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**IMMEDIATE  
ATTENTION**

EBD/87/168

June 22, 1987

To: Members of the Executive Board

From: The Acting Secretary

Subject: Yemen Arab Republic and Nigeria - Request for Technical Assistance

The Yemeni authorities have requested assistance to advise them on the introduction of government securities which could be used as an instrument of monetary policy in an Islamic economy. This is a follow-up request resulting from a previous advisory mission in which the introduction of such an instrument was recommended and a number of alternatives proposed. The authorities are now considering the use of zero-coupon bonds and their introduction in the near future. The mission is expected to provide advice on the issuance and marketing of these bonds, including procedures to incorporate macroeconomic considerations in the decision-making process which will determine both the amount of securities offered at each tender and the characteristics of the instrument. The mission will also discuss technical aspects of government financing in an Islamic economy, including other financial instruments that the authorities may be considering.

It is proposed to comply with this request by sending a mission composed of Mr. Sergio Pereira Leite (Head - CBD), Mr. Sami Geadah (MED), Mr. Jean-Claude Nascimento (CBD) and Ms. Sathya Menon (Secretary - CBD). The mission will be accompanied by a Consultant, Mr. Mohamad El-Fangary. Mr. El-Fangary, a former member of the Council of State in Egypt and a professor at Al-Azhar University is an expert on Islamic economics. The mission will be in Sana'a for about two weeks starting on July 12, 1987.

In addition, the World Bank has requested our assistance in connection with its forthcoming financial sector and CEM review mission to Nigeria. The purpose of our participation would be to identify financial sector issues that could serve as basis for the World Bank's assistance to that sector. We would also make a preliminary assessment on the adequacy of bank supervision and of the present instruments of monetary policy. It is proposed to respond to this request by asking Mr. Sergio Pereira Leite to join the World Bank mission for a period of about one week in Lagos on his way to Sana'a.

In the absence of a request for discussion by an Executive Director by noon on Friday, June 26, 1987, the proposals will be deemed to have been approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Other Distribution:  
Department Heads

