



USAID ERLP

# YEMEN ECONOMIC GROWTH FACT SHEET

Yemen, the poorest country in the Middle East and North Africa region, is suffering from the economic impacts of ongoing conflict, the war in Ukraine, high fuel prices, and the effects of climate change increasing food insecurity. Exports fall far short of covering food imports and Yemen's banking system is struggling to recover. The United Nations estimates that at least 600,000 people have lost their jobs, with more than 25 percent of businesses and more than 40 percent of female-owned businesses shuttered.

## USAID APPROACH

Since 2020, USAID has supported the Republic of Yemen Government by strengthening its macroeconomic institutions, including the Central Bank of Yemen, the Ministry of Finance, and customs and port authorities to buttress the country's fragile economy and increase international trade. USAID provides support to help the Central Bank establish a stable monetary policy and exchange rate management system to keep inflation in check to ensure that money circulates to stimulate business and job growth. USAID also works to ease the flow of commercial and humanitarian goods and services through Yemen's borders and ports. Previously, USAID supported small- and medium-sized enterprises (SMEs) across economic sectors and increased productivity and market linkages for smallholder farmers and coastal fisher folk. Support focused on training, technical assistance on key value chains, and

activities that strengthened market linkages for agriculture and agribusiness ventures that employ large numbers of Yemenis. Ultimately, USAID helped to increase employment, incomes, and livelihoods of Yemeni families.

## RESULTS

- Provided support to the Central Bank to meet international transparency standards, including a new monthly Economic Bulletin. This publication provides a snapshot of Yemen's current economic status by summarizing macro-financial performance and related policy/regulatory developments. This level of transparency builds confidence for financial stakeholders, international donors, and others.
- Helped establish Yemen's first foreign exchange auctions, which have increased transparency by countering corruption and stabilized Yemen's previously volatile foreign exchange rates.
- Supported Yemen in implementing 17 World Trade Organization trade facilitation agreements, to increase imports of essential goods, including humanitarian aid, food, fuel, and medical supplies.
- Restructured the Central Bank's banking supervision sector to streamline workflow for more efficient operations, developed inclusive digital services regulations that enable Mobile Financial Services, stood up the Financial Intelligence Unit to combat money laundering and terrorist financing, and launched the Debt Management and Financial Analysis System for effective debt management.
- Developed a Budget Execution Action Plan to help the Ministry of Finance formulate a budget, developed best-practice revenue estimation methodologies and trained MOF staff, designed and helped implement the transition to a value added tax and an excise tax, which can generate a 3-6 percent income in revenues, and facilitated an electronic salary payment pilot and rollout.
- In Customs and Trade, USAID expanded the Authorized Economic Operator program to 15 companies, streamlining customs procedures for trusted private sector companies, provided training on sanitary and phytosanitary measures and improved customs procedures, facilitated market access and export channels for fisheries-related businesses, resulting in approximately USD 193,400 in seafood export sales, and developed a master plan for Ma'allah Terminal at Aden Port.
- Facilitated over \$2,000,000 in export sales agreements and provided technical support to banks and financial institutions to facilitate lending. USAID continued assistance to partner financial institutions to develop their agriculture lending portfolios. Facilitated 8,480 loans worth \$6,688,368 to SMEs, including 2,352 loans worth \$939,128 to women. Also facilitated market access and export channels for fisheries-related businesses, resulting in approximately \$193,400 in sales. Additionally, USAID trained 2,244 women (37 percent of all project beneficiaries), including 1,423 in livestock, 370 in horticulture, 239 in honey production, and 208 in coffee production.