



POLICY BRIEF: PRIVATE SECTOR ENGAGEMENT IN POST-CONFLICT YEMEN

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OVERVIEW OF YEMEN'S PRIVATE SECTOR

Yemen has spent much of the past 60 years embroiled in armed conflict and political crisis, with this cyclical instability and insecurity among the primary factors that has stymied both private sector maturation and the establishment of a strong state with well functioning public institutions. The vast majority of the Yemeni private sector is made up of small or very small businesses, even while providing almost 70 percent of working Yemenis with their livelihood. Rural agriculture has traditionally provided work for more than half the population.¹

Yemen's Central Statistics Organization, for instance, previously estimated that 97 percent of the Yemeni private sector was made up of micro, small and medium sized enterprises, which it defined as businesses employing less than 25 people. Meanwhile, a 2000 World Bank report estimated that only 1 percent of private sector industrial firms employed 10 or more people, and that there were "very few" large enterprises.² Industrial centers were located in and around Sana'a, Taiz, Aden and Hudaydah, with output serving almost exclusively domestic consumption.³

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EXECUTIVE SUMMARY

Even before the current conflict, private sector development in Yemen faced many severe and inter-related challenges. These included bureaucratic obstructions, weak infrastructure, a largely unskilled workforce, a poor investment climate and lack of financing, an economy overly dependent on oil, corruption, a weak state, and a rent-seeking elite class with vested interests in stifling reforms. Now, after almost four years of civil war and regional military intervention, Yemen's economy has been devastated and the private sector with it. And yet many businesses continue to operate; indeed, the private sector's resilience is a major reason that the country's humanitarian crisis – the largest in the world – is not precipitously worse.

In the event of an end to the conflict, rapid investment and development of the private sector will be necessary to create jobs, rebuild infrastructure, shift the flows of finance away from the war economy and back to formal markets, and to help bring overall socioeconomic stability that will contribute to a durable and long-lasting peace. Preparations for such must thus begin with urgency in order to be ready to seize the window of opportunity that will open immediately after the guns go silent.

With this in mind, this policy brief, based on [a more extensive white paper](#), assesses the factors weighing on private sector development in Yemen over time. It lays out the impacts of the 2011 uprising in Yemen, the ensuing political crisis and the current conflict on the economy and the private sector. Following this, recommendations are offered to both the Yemeni government and international stakeholders regarding steps that can be taken to revive and develop the private sector post conflict.



THE PRIVATE SECTOR AND OIL PRODUCTION¹²³

Since the discovery of commercially viable oil fields in the mid-1980s and the ramping up of oil production in Yemen through the 1990s, the country's annual gross domestic product (GDP) has been heavily influenced by its oil production levels and the volatility of global energy markets. Between 1995 and 2005, the private sector share of total GDP fluctuated as much as 10 percent year-to-year (dropping from 66 percent to 56 percent in 1995-96), while over this same decade the private sector share of non-oil annual GDP remained almost a constant 74 percent, not fluctuating more than one percent year-on-year.⁴ From 1995 to 2005 Yemen averaged roughly 5 percent GDP growth per year, which saw the value of the non-oil private sector contribution to GDP rise from US\$2.81 billion to US\$8.38 billion (in current US\$).

Yemen's oil production, while small compared to its Gulf neighbours⁵, has been significant enough in the local context to be the country's largest source of foreign currency and to afflict the non-oil private sector with a version of the "Dutch Disease."⁶ The foreign currency coming into Yemen from oil sales – magnified by the fact that remittances were the second largest source of foreign currency – helped stabilize the domestic currency at a higher exchange rate than would be warranted otherwise. This elevated the cost of other possible exports, diminishing their competitiveness internationally and inhibiting the private sector's development of export-led growth. The higher value of the Yemeni rial also made imports relatively cheaper, again undercutting the development of domestic industry. Additionally, there was essentially no export financing services available in Yemen.⁷ Thus, between 1995 and 2005, non-oil exports accounted for an average of just 12.5 percent of total exports.⁸

These factors – relatively cheap imports and little domestic industry – combined to leave Yemenis heavily dependent on imports to meet almost all their commercial and industrial needs. Yemen has for decades imported on average 90 percent its food requirements.⁹ Even in years when there was substantial decreases in GDP due to oil market volatility there was only an incremental drop in imports, despite the lower value of the YR in these years.¹⁰ This inelasticity in import demand demonstrates the extent to which Yemen is import dependant to meet the population's basic needs.¹¹

1) International Labor Organization, *Yemen Labour Force Survey 2013-14* (Beirut: ILO Regional Office for Arab States, 2015), accessed October 10, 2017, http://www.ilo.org/beirut/publications/WCMS_419016/lang--en/index.htm. The ILO's survey in Yemen defined working-age as persons older than 15 years.

2) World Bank, *Yemen: Comprehensive Development Review, Private Sector Development Building Block*. Washington, DC: World Bank, 2000. Accessed June 14, 2018. <http://documents.worldbank.org/curated/en/458221468345852637/pdf/335760YE1Private.pdf>

3) World Bank, *Yemen: Comprehensive Development Review*.

4) Central Statistical Organization in Yemen, *The Structure Of GDP By Economic Activity At Current Prices For 2000 - 2016* (%), table No. 7.

5) At the peak of Yemen's oil production in 2001, the country produced some 21 million tonnes of oil. That same year Oman produced 50 million tonnes, Saudi Arabia produced 390 million tonnes and the United Arab Emirates produced almost 103 million tonnes of oil. Comparative data sourced from *International Energy Agency Statistics Search*, accessed June 29, 2018, <https://www.iea.org/statistics/statisticssearch>.

6) According to Investopedia: "Dutch disease is an economic term that refers to the negative consequences arising from large increases in the value of a country's currency. It is primarily associated with a natural resource discovery but can result from any large influx of foreign currency into a country, including foreign direct investment, foreign aid or a substantial increase in natural resource prices." See "Dutch Disease, *Investopedia*, accessed July 2, 2018, <https://www.investopedia.com/terms/d/dutchdisease.asp>.

7) World Bank, *Yemen: Comprehensive Development Review*.

8) Based on historical data of the structure of GDP by economic activity, provided by the Central Statistics Organization in June 2018.

9) Mansour Rageh, Amal Nasser, and Farea Al-Muslimi, "Yemen Without a Functioning Central Bank: The Loss of Basic Economic Stabilization and Accelerating Famine," *Sana'a Center for Strategic Studies*, November 2, 2016, accessed June 29, 2018, <http://sanaacenter.org/publications/main-publications/55>.

10) World Bank, *Yemen: Comprehensive Development Review*.

11) World Bank, *Yemen: Comprehensive Development Review*.

CHALLENGES TO THE BUSINESS ENVIRONMENT

Historically, the few laws that both existed and were enforced regarding the private sector tended to inhibit development. As an example, the World Bank noted in 2000 that Yemen had relatively high nominal import tariffs, as well as an unwieldy and badly organized customs regime, which created a “restrictive environment” and raised the time and costs of securing capital inputs.¹² At the same time, state regulation was weak or non-existent in many other areas, with no government policy to curb anti-competitive behavior, little official enforcement of property rights or contractual obligations, and a judiciary with a “strong anti-commercial bias.”¹³

Available infrastructure also clearly showed Yemen to be amongst the least developed countries in the world: only 40 percent of the population had access to clean drinking water, with the water supply per capita only 2 percent of the global average; just 35 percent of Yemenis had access to electricity, and even those connected to the national grid suffered regular prolonged blackouts; telecommunications penetration was “very low”; paved roads were less than 10 percent of the total road network, much of the remaining roads were in poor condition and/or inaccessible in rural areas, which left large segments of the population isolated from services and the wider economy.¹⁴ Access to education and medical services was also poor, with Yemen having a 56 percent adult literacy rate and only 55 percent of the population able to readily access medical services.¹⁵

Given the lack of domestic wealth in Yemen, the World Bank also identified foreign direct investment (FDI) as being crucial for the country’s development. The Bank noted, however, that:

“Potential large-scale investors face a considerable amount of unnecessary regulations and licensing, a legal environment which is often unclear or not consistent with international norms, and an often unresponsive or corrupt civil service. They are also discouraged by the lack of dependable jurisprudence, enforceable contracts, secure land titles, predictable taxation or tariff protection, and in some cases physical infrastructure and physical security.”¹⁶

12) World Bank, *Yemen: Comprehensive Development Review*.

13) World Bank, *Yemen: Comprehensive Development Review*.

14) World Bank. *Yemen - Country Assistance Strategy*. Washington, DC: World Bank, 1999. Accessed June 21, 2018. <http://documents.worldbank.org/curated/en/934971468781522276/pdf/multi-page.pdf>.

15) World Bank, *Yemen - Country Assistance Strategy*.

16) World Bank, *Yemen: Comprehensive Development Review*.

Obstacles to Reform

Although difficult to quantify, a major obstacle facing reforms in Yemen was, and remains, the country's political economy. As the World Bank noted:

“The country has long been hostage to a short-term rent-extraction frenzy by multiple elites who have undermined any possibility of sustainable development, have been able to distort economic policy and block reforms, and have continued to seek rents aggressively that might otherwise have been recycled into development. This has occurred in the most profitable or most strategic economic subsectors such as oil and gas, agriculture, water, telecommunications, and financial services.”¹⁷

Essentially, former President Ali Abdullah Saleh purchased the authority to govern from the country's political and tribal elites through patronage, access to state resources, and the distribution of spheres of authority – such as within government ministries or access to markets – within which the beneficiaries could foster their own fiefdoms of control and means of wealth accumulation. These groups and individuals had a vested interest in preventing newcomers from challenging them, and access to political machinations necessary to prevent these challenges.¹⁸ For example, rules governing access to credit were used to prevent new businesses from entering the market and to benefit the existing dominant companies. Likewise, companies unaffiliated with the political elite would find themselves unable to secure government contracts.¹⁹

Areas of Progress

There has also been some progress in the past 25 years: some import barriers have been removed and customs tariffs simplified; reforms to business registration and the elimination of minimum capital requirements brought down the time and cost to start a business; corporate taxes were reduced significantly and harmonized; there was a marked decrease in property related disputes; the market for Islamic banking services was opened; the government established a credit registry and introduced a Microfinance Banking Law.

17) World Bank, *The Republic Of Yemen: Unlocking the Potential for Economic Growth* (Washington, D.C. : World Bank, 2015), accessed June 29, 2018, <http://documents.worldbank.org/curated/en/673781467997642839/pdf/102151-REVISED-box394829B-PUBLIC-Yemen-CEM-edited.pdf>.

18) As an example of the elite nature of the Yemeni economy, Ginny Hill et al. published a study in 2013 estimating that roughly 80 percent of the import, manufacturing, banking, and telecommunications sectors in Yemen are in the hands of only 10 families. See: Ginny Hill et al., *Yemen: Corruption, Capital Flight and Global Drivers of Conflict* (London: Chatham House, 2013), accessed July 2, 2018, https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Middle%20East/0913r_yemen.pdf.

19) Hill, Ginny, Peter Salisbury, Léonie Northedge and Jane Kinninmont. *Yemen: Corruption, Capital Flight and Global Drivers of Conflict*. London: Chatham House, 2013. Accessed June 25, 2018. https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Middle%20East/0913r_yemen.pdf.

YEMENI PRIVATE SECTOR POST-2011

The Uprising and Ensuing Political Crisis

In 2011, Yemen entered a period of political crisis and profound instability when a popular uprising occurred against the regime of Ali Abdullah Saleh, Yemen's president for more than 30 years. The impact on the economy was dramatic. Between 2010 and 2011 Yemen's GDP growth dropped from 7.7 percent to -12.7 percent.

A World Bank survey of Yemeni businesses published in September 2012 found that more than three quarters reported that the severity of electricity shortages, political instability, corruption and general economic uncertainty had increased. The same survey found that more than 40 percent of businesses had shed 40 percent of their staff or more and lost more than half their sales. According to the survey's authors: "These effects were found to be more pronounced for small businesses over the medium and large businesses, likely reflecting the more limited coping mechanisms and shallow financial resources available to small businesses."²⁰

Saudi Arabia intervened in 2012 with a \$3 billion injection of cash and fuel in Yemen's economy, allowing the country's GDP to rebound in 2013 to 4.8 percent growth. The government, however, continued to run a deficit in the range of 8 percent of GDP, due largely to the continued fuel subsidies and public sector wages, which accounted for more than half of government spending. In July 2014, transitional President Abdo Rabbu Mansour Hadi, heeding advice from the IMF, repealed the fuel subsidy. Fuel prices essentially doubled overnight and planned support for the lower socioeconomic strata of the population failed to materialize. The popular discontent this sparked was then seized upon by the Houthis and allied forces of former President Saleh – which had already made military advances near the capital – to enter Sana'a on a populist wave and quickly begin to seize control of government institutions and ministries. The capital exodus and economic uncertainty this spurred then caused Yemen's GDP growth to drop to 2 percent in 2014.

The Impacts of the Current Conflict

By March 2015, the Houthis and allied forces were besieging the southern port city of Aden and President Hadi had fled to the Saudi capital, Riyadh. That month Saudi Arabia, the United Arab Emirates and a coalition of other Arab states then launched a military intervention in Yemen in support of Hadi and the internationally recognized Yemeni government. The coalition and associated forces quickly drove the Houthis from Aden and other southern governorates before their advances stalled, with the frontlines becoming generally static and a war of attrition settling in for most of the next three years. During this time the Houthis maintained control of most of the country's north, its largest population centers and Yemen's busiest import hub, which are the ports of Hudaydah and nearby Saleef on the northern Red Sea coast.

The impact of the conflict on Yemen's economy and private sector have been calamitous. Economic output has dropped precipitously in successive years, with a 17.6 percent contraction in 2015, a 15.3 percent contraction in 2016 and a 14.4 percent contraction in 2017, entailing a

20) Andrew Stone, Lina Badawy and Nabila Assaf, *The Plight of Yemeni Private Enterprises since the 2011 Crisis: A Rapid Assessment* (Washington, DC: World Bank, 2012), accessed July 2, 2018, <https://openknowledge.worldbank.org/handle/10986/16167>.

cumulative 40.5 percent drop in goods and services output over three years.²¹ Myriad factors have played into, and been exacerbated by, this general economic collapse. Yemen's oil exports were suspended from shortly after the coalition intervention, decimating public revenues and cutting off the government's primary supply of foreign currency. Although since August 2016 some oil exports resumed, they have been irregular and in smaller quantities. The depletion of reserves and a domestic cash liquidity crisis in turn led to the suspension of most public sector salaries in August 2016 and ended CBY import financing. Coupled with the relocation of the central bank headquarters from Sana'a to Aden in September 2016, this crisis hobbled the CBY's ability to protect the value of the Yemeni rial (YR).²²

The rial thus fell from YR 215 to US\$1 at the beginning of the conflict to YR 490 to US\$1 as of the end of June 2018. With currency depreciation, the price of imports has spiked and per-capita purchasing power has plummeted. The price of imports has also been heavily affected by a coalition sea blockade of (and now military operation to retake) Houthi-held ports – most significantly Hudaydah and Saleef – which has dramatically reduced commercial and humanitarian deliveries through these ports, and increased the time and cost of delivery for those imports that do get through. All of these factors have led to a situation today where 8.4 million Yemenis are on the edge of famine and 22 million are in need of humanitarian support²³, in what the United Nations has called the world's largest humanitarian catastrophe.²⁴

Increased costs for businesses have been spurred by a lack of security and a scarcity of business inputs, while a loss of customer base and demand as well as general purchasing power decline has driven a loss in revenue.²⁵ Physical damage to public and private infrastructure has also severely affected the ability of businesses to operate.²⁶ As of 2017 these losses associated with the conflict had let to private sector businesses on average cutting their working hours in half, with layoffs estimated to affect 55 percent of the workforce. Meanwhile, more than a quarter of private sector firms engaged in industry, trade and services have ceased to operate.²⁷ Foreign currency shortages and problems with domestic currency liquidity, as mentioned previously, have also raised costs for importers.²⁸

As the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) stated in December 2017:

“the agriculture sector has been severely constrained by a shortage of agricultural inputs, particularly vaccines, drugs, feeds and other essential commodities for the livestock and poultry sector. The price of

21) Data from Yemen's Ministry of Planning and International Cooperation, as cited in: United Nations Office for Humanitarian Affairs (OCHA), *Yemen Humanitarian Needs Overview 2018* (United Nations Office for Humanitarian Affairs, December 2017), accessed June 29, 2018, https://www.unocha.org/sites/unocha/files/dms/yemen_humanitarian_needs_overview_hno_2018_20171204.pdf.

22) Rageh, Nasser and Al-Muslimi, *Yemen Without a Functioning Central Bank*.

23) OCHA, *Yemen Humanitarian Needs*.

24) “Yemen at the UN – January 2017 Review,” *Sana'a Center for Strategic Studies*, February 21, 2017, accessed on June 29, 2018, <http://sanaacenter.org/publications/yemen-at-the-un/74>.

25) Ali Azaki, “International Aid Organizations and the Yemeni Private Sector: The Need to Improve Coordination in Humanitarian Crisis Response,” *Sana'a Center for Strategic Studies*, March 16, 2018, accessed June 29, 2018, <http://sanaacenter.org/publications/main-publications/5528>

26) According to the UN OCHA: “From 1 October 2016 to 30 September 2017, a total of 8,878 conflict-related incidents, including airstrikes, armed clashes, and shelling, were reported throughout Yemen. Approximately 82 per cent of these incidents took place in five governorates: Taizz, Sa'ada, Al Jawf, Hajjah, and Sana'a.” See: OCHA, *Yemen Humanitarian Needs*.

27) World Bank, *Toward a Blueprint for the Recovery and Reconstruction of Yemen* – October 2017, as cited OCHA, *Yemen Humanitarian Needs*.

28) OCHA, *Yemen Humanitarian Needs*.

poultry feed concentrates increased by 70 per cent, since the beginning of the crisis. The doubling fuel price has increased irrigation costs and water prices, forcing more farmers to abandon their farms and further exacerbating loss of livelihoods.”

Importantly, agriculture and fisheries were sectors previously employing more than 54 percent of the rural population and were the primary means of income for almost three quarters of Yemenis. Damages to these sectors has thus harmed the livelihoods of 1.7 million rural households.²⁹

RECOMMENDATIONS

In previous studies of impact of conflict on a country’s private sector, it was found that war tends to create a power vacuum that allows space for illegal trade and the rise of a ‘war economy’, in which grey and black market actors accrue large sums of liquidity, and draw such out of the formal economy. Even once peace is achieved, doubts regarding its durability classically dissuade investments in the country, in particular investments in fixed, illiquid assets. However, without private sector development, reconstruction, rehabilitation and socioeconomic and stability are highly unlikely post conflict.

An incipient private sector cannot be expected to, of itself, redevelop and drive economic growth immediately after conflict resolution. Thus, this paper makes the following recommendations to the Yemeni government and international stakeholders regarding economic interventions to spur post-conflict private sector development in Yemen:

Design a Conflict-Sensitive Intervention

Yemen’s multifaceted and prolonged conflict has weakened both the formal state and formal private sector activity. In doing so it has allowed the emergence of new players in the grey or black markets in what could be described as a ‘war economy’ – where competition is largely shaped by the intersection of interests of fighting parties to fill the state vacuum. This complexity creates the need to design well-thought-out early interventions, ones that avoid reinforcing tensions or empowering businesses and informal actors that have thrived on the conflict to continue their dominance over private sector activities, which will curb the sector’s development over the longer run. In other words, early interventions should be conflict sensitive, inclusive, and pave the way for longer-term private sector development efforts.

International actors intervening on the ground should establish an inclusive mechanism in which local business actors are meaningfully engaged to create strong buy-in in enhancing peacebuilding and enabling appropriate business environments. Experiences of some countries including Rwanda, South Africa, and Sri Lanka have shown that the private sector could play a crucial role in the peacebuilding process and that economic recovery programs achieve good outcomes when local players are empowered to shape the institutional needs for implementing these programs.

29) OCHA, *Yemen Humanitarian Needs*.

Build Local Business Capacities to Implement Programs and Create Jobs

In the event of a successful cessation of hostilities, international stakeholders should aim to step up their efforts on the ground to respond to the humanitarian crisis and participate in the developmental reconstruction process. In doing so, they should work to ensure that local businesses have the necessary tools and requisite skills to take advantage of international interventions and meet their set standards for involvement, while intervening to deliver humanitarian aid and support longer-term infrastructure projects. This should include facilitating the transfer of knowledge, specifically knowledge related to the use of technology in business, through providing education and training programs for Yemen's private sector labor force.

There are certain promising sectors and enterprises in Yemen that should be a key priority of international actors to support in the aftermath of the conflict. Allocating funds to reconstruct Yemen's infrastructure – such as the construction and maintenance of roads, electricity power plants, water and sanitation networks and similar infrastructure projects – would serve as a fast channel for funds, create many jobs, enhance sustainable local development, and help prevent unemployment or poverty from spurring the return of combatants to the battlefield. International stakeholders should also assist the Yemeni government in building its capacity to properly manage public investment projects and efficiently deploy funds earmarked for reconstruction.

The agriculture sector, which employed the largest portion of the Yemeni workforce prior to the conflict, has been particularly adversely impacted by the dynamics of the war in Yemen and should be the target of any early intervention to boost the economy.³⁰ For instance, programs could be established to support microbusinesses in agriculture and offer training and technical assistance for farmers and those hoping to establish small-scale and self-sustaining projects.

Moreover, private actors could assist the government and international donors in developing joint financial mechanisms to finance SMEs and business incubators. These should also specifically target and assist women and youth to start businesses, given how underrepresented these groups are in private sector activities.

Ensure Private Sector Access to Finance

A functioning banking system is crucial for strengthening the role of the private sector in Yemen, which is largely a cash-based economy. Since the outbreak of the war in Yemen, many businesses have either laid off employees or were forced to suspend their operations. The liquidity crisis has driven cash assets from the formal banking sector to the black market, leaving banks handicapped and unable to function properly. Over the short run, the Yemeni government and all relevant stakeholders should support a full return of a functioning financial sector – including stabilizing the CBY and empowering it to perform its monetary mandates. Over the longer run, efforts should be directed to lead reforms on banking regulations and ensure an appropriate platform for foreign investors to establish banks in country, as well as for remittance inflows. In this regard, the Yemeni government should establish for a mechanism for investment guarantees in order to attract the remittances of the Yemeni diaspora to contribute to country economic recovery.

30) Researcher interview with senior official at the Ministry of Agriculture and Irrigation in Yemen, June 30, 2018.

This has a high potential to attract the accumulated capital of Yemeni expatriates, many of whom are at risk of being forced to return to Yemen by ongoing Gulf Cooperation Council nationalization policies to localize Gulf labor markets. Returning Yemenis could be encouraged to set up new enterprises, or place their savings in Yemeni government foreign currency bonds, which would both provide the public sector with badly needed funds while also allowing the individuals to protect their investments from depreciation.

In addition, Yemen's experienced microfinance institutions should be a key target of all stakeholders for driving more financial inclusion across Yemen. Microfinance banks and companies should be also empowered to offer financial services for individuals and cash management services for smaller businesses. Moreover, mobile banking in Yemen should be enhanced to expand access to low-income borrowers.

Reform the Business Environment

This entails physical security, but it also implies a just and effective rule of law – in particular regarding property rights, contract enforcement and arbitration, and general market regulation. There must be sufficient political and legal stability to create a conducive environment for investment flows. While the conflict continues, many businesses have experienced double tariffs on imports or the double taxation of businesses operating in regions held by different belligerents, hampering the work of the private sector

Once the environment for investments is secure, the government should establish a business-friendly taxation system. This means a taxation level that accounts for the need to attract investment while also recognizing the state's need to raise revenues for public investment, while also reinvesting in and empowering the public revenue agency to ensure that the taxes due are actually collected, with this latter point also requiring the establishment of effective anti-corruption institutions. The government should also encourage investments through easing some regulations that restrict foreign investments and discourage business startups. In particular, the government should engage with and invest in transformative sectors such as transportation, financial services, telecommunications, tourism, power production, and food processing and distribution.³¹

*Note: This document has been produced with the financial assistance of the European Union and the Embassy of the Kingdom of the Netherlands to Yemen. The recommendations expressed within this document are the personal opinions of the Development Champions Forum participants only, and do not represent the views of the Sanaa Center for Strategic Studies, DeepRoot Consulting, CARPO, or any other persons or organizations with whom the participants may be otherwise affiliated. The contents of this document can under no circumstances be regarded as reflecting the position of the European Union or the Embassy of the Kingdom of the Netherlands to Yemen.

31) World Bank, *Toward a Blueprint for the Recovery and Reconstruction of Yemen* (Washington, D.C.: World Bank, 2017).

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ABOUT THE “RETHINKING YEMEN’S ECONOMY” INITIATIVE

This two-year project, which was launched in March 2017, is an initiative to identify Yemen’s economic, humanitarian, social and developmental priorities in light of the ongoing conflict in Yemen and to prepare for the post-conflict recovery period. The project aims to build consensus in crucial policy areas through engaging and promoting informed Yemeni voices in the public discourse, and to positively influence local, regional and international development agendas.

The project has four components: (1) in the Development Champions Forums, Yemeni experts and professionals in social and economic development will identify key issues for intervention and provide recommendations towards tackling these issues; (2) in the Research

Hive, the project consortium will – based on the issues and recommendations of the Development Champions – conduct research and identify best practices and lessons learned from international experiences to create knowledge capital for the Rethinking Yemen’s Economy initiative; (3) in the public outreach component, the consortium will implement consultation workshops with local stakeholders, including the private sector, youth and civil society organizations; moreover, campaigns through both traditional and social media outlets will be conducted to engage the wider Yemeni public; (4) and through regional and international engagement the consortium will inform stakeholders of project outcomes and aim to motivate and guide the international community’s policy interventions to the greatest benefit of the people of Yemen.

Implementing Partners

The project is implemented by a consortium of the following three partners:



The Sana’a Center for Strategic Studies (SCSS) is an independent policy and research think-tank that provides new approaches to understanding Yemen and the surrounding region, through balanced perspectives, in-depth studies and expert analysis. Founded in 2014, the SCSS conducts research and consultations in the fields of political, economic, civil and social development, in addition to providing technical and analytical advice regarding key issues of local, regional and international concern.

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