

INTERVENTION BY THE REPUBLIC OF YEMEN

Interactive Discussion 2: Domestic and International Private Business and Finance

4 December 2024

Thank you, Chair.

Yemen welcomes the attention given to private sector financing in the elements paper and offers the following perspectives based on our national experience.

Yemen offers perspectives based on our concrete experience with private sector development, where our private sector has demonstrated remarkable resilience, contributing 78.72% of GDP since 2015, with 75% of enterprises maintaining operations despite challenging circumstances.

On developing domestic financial markets, Yemen has observed that effective private sector engagement requires comprehensive ecosystem development. Our Central Bank has undertaken several reforms to enhance financial sector stability and inclusion. However, building robust domestic capital markets requires long-term support and graduated approaches that recognize varying national circumstances.

Regarding financial inclusion, Yemen has prioritized financial inclusion through fintech innovation while ensuring consumer protection. Mobile money and digital financial services have proven particularly effective in reaching our largely unbanked population even in challenging situation. The proposed international investment support center should consider these successful models while addressing remaining infrastructure gaps.

Regarding infrastructure development, Yemen envisions a major role for local and diaspora private investment through public-private partnerships. However, this requires expanded guarantee mechanisms and political risk insurance from multilateral development banks. The Global Infrastructure Facility could provide valuable transaction support in this context.

Yemen supports the proposed measures for strengthening domestic private sector development through enhanced access to finance for small and medium

enterprises. Our experience shows that combining financing with technical support produces more sustainable outcomes.

Regarding the proposed regulatory frameworks, Yemen emphasizes the importance of ensuring they are adaptable to different market conditions while maintaining robust standards. Regulatory harmonization should not create undue implementation burdens for developing financial markets.

Our collaboration with regional partners and multilateral development banks such as Saudi Arabia, UAE and IFC has highlighted the importance of coordinated capacity-building support. This experience could inform the development of more effective frameworks for private sector engagement in recovery efforts.

Yemen remains committed to working with all partners to create an enabling environment for private sector development that serves sustainable development objectives.

Thank you