start of the 1980s the deteriorating security situation caused activities to be wound down, but as soon as the opportunity arises an evaluation will be made of the programme's effectiveness and sustainability in order to decide on resuming aid to this region and/or providing aid in this sector to other parts of the country.

3.2.3. **Women and development**

3.2.3.a. Egypt

The theme of women and development is emerging with growing clarity within the programme of cooperation with Egypt; and given the country's religious and cultural climate a specific focus on the female section of the population is certainly highly desirable. With a view to giving more concrete shape within the programme to Dutch policy, with its aim of enhancing women's autonomy, a sectoral specialist in this area is currently being sought for work at the Cairo

Embassy; in addition to the responsibility for policy formulation the expert will have the task of compiling a database and building up networks. The programme as a whole is also to be systematically examined in the light of the DAC/WID criteria.

Recent years have brought useful progress in making women in development (WID) an integral element in the cooperation programme. Some activities are aimed solely at improving the position and welfare of women while others include WID aspects; they are mainly concentrated in the bilateral-aid sectors of health care, water supply and sanitation and in credit programmes geared to income-generation for women. Funding is also given to three multi-bi projects (through UNICEF, FAO and ILO) aimed at raising women's incomes. The largest sector of the bilateral programme is concerned with water control, irrigation and drainage, and is geared mainly to institutional development at national level. Ways need to be considered of ensuring that the theme of women in development is given due attention in this sector.

It has proved possible on several occasions to obtain good local expertise for use in project formulation and evaluation and the compilation of a report on the impact of activities on women.

3.2.3.b. Sudan

Sudan's cultural diversity makes it impossible to generalize regarding the position of women: women have much greater freedom of movement in Darfur than in the north-east, for example, while the position in the south is different again. What is clear is that the Sudanese government takes an Islamic-traditionalist view of the role of women, even though the presence of many highly qualified women in administration and the professions means that it could not easily dispense with their services.

One of the themes of Dutch aid is therefore education and training for women professionals coupled with action to enable them to make full use of their knowledge and experience. On the latter point an obvious approach is the initiation and supervision of projects which enable women who lack an income to acquire an economic base for themselves.

While every effort is of course made to ensure that women gain maximum benefit from projects which are not gender-specific, it must be recognized that in much of Sudan the likelihood of success is limited. Potential women's projects are therefore urgently being sought, and the Netherlands is involved for example in implementing various small-scale agricultural projects in Darfur and Blue Nile province run by women's cooperatives. These projects employ almost entirely women, mainly poorer women who in their absence would probably lead a highly marginal existence. Experience with these projects, certainly in view of the circumstances prevailing in Sudan, has been moderately positive.

Aid has also for many years been given to the Ahfad University for Women, Sudan's only educational institution to cater solely for women students and to champion female equality. The cut in aid to the country notwithstanding, there will be no reduction in the emphasis given to the theme of women in development within the Sudan programme. Many of the activities concerned can be funded through multilateral and non-governmental organizations.

3.2.3.c. Yemen

A survey carried out at the end of 1990 found that some 15% of all Dutch aid to Yemen went to projects meeting the DAC/WID criteria. Consultation with local women on project design has proved particularly difficult. Increasing the proportion to 50% by 1998 will require an annual increase of not less than 4-5%. In order to promote consultation with local women, Yemeni women experts are increasingly to be involved in advising on projects and a method is to be developed for ensuring an input from women at the grass roots level in all project phases. At the start of 1991 a project was launched, aimed specifically at women, which seeks to strengthen the Yemen Women's Associations. Furthermore a databank has been set up at the Embassy to maintain information on local women experts.

High priority will be given within the bilateral programme to helping the autonomous women's movement, including both local women's organizations and national bodies such as the National Women's Union and the High Committee for Women. The main need seems likely to be for material support and training. WID courses are to be organized in Yemen for the High Committee for Women. If desired the assistance given for women at national level can also include advice on legislation (notably family law).

Expertise on women in development will be promoted at field and policy level and ways are being sought of helping the University of Sana'a to establish courses of women's studies (including gender planning). Where possible use will be made of knowledge gained in Sudan and Egypt, which in this respect are ahead of Yemen.

Active steps will be taken to identify educational projects, notably in the area of vocational and adult education. Participation by Yemeni women in assorted types of education and training, in and outside the region, will be encouraged e.g. through publicity for the courses currently available. Where possible new projects will be identified in areas directly relevant to women's interests, namely agriculture, small-scale livestock farming, water supply, refuse disposal and primary health care, including improved nutrition. To fill gaps in our information on the position of women in Yemen policy-related research will be funded or initiated in such areas as employment, the role of women in farming, and women's problems and needs with regard to health care and family planning. Where possible the Netherlands will cooperate with multilateral organizations on matters concerning women in development, while the Embassy's role in donor

coordination in this area (hitherto mainly in relation to agriculture) will be continued and if possible expanded. The Embassy is assisted by a WID specialist.

3.2.3.d. Ethiopia

The charter for the transitional period, which serves as the country's temporary constitution, lays down that Ethiopian society shall be guided by the Universal Declaration of Human Rights, implying that in principle men and women are to be equal before the law. Under President Mengistu too the equality of men and women was anchored in the constitution.

In reality, however, sexual equality does not exist in Ethiopia. Even despite a period of marxist rule this is still a feudal and patriarchal society in which women are subordinate. Nevertheless the position of women varies widely as between different ethnic groups and social classes. The civil war has enabled some women in the liberation movements to acquire greater autonomy, but this is the exception rather than the rule.

90% of Ethiopia's female population live in rural areas, where they are the backbone of peasant farming. Women fetch water, gather fuel and perform every conceivable kind of agricultural labour: they weed, spread manure, harvest, store and process crops and look after all types of livestock other than draught animals. Where agriculture has been mechanized, however, only those tasks performed by men have benefited, with the result that the feminization of poverty is clearly visible in rural areas. The heavy burden borne by Ethiopian women on the land is not eased by the country's very high fertility rate (an average of 6-7 pregnancies per woman); at twenty per thousand maternal mortality in Ethiopia is among the highest in the world.

A policy aimed at strengthening small-scale agriculture must therefore be geared in large measure to improving the position of women. The point of contact for activities aimed at women is the Department of Women and Development within the Ministry of Labour and Social Affairs, with which SNV has reached an agreement on a WID study which can serve as a basis for formulating sectoral policy in this area. Steps will also be taken in the funding of activities in Ethiopia to ensure that due attention is focused on women's autonomy.

3.2.3.e. Occupied Territories

The position of Palestinian women in the Occupied Territories varies with their social, economic, religious and cultural background and with their status as either native residents or refugees in UNRWA camps.

While Palestinian women are relatively highly organized, the various organizations in which they have come together are mainly concerned with Palestinian political aspirations; the advancement or development of women as

such is not their purpose. Women's autonomy is thus subordinated to national political autonomy.

At the end of the 1970s various women's committees were established, linked to the four main political and ideological groupings of the period; they are made up of and aimed at women in rural areas and in the camps. While the committees' work is mainly geared to party-political ideals and interests they do provide such facilities as medical services, literacy courses and nurseries and campaign for such goals as equal pay for equal work and maternity leave for working women. They have however been weakened by developments since the outbreak of the intifada.

In the Occupied Territories women have a pivotal role in family life and the family was the Palestinian institution which best withstood the disruption of occupation. This position has been threatened during the intifada, however, as parents have tended to lose control of their children's actions on the one hand and have been unable to provide a safe and protective environment - a result of raids, house searches and arrests - on the other. This has led to considerable tensions.

Health care is of vital importance to women, who have thus been hit particularly hard by the inadequacy of medical services. The problem has become even more acute owing to the collapse, since the Gulf crisis, in Arab aid and remittances from the Gulf, which were used among other things to fund health care.

The educational position too has deteriorated in recent years; even where schools are open, girls tend to be kept more at home when unrest occurs, so that even more gaps are left in their basic education. Moreover those parents who can afford it usually send their sons rather than their daughters to study abroad. The development of higher education in the Occupied Territories is therefore of particular significance for girls.

Most women who work outside the home are driven to do so by economic necessity. The few village women who take paid jobs generally perform unskilled work (on the West Bank notably in clothing manufacture) while urban women are more likely to work as teachers or sometimes nurses or secretaries. The depressed state of the local economy makes it even more difficult for women to set and achieve their priorities; on the one hand there is a greater need for extra income, on the other job opportunities are fewer and the influence of fundamentalist movements (including Hamas) is tending to push women into their traditional domestic and caring role. This too can generate dilemmas and tensions.

Improving the position of Palestinian women will remain an important focus of the aid programme for the Occupied Territories; specific activities will be identified (in the areas of education, rural development and water supply and sanitation) in consultation and collaboration with the MFO's and the sectoral specialist on women and development in Cairo (who is also being appointed for

the Occupied Territories). In addition a briefing paper is to be drawn up concerning women in the Gaza Strip.

3.2.4. Urban poverty alleviation

3.2.4.a. Egypt

In the field of public services the Egyptian government gives high priority to extending water-supply and sanitation system and to maintaining and upgrading existing infrastructure, an area in which the Netherlands has been involved by funding several projects. Since 1987 the Alexandria Water General Authority has received Dutch help in the form of programme-aid deliveries; for Cairo funding has been provided for a treatment plant. Cooperation in this area is to be continued, inter alia in the form of technical assistance for operation and maintenance.

Ways are to be considered over the next four years of extending support for activities aimed at structural improvements in the living standards of city-dwellers, both employed and unemployed. Women tend to play an important organizational role in local communities and shanty towns and it is particularly on them that attention will initially be focused. Micro-level research will be required to obtain a clearer picture of the needs and relationships which exist in such districts.

The Netherlands endorses the Egyptian government's policy of enhancing the effectiveness of anti-poverty schemes by incorporating them into macroeconomic programmes which promote the growth of the disposable income of the poor. A A contribution will therefore be given to the Social Fund, set up with World Bank assistance, which is scheduled to become operational in 1991. The Fund's main focuses are labour-intensive employment programmes, the development of small businesses and credit facilities for the less well-off; its target groups are those hardest hit by the country's programme of economic adjustment, those dependent on social assistance and Egyptians and their families returning from the Gulf area. It is estimated that a total of 300,000 families, especially in the towns, need to be reached by the Fund; special targeting mechanisms are to be incorporated to ensure that the aid goes to those in greatest need.

3.2.4.b. Sudan

The frighteningly rapid rate of urbanization in Sudan (4) is due to the influx of displaced persons from the south and drought victims following the crises of 1985 and 1991. These people end up in "unplanned areas" lacking the most basic services. While reliable statistics are lacking - unsurprisingly, given the highly unstable situation - it can be assumed that the numbers involved are at least two million in the neighbourhood of Khartoum and perhaps one million around other towns.

The official figures are much lower, as the Sudanese government regards the presence, notably of the displaced southerners, as highly undesirable, and in the Khartoum area in particular any attempt to improve the living conditions of these poorest of the urban poor tends to be seen as an incentive for them to stay and is for that reason rejected. The Netherlands will nevertheless continue to help the displaced. This is made all the more desirable by the fact that they are a very suitable target group through which effect can be given to the policy of dividing aid proportionately between the Sudanese of north and south. Moreover in 70% of cases the families concerned are fatherless and are therefore also a suitable target group from the viewpoint of assistance to women.

Circumstances are such that the first requirement is of course for emergency aid, particularly basic nutrition and health care, through locally active NGOs; other urgent needs relate to education, water supply and sanitation. Shelter often presents an insoluble problem; as long as the government rejects any semi-permanent housing it is virtually impossible for anyone to acquire sufficient rights over a piece of land to have the confidence to build a home. Employment promotion, through the development of women's cooperatives, skills training and support for small-scale manufacturing, also fits into the programme and will be assisted where possible. Given the circumstances, however, it will seldom be possible to combine all the elements of a neighbourhood improvement programme into an integrated activity.

3.2.4.c. Yemen

As was noted earlier, the rural-urban exodus is greatest in the north, where, however, three quarters of the population still live in the the countryside; Sana'a in particular is growing rapidly, apparently by around 10% a year (35). In the south, where some 40% live in Aden and smaller urban centres, urban populations are growing a few percentage points faster than the population as a whole. The return of over 750,000 migrant workers and their families, if it proves permanent, will accelerate urban growth in the future; in the first instance the government has generally tried to send them on to their villages, but at the start of 1991 some 25% were living in or around the large towns of Sana'a, Aden, Taiz and Hodeidah. Large shanty towns have grown up around Hodeidah, where there are also several reception camps; the total number of people concerned exceeds 100,000. In late 1991 a needs assessment was organized in Hodeidah with a view to identifying openings for Dutch aid.

Dutch involvement in the relief of urban poverty in Yemen has mainly been through assistance to public services aimed at the whole population of towns like Sana'a, Hodeidah, Taiz, Dhamar and Rada; assistance has been given with the development and operation of refuse-collection services, slaughterhouses and water and sanitation systems, and at present aid is being channelled into health care for the people of Rada. An exception to this general policy is the medical aid supplied to two shanty areas in the town of Hodeidah.

Ways are to be considered of helping the urban poor in specific towns where the position is clearly urgent. Where a serious worsening of the situation can be foreseen, for example, assistance could be given with the formulation of relevant policies; the situation in Aden is to be examined with this in view. Aid will also be provided for the migrants mentioned above in the areas of housing, health care and education; it will be channelled to the urban areas where the settlement pattern justifies this.

3.2.4.d. Ethiopia

Ethiopia's urban population grew by an annual average of 4.8% over the period 1960-90 and is forecast to continue growing at 6% per year between 1990 and 2000. At present 13% of the total population live in towns and cities; by the end of the century the proportion will be 17%.

Between 1965 and 1980, 45% of urban population growth was due to migration; the figure for 1980-87 is 48%. It is likely that the trek to the cities which marked recent years was due in part to the civil war, which made large parts of the country unsafe.

In 1980 Addis Ababa's estimated 1.2 million inhabitants made up 37% of Ethiopia's total urban population; 79% of them lived in slums. There is no reason to suppose that the position has improved since, and indeed the numbers living in shanty towns are proportionately among the highest in the world. The population of the capital has now risen to 1.8 million. As a result of the growing number of women heads of household women made up 56% of the city's population by 1984. It is estimated that 65% of households are on or below the poverty line. Water supply is reasonable but only 60% of the population have access to decent sanitation. No more than half of the refuse generated daily in Addis Ababa is collected; the rest is dumped on unused land and in drainage channels, creating highly insanitary conditions.

The data available on urban poverty in Ethiopia in fact relate only to the capital; little or no differentiated information is available on the situation in other towns.

Dutch aid for the relief of poverty in Ethiopia will be aimed in the first instance at supporting rehabilitation programmes for shanty towns and employment creation for their residents. A particular focus is needed on improving the position of women heads of household.

3.2.5. **Health care and population**

3.2.5.a. Egypt

The 1980s brought little if any improvement in public health care. A particular problem is the social and economic context, which is seen as a demoralizing

factor. The relatively low salaries which the government pays in this sector have an adverse effect on quality of service; this is because a parallel private sector has grown up in health care, as in education, where government employees sell their services to supplement their income. Not only can the poorest groups not afford to use this private, cure-oriented service, its very existence lowers the standard of care that the professionals concerned can provide in their official jobs. The result is that, set against the available infrastructure and manpower, health standards in Egypt are relatively poor.

Under the Netherlands' programme of cooperation with Egypt aid is given to rural public health care, including mother and child care, in the governorate of Damietta; there is a particular emphasis on improving preventive care. In the course of the project's current and final phase consideration will be given to the scope for new and similar primary-care activities. The sectoral specialist on health care to be appointed for the Nile and Red Sea region will need to carefully look into this matter.

Egypt recognized the existence of a population problem at an early stage; a National Commission for Population was set up as early as 1953, and also today officially the control of population growth remains a high priority of government policy. There is little sign of a slow-down, however, despite the fact that contraceptive use grew in the 1980s from 24% of married women in 1980 to 38% in 1988. The proportion is much higher in urban (52%) than in rural (24%) areas, and while birth-control techniques are widely known, their use and understanding of their effects remain at a low level; e.g. the fear of side-effects has been shown to be a major deterrent. A variety of reasons can be advanced for the meagre success of Egyptian population policy, ranging from the policy-level and institutional to the social, economic, cultural and religious. Studies have however found that women generally have more children than they want (12).

As part of the bilateral programme the preparation is now under way of a project concerned with family planning and primary health care in the Dutch target region of Fayoum.

3.2.5.b. Sudan

Judging by the statistics, progress has been made in the Sudanese health system which was well-organized after independence; between 1960 and 1990 average life expectancy at birth rose from 39 to 52 and child mortality fell from 293 to 175 per thousand. The figures are misleading, however, since they take no account of the situation in the south or of the displaced southerners; nor do they show the lack of the most elementary medical facilities and drugs now facing many health services, or the demoralized state of medical staff. Above all, the data do not bring out the difference between the towns (90% access to health facilities, 60% to safe water supplies) and the countryside (where the corresponding figures are 40% and 10% respectively) (4).

Dutch aid in the health field is currently limited to support for a training centre (evacuated to Wad Medani) for south Sudanese health workers, emergency aid for displaced persons (through NGOs) and the WHO emergency drugs programme. The support scheme for the Central Medical Stores, established with Dutch aid, is virtually complete.

New health-related activities will mainly be incorporated into programmes for integrated rural development or for urban poverty alleviation. While some limited practical support can also be given to basic family-planning activities in this way, the Sudanese government's priorities preclude large-scale efforts in this area. Yet for an African country, particularly one with a strong Islamic tradition, a relatively large number of women are open to the idea of birth-control (Demographic and Health Survey, Aug. 1990).

3.2.5.c. Yemen

Health care is to remain one of the main sectors in the programme of cooperation with Yemen, a choice justified by the country's needs and the necessity of sustained action in this area.

At the start of the development link with Yemen aid also went into expanding hospital capacity; currently, however, it mainly comprises funding for primary-care projects, the main aim of which is to extend health services to areas and groups not yet (or not yet adequately) reached in the target regions of Dhamar, Al Bayda and the Tihama.

A key activity is training for health workers, with particular emphasis on women as a target group. Training also extends to administrative workers within official counterpart structures with a view to developing institutional capacity. The Yemeni government's policy of decentralization both necessitates such institutional development and creates opportunities for intra- and inter-sectoral cooperation at governorate level. An integrated approach is needed to health, and it is on the basis of such an approach that projects must respond to development opportunities.

A structural difficulty affecting primary-care health projects in Yemen is that people tend to by-pass the primary sector and seek immediate hospital treatment. Higher standards of primary care are the obvious way of remedying the situation, and to this end the training and supervision of primary health workers and midwives will be intensified where possible. Health education has a vital and continuing part to play; specific efforts are needed in the area of nutrition, given the large numbers of undernourished children and the high infant-mortality rate. Arrangements for the supply of drugs and appliances and the quality and staff of medical facilities need improving.

New funding options are available in this area now that the Yemeni government has made provision for cost-recovery systems; these options will be examined and exploited as soon as possible, in the framework of among other things the essential drugs programme funded by the Netherlands and operated by the WHO.

With a view to underpinning Dutch policy a further study is to be made of health and health care in Yemen; depending on its outcome aid in the health sector may be extended to education and research.

It is planned that in southern Yemen too health care should be an important focus of Dutch aid; specific openings are to be identified.

In the area of population policy the Netherlands is to continue assisting the Population Studies and Research Centre of the Yemeni Ministry of Planning and Development in its work of analysing demographic trends. Help may also be given with the translation into an action programme of the recommendations of the national population conference held in October 1991 and with the implementation of that programme. In addition, family planning is an aspect of the mother-and-child care provided as part of Dutch-aided health programmes. Given the very high rate of population growth and the Yemeni government's growing concern at the problem, research will be conducted into the possibilities for increasing support for family-planning activities, within the widening limits set by the local culture.

Reflecting the important position of health care in the programme of cooperation with Yemen the regional sectoral specialist in health care will be attached to the Embassy in Sana'a.

3.2.5.d. Ethiopia

The Human Development Report 1991 shows Ethiopia to be the country with the smallest proportion of doctors, namely one to every 60,000 people; only 46% of the population have access to institutional health care.

Even though average life expectancy at birth rose from 33 to 45 years between 1950 and 1989 and child mortality fell from 190 to 133 per thousand live births over the same period, Ethiopia still has one of the highest rates of child mortality in the world (with only six countries having a higher rate): over half a million children aged under five die every year. Only 25% of children are immunized against the main infantile diseases (the immunization rate for tuberculosis is slightly higher at 44%); 38% are malnourished. Malaria, schistosomiasis and goitre are widespread and leprosy is not uncommon.

Ethiopia's population is growing at the rapid rate of 3% a year. Only 2% of Ethiopian women use birth-control, only 14% of births are attended by health staff, and at 20 per thousand the maternal mortality rate is among the highest in the world.

Far greater efforts therefore need to be directed towards family planning in the context of primary health care.

In view of Ethiopia's exceptionally low health standards the bilateral cooperation programme is to include assistance with health care; the details have yet to be determined, and the regional sectoral expert on health care (to be attached to the Sana'a Embassy) will be closely involved in this process. One possibility is support for primary health care in rural areas in conjunction with other activities in certain parts of the country; funding will also be given to the work of NGOs in this area. Openings for health promotion are also to be sought in environmental-improvement programmes for urban slum areas.

Assistance may also be given to population programmes; cooperation will be sought in this connection with UNFPA and NGOs.

3.2.6. Water supply and sanitation

3.2.6.a. Egypt

While much of the population, particularly in the cities, has access to safe water supplies (see 2.4.1.c), the financial difficulties of the last decade have meant insufficient resources for essential extension and improvement schemes. The system of subsidies on basics, introduced after independence, makes drinking water very cheap or even free, exacerbating an already serious funding problem, which combined with inadequate training and low pay make for poor-quality service levels. Only the larger towns and cities have sewer and sewage-treatment systems; smaller low towns and villages are seriously disadvantaged in this respect, a problem made all the worse by the existence of facilities which generate waste water.

The Netherlands development cooperation programme is aimed at both national and regional level. At national level assistance will be given to institutional development, notably through the establishment of training facilities, the expansion of research capacity and the demonstration of sewage-treatment technologies. An important issue is the relationship between water control and the development of plans for water treatment; these two areas of activity, for which different ministries are responsible, require careful coordination. The Netherlands is to assist this process through a project to chart surface-water quality as a preliminary to clean-up schemes.

At the end of 1990 a major project was started in the target region of Fayoum with the aim of improving drinking water supply and sanitation in the governorate. The Netherlands' contribution will consist in the first instance of technical assistance with training and institutional planning, rehabilitation of part of the supply network and the establishment of a new sanitation test system. The planning of certain activities is to be linked with sociological research within individual households focusing particularly on women's views and needs. From

the viewpoint of the control of water quality alone this project fits in well with activities relating to water control for agricultural purposes (3.2.1.a).

In the past a considerable volume of programme aid has gone to the Alexandria Water General Authority (AWGA); depending on the outcome of an evaluation carried out in late 1991 the aid programme to AWGA is being reviewed. Given the reasonably strong institutional capacity of AWGA and the aid given by other donors the need for Dutch aid in this area will be limited.

3.2.6.b. Sudan

In the past commodity aid has gone to the National Urban Water Corporation. In future, however, funding will be provided only through non-governmental or multilateral channels and only for activities targeting specific groups. Consideration will also be given to continuing aid for urban water-supply services notably in Nyala (Darfur); these benefit mainly marginal neighbourhoods inhabited in part by displaced persons. Similar projects elsewhere may also be aided in the context of the urban poverty alleviation.

Institutional aid is still being provided in connection with the newly autonomous management of the Nyala water-supply company and with the operation of the Rural Water Corporation's databank, itself established with Dutch assistance. Where possible, however, the emphasis will be on water supply and sanitation in the context of rural development (see also 3.2.1.b), including not only the physical infrastructure (wells, bore-holes) but also health education (with a special focus on women).

3.2.6.c. Yemen

Rapidly falling groundwater levels, the result of excessive abstraction for farming purposes in the area around Sana'a, coupled with rapid population growth, are jeopardizing the capital's water supplies. Dutch aid is to be expanded with a view to providing the Yemeni government with information on alternative supplies of drinking water.

In many villages in the provinces of Dhamar and Al Bayda safe water supplies are being established with help from local people. Known needs in these provinces justify expanded aid in this sector. Water-supply activities include education campaigns, mainly for women, in the hygienic use of water; these are relevant to preventive health care. The active involvement of local people ensures that project results are sustainable and reduces government interference. In these provinces too groundwater reserves are limited and levels falling; attention will therefore need to be focused on improved groundwater management and the development of alternative methods of water collection (e.g. "water gardening") and increased rainwater infiltration.

As part of Dutch aid to the provincial town of Rada both the water-supply and the sewage-treatment schemes will be completed in the coming years. Alternative ways of reusing the water are still under examination.

3.2.6.d. Ethiopia

Some 80% of Ethiopia's urban population has access to safe drinking water, but since the figure for rural areas is just 6% and 90% of the total population lives in the countryside this means that around 38 million people depend on traditional, unprotected water sources, often at a considerable distance from their homes. Proper sanitation is even rarer; only Addis Ababa and Asmara have sewer systems, and these are incomplete.

Aid in this sector may be considered in future, particularly in conjunction with other programmes.

3.2.6.e. Occupied Territories

The Occupied Territories face extremely serious water problems and funds are therefore to be earmarked within the Dutch aid programme for a small number of water-related schemes, notably in the Gaza Strip. The modest size of the annual budget for the Occupied Territories means that the investments involved can only be small; cooperation with UNRWA, UNDP, the EC and other donors is possible.

A number of possible activities have been identified on the basis of the water study mentioned earlier (see 2.4.5.b); they include a scheme for the collection of rainwater for drinking purposes and technical assistance with the collection, removal and treatment of sewage in refugee camps.

3.2.7. **Education**

3.2.7.a. Egypt

Compared with other Islamic countries Egypt has a relatively well developed education system, albeit standards vary. Primary enrolment is high, even among girls, while participation rates at secondary level are among the highest in the developing world.

Since the Netherlands is not a major donor in Egypt, Dutch aid is not geared to separate educational projects; instead training and research elements are incorporated into concrete activities wherever this is worth-while. Particular emphasis will be placed on strengthening practical, administrative and technical training through in-service training with priority being given to institutional development. Assistance to public, semi-public and educational institutions will

be considered, provided it is in the context of concrete activities; areas of particular interest are agriculture, water control, irrigation and drainage, as well as health care.

Egyptian higher education has a good reputation, albeit courses have a strongly theoretical orientation. Egypt does not seek donor support in this area, and the Netherlands will therefore not develop any activities (with the possible exception of the in-service training just mentioned, which can of course be provided within universities). Vocational training, however, will receive attention, in the context of concrete projects, since in general its quality leaves something to be desired. In adult education more assistance than in the past will be given to programmes of public education relating to health care, population planning and water supply, which need to be focused mainly on women. Information and training activities will also form part of rural-development programmes.

While Egypt's research capacity is well developed in many fields, it seems to lack sufficient practical application. Where activities relating to salinization, sewage treatment, horticulture and water control are initiated or continued, great emphasis will be placed on applied field research.

Cooperation in education and research is currently in progress under the cultural agreement with Egypt and a Memorandum of Understanding has been drawn up relating to science and technology. Should points of contact be found with the programme of development cooperation steps will be taken to coordinate activities with the ministries concerned.

3.2.7.b. Sudan

Sudanese education has shared in the country's collapse. Recent years have seen an ongoing fall in the number of Sudanese passing the English-language test, a requirement for study abroad (including in the Netherlands). Enterprising academics with a value on international markets have left the country in large numbers and those of liberal views are sometimes threatened with dismissal, with adverse effects on the quality of Sudanese education and training. Dutch aid is targeted on disadvantaged groups and women, e.g. through study in the region. Assistance to the Ahfad University for Women, mentioned earlier, and to institutions of higher vocational education catering for women, with which valuable links have been developed, is to be continued. Another focus of attention is elementary education for displaced southerners.

3.2.7.c. Yemen

Dutch aid to Yemen in the area of formal education is relatively limited. One important activity is the Training in the Region project under which grants are provided to enable middle- and higher-ranking civil servants to undertake specialist studies elsewhere in the Arab world; another is the link established in

1990 between Sana'a University and the International Institute for Hydraulic and Environmental Engineering in Delft for the training of hydrologists and sanitary engineers.

Dutch involvement in non-formal education has also been limited so far. The main activity is the support given to the Yemen Women's Associations, which offer "second chance" education to women, while certain other projects, notably in the area of health care, include literacy courses.

In the next four years education is to be given greater emphasis in the programme of cooperation with Yemen. The vital importance of education to Yemeni society, with its great shortage of trained workers and administrators inside and outside the government, is clear; moreover the position has deteriorated sharply since the Gulf crisis, owing to the withdrawal of financial aid by Saudi Arabia and Kuwait and the return of many Yemenis from those countries. The government gives high priority to developing the country's autonomous educational capacity, particularly through the training of Yemeni teachers. The Netherlands intends to make a study of the situation that has developed since the Gulf crisis with a view to determining needs.

In principle aid will be available to educational institutions, working in sectors with which the Netherlands is concerned; support for the development of research capacity and consultancy services will also be considered. Given the urgency of the situation assistance may also be provided to help improve teacher training and further improve management of education within the government. At the same time programme aid may be provided for the purchase of schooling materials. Finally, aid may be given with the restructuring of Yemeni education following the country's unification; one activity already planned is the establishment within the University of Sana'a of a department concerned with women in development.

3.2.7.d. Occupied Territories

Palestinians in the Occupied Territories can make only limited use of local educational facilities at primary, secondary and higher level and local institutions of vocational training. Since the start of the intifada all types of institutions, whether run by the state, UNRWA or non-governmental organizations, have regularly suffered closure; higher education has been hit especially hard, in that the six universities (five on the West Bank and one in the Gaza Strip), which were often closed by the Israeli authorities before the intifada, remained permanently closed from late 1987 until recently. Students from the closed universities attend lectures under home education programmes.

The situation is all the more serious in that, at least in the Occupied Territories, it represents the erosion of a traditional Palestinian asset, namely a high level of education among a relatively large section of the population.

Ways are to be studied of aiding higher education for Palestinians in the Occupied Territories, notably in the areas of agriculture and water.

Vocational education is a particular focus for Dutch aid. Practical courses are currently under implementation (computer studies) or preparation (small-scale agro-industrial processing), whereas also NGO-run vocational courses are supported. Under the programme of direct support for training institutions a financial contribution is given to the Palestinian Institute of Nurse Education in Cairo.

In view of the educational gap between the sexes, particular efforts will be made to support formal and non-formal educational activities for women.

3.2.8. Infrastructure and industrialization

3.2.8.a. Egypt

In the past little Dutch aid has been provided for the improvement of the physical infrastructure and in the future only limited technical assistance will be given in this sector. Technical assistance in the areas of agriculture and irrigation/ drainage will be accompanied by some deliveries of related inputs and materials. Possible support to inland shipping relates only to technical assistance.

The creation of employment, generation of incomes, promotion of sustainable economic development and strengthening of the economic base of the poorest sections of society will remain the core goals of policy on the development of small-scale industry. The purpose of this policy, like that relating to integrated rural development, is to enhance self-reliance at micro-level. The growing emphasis on privatization brings scope for action by and through sectors other than government (sectoral organizations, banks etc.), and the development of small-scale manufacturing therefore needs to be promoted in Egypt through private investments. However, the government needs to create conditions which extend the hitherto limited room for manoeuvre of small and medium-sized businesses.

No significant aid will be given to this sector under the regular programme. With one exception (a metal industry project), scheduled for completion in the near future, no projects have been funded in this sector in the last four years. Help through other channels - the Centre for the Promotion of Imports from Developing Countries (CBI), the Finance Company for Developing Countries (FMO) - is the more obvious choice, and the FMO in particular hopes that the shift in Egyptian government policy will allow it to participate in some projects in the coming period.

Finally, in the light of the agreement reached with the IMF and the debt settlement agreed in the Club of Paris, Egypt can expect to regain access to the Development-Related Export Transactions (ORET) programme of the Netherlands.

3.2.8.b. Sudan

In the past the Netherlands has given Sudan large-scale aid for infrastructural development, notably in the areas of transport, energy supplies and telecommunications. Some of these projects have been the victim of (or have had their effectiveness threatened by) civil war and economic collapse. As far as can be ascertained little is left of the investments made in the south; in the north, in contrast, the two roads (Nyala to El Fasher and El Obeid to Debeibat) are still in use, partly because the Netherlands has assisted the Road Maintenance Unit on a semi-permanent basis, thereby ensuring that the investments continue to produce a return. The multi-donor recovery programme for Sudan Railways, in which the Netherlands is a modest participant, is making very slow progress owing to political, economic and bureaucratic problems in Sudan on the one hand and the withdrawal of two donors on the other. The Dutch-funded power stations in El Obeid, Kassala and Khasma el Girba are working well, reflecting the fact that the Netherlands, unlike other donors, has been willing to continue supplying parts and advice in connection with major servicing. The help given with various sections of the Roseires reservoir complex has also generated high returns with limited inputs of technical assistance and parts. The aid given to Sudan Posts and Telecommunications, comprising surplus equipment granted by the Dutch PTT, is proving effective, however, subject to the limitations of weak management. Once existing commitments have been honoured this sector will not form part of future cooperation programmes.

Shortages of foreign exchange and economic decline are among the reasons why the Sudanese industry is currently operating far below capacity. In the case of government undertakings the decline is less striking, but only because weak management and rapid and often politically motivated personnel changes had already resulted earlier in stagnation (as the experience of the Kenana sugar complex showed). For these reasons the Finance Company for Developing Countries (FMO) withdrew from Sudan some time ago. The results of the evaluation of the recently completed Khartoum Central Foundry were also not hopeful; even though technically suitable equipment has been installed and its products are essential to Sudan and not obtainable otherwise, the foundry seems unlikely to come anywhere near meeting expectations. The obvious conclusion is that pending substantial changes in Sudanese economic policy such large-scale investments do not represent an appropriate use of aid funds.

The best way of creating employment is probably through support for small-scale manufacturing, targeted notably on the urban poor. As was noted under 3.2.4.b, however, the scope for concrete action will remain limited unless and until the Sudanese government adopts this as a priority.

3.2.8.c. Yemen

In the framework of rural development the Netherlands has provided aid for the construction of physical infrastructure including water-supply systems, rural roads, agricultural extension centres and health clinics. Aid of this kind will be continued on a limited scale.

While no new industrial policy has been formulated since unification a new Investment Law is now in preparation, as is the legislation needed for a free-trade zone around Aden. Certain industries in the south may eventually be privatized.

The Netherlands has provided some aid in this area, notably with the compilation, processing and analysis of databases concerned with oil and gas reserves. Funding is currently being provided for the updating, in coordination with the World Bank, of the Gas Utilization Study, on the basis of which alternatives are to be examined for industrial gas use throughout Yemen. The Netherlands is also willing to assist with the construction of an LPG bottle factory, cofunded by Germany, with a view to curbing the large-scale use of wood as a domestic fuel.

Since 1990 the Netherlands has been funding the FMO-implemented Small Enterprise Development Unit (SEDU) project, which provides credit facilities for small firms on local market terms. Many returning migrant workers are potential SEDU clients, and women too have access to this source of small-scale finance. The Netherlands continues to press for the introduction of a positive market interest rate to enhance the macroeconomic efficiency of such loans. Any future increase in Dutch aid will depend on the kind of industrial policies adopted in Yemen. Since industrial development is not one of the priorities of the Dutch aid programme for the Nile and Red Sea region only limited support will be available to Yemen in this area.

3.2.9. **Institutional development**

3.2.9.a. Egypt

The strengthening of educational and research institutions is a major focus of the bilateral programme and institutional support and relevant training are a key element in many technical-assistance projects, particularly at national level. Precisely this type of assistance is an effective instrument for promoting the autonomy of recipient institutions. This applies particularly to projects concerned with water resources management and drainage and to a slightly lesser extent to those concerned with food production and supply of drinking water. Experience in Egypt has shown that assistance with the development not only of technical and research capacity but also of institutional and organizational capacity (for government bodies, research institutes, users' organizations, farmers etc.) is a

precondition for sustained development. Activities which do not include this aspect are possible only by way of exception (e.g. programme aid).

Certain activities are entirely of an institutional nature; their number will be increased. One such is a project which involves a survey of the informal sector; another is the continuation in revamped form of the long-standing advisory structure for drainage and water management (Drainage Advisory Panel).

3.2.9.b. Sudan

Sudan can be described, with little exaggeration, as a country whose institutional framework dooms large numbers of skilled and educated individuals to ineffectiveness and may even compel them further to tighten up the bureaucratic rules which have made them ineffective; institutional development is therefore virtually a precondition for all other effective aid. However, as e.g. the KADA project has shown, the desire to make use of this aid instrument is often lacking at strategic points, and where institutional support is not wanted or at least accepted by the whole of the organization concerned, the likelihood of success is remote. This form of aid therefore has the best chance of succeeding in organizations with some esprit de corps, which are not infrequently those that work best anyway. This, along with the need to protect past investments, led to institutional support being given to the National Electricity Corporation; water-supply undertakings in Darfur benefit from a similar programme, but it remains to be seen whether they are allowed the freedom of manoeuvre needed for the project to succeed. The FAO forestry project also includes a large element of institutional support.

In summary, every effort will be made to include institutional support as a basic element in the aid programme wherever possible, particularly in the priority sectors of rural development, the environment, urban poverty alleviation and the protection of investments.

3.2.9.c. Yemen

Institutional development is a structural element in Dutch projects in Yemen; this is a response to the general shortage of skilled administrators in that country and reflects the Netherlands' emphasis on sustainable results, and it will remain Dutch policy over the coming years. Instruments such as on-the-job training, staff-development programmes, supervision, job guidelines and working visits to similar institutions by local counterparts will continue to be included in the specifications of technical-assistance projects. The development of cost-recovery systems will help promote financial sustainability. In addition, funding may be provided for the deployment of policy advisers to central-government bodies with a view to promoting the development of organizations, people and procedures from a macro-perspective; particular attention will be focused on the position of women in organizations.

Another focus of attention will be academic institutions' research capacity and consultancy services, which remain very limited in Yemen. Unfortunately Yemen still offers little scope for the emergence of NGOs, but should worthwhile opportunities arise consideration will also be given to aiding their institutional development. Support could also be given, for example, to the Yemen Family Care Association, which is linked to the International Planned Parenthood Federation.

Projects with a strong institution-building element, in which the Netherlands has been involved from an early stage, include the Seed Potato Production Centre (SPPC), the Environmental Protection Council (EPC) and the independent slaughterhouse organization due to be established in the near future. After years of support the SPCC, which has the important task of supplying the whole country with high-quality seed potatoes, should soon be able to stand on its own feet. The EPC, while still in the early stages of development, has gained status from its role as an independent agency helping to shape the various ministries' environmental policies. The General Corporation for Slaughterhouses and Meat Markets was established in March 1991, a step urged by the Netherlands for many years; it will be responsible for managing all the slaughterhouses built with Dutch assistance, giving prospect of sustainability. The Corporation will initially continue to be supported by the Netherlands.

3.2.9.d. Ethiopia

While Ethiopia possesses reasonably well trained and disciplined managers and adminstrators it has inherited from the Mengistu regime a burdensome bureaucracy and complex official procedures. In such a situation the main institutional-development need is for advice on the creation of a more flexible and goal-directed administrative system; managerial and administrative training, though not superfluous, can be given lower priority.

3.2.9.c. Occupied Territories

In the absence of a Palestinian national state the scope for institutional support is largely limited to local NGOs and, in special cases, Palestinian UNRWA staff. If the trend towards autonomy for the Occupied Territories continues, however, municipal authorities and perhaps other bodies of local administration may come to fulfil the kind of role that could justify the establishment of aid relations, in which institutional development would clearly play an important part.

In the current situation ways will be sought, where desirable, of giving more technical assistance to local NGOs, particularly in the Gaza Strip. Support will also be offered in the areas of university cooperation (see 3.2.7.d) and manpower development for UNRWA staff in connection with the management and maintenance of water-treatment installations in the refugee camps (see 3.2.6.e).

3.2.10. Cultural aspects

3.2.10.a. Egypt

Throughout the project cycle every effort is made to fit development activities into their social and cultural context. Training for traditional midwives is included in a primary health care project, for example, while a project for the improvement of rural water supplies involves the deployment of an Egyptian and a Dutch sociologist to ensure active participation by the local community.

The association of development activities with cultural processes can involve contradictions which may eventually generate problems. In the case of credit programmes the need to maintain rolling funds comes up against Islamic resistance to the charging of interest, for example, while the need to levy water charges runs counter to the Egyptians' deep-rooted conviction that water is a gift from God.

Projects concerned with culture in the narrower sense also form part of the programme of cooperation with Egypt. One current project is concerned with archeological excavation and research in Tell Ibrahim Awad; another, recently extended to 1993, is aimed at preserving and promoting the cultural identity of Egypt's Coptic minority and involves training its members in the restoration of Coptic icons.

The Netherlands Institute of Archeology and Arabic Studies, a Cairo-based university institution, plays a major role in cultural exchanges and cooperation between Europe and Egypt. Through its facilities, which include a library of Arab studies and Egyptian archeology, the Institute promotes international contacts and exchanges among scholars and others interested in these fields. Aid will continue to be possible on a modest scale for specific cultural projects, in which the Institute could be involved.

3.2.10.b. Sudan

As well as the culture of Islam Sudan possesses a rich diversity of other cultures and a history going back much further than the Netherlands'. While there are strong grounds in principle for helping to maintain and develop this cultural inheritance (and in the past aid has been given e.g. for the restoration of pre-Islamic wall paintings in the Dongola mosque which date from the period when the mosque was a Coptic cathedral), the priority at present must be basic material aid for the hungry and homeless. Once circumstances permit, however, a future programme will again include cultural elements.

3.2.10.c. Yemen

Cultural assistance has formed part of the development link with Yemen since its inception. Yemeni interest in preserving the country's impressive cultural heritage - notably its architecture, for centuries Yemenis' main medium of artistic expression - has grown over the last two decades, and the Netherlands has contributed to the UNESCO programme for the preservation and restoration of the old centre of Sana'a (one of the world's most ancient cities), the restoration of the Al Amarihay mosque in Rada and the development of the National Museum in Sana'a.

Unification is expected further to stimulate interest among Yemenis in their culture and history and the Netherlands' involvement in museum and restoration work is to continue. The restoration is planned of two palaces (in Terim and Zabid) and of a tower (in Sana'a) and plans exist for a cultural complex based around the National Museum; the Netherlands has offered to help meet the cost of this work.

Aid on a limited scale will also be available for social and cultural activities of a more present-day nature, perhaps in the context of the trend towards greater recreation outside the home. To chart the options a study is to be made of Yemeni cultural experience and expression; its focuses will include socially disadvantaged groups such as the aqdan (see 2.4.3.c).

3.2.10.d. Ethiopia

Ethiopia has a distinctive, ancient and richly diverse culture, and cultural aid - e.g. in connection with cataloguing old manuscripts in monastery libraries - is a possibility for the future. For the present, though, absolute priority must go to such matters as rebuilding agricultural production.

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ABBREVIATIONS

General

CARE	-	Cooperative for American Relief Everywhere
CBI	-	Centre for the Promotion of Imports from Developing Countries (Netherlands)
CEBEMO	-	Central Agency for the Joint Financing of Development Cooperation Programmes (Netherlands, non-governmental)
CGIAR	-	Consultative Group on International Agricultural Research
DAC	-	Development Assistance Committee (OECD)
DAG	-	Development Assistance Group
DHS	-	Demographic and Health Survey
FAO	-	Food and Agriculture Organization (UN)
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
HDI	-	Human Development Index
HDR	-	Human Development Report
ICARDA	-	International Centre for Agricultural Research in Dry Areas
ICCO	-	Inter-Church Coordinating Committee for Development Projects (Netherlands, non-governmental)
IDA	-	International Development Association
IGADD	-	Intergovernmental Authority on Drought and Development
IHE	-	International Institute for Hydraulic and Environmental Engineering (Delft, Netherlands)
ILO	-	International Labour Organization
IMF	-	International Monetary Fund
IPPF	-	International Planned Parenthood Federation
LCL	-	Less Concessional Loan
LDC	-	Least Developed Country
MFO	-	(Netherlands Private Cofinancing Organization) Medefinancieringsorganisatie
MSF	-	Medecins Sans Frontieres
NGO	-	Non-governmental organization
NOVIB	-	Netherlands Organization for International Development Cooperation (non-governmental)
ODA	-	Official Development Assistance
	-	Overseas Development Administration (British government)
ORET	-	Development-Related Export Transactions
SCF	-	Safe the Children Fund
SNV	-	Organization for Development Cooperation and Awareness (formerly: Organization of Netherlands Volunteers)
UNDP	-	United Nations Development Programme
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund
UNHCR	-	United Nations High Commission for Refugees
UNICEF	-	United Nations Children's Fund
UNRWA	-	United Nations Relief and Works Agency
UNSO	-	United Nations Sahelian Office
WFP	-	World Food Programme
WHO	-	World Health Organization

WID - Women in Development

Egypt

AWGA - Alexandria Water General Authority
DAP - Drainage Advisory Panel
EEAA - Egyptian Environmental Affairs Agency
NCP - National Commission for Population
NDP - National Democratic Party

Sudan

CMS - Central Medical Stores
DUP - Democratic Unionist Party
KADA - Kassala Area Development Activities
NEC - National Electricity Corporation
NIF - National Islamic Front
NUWC - National Urban Water Corporation
RWC - Rural Water Corporation
SPLA - Sudanese People's Liberation Army
SPLM - Sudanese People's Liberation Movement

Yemen

MPD - Ministry of Planning and Development
EPC - Environmental Protection Council
GCSMM - General Corporation for Slaughterhouses and Meat Markets
GPC - General People's Congress
PDRY - People's Democratic Republic of Yemen
PSRC - Population Studies and Research Centre
RIRDP - Rada Integrated Rural Development Project
ROY - Republic of Yemen
SEDU - Small Enterprise Development Unit
YAR - Yemen Arab Republic
YEPIC - Yemen Exploration and Production Information Centre
YFCA - Yemen Family Care Association
YSP - Yemen Socialist Party
YWA - Yemen Women's Association

Ethiopia

AMC - Agricultural Marketing Corporation
EPLF - Eritrean People's Liberation Front
EPRDF - Ethiopian Popular Revolutionary Democratic Front
NEP - New economic policy
PDRE - People's Democratic Republic of Ethiopia
RRC - Relief and Rehabilitation Commission

Occupied Territories

DFLP	-	Democratic Front for the Liberation of Palestine
UNLU	-	Unified National Leadership of the Uprising
PFLP	-	Popular Front for the Liberation of Palestine
PLO	-	Palestine Liberation Organization
PNC	-	Palestine National Council
PTPO	-	Palestinian Trade Promotion Office