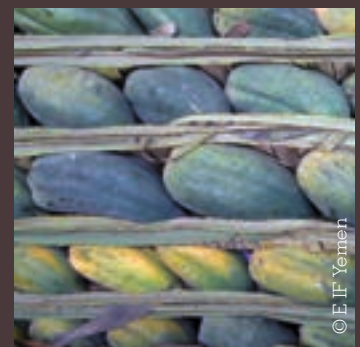


Country profile **YEMEN**

Enhanced Integrated Framework (EIF)
for trade-related assistance for Least Developed Countries (LDCs)





SUMMARY

Yemen's ranking in the World Bank's *Doing Business Survey* slipped one place from 104 in 2010 to 105 in 2011. However, Yemen's ranking in the overall 'Ease of Doing Business' has improved reflecting advances in four indicators, especially 'Getting Credit', by 24 points. This has been helped by the Government removing the minimum threshold for loans included in the database and guaranteeing the right of borrowers to access credit reports. Other well performing indicators include starting a business and protecting investors.

Yemen joined the Integrated Framework (IF) programme in 2001 and undertook a Diagnostic Trade Integration Study (DTIS), which was validated in June 2003. The DTIS was developed in line with the first pillar of the Government's Poverty Reduction Strategy, which placed emphasis on the importance of economic growth.

Yemen's DTIS Action Matrix identifies high national priorities including:

- macroeconomic management;
- investment regulation;
- decentralization and privatization;

- trade facilitation;
- poverty analysis; and
- sector studies in fisheries, transport, telecommunications, labour services, and agriculture.

With the identified national priorities, Yemen was supported by the IF programme to put in place three projects between 2004 and 2009. One project contributed to the improvement of Yemen's rank in the *Doing Business Survey* from 174 progressively to 53 in the ease of doing business, and also offered support in establishing a one-stop shop service within the Ministry of Industry and Trade.

In July 2009, Yemen's first Enhanced Integrated Framework (EIF) project was approved and started in September 2009 with the set-up of the National Implementation Unit (NIU). The NIU is in charge of putting trade at the heart of Government priorities, developing project proposals, donor coordination and the update of the DTIS.



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WORLD MAP



EIF countries:

Afghanistan	Democratic Republic of the Congo	Madagascar	Solomon Islands
Angola	Djibouti	Malawi	South Sudan
Bangladesh	Eritrea	Maldives	Sudan
Benin	Ethiopia	Mali	Tanzania
Bhutan	The Gambia	Mauritania	Timor-Leste
Burkina Faso	Guinea	Mozambique	Togo
Burundi	Guinea-Bissau	Nepal	Tuvalu
Cambodia	Haiti	Niger	Uganda
Cape Verde	Kiribati	Rwanda	Vanuatu
Central African Republic	Lao PDR	Samoa	Yemen
Chad	Lesotho	São Tomé and Príncipe	Zambia
Comoros	Liberia	Senegal	
		Sierra Leone	

FACTS AND FIGURES

Geographical area: 527,968 sq km

Population: 22,383,000

Population growth rate (2009): 2.9%¹

GDP real growth rate: 3.6%

GDP: US\$22,523 million

GDP per capita, PPP: US\$2,336

Major exports: crude oil, coffee, dried and salted fish, liquefied natural gas

Poverty (% living below US\$1.25/day): 17.5%

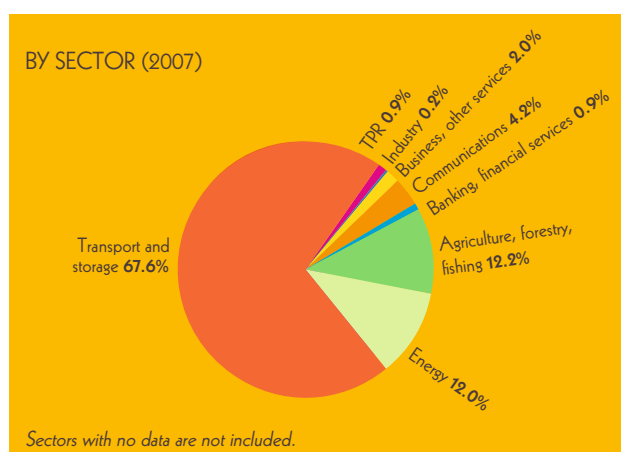
Human development index (2006): 138/179

Aid for Trade flows: disbursements in 2007 US\$11.3 million (commitments US\$36.2 million)

The Memorandum on Foreign Trade Regime has been circulated to the WTO Accession Working Party

Aid for Trade at a Glance 2009

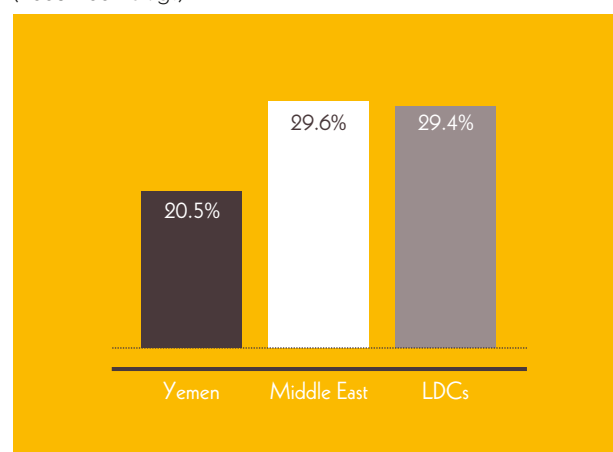
AID FOR TRADE FLOWS



Aid for Trade at a Glance 2009

SHARE IN ODA

Share of Aid for Trade in sector allocable ODA compared to regional and income group averages (2006-2007 avg.)



Aid for Trade at a Glance 2009

¹World Bank, *World Development Indicators*



ISSUES



Yemen has a wealth of potential to use trade to make progress on a number of development fronts, maximize its regional position and transform its resources, outside of the oil sector, to the greater benefit of communities most in need.

With one of the lowest Aid for Trade flows per capita of a Least Developed Country (LDC) and set against wider governance challenges, scarcity of water resources and fiscal sustainability issues, Yemen's agenda for change is rightly ambitious. Moreover, the need to tackle high levels of poverty is matched by the importance of ensuring that women actively participate in the economic sphere. Low levels of aid to date have also put a break on infrastructure development that can play a key role in connecting communities.

To address some of these areas, plans are underway to restructure the legislative framework to encourage

competition and prevent monopolies. Improving the investment climate and business development support services, simplifying registration and licensing procedures and establishing partnerships with the private sector remain high on the list of priorities.

Trade offers a strong and secure future roadmap for the next generation in Yemen. Plans to develop international, regional and domestic trade through accession to the World Trade Organization (WTO), Great Arab Free Trade Area (GAFTA) and Gulf Co-operation Council (GCC) also aim to link up the country's formal and informal sector and connect harder-to-reach areas with goods and services that will promote livelihoods.

The Enhanced Integrated Framework's (EIF) National Implementation Unit (NIU) has been driving forward this vision across Government and with other partners. It is leading efforts to transform the country's potential to trade into real impact on the ground for the poorest regions.





RESULTS



Yemen has been working to unlock the potential of trade for national development, with a series of building blocks having been put in place with support from the earlier Integrated Framework (IF) programme.

Led by the National Implementation Unit (NIU) and matched by ongoing commitment and leadership by the Ministry of Industry and Trade, Yemen was one of the first countries to access support under the Enhanced Integrated Framework (EIF) and has also been among the frontrunners to submit a targeted project proposal for export-driven income generation.

Results to date from the IF programme include:

- A fisheries project, which established a fish quality control laboratory in the Al-Hudaidah Governorate. Manuals supported building up the skills of staff and exporters on fish quality control and HACCP regulations. Training was rolled out to fishermen on best practices of handling of fish, preservation and hygiene. The overall impact on the seafood industry has been significant in improving fish quality and promoting fish exports, which already totaled 2,443 tons valued at over YR 1 billion (approximately US\$4.5 million) in the first quarter of 2011.



- A fruit and vegetables export promotion and quality control project, which built the capacity of farmers and exporters in several governorates through extensive training in standardization, quality control, and marketing using quality testing kits and manuals. Branching out to Saudi Arabia led to an increase in the agricultural exports to this major market for Yemen.
- Strengthening industry and trade registration through the set-up of an automated system included the launch of an English/Arabic website providing information on business services, trade laws, business start-up and licensing, also supporting WTO accession in the process. There has since been a reduction in the time needed for registering companies from 63 days to 12 days and an improvement in the registration of trademarks and names. This has meant the private sector can count on a faster and more reliable service.



- Yemen has also made progress in the starting-a-business indicator by removing the need to limit the percentage of equity required by investors to open a business. There is also a one-stop shop for starting a business, and as a result of all these measures, Yemen has been able to secure extra funding to improve the 'doing business' environment.

Under the first phase of the EIF in Yemen, work has been underway on donor coordination and raising awareness on how to develop a broad-based engagement on trade. As part of the outreach efforts, a series of workshops have been rolled out to include national stakeholders and development partners in the Sana'a, Al Hudaydah and Al-Mukhala Governorates, including in more remote rural areas.

Yemen has also recently had strong support from the European Union (currently EIF Donor Facilitator) with WTO accession and from Malaysia with its Industrial Strategy.



FORWARD LOOK

Yemen's plans to boost trade from natural resources, fisheries, tourism and agriculture can offer a bright future for rural communities, farmers and traders, as well as a route in for women to be active players in the process. Set against wider national challenges and recent developments, Yemen's ability to drive progress through trade remains a powerful and transformative tool that deserves to count on support from the international community.

An upcoming project presents an export-driven path to greater incomes and prospects for communities in honey production and beekeeping. This forms part of wider plans to strengthen the competitiveness of national products in global markets.



- A project to improve honey productivity and quality in the Shabwah and Al-Hudaydah Governorates aims to train 3,000 farmers and provide 15,000 bee hives to support the rural poor. Here, a third of the community that will benefit from the project will be women. Future plans focus on supporting sustainable livelihoods that will increase incomes by 20% and boost sales by up to 25% in the main exporting markets in the Gulf region and Southeast Asia.
- Additional project benefits will include skills training for carpenters, beekeepers and associations, already underway, alongside support for reforestation as part of the project's environmental management. There is also a planned roll-out of modern beekeeping technology, the establishment of standards for Yemen honey and ensuring value added for honey and bee products. This will be supported through packaging and help with access to new markets through eco and organic certification and fair trade, which aims to increase the price by 15% to 20%.
- Yemen is developing an action plan for trade development based on the updated Diagnostic Trade Integration Study (DTIS) and the National



Export Strategy, due to be finalized in 2011. Future project proposals are being formulated on continuing to boost exports of fresh fruit and vegetables, work to build up testing, standards and measurements know-how, making export centres trade-friendly, as well as plans to help nurture a wider range of crops.

The political leadership in Yemen has already reorganized trading structures to make them more effective and, through the Enhanced Integrated Framework (EIF), has been able to clearly define the country's priorities on trade, including centering trade in the Fourth Development Plan for Poverty Reduction 2011-2015.

With greater support, Yemen can continue to make even greater strides on developing non-oil exports and integrating into regional and global economies with a focus on regional trade, labour, financial and capital markets. To accelerate these efforts going forward, supporting local skills development and technical know-how as well as attracting wider backing from partners will be critical for the trade agenda to take off to new heights.

Are you ready to get involved and be part of Yemen's trade story?

To find out more go to:

www.moit.gov.ye and www.enhancedif.org



Find out more at:
www.enhancedif.org

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