

Hodeidah:

Agro-Industrial Capital of Yemen

LOCAL ECONOMIC DEVELOPMENT STRATEGY





Foreword

Since 2000, with the issuance of the Local Authorities Law No. 4, Yemen has been pursuing an ambitious decentralization agenda. This agenda aims to delegate greater fiscal and administrative authority to local governments and to give communities –public leaders, residents, and investors – more control over the economic and social development of their cities and towns.

To date, city development strategies (CDS) have been initiated in four of Yemen’s largest urban areas – Sana’a, Aden, Mukalla, and Hodeidah. With support from Cities Alliance and The World Bank, the CDS process in each of these cities has brought together public and private sector leadership to assess the strengths and weaknesses of the city, think strategically about opportunities for equitable economic growth, develop a long-term vision, and draft a prioritized action plan. In all four cases, the CDS process has been coupled with revisions to the cities’ master plans to ensure a strong link between economic development plans and infrastructure.

The benefits of the CDS process go far beyond the writing of the CDS document. To create a long-term vision for the city required the participation of a variety of public, private, and civil society leaders who do not often have the occasion to come together to discuss the challenges and opportunities facing the city. The structure for cross-sectoral communication provided under the umbrella of the CDS has had a lasting effect in terms of helping to align the city’s social, economic, and environmental interests. In addition, with the financial support under the CDS, local leaders had access to much needed technical support and expertise focused on issues of local concern.

The purpose of this publication is to summarize the main outcomes of the studies, discussions, and strategic planning accomplished during Hodeidah’s CDS process. Moreover, it aims to serve as a guide for the city’s local economic development that is presented in a manner that is accessible to a broad audience.

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Al-Shorbagi, Monika, "Urban Upgrading Strategy for Hodeidah." 2008.

Dar Al Handasah, "Revised Master Plan for Hodeidah." September 2007.

Miller, Kaia. "Strategy for Regional Productivity Growth and the Cultivation of Clusters in Hodeidah, Yemen." Aslan Global, 2007.

Touqan, Khaled. "Local Economy and Competitiveness Assessment for Hodeidah City." May 2005.

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INTRODUCTION

Hodeidah thinks strategically about Local Economic Development.



The city of Hodeidah, the governorate's administrative capital known as the "Bride of the Red Sea" sits on a flat sandy terrain gently sloping toward the sea-coast. To the west, active shipping lines crisscross the Sea moving goods between Europe, Asia and Africa. To the east, the city is surrounded by the fertile Tihama plain, Yemen's most important agricultural area.

The first marks of Hodeidah go back to the beginning of the 4th century AD when it developed as a halt for travelers and then developed into a small town for fishermen. In 1961, construction of the harbor gave Hodeidah the only deep-water port in Yemen, enabling the city to assert a national economic influence. The development of new roads in the 1960s made the extensive Tihama plain accessible for agricultural production, which was traded in the city and exported. After the end of the Civil War in 1970, a general economic boom, the growth of expatriate remittance income, and the application of technical assistance programs served to accelerate urban development. A rapidly increasing volume of goods imported through the Hodeidah Port allowed the city to maintain its national status as an economic hub.

Two events in the early 1990's strongly influenced affected the Hodeidah – the sharp increase in the city's population as a result of the Gulf War and Yemen's reunification. Indeed, approximately one million Yemenis who worked in the Gulf States, especially Saudi Arabia, were repatriated in 1991. According to some estimates, over 100,000 of the

"returnees" settled in Hodeidah. After unification, the Port of Aden rapidly gained market share, with the construction of the Aden Container Terminal in 1999 giving it an additional boost. This is blamed for the stagnation of Hodeidah's port activity in the late 1990's. Nonetheless, Hodeidah remains the most important entry point for imports to Yemen, handling over half of all unloaded dry cargo.¹ The city's location on the Red Sea gives it a location advantage for international shipping, it has ground transport links to high demand markets in Sana'a and Saudi Arabia, and is the most proximate city to the Tihama plain. With these assets, Hodeidah is poised to strengthen its role as the agro-industrial capital of Yemen.

In 2004, Hodeidah began the formulation of a Local Economic Development Strategy. The objective of the Strategy is to support private sector productivity and improve the quality of life in the city. In the last few years, significant attention and study has been directed at Hodeidah – a revised and updated master plan, an assessment of the local economy, a clusters analysis, an agribusiness strategy, a strategy for upgrading informal settlements, and a priority economic investment plan. Through a participatory process, and with input from industry experts, Hodeidah assessed its existing economic and physical assets, and identified three strategic areas with high growth potential – agribusiness, fishing and fish processing, and industrial logistics industries.

¹ Wahba, Sameh. "Urban Planning and Management Problems and Challenges and the State of Infrastructure and Municipal Services in Hodeidah City." March 2004.



EXECUTIVE SUMMARY

With a number of widely recognized and unique assets, the city of Hodeidah is poised for economic growth.

Hodeidah has a number of widely recognized assets, which are critical inputs to its emerging strategic positioning within Yemen and the region. Most notable is its strategic positioning along the Red Sea and adjacent to the agriculturally rich Tihama plain. The city of Hodeidah has a strategic role as the agro-industrial capital of Yemen.

HODEIDAH TODAY

Today, leadership in Hodeidah, both public and private, are motivated to create prosperity. Despite a broad portfolio of assets and existence of key infrastructure, the city must address constraints that are holding back economic growth.

Population, Employment and Poverty

The population of Hodeidah is increasing rapidly, but faces the challenges of youth and poverty. Residents of the city are young, with some 47.5% of the population below the age of 15. This puts a burden on the education system and presents an impending employment challenge as this cohort comes into adulthood.

It is estimated that the largest employers in Hodeidah are the Public Sector and Commercial activities, which account for about 41% of jobs. The next largest employers are Manufacturing, Fishing, and Construction. While official sources record the unemployment rate in the Hadramout Governorate at around 7.5%, locals estimate that it is closer to 20-30%. It is estimated that 32% of the Governorate's population live below the poverty line.²

Land, Infrastructure, and Urban Development

Hodeidah has much of the basic infrastructure required for businesses to compete, with a few areas requiring major investment. Hodeidah is a low-density city spread over about 86 square kilometers. The urban area developed in a roughly concentric pattern, with higher density in the old city along the coast, and declining density towards the periphery.

Like the rest of Yemen, there are large gaps in basic infrastructure. However, Hodeidah has a number of infrastructure offerings that are attractive to businesses in key clusters, such as an active seaport and strong surface transport links to Sana'a and Saudi Arabia.

² Yemen Poverty Assessment Report. The World Bank, 2007.

Local Economy

Exports from Hodeidah are growing rapidly and the city is an important draw for investors. The city of Hodeidah is differentiated from the rest of the country in several important ways. First, Hodeidah has the largest and most active port on Yemen's Red Sea coast. Second, around 10,000 fishermen are registered with the city fishing port in Al Haly. Moreover, a majority of the governorate's food and fish processing companies are located in the city. The city economy and its food processing companies benefit from adjacency to Yemen's main agricultural area, the Tihama plain. Finally, Hodeidah is well known as an industrial city and counts among its factory owners some of the most influential Yemeni investment groups.

Business Climate

Hodeidah has a large number of dynamic businesses and vigorous local competition, but requires better public-private coordination and an improved legal framework to realize its full potential. Both private and public sector leaders acknowledge several areas of improvement needed for the local government to positively influence the regional business environment including: consistent application of laws, strengthening the tax administration, infrastructure investments, more local decision-making power vis-à-vis Sana'a, enforcement of building regulations, capacity building, and improved coordination among government institutions.

While there is a strong and active Chamber of Commerce in Hodeidah, as well as many cooperative associations, cluster-specific organizations are weak or absent. To spur innovation and ensure a pipeline of trained labor, there is also a need for better communication and coordination among universities, the private sector, and the government.

HODEIDAH TOMORROW

Hodeidah is positioning itself to become the Agro-Industrial Capital of Yemen, strengthening its agribusiness sector, fishing related industries, and role as a logistics hub. To accomplish this goal, the city will build on its existing unique assets and strengths, differentiate itself from other regions, grow new economic clusters, and strengthen the existing ones.

Clusters of Competitiveness

Cultivating economic growth clusters is a long-term

endeavor involving multiple private and public sector partners. Successful local economic development strategies do not pick winning clusters, but build on the surrounding region's inherited assets (e.g. geography, climate, population, research centers, companies, governmental organizations) to create specialized economies that differ from other regions and offer advantages to local companies. In cultivating regional clusters of competitiveness, however, established and already emerging clusters offer the greatest prospects for short term. Based on Hodeidah's unique assets and relative strengths, clusters that present the greatest prospects for near term productivity growth include:

- Agribusiness;
- Fishing and Fishing Products; and
- Industrial Logistics.

Implementing the LED Strategy

A participatory process in which groups, including private and public sector leaders, and representatives of relevant institutions define priorities and then design solutions is the recommended path to sustained productivity growth. The Local Economic Development Strategy embodied in this document represents a shared economic vision. To build momentum off of this foundation, a strengthened Hodeidah Local Economic Development Department (LEDD) could facilitate cluster-specific workshops, organize high-level policy dialogue, and commission additional studies of promising clusters. Suggested next step actions include:

- Strengthen the LEDD to serve as Hodeidah's organization to coordinate economic development;
- Establish a task force for economic development with participation from a diverse group of Hodeidah's leaders;
- Develop a cluster development program specifically designed for each targeted cluster; and
- Invest in specialized research institutes and cluster-specific institutions for collaboration.

Infrastructure for Growth

Strengthening the Agribusiness, Fishing, and Industrial Logistics clusters requires a solid physical growth plan and targeted investments in infrastructure. The Hodeidah Master Plan 2025 was completed in 2008, guiding the physical development of the city in line with economic and social goals. The Master Plan emphasizes the densification of the city through infill development and the installation of infrastructure to accommodate further industrial growth.

A priority investment plan was created to realize the full potential of Hodeidah's Local Economic Development Strategy. Thirteen priority investments in the city of Hodeidah were identified and focus on (i) core economic assets and clusters, (ii) strategic infrastructure investments, and (iii) urban assets and social and environmental improvements. There are multiple synergies among the priority investments, and overall they provide ample benefit to residents, existing business, and future investors.

STRATEGIC INVESTMENTS IN HODEIDAH INCLUDE:

1. Hodeidah Historic Preservation and Revitalization
2. Bab Al Moshref Commercial Area Revitalization
3. Landside Improvements to the Fishing Port
4. Basic Infrastructure Development for a New Fishing Port
5. SME Cluster Site with Support Services
6. Hodeidah Industrial Estate/ Special Economic Zone
7. Hodeidah Seaport Improvements and Associated Land Development
8. Hodeidah Airport Improvements and Associated Land Development
9. Primary Road Network and Truck Logistics Improvements
10. Grade Separated Traffic Junction
11. Expansion of Power Facilities
12. Pilot Upgrading of Informal Residential Areas
13. Street and Building Addressing System

HODEIDAH TODAY

Public and private leadership in Hodeidah are motivated to create prosperity.

The leaders in Hodeidah feel a sense of urgency to implement a strategy to spur economic growth, and several regional indicators confirm the urgent need for change. Almost 22% of people living in urban areas in the Hodeidah Governorate are poor, and in 2006, an estimated 31.7% of families fell below the poverty line, versus 34.8% nationally.³ Also in 2004, the official unemployment rate was 7.5%, although informal estimates put it closer to 25-30%. It was estimated that 38% of adults were illiterate,⁴ 40% of households had no access to sanitary services, 67% had no electricity, and 50% did not have access to running water.⁵

Population, Employment and Poverty

Trend: The population of Hodeidah is increasing rapidly, but faces the challenges of youth and poverty.

Demographic Characteristics

The Hodeidah governorate is home to 11% of the total national population at 2.3 million in 2006. The national census material is essentially directed at the governorate, and it is difficult to clarify and characterize the population at the urban level. That said, the following data, when possible, are taken directly from the census for 1994 or 2004.

The Population and Housing Census of 1994 shows that the total number of residents of the city of Hodeidah was then 302,600, representing 19.4% of the overall population of the Governorate. By 2004, the city of Hodeidah had about 416,100 residents, representing an annual average increase of 3.24%. The city is growing rapidly, and with a projected average annual increase of 3.7%, the city population is expected to grow to almost 892,500 by 2025.⁶ Hodeidah has always been seen as an area of attraction to migrants and there has been considerable rural-urban migration over the years as the importance of agriculture declined in relation to opportunities available in cities. Average household size in 2004 is estimated as 6.67.⁷

There are several demographic challenges facing Hodeidah – age, illiteracy, and poverty. The popula-

tion of Hodeidah is essentially youthful, and in 2004 some 47.5% of residents were less than 15 years old, 58.2% less than 20, and 71.6% less than 30. This census also indicates that the highest concentration of population lies in the 5-9 age groups (17.7%) for both females and males. This is a challenge for the education system. Classrooms are overcrowded, and public schools must run multiple shifts to deal with this burden. As the youth population comes of age, the employment situation will worsen unless the economy expands significantly.

Poverty

According to the 2007 Yemen Poverty Assessment, poverty affects almost 32% of the population in the Hodeidah Governorate, which is about average for the country as a whole.⁸ This translates into a total of about 26,000 households. The city of Hodeidah, as the Governorate's largest urban area, is home to almost 15% of the urban poor in Yemen, second only to the capital city of Sana'a.

Despite a reduction in urban poverty in Yemen over the past decade, 21% of urban households still fall below the poverty line, and some 15% of all urban poor live in Hodeidah. Hodeidah suffers from extreme urban poverty, reflected by high urban poverty gap index levels. Compounding the poverty challenge is the fact that urban areas have high income inequality. It is estimated that the Gini coefficient in urban areas of Hodeidah increased by 19% between 1998 and 2006 from 34.3 to 40.7.⁹

Employment

According to the Hodeidah Local Economy and Competitiveness Assessment, the labor force participation rate, as quoted by the Ministry of Planning and International Cooperation, in the Hadramout Governorate was reportedly 26% in 2002. The labor force participation rate in Hodeidah is presumed to be higher than the governorate level given the existence of more employment opportunities in the city than in rural areas.

Estimates of the breakdown of employment by industry indicate that the Public Sector and Commercial activities dominate the market with 41% of employment. The next largest employers are Manufacturing, Fishing, and Construction.

⁸ Yemen Poverty Assessment, The World Bank (2007)

⁹ Yemen Poverty Assessment, The World Bank (2007)

³ Yemen Poverty Assessment, The World Bank 2007

⁴ 1994 Census data

⁵ Central Statistical Office, Statistical Yearbook 2006.

⁶ Estimate from Master Plan based on Decreasing Fertility with Medium Migration scenario.

⁷ Master Plan, 2008.

Public Sector: Nationally, there are 448,000 people working in public administration. It could be assumed that at least 5% of these are based in the Hodeidah Governorate, since population in the governorate is about 10% the national population and since the capital would have a more than proportional concentration of population. This suggests that there are some 22,000 public sector employees in the city of Hodeidah.

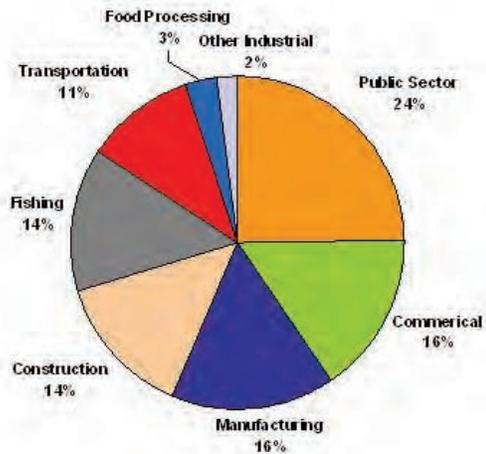
Commercial: According to the Ministry of Industry and Trade records, there were 4,978 commercial companies in the city of Hodeidah in 2004, distributed amongst 3,484 trading companies (retailers, wholesaler, exporters, and importer), 1,165 service companies, 208 branches of companies (registered elsewhere in the country) and 121 workshops. The commercial sector is presumed to employ around 10,000 workers in the city (assuming a reasonable average of 2 workers per establishment). This estimate, however, does not include informal commercial activity, which can be estimated to employ about 4,000 workers. In sum, the total number of workers in the commercial sector is estimated as 14,000.

Fishing: There exist various discrepancies within the data available of employment in the fishing sector. Although the Ministry of Fish Wealth puts the number of fishermen in the city of Hodeidah at 4, 426, around 10,000 fishermen are registered with the city fishing port in Al Haly.¹⁰ There are other directly or indirectly related occupations in the fishing sector, including quality control, marketing, and port workers. It is therefore estimated that the fishing sector employs between 10,000 – 15,000 workers.

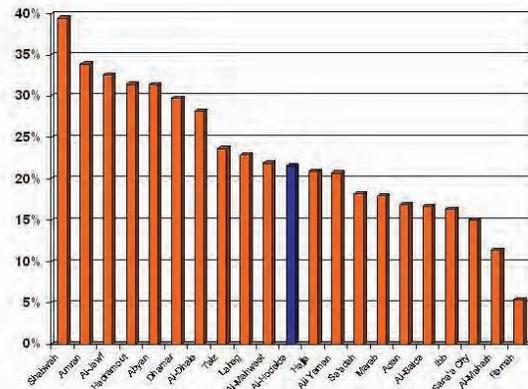
Construction: In 1999, the construction sector employed a total of 238,000 people in Yemen, increasing to 280,000 in 2003. Approximately 8-9% of this total is presumed to be located in Hodeidah. This suggests an estimated workforce in the construction sector of Hodeidah of between 24,000 – 25,000 people. The construction workforce is predominantly informal, as this sector is in most developing countries, and workers are generally part-time laborers paid on a daily basis. A conservative estimate would be that half of these jobs are in the city.

Transportation: No exact figure of employment in this sector is available. Travel, clearance and transportation companies are included within the service companies of the commercial sector. This sector is presumed to provide for the employment of 14,000 – 46,000 in the Governorate. Given the size of the population and the national employment at the sectoral level, employment within the Governorate in this sector is estimated to be closer to 14,000, of which perhaps 10,000 is located in the city of Hodeidah.

Estimated Composition of Employment in Hodeidah

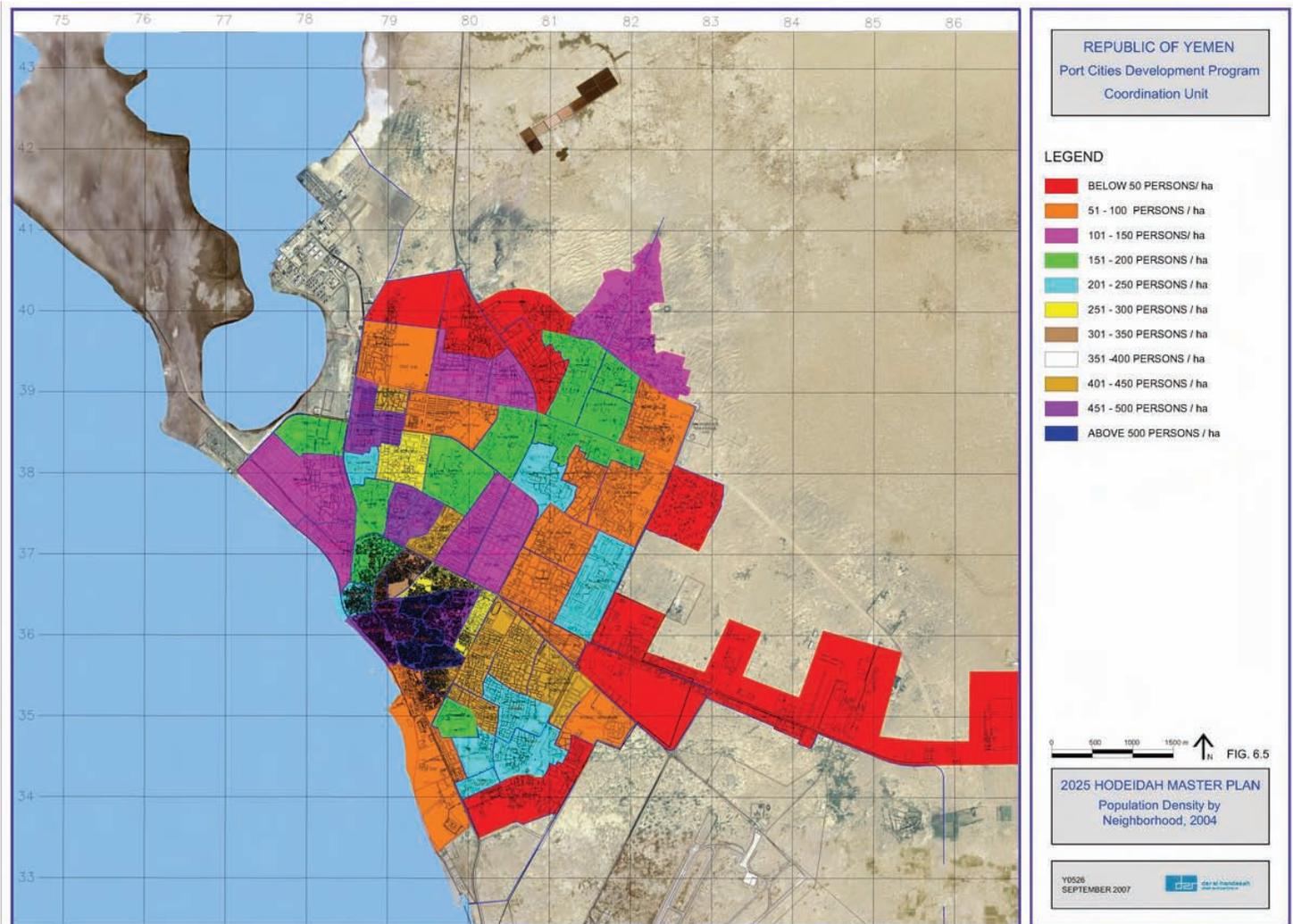


Incidence of Urban Poverty by Governorate



Source: Yemen Poverty Assessment (2007)

Food Processing and Other Industries: Based on records from the industrial registry, the industrial sector in the city of Hodeidah currently employs around 4,000 workers. Food processing is undoubtedly the largest sector, employing more than 60% of total industrial workers. Although large industrial establishments are located in the city, predominately in food processing, there is a substantial informal activity carried out in small micro-enterprises employing no more than 4 workers. These establishments are generally small workshops operated by own account workers and unpaid family members. It is estimated



Population Density in Hodeidah

that informal activity in the city employs at least another 10,000 workers.

Land, Infrastructure & Urban Development

Trend: Hodeidah has much of the basic infrastructure required for businesses to compete, with a few areas requiring major investment.

Hodeidah is a sprawling, low-density city that has developed concentrically outward from the original seacoast settlement. In general, population density ranges from a high of over 500 persons per hectare in the seaside historic city to a low of about 50 persons per hectare at the eastern fringe along the Jizan Road. According to the Planning Department's estimates, the populated area of the city totals about 24 square kilometers and the "planned" area, which is largely vacant, is approximately 47 square kilometers. The overall city area by 2025 – which by and large has already been subject to detailed planning and whose land is more or less already committed – is estimated at 86 square kilometers. The discrepancy between the inhabited perimeter and the land area that has already been planned, subdivided and

distributed to public and private parties represents a significant challenge for the city in terms of infrastructure delivery.

The sprawl and infrastructure delivery challenge is compounded by the proliferation of squatter settlements. The development of informal housing mushroomed in 1991 with the return of expatriate workers from other Gulf countries who settled in poor quality structures built on squatter land at the periphery of the city. According to the 2004 Census, the number of inhabitants living in squatter settlements was approximately 112,000, or over 25% of the city's population.

A strong physical and information infrastructure is a baseline requirement to establish and sustain a prosperous regional economy. This includes good quality roads, highways, airports, railroads, telecommunications, water and power. These basic investments support the efficient movement of people, goods, and services as well as the quality of life for residents. Additionally, investments in unique and specialized assets such as university campuses,

research programs, and logistical infrastructure are important. Universities and research centers are the driving force behind innovation in nearly every region. Although companies and individuals create a large number of innovations, universities and research centers institutionalize entrepreneurship and ensure a steady flow of new ideas.¹¹

The city of Hodeidah and the surrounding region have a solid set of basic factors to offer businesses. There is an excellent primary road network, including the main road to Saudi Arabia; an international airport; improving telecommunications service including four telephone exchanges, two mobile networks, and reasonable internet access and quality of service; ample land and labor, access to water supplies and a new water treatment facility.

The city also has a number of advanced factors and unique sources of advantage. Hodeidah seaport receives over 50% of national dry cargo imports and is strategically located on the Red Sea with access to northern Africa and Europe route. There are 14 covered warehouses including cold storage, 9 berths, a variety of sophisticated cranes, an automated customs system (Asyscudata system), on-site machinery repair, and an on-site health clinic. Other unique factors include plentiful fish reserves, proximity to the fertile lands of the Tihama plain, rich biodiversity in more than 50 islands, and proximity to several tourism sites, including the City of Zabid, a UNESCO site, which was historically one of the most important learning centers in the Islamic world, known as the City of Science.

Hodeidah performs well in terms of the availability of education, but links with the private sector, particularly important at the higher levels, are weak. In terms of higher education there is one public university, five branches of private universities and six technical colleges. In 2005 Hodeidah University had 12,702 students in ten faculties including Sea Sciences, Information Technology, and Medicine. 37% of the students were women. There are also five branches of private universities and six technical colleges in the Hodeidah Governorate. In 2005 there were 1,048 students in Hodeidah's six technical colleges earning diplomas and degrees in the following broad areas: Health Sciences, a Teaching, Administrative Sciences, Vocational Training, Industrial, and Agriculture. Of total students, 9% were women. There are a variety of ways to cultivate these critical linkages between education and the private sector. For example, professors could assign student research projects focused on Hodeidah's clusters and invite business leaders to participate as interviewees, mentors and guest speakers. Businesspeople could seek research support from relevant programs

¹¹ Michael E. Porter, et al, Clusters of Innovation: Regional Foundations of US Competitiveness.

to help their companies consider new strategies, and improve their recruiting relationships to ensure students are graduating with knowledge about opportunities and skills required to work in the private sector. Government leaders could work with professors and students to collect and analyze data on various dimensions of private sector performance and share the results regularly with the private sector. Cultivating these links can provide greatly needed resources to the private sector and government, and ensure young people in Hodeidah are gaining skills and experience that are relevant for the private sector and are developing networks that could help them get jobs after graduation.

There are multiple industrial areas in Hodeidah, including two light industry zones (186 hectares) located close to the city center and an industrial corridor. Both light industrial zones have a concentration of medium-sized workshops, especially metalwork and carpentry, in addition to several timber yards. The industrial corridor along Sana'a Road features some of the larger industrial developments in the city, including the Red Sea mills and Yamani factories. There is no additional land available in the area, and the city has proposed expansion further along Sana'a Road.

The Ministry of Industry and Trade, along with local authorities, have designated a large site (28 square kilometers or 2,800 hectares) for an Industrial Estate. The demarcated site is located at about 16 km north of the city and is directly accessible from the Jizan regional highway and is about 210 km away from the Saudi Arabian border.

Within the Hodeidah seaport a 1 square kilometer site is also designated for industrial use. The site is accessible from the Jizan highway. In 2005, the Hayel Saed Group acquired a 10 hectare parcel in this area, and subsequently other 30-40 hectares of land has been allocated.

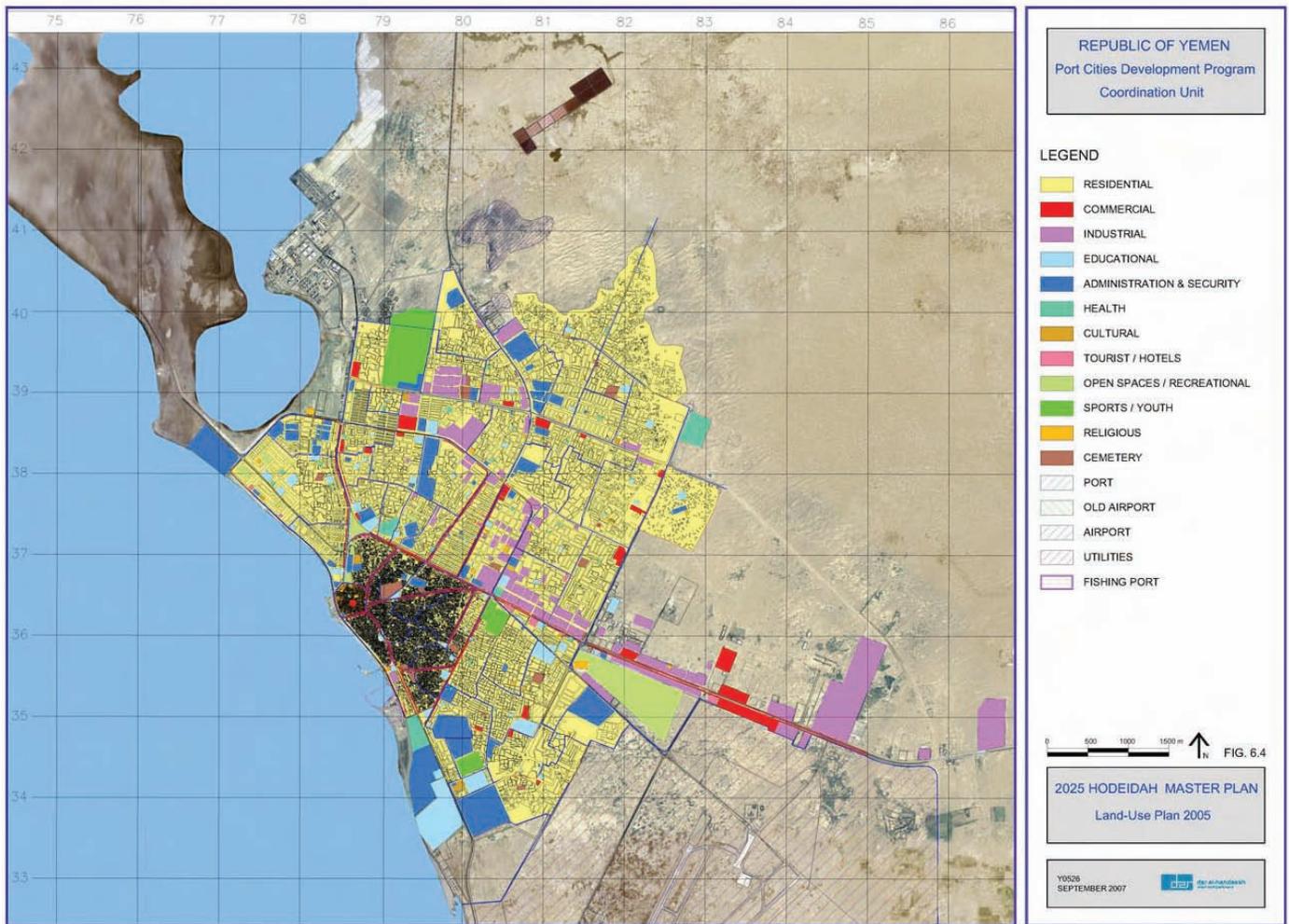
Local Economy

Trend: Exports from Hodeidah are growing rapidly and the city is an important draw for investors.

Hodeidah's export data suggests strong recent performance of the local economy. Exports bring critical revenue into Hodeidah's economy and trends in exports reflect the productivity of a region's business environment. Although the value of exports via the Hodeidah seaport is dwarfed by imports, growth has been dramatic, 46.3% on average annually, from 2003-2006. Exports have typically included scrap metal, cotton, leather products, and seafood.¹²

Despite increases in total export values at the port,

¹² Touqan, p. 23.



Existing Land Uses in Hodeidah, 2005

which represent approximately 70% of Hodeidah Governorate’s total exports, total tons exported from Hodeidah’s port declined an average of 15% annually from 1995-2006.¹³ Even during the 2003-2006 period when values of exports increased dramatically at the port, data suggests that tonnage declined dramatically from 84,000 tons in 2003 to 69,000 tons in 2005 and then dropped precipitously to 10,000 tons in 2006. Given the dramatic difference in the value and volume trends, the data should be reviewed for accuracy, particularly the 2006 data. Currently the data suggests increases in export unit values, which, on a positive note, could indicate increases in the quality and complexity of the exports. More complex, higher value products generally require higher skilled, higher paid labor, which could be a positive trend for the workers in Hodeidah.

Trends in Hodeidah Seaport’s imports, on the other hand, suggest changes in the port’s relative competitive position. Prior to unification in 1990, Hodeidah seaport was the primary entry point for imports

to the Yemen Arab Republic in the north. Today, the port’s unloaded dry cargo still ranks second behind that of Aden as one of Yemen’s primary entry points for imports consumed locally, and ranks first in total value of imports. Hodeidah port serves several governorates including Hodeidah, Sana’a, Hajja and Mahwit. However, while the value of Yemen’s imports increased 19% on average from 2003-2006, the value of imports into Hodeidah’s port decreased 2.0% annually. In 2003 Hodeidah accounted for 39% of the value of Yemen’s overall imports, dropping to 27% in 2006. Cargo data reveals that total tonnage of oil into Hodeidah port actually increased, while the volume of dry cargo imported declined over this period. In fact, from 2003-2005 Hodeidah was the only major port in Yemen experiencing a decline in tons of merchandise imported, while total tons of merchandise imports nationally remained constant.

The port’s relative strategic position appears to be shifting as infrastructure and services are expanded and improved in other ports. New strategies in Hodeidah should consider these port trends and seek new sources of relative advantage and differentiation. The Hodeidah Seaport continues to be the port of choice for importers of vehicles (not included in total merchandise imports), accounting for 96% of Yemen’s overall vehicle imports in 2005. Addition-

¹³ The estimate of port exports accounting for 70% of Hodeidah Governorate’s total value of exports is calculated using 2003 Hodeidah Governorate total export value of YR 4.269mm in 2003 as reported by the Central Statistics Department in Hodeidah, referenced in Touqan, p. 20.

ally, Hodeidah is home to the country's largest fleet of trucks (8,000) and has an international airport, albeit in need of upgrading. Strengthening the integration of port activities and services with other local transportation and logistics services, as well as with emerging local exports, and repositioning the port as part of a multi-modal transportation and logistics cluster supporting imports and exports is an opportunity.

Private investment is another key indicator of a productive business environment. Eleven major investment groups are active in the city of Hodeidah and surrounding region. They have invested in several emerging clusters including Food Processing, Transportation and Logistics, Retail and Wholesale Trade, Leather Manufacturing, Plastics Manufacturing, Fish and Fish Products, and Banking and Insurance.

The Hodeidah Governorate's relative investment performance is strong. The Governorate attracts significant attention from investors, relative to other governorates, particularly in projects with a high potential for job creation. Registered investment projects in Yemen are highly concentrated in only a few regions. In 2005, six governorates, including Hodeidah, attracted 88% of total registered investment projects, 96% of registered investment value, 96% of registered investment in fixed assets, and 93% of jobs associated with registered investments. In 2005, the Hodeidah Governorate's 46 registered investment projects represented 14% of Yemen's total registered investment projects, 11% of registered investment value, 11% of registered investment in fixed assets, and 24% of jobs associated with registered investments. The average registered investment project in Hodeidah in 2005 was above average in value versus other governorates, with above

average intended fixed asset investments. In 2005 Hodeidah ranked number one among all governorates in the average number of jobs per registered investment project (46).¹⁴ The city of Hodeidah is an important draw for investors, accounting for an estimated 70% of the governorate's total registered investment projects in 2004. Investment projects registered in the city in 2004 focused on a few industries, including Food Processing, Packaging, Hotels, Hospitals, Plastics Industries, and Livestock.¹⁵

The city of Hodeidah has established itself as the industrial and manufacturing capital of Yemen, but the composition of its economy suggests a rich and diverse set of existing and emerging "clusters" beyond manufacturing. Almost half of those employed in the governorate are in Wholesale and Retail Trade activities, followed by Manufacturing (20%) and Personal and Social Services (11%). Hotels and Restaurants in the governorate account for over 10% of jobs, and several other small but noteworthy sources of employment include Health, Transportation and Storage, and Education. The data does not include several major sources of employment including public sector employees, traditional fishermen (over 18,000 in Hodeidah Governorate), or small farmers.

An analysis of the Hodeidah Governorate's share of national employment in its key economic activities suggests several areas in which the governorate is outperforming the country overall in the creation of jobs. Total employment in private establishments in Hodeidah accounts for 10.6% of national employ-

¹⁴ Government of Yemen, Central Statistical Organization, "Investment Projects Registered at the General Investment Authority (Headquarters) and Its Branches by Governorate for 2004-2005."

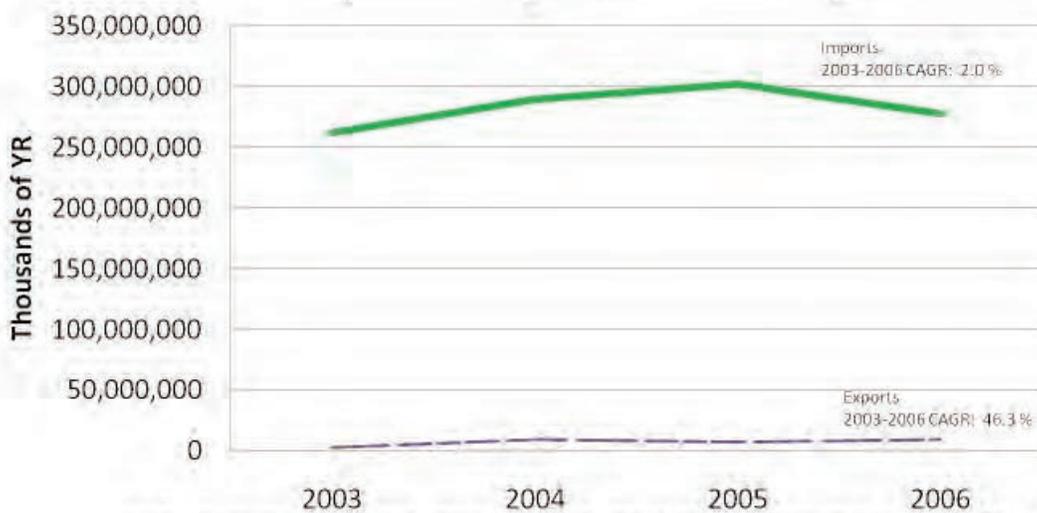
¹⁵ Touqan, p. 15.

Investment Groups Active in Hodeidah

Investment Group	Major Industries
Thabet Brothers Group	Industry (Food Processing), Shipping, Transportation
Hayel Saeed Group	Industry, Trade, Insurance, Travel, Aviation
Shamakh Company	Trade (Food, Electronics), Leather Industries
Al- Kaid Group	Industry, Trade
Abdul Galil Rithman Company	Industry, Trade
Salah Alddin Group	Plastic Industries, Trade
Musallam Group	Trade, Fishing
Al- Essy Group	Shipping, Trade
Derhim Sons Group	Food Industry
Saba' International Company	Shipping
Abdul Karim Al- Aswadi	Banking, Trade

Source: Kaia Miller, Aslan Global

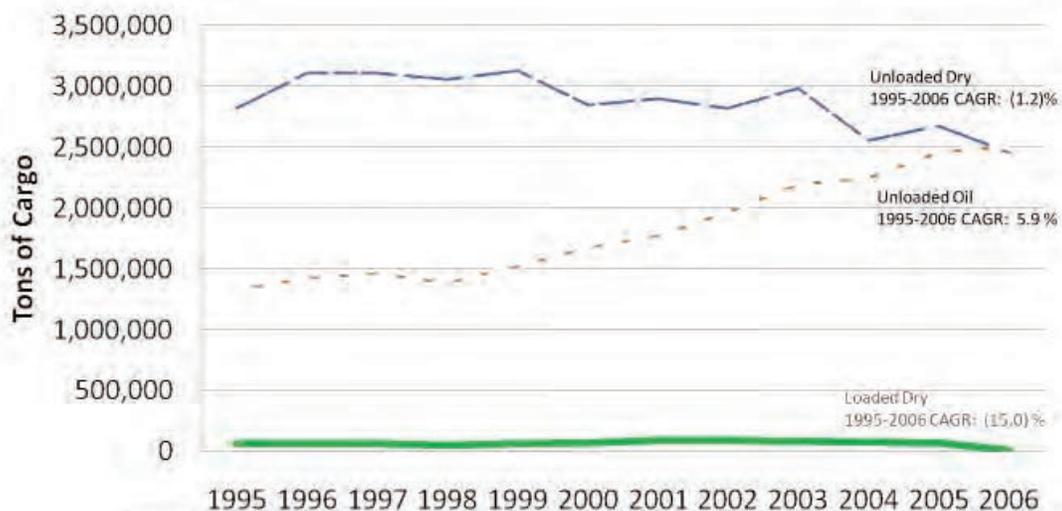
Hodeidah Imports and Exports: Value of Imports and Exports at Hodeidah Seaport



Source: Government of Yemen, Central Statistical Organization, "Value of Imports By Custom Posts for 2003-2005" and "2004-2006"; "Value of Exports and Re-Exports By Custom Posts for 2003-2005" and "2004-2006".
Note: "CAGR" is Compound Annual Growth Rate

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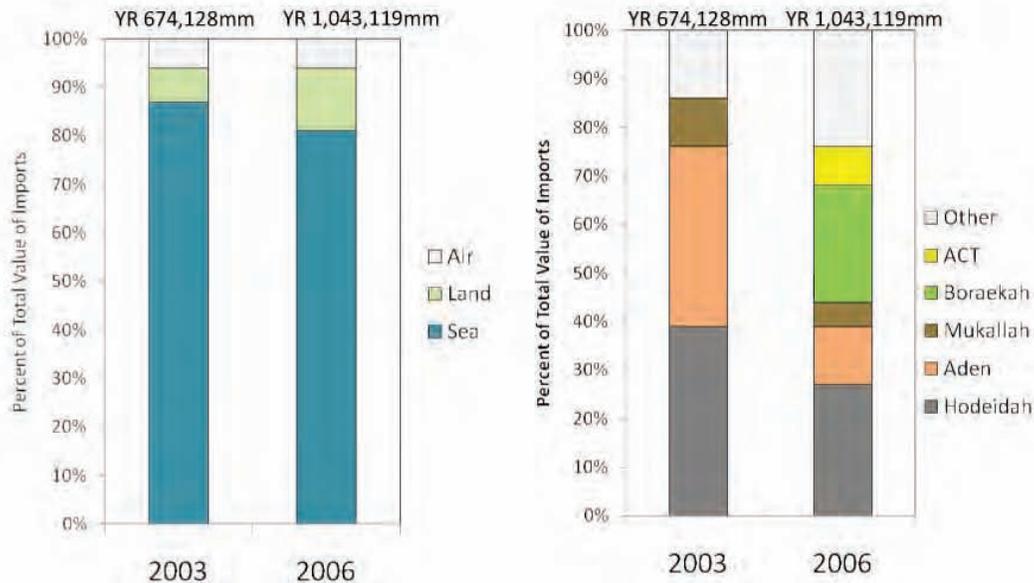
Hodeidah Imports and Exports: Cargo Movement at Hodeidah Seaport



Source: World Bank, "Hodeidah Port Write-up", 2007; Public Authority of Ports & Maritime Affairs, "Main Activities In Sea Ports."
Note: "CAGR" is Compound Annual Growth Rate

Kaia Miller, Aslan Global

Declining Concentration of Yemen's Imports into Hodeidah, Aden, and Mukalla Ports



Source: Government of Yemen, Central Statistics Organization (CSO)

Kaia Miller, Aslan Global

ment in private establishments. However, in four economic activities, Hodeidah's share of national employment is higher than 10.6%: Transportation and Storage, Hotels and Restaurants, Manufacturing, and Wholesale/Retail Trade. These higher than average shares of employment suggest that the Hodeidah Governorate has relative advantages, and relatively higher ability to support employment, in these areas.

The city of Hodeidah has several similarities to the governorate in terms of its overall composition, but it also is differentiated in a number of ways. Wholesale and Retail Trade activities employ the greatest number of people in the city and include import/export companies, trade clearance companies, distributors, retail shops selling a variety of consumer goods, and drugstores. Small workshops specializing in services such as car maintenance, welding and carpentry are also included.

The second largest employment category in the city of Hodeidah, Manufacturing and Industry, is perhaps the most exciting and differentiated from the rest of the governorate and from other Yemeni cities. Manufacturing activities accounts for an estimated 20% of jobs in the city. The vast majority of the manu-

facturing activity in the governorate is located in the city. Food processing, Chemical Industries, and Paper and Plastic Packaging dominate. Additional activities include Metal Industries, Water Production, Wood Industries, Garments, Leather manufacturing and Handicrafts. Hodeidah's existing positioning vis-à-vis other cities as a manufacturing and industrial center in Yemen is a source of tremendous advantage to the city.

Business Climate

Trend: Hodeidah has a large number of dynamic businesses and vigorous local competition, but requires better public-private coordination and an improved legal framework to realize its full potential.

The rules, incentives, and pressures governing the competition in a region have a fundamental influence on productivity. Policies that encourage investment, protect intellectual property, and open the local market for trade, for example, foster productivity growth. Strong rivalry and the intensity of local competition also contribute. The city of Hodeidah currently has a large number of dynamic businesses and vigorous local competition. However, company strategies currently focus on basic, undifferentiated products

requiring unskilled labor, and there is an inconsistent use of quality manufacturing technology, process and plant design. Businesspeople in Hodeidah are frustrated and investments often deterred by an unclear property rights regime, unclear residential and industrial zones, inconsistent application of commercial laws, and a weak commercial court system and dispute resolution system.

Local sourcing from capable suppliers based in a region can enhance productivity and improve the capacity for innovation through allowing quicker and less costly communication, fostering the flow of ideas, and enhancing flexibility through local outsourcing. Isolated companies cannot be productive without the presence of related and supporting industries. The presence of related and supporting industries gives rise to new clusters. Hodeidah has several promising industries with some key supporting industries in place, including agribusiness, fishing and fish processing, and industrial logistics. The presence of local packaging materials manufacturers (plastic and cardboard), machinery repair and maintenance shops, and transportation and logistics companies including shipping companies, a fleet of 8,000 trucks, the port and the airport all contribute to the potential for the development of robust regional clusters of competitiveness. However, there is no explicit cluster development program in place, weak coordination within clusters, few cluster-specific strategies and specialized infrastructure, and many inputs and spare parts are imported.

The Chamber of Commerce engages in dialogue regularly with government leaders, but according to discussions with public and private sector leaders, businesspeople are frustrated at the lack of progress on the part of the government to implement reforms

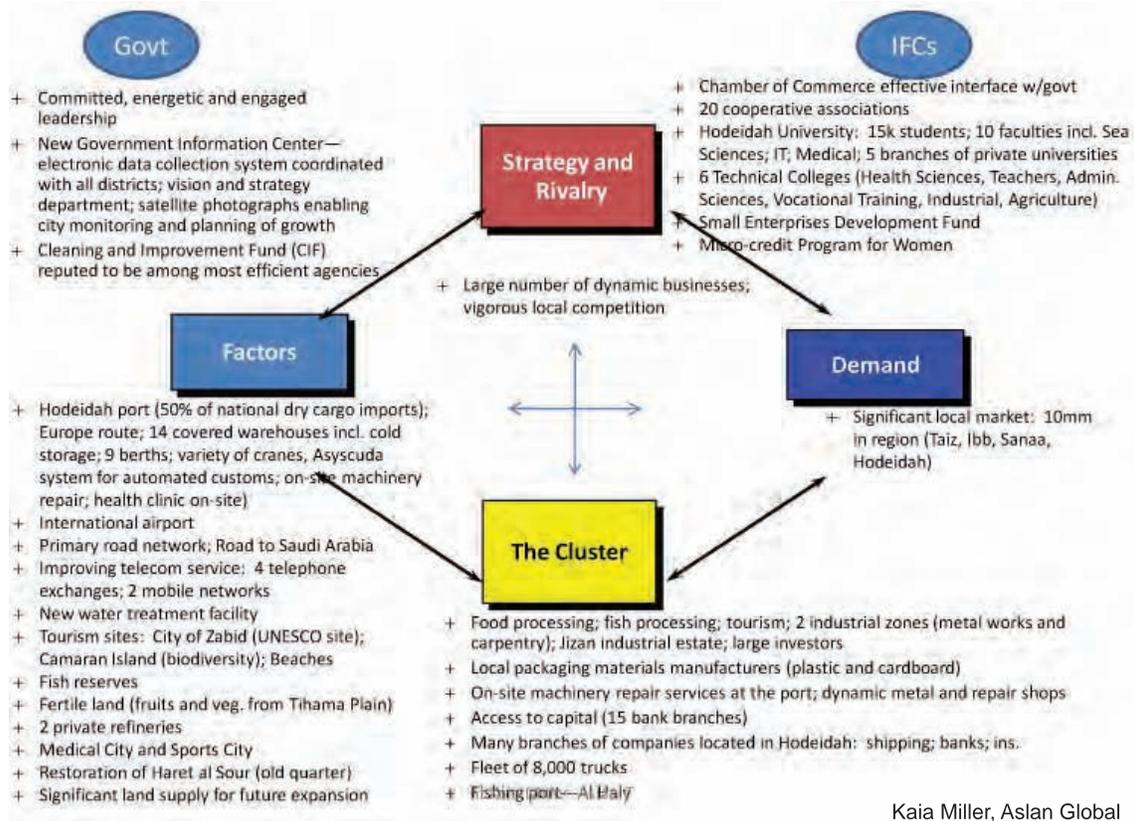
in the business environment. They also strongly recommended that the Chamber of Commerce offer more support for businesses including training programs, study tours, and sponsoring experts to come to Hodeidah. In addition to the Chamber of Commerce there are 20 cooperative associations, a Small Enterprise Development Fund, and a Microcredit Program for Women. Research institutes, think tanks, quality centers and even basic industry associations are generally weak or nonexistent. These types of institutions are the glue that can hold a cluster together and strengthen the ties among diverse cluster members.

Government affects all parts of the business environment. The role of the government in creating the conditions for productivity growth is easy to describe but difficult to achieve. The government needs to do everything it can to help the private sector – except show favoritism and impede competition – by investing in the business environment, reducing administrative bureaucracy, engaging in a dialogue with not just the few large firms, but the smaller and medium-sized firms which often tend to be the most dynamic, and, finally, investing in the image and promotion of Hodeidah internationally.

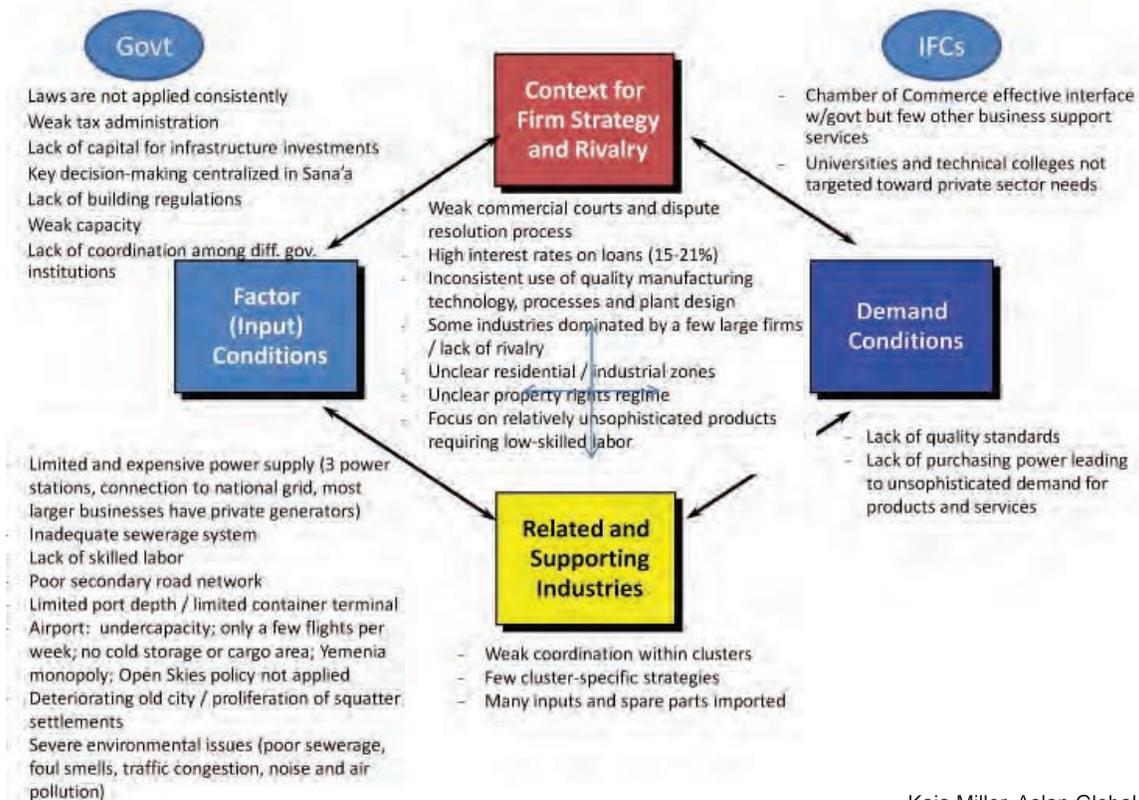
Both private and public sector leaders acknowledge several areas of improvement needed for the local government to positively influence the regional business environment including: consistent application of laws, strengthening the tax administration, infrastructure investments, more local decision-making power vis-à-vis Sana'a, enforcement of building regulations, capacity building, and improved coordination among government institutions.



Hodeidah's Business Environment: Relative Strengths



Hodeidah's Business Environment: Areas to Improve



HODEIDAH TOMORROW

Agro-Industrial Capital of Yemen

The vision and strategy for Hodeidah's future must be based on its unique assets and history, and the strategy for achieving the vision must be consistent with the elements of an effective regional economic development strategy. An effective regional strategy will build on the region's existing strengths and unique assets, will be differentiated from other regions, will encompass a wide range of clusters, and will strengthen established, traditional clusters. The city of Hodeidah must consider its geography and port, its proximity to rich agricultural lands, and its plentiful fish reserves, as well as its existing research facilities and major companies at the foundation of its economic development strategy and ongoing cluster evolution.

In addition to focusing on cluster development, a successful regional strategy also must align with national objectives and differ from other regions in Yemen based on the unique assets and relative strengths present in the city and its surrounding region.¹⁶ In the expanded version of Hodeidah's future vision, the alignment with Yemen's national vision and objectives becomes much more apparent in areas such as exploiting fisheries, promoting industry, increasing exports, strengthening links between higher education and society, strengthening institutes of innovation, and strengthening government-private sector relations.

Clusters of Competitiveness

Cultivating economic growth clusters is a long-term endeavor involving multiple private and public sector partners.

To realize its long-term vision of high and rising prosperity for its residents, Hodeidah will not only have to invest in upgrading its business environment, but it will need to cultivate regional "clusters of competitiveness." In fact, to maximize results in the shorter term, the clusters Hodeidah elects to focus on first should determine the prioritization of improvements in the business environment and urban infrastructure.

The development of clusters is a long process occurring over decades. Clusters often originate as a result of strengths in the business environment. In Hodeidah's case, the city's location on the Red

Sea on major international shipping lines gave rise to the shipping and maritime cluster. Proximity to the Tihama plain and its agricultural products gave rise to the food processing cluster. Clusters can also arise from unusual, sophisticated, or stringent local demand, or from the formation of a few innovative companies that stimulates the formation of more. One of the questions central to Hodeidah's economic development strategy is how to speed up the process of cluster development.

A sound regional economic development strategy will build on the region's unique assets and relative strengths to develop specialized clusters. Successful city strategies do not pick winning clusters, but build on the surrounding region's inherited assets (e.g. geography, climate, population, research centers, companies, governmental organizations), to create specialized economies that differ from other regions and offer advantages to local companies.

Hodeidah's strategy must include the cultivation of a broad array of clusters. Although all regions tend to specialize in a few clusters, some are especially overdependent. They have a disproportionate share of employment in one cluster, and even in a handful of companies, which makes them unnecessarily vulnerable. A wide array of specialized clusters can help protect a region against such economic shocks.

That said, in cultivating regional clusters of competitiveness, established and already emerging clusters offer the greatest prospects for short term results with an explicit cluster development process. Short term positive results can encourage other clusters to engage in an explicit cluster development process. Based on Hodeidah's unique assets and relative strengths, as well as its existing industries, clusters that present the greatest prospects for near term productivity growth include Agribusiness, Fishing and Fishing Products, and Industrial Logistics.

Overlapping clusters offer potential synergies in skill, technology and partnership. Exciting opportunities can often be found at the intersection of clusters and Hodeidah should pay particular attention to these areas of overlap.

Additionally, Hodeidah's greatest prospects for near term growth already show above average growth in

¹⁶ Michael E. Porter, et al, Clusters of Innovation: Regional Foundations of US Competitiveness.

both production and exports at the national level. Agricultural/Forestry/Fishing increased at the slightly below average rate of 2.9% annually vs. 4% annual growth in overall GDP. Within that sector, however, the Fishing subsector increased 23% annually. Maintenance and Repair increased 4% annually from 2000-2004, and Transport/Storage increased 7% annually from 2000-2004.

driven primarily by bananas and onions. Agricultural exports were also boosted by small, but dynamic products including animal food (145% annual export growth), honey (40% annual export growth) and dairy products (38% annual export growth). Non-edible growth products include sheep and lamb skins (28% annual export growth), and cotton linters (22% annual export growth).

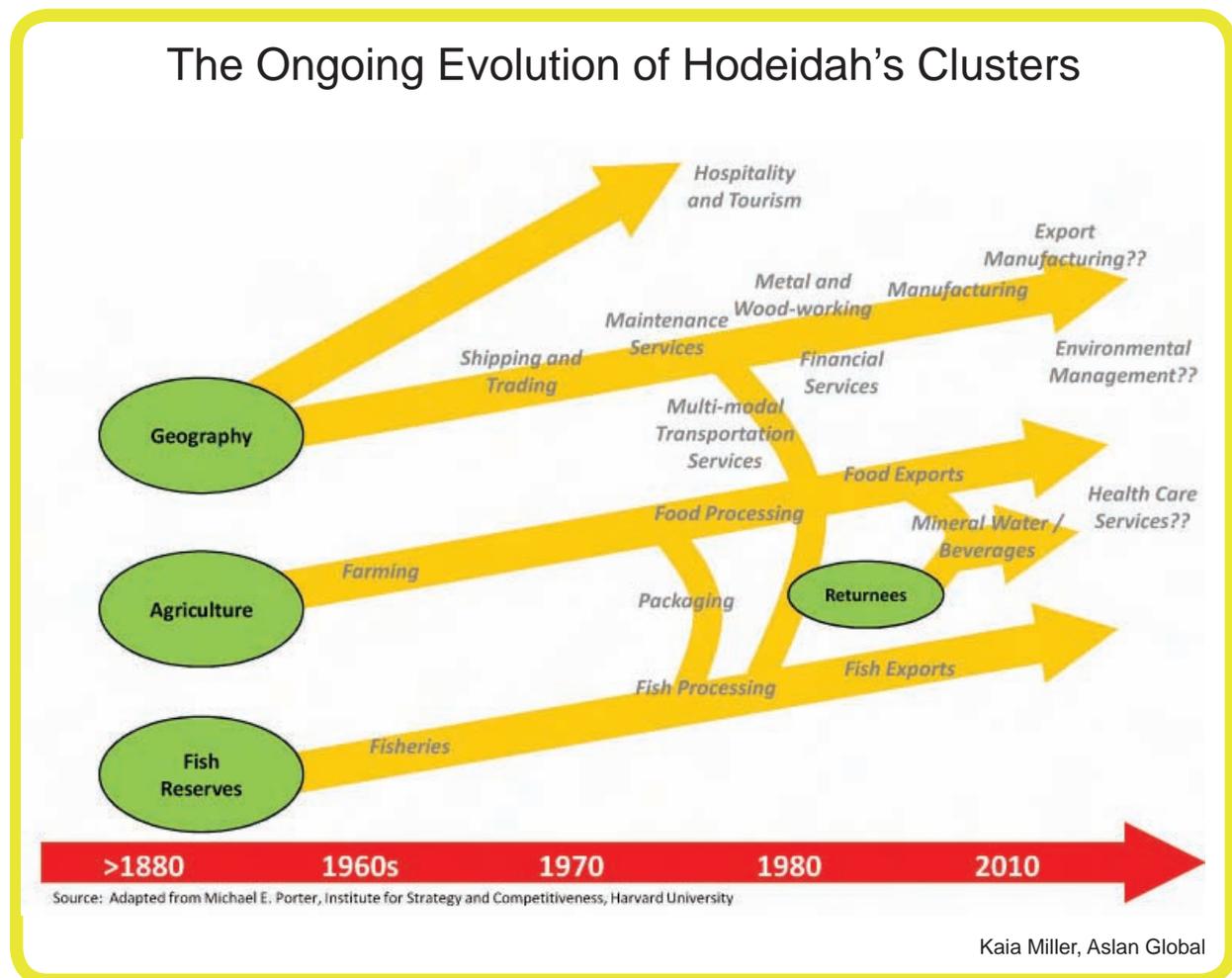
Increasing exports is a critical component of Hodeidah's future vision and exports of several products from Hodeidah's regional clusters increased dramatically from 1999-2003. While overall the Agricultural Sector grew 2% annually on average from 1999-2003, Yemen's Vegetable and Fruit exports, driven in large part by bananas and onions, increased 45% annually during that same period. Fish exports, driven in large part by tuna, lobster and cuttlefish, increased 50% annually from 1999-2003. Exports of metal products, including scrap metal, increased 35% annually from 1999-2003.

According to the Ministry of Local Administration, the Hodeidah Governorate produces over 40% of the nation's agricultural products. The Agribusiness cluster in the Hodeidah region is comprised of industries supporting farm production (animal and crop), farm-related industries, and indirect agribusiness. Farming and supporting industries which provide inputs, processing, management, and marketing comprise the core elements of this cluster. The region is known for its fruits and vegetables, grains, beans, and dairy-producing livestock.

Hodeidah's Agribusiness Cluster

"Developing and Rationalizing Agriculture" is an area of focus in Yemen's national vision for increasing prosperity. Yemen's Fruit and Vegetable exports grew an impressive 40% annually from 1999-2003,

Hodeidah's regional Agribusiness Cluster has significant potential for productivity improvement at the farm level. There are several agricultural valleys in the Hodeidah Governorate where most of the farms in the regional Agribusiness Cluster are located. The Wadi Sirdud flows into the Red Sea



south of Zabid and is the site of banana, mango, guava and livestock farms. The Wadi Siham flows into the Red Sea south of Hodeidah and is known for mangoes, bananas and tobacco. The Wadi Rima is known for bananas, mangoes and grapes. They operate independently with their own processing facilities and transportation. Occasionally the produce is channeled through the export center in the city of Hodeidah. Overall exports remain low and in general represent a surplus market once local demand is met. However there are several products produced in Hodeidah's regional cluster whose exports have increased dramatically in recent years including animal food, honey, bananas, onions, fresh milk, cream and eggs. Increasing exports of fresh produce will require investments in farm productivity and more sophisticated processing and transport facilities to preserve quality. Opportunities can also be explored to stagger seasonal production to serve off-season export markets, and to develop specialized products for the regional market.

The city of Hodeidah is integral to increasing productivity in this important regional cluster. The city is the primary location for the Food Processing sub-cluster, and for suppliers of packaging materials. According to the Chamber of Commerce, 13 of Hodeidah's top 30 companies are food and beverage processing companies. Six of the top 30 are packaging manufacturers. In 2004 there were a total of 11 paper and cardboard packaging companies in the city employing 629 people. Products include paper sacks, cement bags, and cardboard containers. There were also a sizable number of plastic packaging companies. Currently locally produced packaging materials are not suitable for export.¹⁷ Increased fresh fruit and vegetable exports would increase demand for high quality packaging materials which could spur improvements in Hodeidah's packaging cluster, concentrated in the city. Hodeidah is also home to one of Yemen's six agricultural produce export processing centers, and is the hub for the largest trucking fleet servicing the cluster. It is estimated that 95% of Yemen's agricultural exports currently go to Saudi Arabia by road transportation through the city of Harad near the Yemeni-Saudi border. Leading exports include: coffee, bananas, onions, and honey. The city's fleet of 8000 trucks is the largest fleet in the country and transports the vast majority of agricultural exports.

Despite the presence of a number of local crops that could be processed, such as mango and tomato, local input of Tihama products in food processing is negligible. Food processing companies currently rely on imported raw material to sustain their operations. Moreover, supply chains between food processing companies and local farmers are non-existent. Food processing companies in Hodeidah,

¹⁷ Mitsubishi study, Growth Prospects in Yemen

except for the fish sector, are mainly targeting the local market. This is largely due to the high demand in these markets, as well as the limited production capacity of the companies. Local processors prefer to stay away from exporting their products to avoid the higher costs associated with access to international markets. Specific products for food processing in Hodeidah include canned vegetables, beverages, juice, cooking oil, frozen fish and dairy products.

Increasing food processing companies' reliance on local agricultural inputs would require price adjustment and quality improvement. More specifically, prices need to go down and quality needs to meet processing specifications. Enhancing the processors' reliance on local inputs could be achieved by improving agricultural practices, establishing supply chains between farmers and industry, and transferring knowledge to farmers through extension services. In addition, the processors need to introduce production lines that are capable of handling fresh agricultural products not only bulk raw materials.

The main challenges for Hodeidah agro-processors are the lack of skilled labor force and the reliance on costly and unreliable sources of energy. The lower productivity of Yemeni work force is largely attributed to the limited availability of appropriate education and vocational training. For the purpose of illustration, it takes one worker to handle four ponds in shrimp farming in India, while it takes eight workers to produce the same output in Yemen. Similarly, in industrial operations, a large number of workers are usually assigned to each machine or production line. Regarding energy-related deficiencies, food processing plants rely on self-generation of electricity using diesel-operated generators. For water supply, all plants depend on ground water, which is typically pumped using diesel or electric pumps. In addition to being unreliable, these utilities are expensive. These factors adversely affect the competitiveness of Hodeidah's food processing companies locally and regionally.

There are several promising agricultural products in Hodeidah that could serve as inputs for local processors, and thus provide potential for agro-business exports, including: mangoes, tomatoes, date palms, watermelon, honey, henna, jasmine, doum, hibiscus, oil palm, and ostrich farming.

To facilitate the strengthening of the agribusiness cluster, the following short-, medium-, and long-term actions are recommended:

Short-Term (1-3 years)

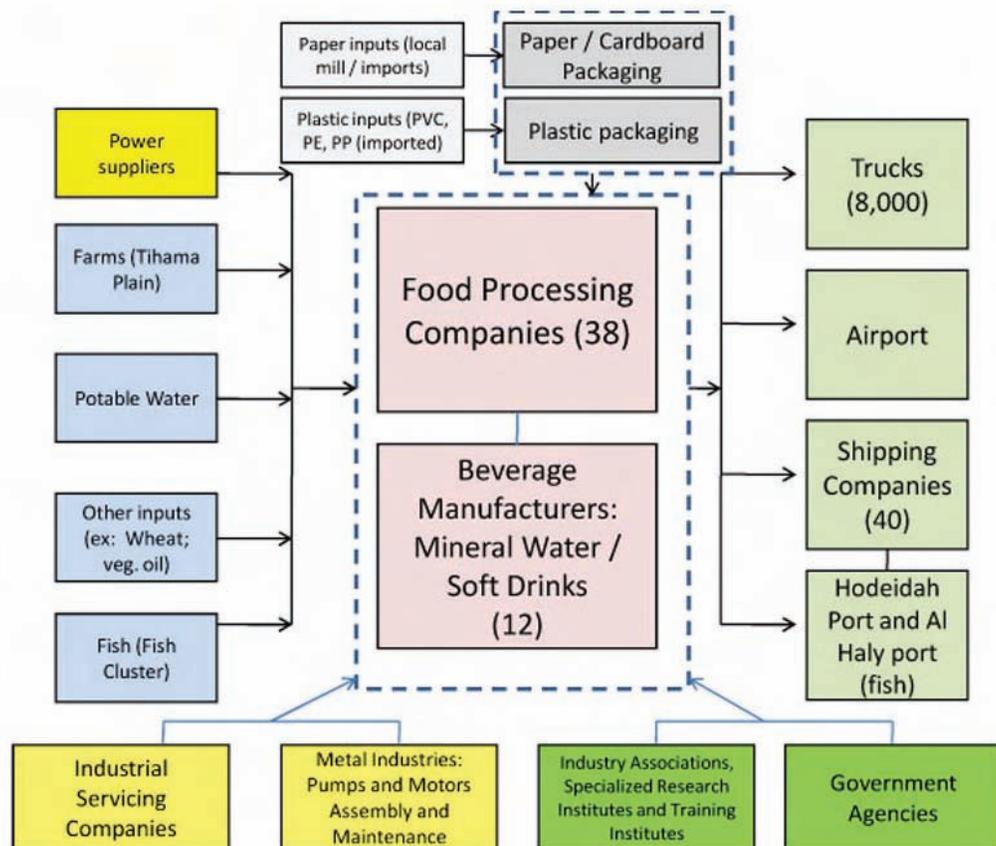
- **Conduct a series of Agribusiness workshops.** Organize a workshop or a series of workshops that will address the agro-business opportunities

and challenges in Hodeidah. Participants would include representatives from the food processing companies, farmers, the Tihama Development Authority, experts in the fields of horticulture, irrigation and marketing, Ministry of Planning and International Cooperation, and the Port Cities Development Program (PCDP) focal person. The workshops would help to focus ideas and establish a clear picture about the potential of local agricultural inputs, as well as emphasize specifications to industrially favorable crops. It would also provide an opportunity to discuss the issues, benefits, and difficulties related to the establishment of supply chains and the improvement of agricultural production at the farm level.

- Developing integrated resorts for regional and international tourism. To-date the development of accommodation and other tourism facilities in Mukalla and the Hadramout Region has taken place through the activities of investors who have operated in isolation and built relatively small individual

tourism establishments. This type of development suits well the needs of business tourism but is of limited appeal to vacation tourists. The establishment of integrated tourism resorts combining on a designated sea front site several types of accommodation facilities and tourism services would enhance the image of Mukalla as a tourism destination and increase its appeal to vacationers. Within Mukalla City and its vicinities there are several locations suitable for the development of similar resorts. Because of their urban environment, sites along the beach in Fowah are particularly suited for prevailing city-based combined with beach-based vacation tourism. Because of their vicinity to the city and yet natural environment, sites along the beach of Hella and Al Rouweinat are suited for prevailing beach-based combined with city-based vacation tourism. Finally, because of their relative isolation, sites along the beach in Al Rayan are mainly suited for beach-based vacation tourism. To promote the implementation of an initial integrated resort in Mukalla, the Governorate, in association

Hoedidah's Food Processing Cluster Map



Kaia Miller, Aslan Global

with the Ministry of Tourism and the General Investment Authority, should take an active stance to ensure the availability of the required land, the strengthening and/or the development of the required trunk infrastructure, and the search of an appropriate developer.

- **Initiate improvements at the farm level.** Agricultural improvements, as well as any recommendations from the workshops, should be initiated by the Tihama Development Authority in cooperation with the agricultural private sector. Such improvements at the farm level are critical to increase productivity and improve quality. This step requires several projects to address irrigation system upgrades and the improvement of horticulture crop management, as well as post harvest handling.

- **Establish supply chains between food processing companies and local farmers.** Once agricultural improvements at the farm level have been on track, it becomes feasible to work on pilot projects to establish supply chains between farmers and food processing companies. This step will gain momentum as soon as demand is established by processors for specific agricultural products.

- **Set up production lines that could handle fresh agricultural products.** Food processing companies should initiate the necessary changes and modifications to their production systems to accommodate the input of fresh agricultural products. This would include suitable production lines for sorting and pulp extraction in the case of mango.

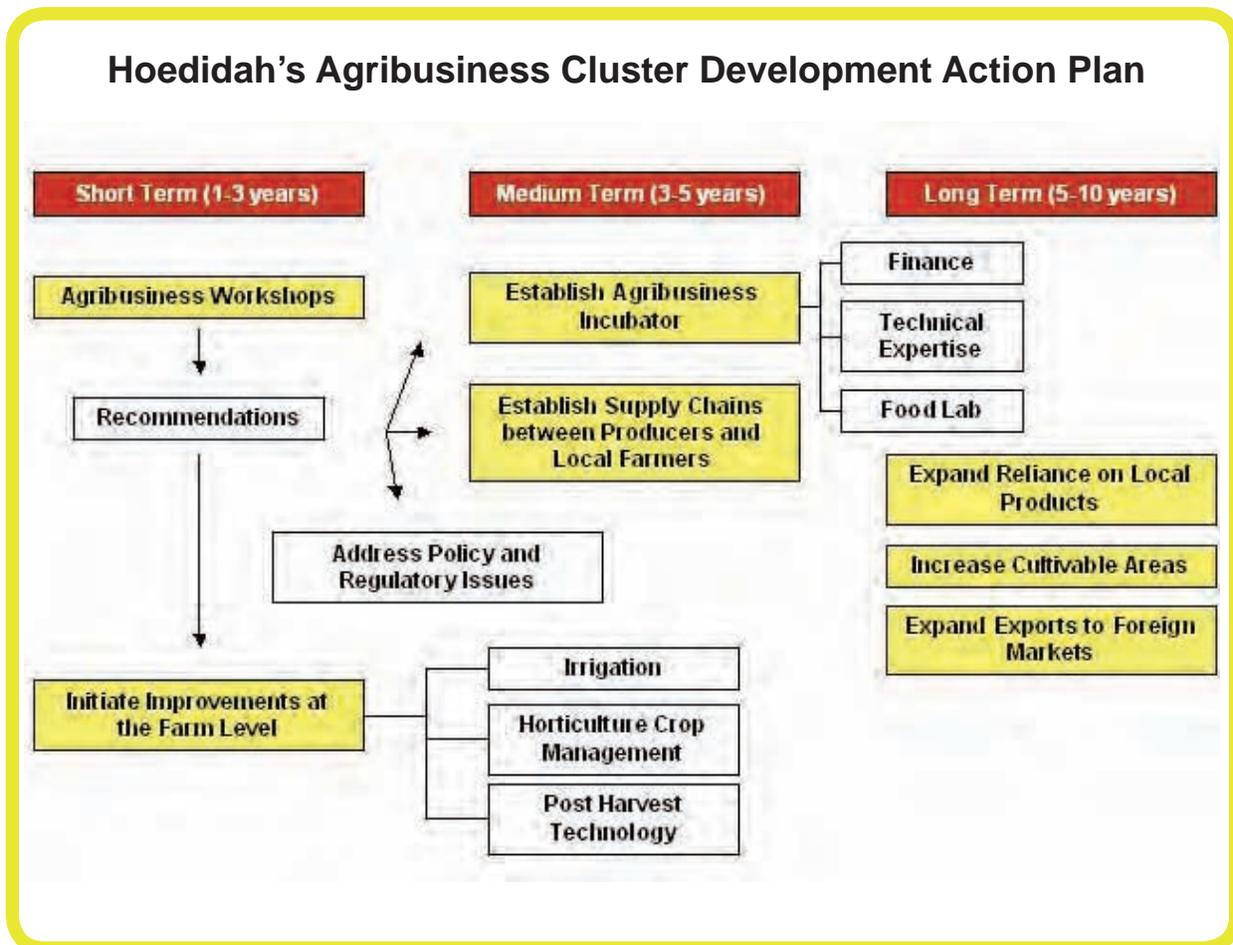
Medium-Term (3-5 years)

- **Launch the Hodeidah Agribusiness incubator.** An agribusiness incubator could play a role in promoting agribusiness projects with an emphasis on incorporating local agricultural products as industrial inputs for current or future food processing companies. The incubator should complement the role of Tihama Development Authority and primarily help investors to locate funding and provide technical support needed for projects.

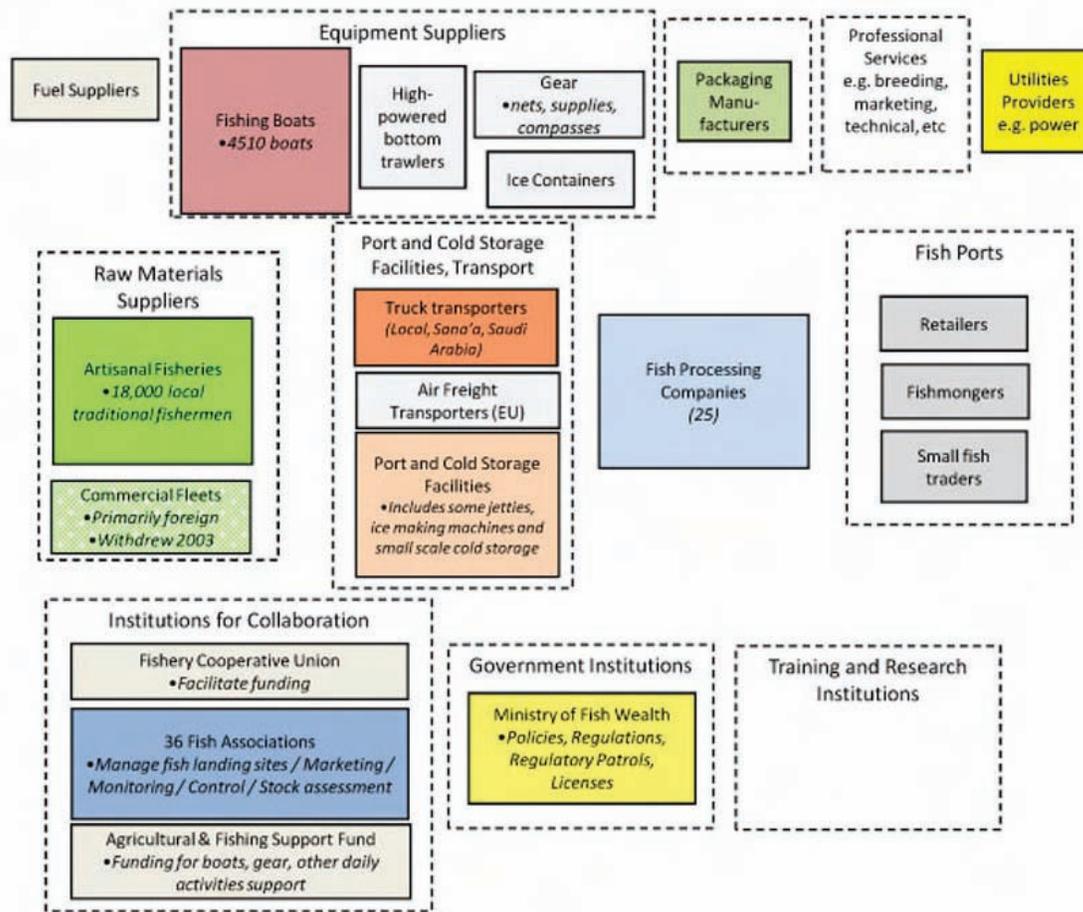
- **Address policy and regulatory issues to facilitate agribusiness development.** The input and concerns from the private sector should be addressed by policy makers to create an enabling business environment.

Long-Term (5-10 years)

- **Expand the reliance on local products beyond mango and tomato.** By evaluating the tomato and mango experience, the same approach could



Yemen's Fishing and Fishing Products Cluster Map



Kaia Miller, Aslan Global

be applied to other vegetable and fruit crops.

- Increase cultivable areas by reclaiming land with available water resources.** The Yemeni population is growing rapidly. To meet the increasing demand of the rapidly growing population, the government should consider increasing the cultivable areas in the Tihama plain.
- Expand exports to foreign markets.** To ensure the expansion of production capacity for agricultural and industrial products, regional markets should be analyzed for potential exports. The Saudi market is, and will continue to be, a promising export destination, facilitated by the vicinity to Hodeidah, availability of paved roads and high demand.

Hodeidah's Fishing and Fish Products Cluster

"Balanced Exploitation of Fisheries" figures prominently in Yemen's national strategy for increasing

prosperity, and Hodeidah will play a key role in this important national cluster. Yemen's national fish production increased 12% annually 1996-2001, 18% 2001-2005, reaching 228,000 tons / \$101mm in 2005. Exports grew an incredible 52% annually from 1999-2003 reaching 60,400 tons / \$89mm in 2003 driven primarily by fresh and frozen tuna, lobster, and cuttlefish. Exports are comprised primarily of high value fresh and frozen tuna, lobster and cuttlefish to Europe. The Fisheries sector's contribution to Yemen's total food exports was 64% in 2003. National goals include increasing both the tonnage and prices of exports, and focusing on better quality management.

Hodeidah's regional Fisheries Cluster can play an important role in support of the national vision. The Fisheries Cluster is one of the region's most important and established clusters. In 2005, Hodeidah led all other governorates in the number of fishermen

employed (18,517), number of boats (3,852), and number of fishing cooperatives (34). The number of fishermen grew at an average annual rate of 11.1% from 2003-2005.¹⁸

In addition to the core fish suppliers, the cluster includes equipment suppliers, packaging manufacturers, professional services (e.g. marketing) providers, port and cold storage facilities, transportation providers, institutions for collaboration, government agencies, and training and research institutions. In 2004 there were two fish exporting companies and 2 ice production companies in Hodeidah City. Specialized infrastructure and institutions for the Fishing and Fish Products Cluster in Hodeidah include the Al-Haly Fishing Port which is designated exclusively for fishing, and the Sea Sciences Faculty at Hodeidah University.

The fishing port at Al Haly, established in 1985, is the only fishing port in Hodeidah. It is located on the main Corniche near the center of town and stretches along more than 600 meters of seaside. The port is very active and the fishing catch provides an important source of food for the city's population through traditional markets and also supplies downstream economic activities such as fish processing, freezing, and packaging, some of which is aimed at the export market (shrimp in particular).

Hodeidah's Industrial Logistics Cluster

The Metalworking, Packaging, and Transportation and Logistics clusters are cross-cutting clusters that support industrial and manufacturing activities in Hodeidah. Overlapping clusters often present opportunities for innovation and productivity growth.¹⁹

In 2004 there were 15 metalworking companies in the city of Hodeidah employing over 400 employees. Products and services included pump and motor assembly and maintenance, aluminum window frames, and pressed metal. One of Yemen's fastest growing exports from 1999-2003 was scrap metal. In addition to contributing to exports, the metalworking cluster is also an important supplier to several industries including food processing. If Hodeidah is to establish itself as an internationally recognized center for industrial and manufacturing activities it must cultivate local providers of machinery and machinery repair services to keep the factories running efficiently. In 2004 there were over 100 maintenance workshops in Hodeidah (carpentries, car maintenance, welding, industrial servicing, and others). Having a significant number of Hodeidah's metalwork and repair shops concentrated in one location will facilitate cluster de-

velopment, information exchange, marketing and innovation.

Another emerging cluster in Hodeidah that is at the intersection of several related clusters is Packaging Materials. This cluster is an important supplier to the Food Processing and Chemical Products Clusters, among others. In 2004 there were 11 paper and cardboard packaging companies in Hodeidah employing 629 people. Products include paper sacks, cement bags, and cardboard containers. Currently locally produced packaging materials are supplied primarily to the local market for local products. Higher quality local packaging materials would increase the productivity of producers of agricultural produce, processed food and fish. Similarly, increased agricultural produce and fishing exports would increase demand for high quality packaging materials that could spur improvements in Hodeidah's packaging cluster. Cluster linkages within Hodeidah's Packaging Cluster should be cultivated to exploit these opportunities.

A third cluster in Hodeidah that is at the intersection of several clusters is Transportation and Logistics. There are over 20 shipping companies in the city of Hodeidah, primarily branches of larger companies. Yemen's largest fleet of trucks operates from Hodeidah. The main port in Hodeidah, located on the most active shipping lines to the Middle East, North Africa and Europe, receives over 60% of Yemen's total imports for distribution throughout the country. Hodeidah is on the main road to Saudi Arabia, Yemen's primary trade partner. The international airport, albeit underutilized and in need of serious equipment upgrades, is yet another component contributing to Hodeidah's potential as a regional multi-modal transportation and logistics hub. Active development of this cluster would yield benefits to several regional clusters simultaneously.

Hodeidah's Tourism Cluster

In addition to Agribusiness, Fishing, and Industrial Logistics, Hodeidah's business and government leaders have made the development of the Tourism Cluster a part of their long-term vision for the city. A successful Hospitality and Tourism cluster is correlated with above average economic growth rates, accelerated local and foreign investment, high quality job creation, and improved public education, and with the right strategies, can incubate regional prosperity and economic growth. Currently, the Hodeidah Governorate is known regionally and internationally for several tourism attractions including: Khokha Beach, Zabid, Bait Al Faqih, Kamaran Island, and the rural eco-tourism of the Tihama plain. In the long-term, the city of Hodeidah is poised to capture a portion of the tourist visits to the region as the largest urban center in the Governorate.

¹⁸ Government of Yemen, Ministry of Fish Wealth, "No. of Fishing Cooperatives Societies, Number of Fishermen, and Boats in Governorates (2003-2005)."

¹⁹ Michael Porter and the US Council on Competitiveness, Regional Clusters of Innovation Study.

In 2003 8% (12,666) of Yemen's foreign tourists came to Hodeidah. It is estimated that 92% were from the Middle East, primarily Saudi Arabia. Total arrivals into Hodeidah International Airport decreased from 15,414 in 2000 to 10,000 in 2005, including 3,000 international travelers.²⁰ Anecdotally, according to businesspeople in Hodeidah, foreign visitors are either businesspeople or families driving down from Saudi Arabia seeking an affordable vacation destination.

While the city of Hodeidah is not one of Yemen's primary tourist destinations, it is critical that visitors who do come, whether they are there for business or tourism, have a positive experience. Since Hodeidah is, and will continue to be, primarily an industrial and manufacturing city, the tourism offerings in the city should focus on offerings catering to the business traveler, for example hotels with business centers, cable television and internet access, a variety of restaurants, convenient souvenir shops selling unique, quality Hodeidah crafts, and short excursions outside the city. Business travelers tend to spend more per day than tourists.

In 2004, the city of Hodeidah had 18 hotels: 1 four-star, 6 three-star, 3 two-star, and 8 one-star. There were an estimated 544 rooms and 1,122 beds.²¹ New hotels have been added since 2004, including the higher end Hodeidah Land Resort offering suites with Arabic sitting rooms catering to the Middle Eastern visitor, several with private pools catering to Saudi Arabian families, easy internet access and a restaurant and entertainment area frequented by hotel guests as well as non-guests in the area.

The handicraft industry is one of the key related and supporting industries in the tourism cluster and development of the handicraft industry is an important way of strengthening economic linkages between the city of Hodeidah and the surrounding villages. The Hodeidah Governorate is known for several handicrafts and specialty products including pottery and ceramics, cotton textiles, silver molding, onyx, sesame pressing, traditional wood carving, artisanal fishing, strawmaking, date and honey production, and Arabian jasmine flowers. The city is an important potential marketing and distribution partner for handicraft producers throughout the Governorate and these cluster linkages should be actively cultivated.



20 General Authority of Civil Aviation and Meteorology, "Passengers Movement and Freight At Domestic and International Airports During 2003-2005."

21 Touqan

IMPLEMENTATION

Institutions and Infrastructure for Growth

The best way for recommendations to be developed for creating the conditions in Hodeidah for sustained regional productivity growth and for cultivating Hodeidah's regional clusters of competitiveness is through a participatory process in which groups, including private and public sector leaders, and representatives of relevant institutions for collaboration, come together to first analyze the current situation, define priorities and then design solutions with clear allocations of responsibility. The leaders in Hodeidah will ultimately be responsible for periodically updating, implementing and monitoring their strategy for economic development. The following guidelines can be used to guide those efforts and the chart on the opposite page provides a summary of priority actions to be taken over the next 20 years:²²

- Establish an over arching organization for economic development that helps coordinate and routinize the process. A formal organizational structure and process for working on economic issues helps maintain a consensus behind an economic strategy through periods of economic and political change. Hodeidah needs to make its organizational architecture explicit, with clearly defined areas of responsibility. The establishment of a well-staffed Local Economic Development Department could play a key role in cultivating regional clusters.
- Ensure strong leadership from a diverse group of Hodeidah's leaders: government, private sector, academia, and other institutions for collaboration. Strong leadership committed to regional economic development is needed to ensure that companies, knowledge centers, governments, and collaborative institutions contribute to their full potential. Leaders are found in the public sector, private sector and civil society. Both government and business leaders need to invest in a more effective and ongoing dialogue with each other and design a strategic process for change that combines ongoing, data-based analysis of Hodeidah's current competitive position with broad-based leadership, short-term wins, and clear performance metrics. This ongoing dialogue must be the centerpiece of Hodeidah's economic development strategy, as these city leaders identify, prioritize and solve

the economic and related issues confronting the region.

- Develop an explicit cluster development program in Hodeidah and aggressively activate key regional clusters. Although chance events play a role in the formation and development of clusters, conscious efforts to raise cluster competitiveness and innovative capacity can meaningfully influence the trajectory of cluster development. Although the ultimate responsibility for improving company-level strategies lies with the private sector, the government can play a critical role in convening cluster representatives to work together on strategies for improving collaboration within the cluster and working on issues in the business environment that can improve their productivity. An explicit program should be initiated for forming Cluster Working Groups to devise and implement strategies for increasing productivity in the cluster.
- Invest in specialized research institutes and cluster-specific institutions for each focus cluster in Hodeidah. These institutions for collaboration facilitate the flow of information and resources throughout the cluster. Diverse groups (e.g. rival firms, related and supporting industries, universities and research centers, training institutions, government) contribute to cluster strength, but their contribution is not automatic. Each cluster should have a world-class research program and training institute either within an existing organization or within a new institution, where cluster innovations can be researched and implemented.
- Maintain a long-term perspective. Meaningful changes in regional development require investments that generally take decades before significant dividends are reaped. The institutional structure for a city development strategy must go beyond government and actively involve the private sector and non-governmental institutions for collaboration. Hodeidah's private sector leaders will play a key role in ensuring the continuity of cluster development efforts regardless of any changes in the political landscape. Government's efforts should be institutionalized for the long-term and not subject to change simply because of changes in political leadership.

²² Adapted from a study directed by the US Council on Competitiveness and Harvard professor Michael E. Porter on what drives prosperity in regional economies.

The leaders of Hodeidah have already taken an ini-

Strategy Overview: Short, Medium, and Long-Term Priorities

	Phase I 2007 - 2012 Operational Efficiency	Phase II 2012 - 2020 Clusterization and the Region	Phase III 2020 - 2027 Environmental Leadership
Business Environment	<ul style="list-style-type: none"> Power generation overhaul Water/sewerage overhaul (including the fish port) Begin port upgrade Upgrade airport; add cargo and cold storage Informal area upgrading Old city center infrastructure upgrading Enforce plan inspection policies Streamline business registration 	<ul style="list-style-type: none"> Continue port upgrade including developing a quality control lab; deepening the port; turning basis; organize workshops for port maintenance Secondary road upgrade Streamline land acquisition Establish city promotion center 	<ul style="list-style-type: none"> Consumer protection laws Set product quality standards Develop comprehensive environmental management strategy Host series of regional discussions about environmental and industrial management
Clusters	<ul style="list-style-type: none"> Infrastructure to SME industrial estate - Jizan Phase 1 Infrastructure to big industrial estate - Jizan Activate cluster development strategies for Food Processing and Fishing Develop business institute/train partnerships in key clusters 	<ul style="list-style-type: none"> Active cluster development strategies for Chemicals/Cosmetics; Metalwork; Shipping and Transportation; and Tourism Establish cluster-specific research institutes including Environmental Management Aggressive promotion of exports and investment to the region 	<ul style="list-style-type: none"> Activate additional clusters, including Environmental Management Fish breeding project Establish environmental studies faculty at university/partnerships Establish urban studies faculty at university/partnerships
Legal	<ul style="list-style-type: none"> Coordination/ reorganization of revenue collection agencies Activate commercial court/dispute resolution Consistent application of investment laws Establish and enforce building regulations 	<ul style="list-style-type: none"> Establish clear property rights regime Enforce national intellectual property rights laws Anti-corruption campaign 	<ul style="list-style-type: none"> Review and upgrade cluster-specific policies and laws
Social	<ul style="list-style-type: none"> Chamber programs in business skills Intensive vocation training programs Expand health coverage 	<ul style="list-style-type: none"> Upgrade primary education: enrollment and quality Address rural-urban migration 	<ul style="list-style-type: none"> Coordinate with national government and other governorates on social security issues
Political	<ul style="list-style-type: none"> Implement Open Skies Public works training program and performance reward system Continue decentralization dialogue 	<ul style="list-style-type: none"> Develop comprehensive public sector capacity building program Actively coordinate policies with Sana'a and continue decentralization 	<ul style="list-style-type: none"> Convene and host regional environmental management commission

Source: Adapted from Kaia Miller, Aslan Gobal

tial pass at summarizing and prioritizing some high level strategic actions and investments that they are considering over the short-, medium- and long-term. The chart offers a useful summary of the issues that business leaders identified as critical, and includes some potential short-term wins to build enthusiasm for city's longer-term economic development process.

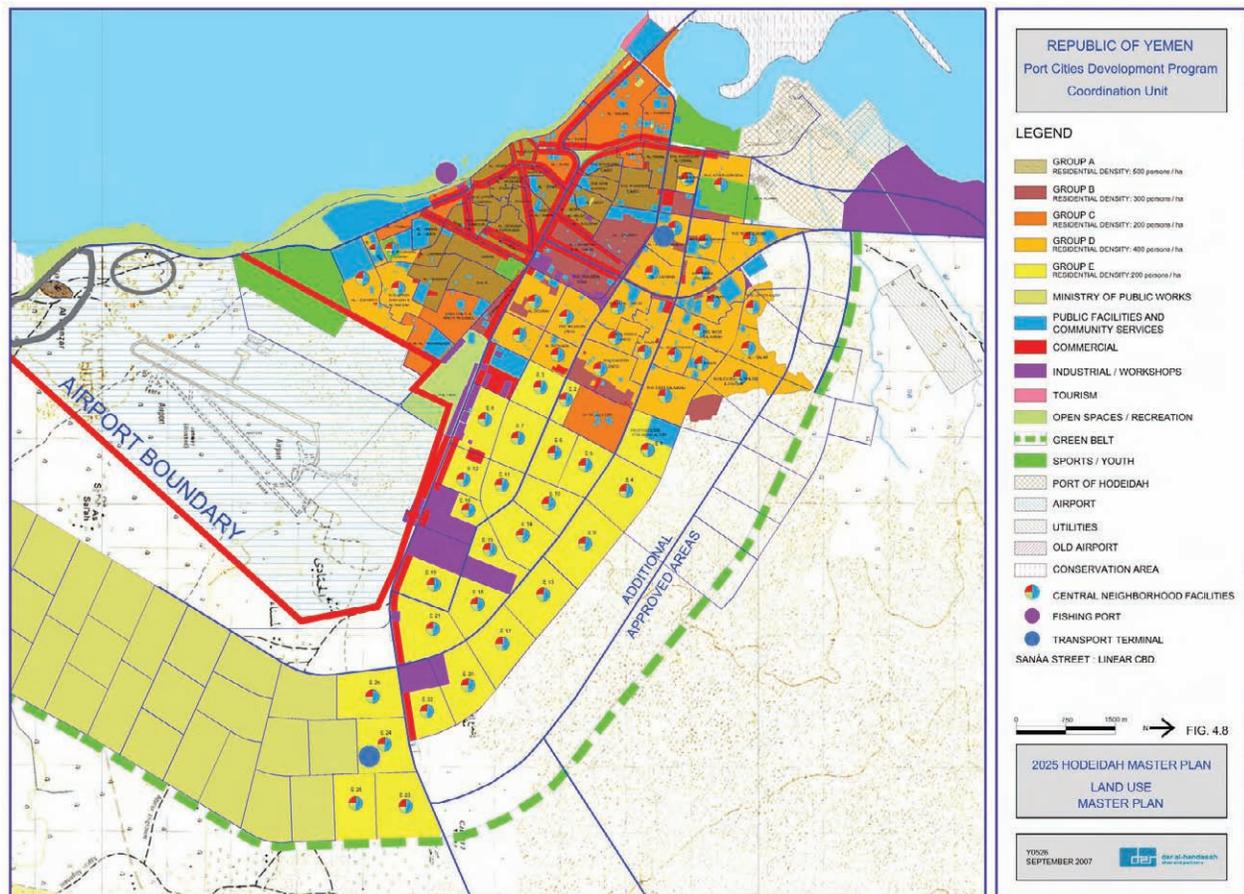
Infrastructure for Growth

Strengthening the Agribusiness, Fishing, and Industrial Logistics clusters requires a solid physical growth plan and targeted investments in infrastructure.

In May 2005, Hodeidah embarked on the develop-

ment of the Hodeidah Master Plan 2025 to establish a framework through which to address the physical challenges facing the city. Three master plan scenarios were devised in order to provide differing emphasis for the future development of Hodeidah, taking into consideration the existing residential and economic assets and the anticipated growth in each by 2025. After deliberation and debate, it was decided that the preferred vision for physical growth was one of densification and consolidation – focusing development in already urbanized areas of the city to maximize the use of infrastructure and reduce transportation needs.

The revised and updated Hodeidah Master Plan 2025 carries with it many advantages. Population densi-



Hodeidah Master Plan 2025

ties will be high enough to support better transport solutions and make it feasible to operate them on a regular basis. The high densities and mixed uses will allow people to live nearer to their work place and leisure facilities, thereby reducing the need for cars. Densification encourages economic viability through reducing the extent of necessary infrastructure, such as roads, utilities, community facilities, and other services. Moreover, infill development supported by limited amounts of new building that complement existing centers and neighborhoods offer significant ecological, social, and economic advantages.

Road network: Sana'a Road is the principal commercial corridor of Hodeidah and it continues as the main highway to Sana'a. This road carries substantial volumes of traffic, particularly at peak periods. The radial nature of the city's urban structure focuses congestion at points where medial roads intersect with Sana'a Road. The junction between Sana'a Road, Jamal Road and Airport Road is presently a five leg signalized intersection at grade. It is one of the most important intersections in Hodeidah as it is located in the middle of the city and serves as a distributor for traffic emerging from a variety of different areas. It is particularly congested being located at a point adjacent to the Old City and the commercial district of Ba Moshref and a focus of pedestrian and vehicular traffic, and is in need of improvement.

It is assumed that most of the truck traffic in the city is linked to goods being transported from the seaport to Aden, Sana'a and Saudi Arabia. A radial road by-pass (called the 90m road) is planned (construction is underway) that will reroute truck traffic from the new Seaport gate around the city to link up with the regional highway network, especially the Sana'a Road and onwards to the Aden road. The northern arc of the inner ring road (17th of July road) is completed and the southern arc is planned. Another northern road (30m road) is also under implementation and is located between the 90m by-pass and the 17th of July road.

Seaport: Located in the northwest corner of the city, the Hodeidah Seaport is situated at the landward end of a 20 kilometer long access channel with a draught limited to 9.7 meters. The seaport offers facilities to a wide range of vessels, but the depth of the access channel restricts their size to a maximum of 30,000 Dead Weight Tonnage (DWT).

The seaport has an extensive site area, of which some 300 hectares is bonded and an additional 3,000 hectares assigned and protected for industrial uses. It is also adjacent to the Jizan Road to Saudi Arabia. As a result of its land areas and access, the port is well located for future development.

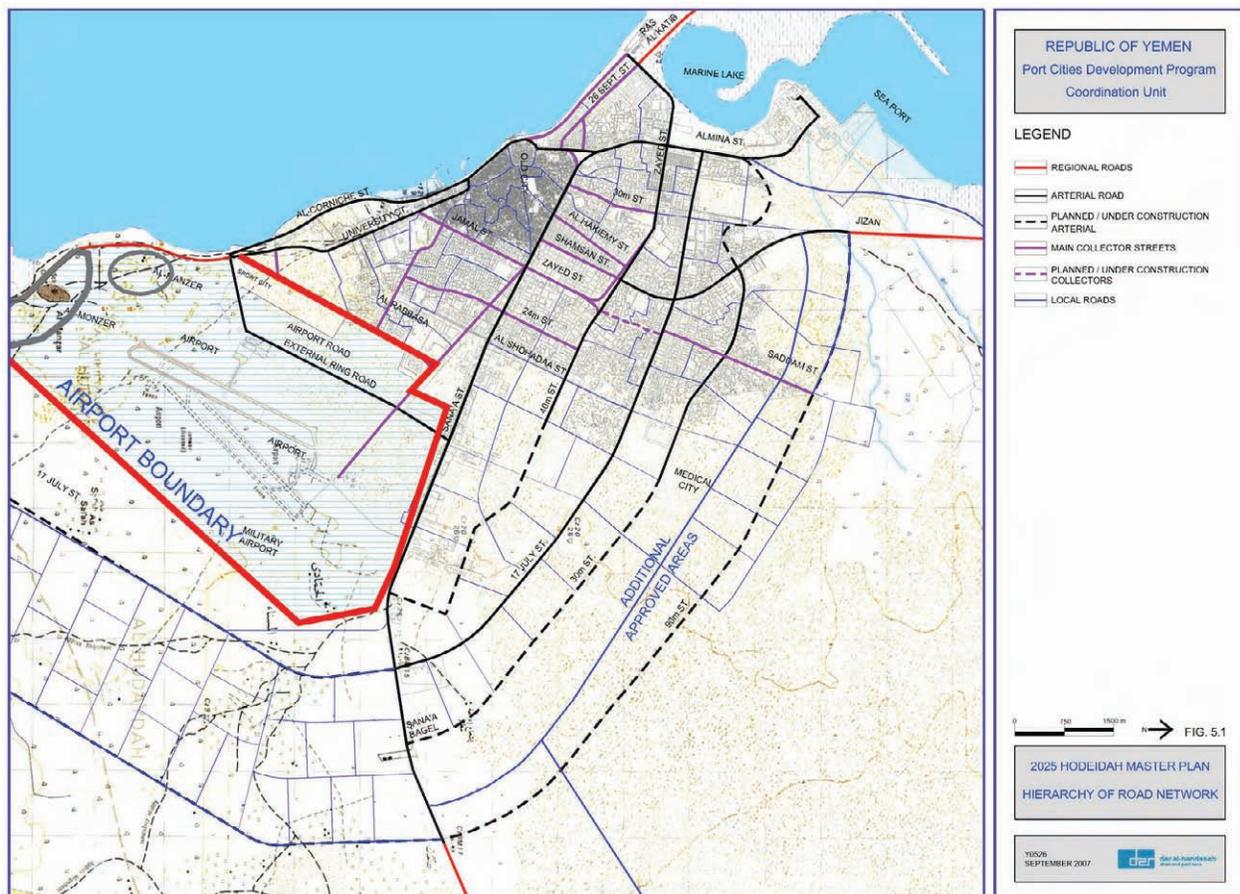
There is a pressing need for additional truck parking facilities at the Hodeidah Seaport. Based on the port records for 2004, around 660 trucks enter the port during each 24 hour period. According to the forecasted average growth rate of 3% per annum for the port, this would be doubled by 2025. The seaport has two main gates on Al Mina and Jizan roads. Two waiting areas near the port gates are required and public land is designated for this purpose adjacent to the entry gate onto Jizan Road. In addition, public land within the seaport enclosure can be made available for truck waiting purposes. Such areas, which should also be provided with truck maintenance facilities and service areas, should be developed and managed by the private sector. They should also be connected directly to the regional road network to avoid conflict with local traffic. The capacity of each area is for some 500 trucks, comprising a total area of around 18,000 square meters.

In addition, the available capacity of the parking area inside the port is only sufficient for 60% of the demand for parking. Therefore, this capacity should be increased threefold in order to accommodate the future traffic growth connected with the port.

Finally, the port authority controls a large amount of land that could be put to better use. Recently, the port authority initiated the subdivision into lots of a

100 hectare well located area; about 30 hectares have been allocated to economic activities including flour/sugar packaging and other activities. Other underutilized/unutilized land within the port area could be used for economic and warehousing activities, including for instance the area allocated for the storage of hazardous cargo, which is deemed to be excessively sized. In particular, there is much scope for the private sector to develop/manage a logistics platform area with goods and freight storage, warehousing and distribution facilities, including related services, truck parking and maintenance area, office space for transport, and logistics and shipping companies.

Fishing port: The Al Haly fishing port occupies approximately 6.7 hectares of land, most of which is enclosed by a perimeter wall. In addition a modern multi-story fish market was recently constructed on the landside of the Corniche. There are three vehicular and pedestrian entry points from the Corniche into the port area, although only the main entrance is currently operational. This entrance is presently uncontrolled and leads to congestion, causing vehicular back-up extending along the Corniche in both directions. Within the port area there are intensive activities for a range of fishing related functions, including the unloading, sorting, cleaning, and sale of fish, the production of ice, the loading of refrigerated vehicles



Planned Road Network in Hodeidah, Master Plan 2025

and the administration of the port itself. The internal vehicular road network is ill defined and there is stiff competition for available space, particularly along the quaysides. The large southern part of the port compound (roughly 4 hectares) is haphazardly organized for boat storage and repair and represents a considerable misuse of space.

The waiting and parking areas inside and outside the fish port are generally insufficient. Therefore, there is always a congestion problem at the port gate during the peak period and sometimes traffic accidents because of the inclined on-street parking outside the port gate. The internal roads and parking spaces inside the port are in a chaotic and confusing state as they are unpaved and often muddy making movement difficult. The road edges are also not defined or separated from the casual parking areas.

The large area on the southern section of the port enclave, which is now used for boat storage and repair, is completely disorganized and represents a considerable opportunity for expansion and reorganization of the port activities. In addition, there is a narrow stretch of beach at the extreme north of the port enclave, which also represents an area of opportunity.

Airport: Hodeidah is connected to the capital some 250 km and 5 hours away by road of limited capacity routed up a major escarpment, which is difficult and often dangerous to use. Under these circumstances, it is reasonable to suppose that there is a market for a regular and reliable alternative method for accessing the capital.

Originally upgraded in 1979, the Hodeidah Airport was enlarged and further upgraded in the 1980's and has been in decline ever since. The airport was designed to a high standard, once offering what were probably the best facilities of any airport in Yemen. However, with the decline in passenger numbers followed by the effect of traffic diverted to Aden, it has been difficult to establish reasonable service and today the levels of usage are below sustainable levels.

Investment is needed to ensure the continued safe operation of the airport and to provide the opportunity for growth in the freight transport business, including:

- No further expansion of facilities, and emphasis should be placed on maintenance and upgrading the existing facilities;
- Navigational and other essential equipment should be maintained for operational safety;
- Priority should be given to maintaining and upgrading the existing facilities, particularly electricity generation, air conditioning, computer,

passenger and baggage handling;

- Efforts should be made to utilize unwanted space for other uses such as office, industrial or commercial activities;
- The airport should be incorporated into a comprehensive public transport system; and
- The presently unused freight building adjacent to the passenger terminal should be improved by the addition of refrigeration facilities and electrical power.

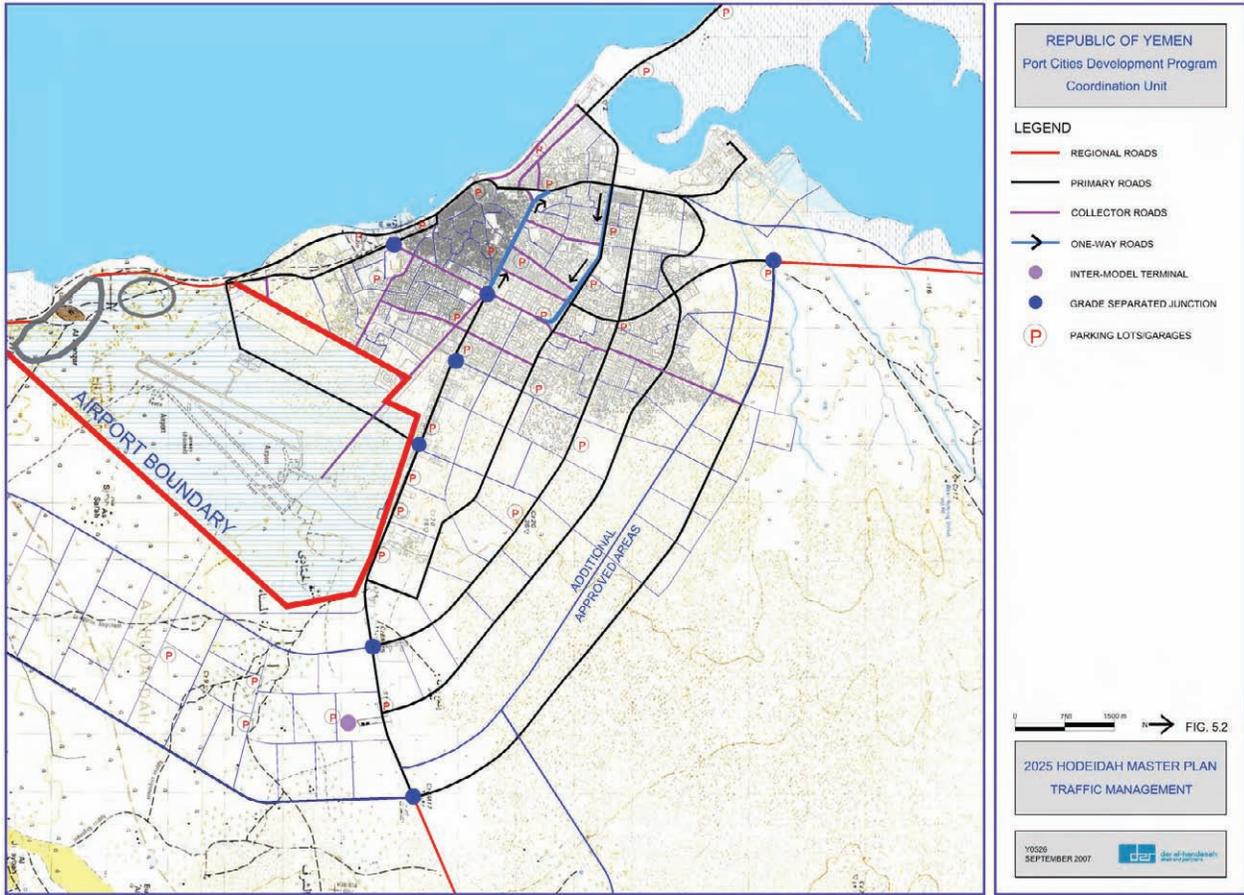
In particular, the Airport Authority controls significant amounts of land that are unutilized and whose development cannot be supported by forecasts of airport traffic growth. These lands could be made available for productive activities that could serve as basis for the development of the airport. Such excess land can be developed into economic activities including warehousing and cargo/refrigeration facilities for perishable, export-oriented products (if there is enough demand), and other activities such as office space or a business park.

Industrial Areas: Existing large manufacturing enterprises in Hodeidah concentrate along the Sana'a Road corridor, and suitable land for additional large scale manufacturing is in very short supply. The planned Industrial Estate located north of the city along the Jizan Road has already attracted substantial interest from investors to locate new industrial projects. However, the area requires infrastructure, including water, power, and sanitation. In addition, improved road access will need to be constructed.

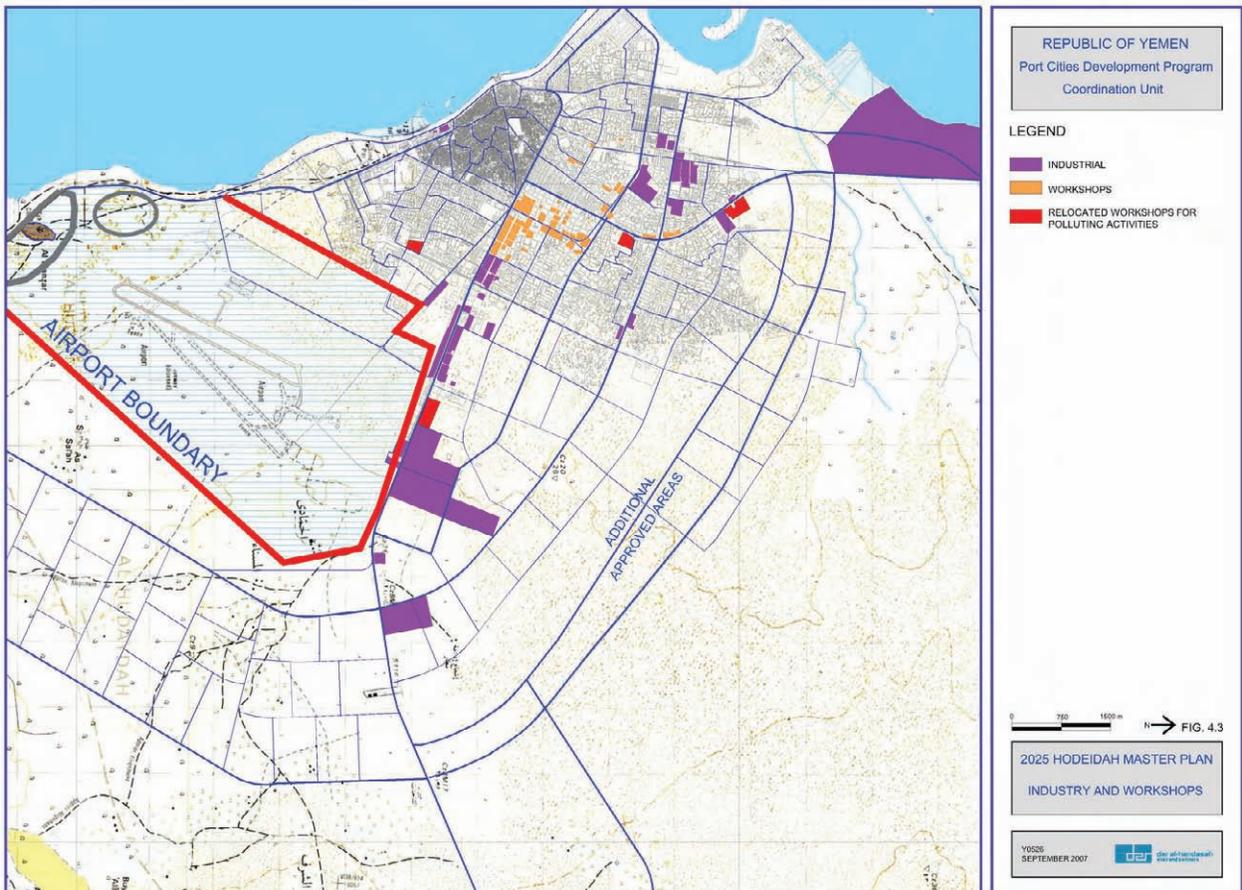
Informal Areas: The Hodeidah Governorate Local Council has identified the upgrading of poor informal areas in Hodeidah as a priority intervention. Most such areas are in contiguous urban blocks stretching northward to the limits of the city. Overall densities are relatively low, with many homes having side yards and courtyards. The informal street patterns tend to imitate the street grids of nearby formal areas, and right-of-ways are in general quite ample, thereby making retrofitting of infrastructure relatively simple. Vacant land parcels are common, especially in the more northern settlements. These areas provide an affordable housing solution to a large segment of the city's inhabitants in locations that are mainly central or at least easily accessible.

Investment Priorities

The LED Strategy and Hodeidah Master Plan 2025 resulted in the identification of ten priority investments in the city of Hodeidah focused on (i) core economic assets and clusters, (ii) strategic infrastructure investments, and (iii) urban assets and social and environmental improvements.



Traffic Management Plan, Master Plan 2025



Industrial and Workshop Areas in Hodeidah, Master Plan 2025

CORE ECONOMIC ASSETS AND CLUSTERS
(Costs in 2008 US dollars)

Project	Estimated Public Investment	Description/Comments	Time Frame
Historic Preservation and Revitalization	\$3 million	Package of infrastructure improvements: pedestrian improvements, open space and streetscape improvements, historic building preservation and adaptive-reuse, signage, building preservation regulations, and museum to promote tourism. Scoped as a priority project in the Hodeidah Master Plan (2007).	2010 to 2013
Bab Al Moshref Commercial Area Revitalization	TBD	Stimulating commercial activities and attracting investments to the traditional commercial center of Hodeidah through a package of improvements in traffic circulation, parking, pedestrian movements, signage, utilities, and street furniture. Requires detailed feasibility and design.	2010 to 2013
Landside Improvements to the Fishing Port	\$1.75 million	Basic improvements are needed for the fishing port to function efficiently for the next 5 to 10 years, when it may be relocated. These would concentrate on improving truck entrances, relieving congestion and organizing vehicular circulation and loading within the port, rationalization of misused boat storage and repair area, improvement of quays and fish market, plus improved cold storage. Improvements will be compatible with the eventual use of the port for artisan fishing and boat recreation and tourism. Scoped as a priority project in the Hodeidah Master Plan (2007).	2009 to 2010
Basic Infrastructure Development for a New Fishing Port	TBD	Subject to a detailed feasibility study, a new fishing port south of the existing fishing port will be established through basic landside infrastructure as well as breakwater, dredging, and creation of quays. Feasibility studies and detailed engineering design under PCDP are being carried out during 2008.	2010 to 2013
SME Cluster Site with Support Services	TBD	Subject to a detailed feasibility study, establishment of one or more well-located SME workshop and industrial zone and business center including pre-built flexible workshop space, small serviced land parcels, incubation facilities and business and communications support services. Feasibility studies and detailed design under PCDP are being carried out during 2008. Four possible sites identified by the Hodeidah Master Plan (2007).	2010 to 2012
Hodeidah Industrial Estate/ Special Economic Zone	TBD	Phase I development of the large designated industrial estate on the Jizan Road north of Hodeidah, on an area of 100 hectares with basic infrastructure and roads, aimed at investors in large-scale manufacturing and food processing. Opportunity for private sector industrial estate operation and marketing. Demand analyses and legal/regulatory framework for this site as a possible special economic zone is part of ongoing (2008) feasibility study of model industrial zones for port cities in Yemen under PCDP.	2011 to 2014

Source: Hodeidah Priority Economic Development Investment Plan

STRATEGIC INFRASTRUCTURE INVESTMENTS
(Costs in 2008 US dollars)

Project	Estimated Public Investment	Description/Comments	Time Frame
Hodeidah Seaport Improvements and Associated Land Development	TBD	Investments to address the pressing need for adequate truck parking/loading facilities at the Hodeidah Seaport, including truck maintenance/ service amenities and for truck waiting areas at the two Seaport entrances. Use under-utilized and vacant land within the Seaport perimeter for logistics support (through a private sector concession for goods storage and warehousing and distribution and related services). Scoped in the Hodeidah Master Plan (2007) and are the subject of feasibility and detailed design studies are being carried out in 2008 under PCDP.	2009 to 2011
Hodeidah Airport Improvements and Associated Land Development	TBD	Investments to maintain and upgrade existing airport infrastructure and facilities, as well as to develop extensive un-utilized lands within the airport perimeter for productive and logistical activities such as warehousing and cargo refrigeration for export-oriented products and for office space / business park. Scoped in the Hodeidah Master Plan (2007) and are the subject of feasibility and detailed design studies are being carried out in 2008 under PCDP.	2009 to 2011
Primary Road Network and Truck Logistics Improvements	TBD	Design improvements to primary road networks and associated intersections in and around the city to facilitate medium and heavy goods vehicles movement and parking and to decrease congestion, especially in terms of access to Seaport and to regional highways. Scoped in the Hodeidah Master Plan (2007). Feasibility and detailed design studies are being carried out in 2008 under PCDP.	2010 to 2012
Grade Separated Traffic Junction	\$6.5 million	Construct an overpass on Sanaa Street at Jamal St. junction to relieve chronic traffic congestion. Scoped as a priority project in the Hodeidah Master Plan (2007).	2009 to 2011
Expansion of Power Facilities	\$50 million	Design, construction and commissioning of a 132/33KV substation in or near Hodeidah Port, including distribution lines. Scoped as a priority project in the Hodeidah Master Plan (2007).	2010 to 2012

URBAN ASSETS AND SOCIAL AND ENVIRONMENTAL IMPROVEMENTS

Pilot Upgrading of Informal Residential Areas	TBD	Pilot integrated upgrading of three deprived informal neighborhoods, including public services and utilities, land readjustment, tenure security, and community participation. Will serve as a model for addressing the problems of poor and informal neighborhoods in Hodeidah where over one third of the city's population lives. Scoped as a priority project in the Hodeidah Master Plan (2007). An upgrading strategy and action plan for Hodeidah are being prepared in 2008 with World Bank/PCDP funding.	2009 to 2011
Street and Building Addressing System	\$1.2 million	Setting up a system for numbering and addressing buildings and streets in Hodeidah, including an updatable electronic data base.	2009 to 2011

Source: Hodeidah Priority Economic Development Investment Plan

