

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINISTRY OF FOREIGN AFFAIRS OF THE CZECH REPUBLIC
AND
THE MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION OF THE
REPUBLIC OF YEMEN
CONCERNING DEVELOPMENT COOPERATION

The Ministry of Foreign Affairs of the Czech Republic and the Ministry of Planning and International Cooperation of the Republic of Yemen

Wishing to strengthen the existing cordial relations between the two countries and their peoples, and

Desiring to foster development cooperation between the two countries in conformity with the objectives of economic and social development of the Republic of Yemen,

Have declared as follows:

ARTICLE I

The Ministry of Foreign Affairs of the Czech Republic and the Ministry of Planning and International Cooperation of the Republic of Yemen wish under this Memorandum of Understanding to promote the program of development cooperation, between their two countries, consisting of the following components:

- a) the sending of appraisal and evaluation missions to the Republic of Yemen, to study and analyse development projects;
- b) the granting of fellowships to nationals of the Republic of Yemen, for studies and professional training in the Czech Republic, the Republic of Yemen or a third country;
- c) the assignment of experts, advisers and other specialists by the Czech Republic to the Republic of Yemen;
- d) the provision of equipment, materials, goods and services required for the successful execution of development projects/ program in the Republic of Yemen;



- e) the development and carrying out of studies and projects designed to contribute to the attainment of the objectives of this Memorandum of Understanding;
- f) the encouragement and promotion of relations between companies, institutions and persons of the two countries; and
- g) any other form of assistance which may be mutually agreed upon.

ARTICLE II

1. In support of the objectives of this Memorandum of Understanding, the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Planning and International Cooperation of the Republic of Yemen may conclude subsidiary arrangements in respect of specific projects involving one or several components of the program described in Article I.
2. Subsidiary arrangements will make specific reference to this Memorandum of Understanding.

ARTICLE III

The Ministry of Foreign Affairs of the Czech Republic and the Ministry of Planning and International Cooperation of the Republic of Yemen will endeavour to consult each other in respect of any matter that may arise from or in connection with this Memorandum of Understanding.

In Sana'a, on *April 29*, 2006

For the Ministry of Foreign Affairs
of the Czech Republic



H.E. Cyril Svoboda
Minister

For the Ministry of Planning
and International Cooperation
of the Republic of Yemen



H.E. Abdulkareem I. Al-Arhabi
Minister

ATTACHMENT TO THE MEMORANDUM OF UNDERSTANDING:

Priorities of the Development Co-operation between the Czech Republic and Yemen for the Years 2006–2010

Sectoral Focus of the Programme

In view of the extensive Yemeni development needs, and limited financial and human resources, the CR will focus its co-operation on two selected sectors. The CR can play a significant role in planning development targets in Yemen, above all in the power and the water management sectors. Water management, including drinking water and wastewater treatment, is a very crucial sector for Yemen. Czech projects already undertaken (or already prepared) in this area prove that we have much to offer. Our aid is much welcomed and highly valued by the Yemeni citizens.

In accordance with the Yemeni Government's priorities, there is great interest in energy sector co-operation, particularly for control and monitoring systems, which can prevent the high losses incurred during power transmission. Another priority for Yemen is the electrification of the country, which requires the construction of new power plants.

A key area in the long-term future development of Yemen is to improve the standard and qualifications of its human resources. All future projects should, therefore, include some form of human resources support, which would increase the qualification level of the Yemeni population. This is closely linked to the education sector, in which the CR intends to gradually increase the number of scholarships to its universities, thereby enabling a greater number of students to achieve the required standard of education.

Geographic Focus of the Programme

The CR will focus its co-operation mainly on Southern Yemen (the former PDRY), specifically the Hadramout province, which includes the Sokotra archipelago, as the Yemeni Government is interested in assisting this less-developed part of the country.

Indicative Summary of the Development Co-operation Programme of the CR and Yemen for the 2006–2010 Period

1. Water management sector

Water management is one of the key development priorities of the Yemeni Government. The country is situated in an area with relatively low rainfall and limited water resources of inadequate quality. Yemen has no single, all-year-round water source. Surface water is limited to what comes from rainstorms. The sub-surface sources, which are exploited relative to their natural capacities, are receding, and wells often contain brackish water.

Due to the rapid demographic growth, the shortage of water is an increasingly pressing issue. It is caused, among other things, by the fact that this essential public asset is being wasted. The government was, therefore, forced to introduce minimum charges for water. Apart from the negative impact on health resulting from limited access to potable water, it is clear that further economic development of the country is conditional on the availability of drinking



water at a reasonable cost. Therefore, water management must be improved to prevent further losses.

In Yemen, there are only 137 m³ of renewable water resources per capita per year, which is very little compared to the average of 1 250 m³ in the other Arab countries and the global average of 7 500 m³ (figures as per Yemen – *Poverty Reduction Strategy Paper*, PRSP).

Eighty percent of water resources are used in agriculture. However, "khat" (similar to coca leaves) cultivation accounts for a major share of the irrigated areas, which are then not used for food production. Combined with inefficient irrigation techniques, this is an important source of water wastage.

The combination of all the above factors, together with a rapid population growth and inefficient centralised management by government institutions, has lead to an unsustainable situation with respect to water resources.

For this reason, the government has launched an extensive programme to restructure water supply systems. All major donors, including the World Bank, support the programme. Its objective is to have 69% of towns and 65% of rural areas covered by public water supply networks by the end of 2005.

The water shortage can also be alleviated by wastewater treatment, which will expand fertile soil areas and create green strips, which can serve as a barrier against the advancing desertification of the country.

The Czech development co-operation in the sector will be focused on:

- transfer of experience of wastewater treatment and recycling and drinking water treatment.
- assistance in building new water sources (water reservoirs)
- organisation of short-term water management courses which will secure the sustainability of future Czech development projects

2. Energy sector

The development of the energy sector and resolving the issue of drinking water sources are the basic pre-conditions for poverty reduction and modernisation of the country.

In Yemen, only 36% of the population have access to electricity, and this includes 25-30% of households that experience frequent power cuts. A short-term goal of the Yemeni Government is to increase the electrification of the country to 40% in 2005 (PRSP) and to cover at least 22% of rural areas with power supplies, using both traditional sources of energy as well as alternative renewable sources like solar or wind power.

For the above reason, the electrification of Yemen is one of the country's main priorities. The Government has prepared a 25-year electrification development plan, which sets out the objective of creating new sources with 3 000 MW output. According to the present calculations, this will require an investment of USD 1.8 billion. Power plants will mostly be gas-fired, because Yemen has sufficient gas reserves. In addition to power stations, Yemen needs to build new gas pipelines, new high-voltage west-east distribution networks (about

2 000 km), and to distribute electricity to more households. All this requires major foreign investments.

Apart from other large donors, international institutions like the World Bank are financing the generation and distribution of electricity. The World Bank has provided a loan of USD 70 million for the reconstruction of the existing distribution network. As part of bilateral co-operation, Germany has provided a soft loan to the Yemeni Government of USD 25 million.

A pressing issue for Yemen is the incidence of large power losses during distribution from the source to the consumer. According to official estimates, the losses are around 25-30%; however, in reality they represent up to 50%. For this reason, the focus on control and digital monitoring systems is a major priority for the Yemeni Government, as a reduction of losses could significantly contribute to the expansion of power distribution. This is an area where the Czech Republic can offer its assistance, as it has extensive experience in this field with Czech companies successfully penetrating world markets.

The Czech development co-operation in the energy sector will be focused on:

- the construction of control and digital monitoring systems
- assistance in the construction of new energy sources
- organising short training courses on energy, which will ensure the sustainability of future Czech development projects.

Cross-cutting Issues

The cross-cutting issues for the development co-operation with Yemen include:

- efforts to achieve gender equality
- support for human resources development, by granting government scholarships to study at Czech universities in particular

The tradition of granting scholarships to study at Czech universities to citizens of developing countries dates back to the '50s. Since then, over 20 thousand recipients of government scholarships have graduated from Czechoslovak/Czech universities. Despite a reduction in the number of scholarships offered in the first half of the '90s, the granting of scholarships is an important instrument in the CR's development co-operation and it accounts for over 20% of bilateral development aid.

Yemen is one of the few countries that have the majority of its graduates from Czech universities returning home in order to make use of the knowledge they have acquired. Higher education in Czech Republic has a good reputation in Yemen.

The Czech Republic will gradually increase the number of scholarships at Czech universities, thus allowing more students to obtain the necessary education.

Special attention will be given to co-operation with the Hadramout University of Science and Technology, based in Mukkala. In addition, the CR will also offer short courses focused on the above priorities, i.e. water management and energy.

