Theories of economic development, particularly capitalism, argue that the private sector assumes a pivotal role as it takes the lead in pushing the economic development drive using its huge economic potential, as well as the efficient and highly productive mechanisms it possesses. This approach is pushed for and widely viewed by prominent international development think tanks and leaders in practice, especially the International Monetary Fund (IMF) and the World Bank (WB). In addition, developing countries, including Yemen and socialist countries, witnessed in the 1990s a structural shift towards privatization and empowerment of the private sector to be able to make further contribution to the various aspects of economic activity, including infrastructure, physical and service sectors. This trend catapulted the private sector and individual initiatives to the forefront of economic globalization and the new global economic order. The role of the state remained, nevertheless, limited to ensuring economic stabilization, availability of basic services, formulating conducive legislative and legal frameworks, and setting development indicative plans, including interventions to direct and correct market deviations to maintain balance or address situations beyond the private sector’s reach. Like other countries, Yemen followed the same course of action since 1990s where it adopted an economic philosophy based on market mechanisms and broader private sector participation in economic development and employment. This coincided with the launch of the structural, financial and monetary reforms package to encourage the private sector, liberalize foreign trade, amend financial and taxation acts as well as the investment law to keep pace with the desired role by the private sector in the context of the development process. Despite these economic, financial and monetary reforms that were meant to promote the role of the private sector in the economy, a robust and expansive private sector is still out of reach, as the traditional private sector has increasingly found itself looking inward. Besides, the successive political and economic crises Yemen has experienced over the past 6 decades, have contributed to deepening imbalances and irregularities plaguing the private sector, coupled with political and security instability, erosion of supportive infrastructure, and divided national institutions over the past six years. These factors eroded the private sector’s ability to expand and be resilient amid increased vulnerability, less productivity, which triggered capital flight, especially highly solvent businesses in search of safe havens abroad. Moreover, the health crisis brought by Covid-19 pandemic has had a great economic impact and recession, making recovery and initiative taking even more difficult and complex. It worth to be noted that the private sector contribution to the NDP remained fluctuated over the time, averaging about 63% of the real GDP during the period 2006 - 2014 and about 70% for 2015-2018. The latter does not actually imply an increase in its contribution to the GDP, it rather reflects a decline in the public sector contribution, especially the oil and gas sectors. This issue of the YSEU analyzes and monitors the reality and evolution of the private sector in the economy, a robust and expansive private sector is still out of reach, as the traditional private sector has increasingly found itself looking inward. Besides, the successive political and economic crises Yemen has experienced over the past 6 decades, have contributed to deepening imbalances and irregularities plaguing the private sector, coupled with political and security instability, erosion of supportive infrastructure, and divided national institutions over the past six years. These factors eroded the private sector’s ability to expand and be resilient amid increased vulnerability, less productivity, which triggered capital flight, especially highly solvent businesses in search of safe havens abroad. Moreover, the health crisis brought by Covid-19 pandemic has had a great economic impact and recession, making recovery and initiative taking even more difficult and complex. It worth to be noted that the private sector contribution to the NDP remained fluctuated over the time, averaging about 63% of the real GDP during the period 2006 - 2014 and about 70% for 2015-2018. The latter does not actually imply an increase in its contribution to the GDP, it rather reflects a decline in the public sector contribution, especially the oil and gas sectors.

**Private Sector Contributions to Strengthening Socio–Economic Resilience (Community)**

**Role of the International Community in Building Effective Partnership with the Private Sector**

**Proposed Reforms and Remedies to Develop the Business Environment and Encourage Partnership with the Private Sector**

I: An Overview of the Yemeni Private Sector

Private Sector Contribution to the Economic Activity

Despite the volatile political and security environment in which the private sector operates, compounded with limited availability of basic services and the frequent bottlenecks in the fuel markets, it still dominates all economic activities. National accounts data indicate that the private sector contributed about 78.72% of the GDP in 2018, and this mainly due to the suspension of a large part of economic activities by the public sector, especially oil and gas with their associated economic and social services. Figure (1) below shows how the private sector dominates all economic activity, with the exception of mining industries, electricity, water and insurance, which are still the mainstream activities for the public sector.

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**Prices**

YER 700/1 USS*

- Average (unofficial) exchange rate of the Yemeni Rial (YER) against US dollar (a bit higher than YER 600/US$ in Sana’a and YER 800/US$ in Aden)

**Private sector related indicators**

- 70% Average private sector contribution to the real GDP during 2015 - 2018
- $ 25-27 Billion Direct and indirect losses sustained by the private sector during the first three years of war and conflict
- 1% The increase in the monthly inflation rate (CPI) in October 2020 compared to September 2020. The gross annual inflation rate was 13% and (13% higher for food) compared to October 2019.

**Humanitarian Situation**

- 24.1 million The total number of people in need
- 14.3 million The total number of people in acute need
- 3.65 million The total number of IDPs

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** Sources of these data and indicators are referred to throughout this issue.
*** OCHA, the Humanitarian Situation in Yemen, November 11, 2020.

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It worth to be mentioned, however, that private sector activities are mainly service in nature, making up for about 89.5% for the services enterprises compared to 10.5% for the productive enterprises, which include agriculture, fishing, manufacturing, mining and electricity. Meanwhile, the retail trade sector accounts for about 40% of the total private enterprises, followed by (hairdresser - sewing -library – stationery store...etc.) with 11.8%, then health facilities (10.8%), wholesale trade (8.9%), education by about 5.9%, manufacturing (5.8%) and business services by about 4.4%.

The private sector activities are concentrated in the service sectors due to the fact that the bulk of enterprises are either small or micro, making up for about 82.2% of all private businesses, with 45.8% for micro and 36.4% for small enterprises, while medium enterprises represent 14.2%, compared to 3.6% for large enterprises. Medium and large enterprises are concentrated in the capital city by 41% and 36% respectively, followed by Aden Governorate by 13% and 22%, and then comes Hadhramout by 18% and 11.6% each, and finally Taiz by 8.1% and 11.6%. This means that the four governorates are home to 81% of all large enterprises and about 80% of medium ones.

The Impact of Conflict and War on the Private Sector

The private sector incurred huge economic losses because of the conflict and war as well as restrictions imposed on the movement of individuals, trade and money transfer given its substantial contribution to the overall economic activity. No comprehensive and accurate inventory as to the extent of damage and destruction sustained by the national economy, including private enterprises and activities, but there exist several partial surveys and mappings that managed to assess the size and type of damage and the destruction to the sector. Major direct and non-direct damages suffered by the private sector can be summarized as follows:-

1. Some estimates indicated that the direct and indirect losses suffered by the private sector during the first three years of war - due to suspension of the private economic activities in whole or in part-

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2 SMEPS, Yemen Business Climate Survey Report 2020.
3 Op cit.
to be between $25-27 billion\textsuperscript{4}. At the sectoral level\textsuperscript{5}, it turned out that the wholesale trade, restaurants and hotels sustained the most losses by 18.2\%, followed by the transport, storage and telecommunication sector by 16.1\%, then the construction sector 11.5\%, finance, insurance and real estate 9.6\%, agriculture and fishing 9.4\% and the manufacturing sector by 8\%.

2. The security and financial barriers, volatile exchange rates, depreciation of the local currency, soaring cost of inputs, demand loss and consumer loss are believed to be the main reasons for the losses incurred by the private sector businesses and related shrinking in its activities\textsuperscript{6}.

3. Small and micro enterprises suffered the most destruction due to bombing and war, by 39\% and 37\%, respectively, followed by medium-scale enterprises by 18\%, and then large enterprises by 6\%. The increase in the ratio of damaged SMEs is because of their large number and for being scattered all across the country compared to medium and large-scale enterprises, which concentrate in certain governorates. Private businesses in the Amanat Al Asima were most affected, making up for 32\% of all damaged facilities, followed by Aden Governorate 11\% , while Taiz came third by 10\% , and then the rest of governorates\textsuperscript{7}.

4. The conflict and war forced several businesses to reduce their working days and hours and/or lay off a significant part of their labor force, especially during the early years of the war, where the workforce in the agriculture sector dropped by 50\% and the service sector by 8\%\textsuperscript{8}.

5. Restrictions imposed on trade, soaring insurance premiums, and high demurrage fees have led to a significant increase in the operating costs of private sector enterprises, which created additional difficulties in outsourcing raw materials, spare parts, goods and accessories needed to sustain their operations.

6. In addition to direct losses, the private sector suffered indirect losses and damages due to wide scale damage to the basic infrastructure in many parts of the country, including roads, bridges, land, sea and airports. In the meantime, shifting the route of commercial shipments from Hodeidah to Aden port increased costs and financial burdens borne by the private sector.

7. Increasing financial burdens on the private sector in the form of double taxation and custom duties, as well as illegal royalties paid by goods at checkpoint intra and inter-Yemeni cities.

II: The Role of the Private Sector in Promoting the Economic and Social (Community) Resilience during the War and Conflict

Considering the huge losses sustained by the private sector and the multiple difficulties and restrictions mentioned above, it, nevertheless, played vital roles in strengthening the economic, social and humanitarian resilience in Yemen over the past six years. This included limiting economic downturn, employment and provision of various goods and services, which, in turn, contributed to reducing the food security gap, in addition to improving the humanitarian and social status. These roles and contributions are elaborated below:

1. The private sector contributed to limiting and reducing the impact of the economic contraction during the period 2015-2019, recording an average real contraction in its GDP of about -8.9\% compared to about -14.7\% for the public sector. This helped limiting contraction of the real GDP to an average of about 11\% in addition to poverty alleviation during the same period. National accounts data for 2019 indicate that the private sector achieved a positive growth rate of about 1.7\%, i.e. higher than that of the public sector which amounted to about 1.3\%. This resulted in about 1.6\% increase of in the GDP growth rate.

\textsuperscript{4} Mansour Al-Bashiri, The Economic Cost of the Yemen War and its Impact on the Parties to the Conflict, Al Jazeera Center for Studies and Research, August 2018.

\textsuperscript{5} Center for Economic Studies and Information, Private Sector, War and Development Roles in Yemen, 2019.

\textsuperscript{6} SMEPS, Yemen Business Climate Survey Report 2020.

\textsuperscript{7} Op cit.

\textsuperscript{8} ILO, Yemen Damage and Needs Assessment: Crisis Impact on Employment and Labour Market, 2016.
2. The private sector has contributed to strengthening economic resilience through several agricultural and livestock products necessary to achieve self-sufficiency, except for the wheat and rice. Table (1) shows the self-sufficiency ratios across several products, and it is necessary to strengthen the role of farming private sector and provide it with the support needed.

<table>
<thead>
<tr>
<th>Corn and Sorghum</th>
<th>Barley</th>
<th>Potatoes</th>
<th>Legumes</th>
<th>Vegetables</th>
<th>Fruits</th>
<th>Meat</th>
<th>Eggs</th>
<th>Dairy Products</th>
</tr>
</thead>
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<td>%100</td>
<td>%94</td>
<td>%107</td>
<td>%99</td>
<td>%91</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture and Irrigation, Unpublished Data, November 2020.

3. The private sector contributed in part to providing a wide range of services and offset the state’s role with regard to rendering basic services beneficial to resilience of other economic activities, generating more jobs and income opportunities as well as increasing economic growth. On top of those services is electricity generated through solar systems or private commercial generators, which have witnessed remarkable growth driven by supply shortage through public grid, decreased cost of renewable energy solutions, and the financial support provided by private sector donors. By 2019, the ratio of solar energy use reached about 75% versus 12%, for public grid.9

4. By relatively sustaining employment during the years of war, the private sector has contributed to poverty alleviation in one hand and reducing unemployment on the other, in addition to absorbing a significant proportion of workers (69.4%), mitigating the impact of salary suspension, as it provided a haven for a large part of the public servants. In addition, the private sector has also retained the majority of its workforce through coping strategies such as adding new products and services to adapt to the new normal, partial suspension of its activity, reducing working hours or relocating to other regions.10

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5. The private sector played a major role in providing the basic, productive, intermediate and life-saving goods for Yemenis. The share of food imports through the private sector reached 96.5% of all food imports, according to the United Nations Logistics Cluster\textsuperscript{11}. Moreover, the bulk of fuel imports arriving to Yemen during the years of war were facilitated by the private sector.

6. Remittances by Yemen expats have become an important source of national income and meeting the basic needs of the population. They have also become the largest source of foreign currencies, let alone their role in the financing for development. National accounts data for 2019 show that expat remittances amounted to 1,216 billion YER ($ 3.3 billion) in 2017, about 1,413 billion YER ($ 2.7 billion) in 2018 and 1,442 billion YER ($ 2.4 billion) in 2019. Despite the declining remittances in foreign currencies during the period, yet, they have greatly contributed to reducing the humanitarian catastrophe that befell Yemen and triggered by the conflict and war\textsuperscript{12}.

7. The recent years have also witnessed a paramount role by the private sector in the area of social services, i.e. education and health, knowing that it is a key player in these sectors for nearly three decades.

8. The private sector made contributions in the social and charitable dimensions, including through emergency humanitarian, health and relief assistance as part of corporate social responsibility. It also established many charity institutions such as Yemen Food Bank\textsuperscript{13} and Yemen Medicine Bank\textsuperscript{14}, which served as a platform for several charity programs and projects, targeting mainly the most vulnerable groups i.e. the poor, the marginalized as well as displaced children, mothers, pregnant and lactating mothers. Total Financial expenditure by the Yemen Food Bank during the period 2017-2019 reached USD 1,614,220.76\textsuperscript{15}, covering multiple activities as shown in Figure (5). In this context, the survey conducted by the United Nations Development Program (UNDP)\textsuperscript{16} in August 2017 covering 53 small, medium and large-scale private businesses in Yemen, found that 80% of these institutions provide help to people affected by the conflict. For the sake of aid distribution, businesses have also managed to develop and protect databases of beneficiaries, using informal networks of families, friends and neighbors.

9. As part of social responsibility and contributing in particular to enhancing community resilience, the private sector played a key role in facilitating the distribution, storage and logistical services for humanitarian and relief actors. In addition, it facilitated cash transfers from donors to beneficiaries (representing mostly vulnerable groups in the society), in partnership with some international organizations such as UNICEF and the World Food Program. It also engaged positively with international agencies in confronting the COVID-19 pandemic through the International Initiative on Covid-19 in Yemen (IICY)\textsuperscript{17}, led by Hayel Saeed Group and other partners in addition to a number of international organizations such as the World Health Organization and partnerships with other non government agencies.

\textsuperscript{12} Sana’a Center for Strategic Studies, Yemen Between the Anvil of War and the Hammer of the Coronavirus: A Fragile Economy Facing Escalating Afflictions, October 2020.
\textsuperscript{13} https://yemenfoodbank.org/?page_id=17
\textsuperscript{14} https://yemenmedicinebank.org/
\textsuperscript{15} This expenditure was funded by the private sector, while the ICRC contributed by funding activities under the Nutrition in Emergencies Project.
III: Partnership with the Private Sector and its Prerequisites

Partnership is defined as “entering into long-term cooperation agreements between the private sector and the government to implement various public services and infrastructural projects”. This partnership represents one of the options adopted by many countries coming out of conflicts and wars in order to go ahead with the reconstruction process and establish peace, utilizing the private sector’s potential to provide capital as well as technical and administrative competencies to re-instate services, or part of them.

Given the huge needs required by investments in the infrastructure side and reconstruction of the war damages, the private sector in Yemen, along with donors, would be an important opportunity and an indispensable tool to spur the recovery and reconstruction process, for a number of considerations, mainly:-

- Deteriorated public financial resources and declining/freezing public investments, thus reducing pressure on the general budget.
- Utilizing the private sector’s financial surpluses in the reconstruction of war-related damages.
- Poor government technical, administrative and technological capacities needed to render services and implement projects efficiently.
- Attracting investments and diaspora capital, and retain the domestic capital.
- Continuing the previous reforms seeking to loosen the grip of the public sector as to implementing and operating public services infrastructure projects and limiting its role to drafting policies, setting priorities and goals, monitoring and regulation.

In addition, the partnership between the government and the private sector involves several economic, social and humanitarian benefits and advantages, most importantly the following:

- Sharing the risks arising from the implemented projects among parties to the partnership.
- Utilizing the private sector’s capital and the knowledge and experience in project management where deadlines are crucial to reducing implementation period, and thus, improving the position of public management.
- Promoting the principles of transparency and accountability pertaining to management of resources.
- Giving due attention to the economic dimension as part of policies and project management to maximize social and economic gains.
- Creating a dynamic work environment to change the well-established public bureaucracies. The partnership allows governments to effect change without compromising the core business, i.e. social policy development, future directions and service monitoring.

According to DNA Phase III, short-term (first-year) recovery needs for the 16 cities studied are estimated to amount to about US$2–3 billion, medium-term (two- to five-year) needs range from US$9–11 billion, and longer-term (over five years) reconstruction needs are estimated to reach US$14 billion in the 16 cities alone. Extrapolated to the entire country, total reconstruction needs over five years would reach US$32 billion.

To enhance performance by the private sector and the tasks assigned to it as part of partnership with the public sector, under the war and the conflict scenario or reaching a political settlement, a set of conditions have to be met, mainly:

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Ensure sufficient energy sources to sustain productive operations and transportation, especially petroleum derivatives, and allow the private sector to import its fuel needs based on clear controls, provided not to cause harm to foreign currency reserves or value of the national currency.

Supporting labor-intensive projects, with particular focus on SMEs, including funding, financing self-initiative programs for young people and women and supporting the acquisition of productive assets, and establishing business incubators. Restructuring debts of SMEs with potential growth, success and job creation may also be explored, in addition to granting small enterprises free temporary commercial registers to facilitate their business and activating one-stop-shop scheme at the Ministry of Industry and Trade.

Assisting the private sector in managing risks during the war through a crisis-driven strategy.

Facilitating trade movement by ensuring freedom of foreign trade and keeping all ports open to ensure the flow of goods to the private sector.

Coordinating efforts across all agencies concerned with supporting the private sector, with a focus on the most affected and poorest sectors and regions.

Supporting the private sector efforts to explore ways to localize the solar energy technology as one of the solutions.

IV: Role of the International Community in Building Effective Partnership with the Private Sector

As a first and urgent step, Yemen needs assistance to carry out projects related to basic services in stable areas. However, the review of previous community reconstruction programs that were implemented through donor funds proved that government absorptive capacities are limited and beset by some technical and administrative difficulties and obstacles preventing optimal utilization of pledges. For the time being, the government seems more in need of strengthening institutional capacities and raising its technical, administrative and financial capabilities, while searching for national partners to provide basic services. The Social Fund for Development and the Public Works Project can play a vital role in this aspect. Galvanized by the support of Yemen's international partners, their role can be expanded in the future during the reconstruction phase. Hence, it is important to consider the following:

1. Neutralizing economic institutions from the war and conflict, especially the Central Bank and its associated monetary and financial structures, and resuming salaries for public servants in line with the Stockholm Agreement.

2. Directing international humanitarian support towards livelihood and recovery programs as well as development projects in general. Hence, it is important to engage national institutions in the implementation of planned interventions, including monitoring the performance of relief and development organizations operating in Yemen to maximize benefits of whatever support received.

3. Contributing to the development of a partnership framework between the government and the private sector, whereby it defines reciprocal tasks and responsibilities in line with national priorities and in a manner that allows active participation by the private sector in the reconstruction phase and expand its activities, including infrastructure projects.

4. Supporting private businesses, especially SMEs and enhancing their resilience, increasing funding levels for the private sector from the International Finance Corporation (IFC) and other supportive institutions such as the Islamic Bank for Development and the Arab Fund. Corporate governance for small and medium enterprises and facilitating trade finance, to support importation of basic food commodities through local banks are among issues to be explored as well.
## Proposed Reforms and Remedies to Develop the Business Environment and Encourage Partnership with the Private Sector

<table>
<thead>
<tr>
<th>Topic</th>
<th>Challenges and Difficulties</th>
<th>Proposed Solutions and Remedies</th>
</tr>
</thead>
</table>
| Economic Stabilization | - Snowballing General Budget deficit and declining public expenditures with impact on income levels and demand for private sector products.  
- Deteriorated purchasing power of the Yemeni Riyal vis-a-vis increased inflation rate and soaring prices and difficulty obtaining foreign currency.  
- Difficulties facing imports and exports as well as financial transactions. | - Supporting the private sector recovery being the key driver of economic activity, the largest employer of labor force, and the primary provider of goods and services.  
- Re-operationizing oil refineries to offset deficit in the State’s general budget.  
- Meeting the market’s needs of foreign currencies to import basic commodities. |
| Political and Security Stability | - Continuing conflict and war.  
- Slow pace of the political settlement and the exodus of domestic investments abroad. | - Reaching a permanent and sustainable peace that ends the state of conflict and war, bring things back to normal and reinstates the role of national security and military institutions.  
- Achieving sustainable political and security stability, ensuring justice and the rule of law to attract private investments and push the development forward. |
| The Legal System | - Yemeni legislation do not keep pace with changes.  
- The private sector in not involved in the preparation of legislation and decision-making process.  
- Poor performance by the justice system with regard to trade disputes. | - Acceptance of invoking international law  
- Amending the Investment Law and improving its environment, and stopping interference by some government agencies as to obstructing the implementation of the law.  
- Simplifying the procedures required to establish private investment projects. |
| Infrastructure | - Damaged infrastructure, with all its components, due to the conflict and war.  
- Lack or scarcity of fuel being intermittently available, with most of it sold in the black market at double prices, which disrupted the production process, service delivery, decreased working hours, and increased costs of production, transportation, storage and marketing. | - Carrying out a comprehensive field assessment to enlist and assess direct and indirect damages and losses.  
- Preparing and implementing a phased reconstruction plan based on balanced priorities and standards across sectors and geographical regions.  
- Mobilizing the necessary resources, and urging regional and international private sector to share the financing of reconstruction programs in Yemen.  
- Re-operationizing public and local electric power generation plants.  
- Providing regular fuel supplies to revive the economy and ensuring price liberalization. |
| Structure of the Private Sector | - Domination of family business pattern, which leads to the concentration of losses on the capitalist families rather than their distribution of it among the entire population.  
- Domination of small enterprises across the entire private sector, as they represent 95% of the total enterprises in the industrial sector, making them less resilient to crises. | - Supporting micro, small and medium enterprises (MSMEs) and entrepreneurs to rebuild their assets and providing financial and technical assistance to entrepreneurs |
| Foreign Affairs | - Increased insurance fees on goods transported to Yemen, which raises the prices of imported goods.  
- Difficult importation of goods due to insufficient foreign exchange. | - Improving foreign relations  
- Facilitating external transfers |
<table>
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<tr>
<th>Topic</th>
<th>Challenges and Difficulties</th>
<th>Proposed Solutions and Remedies</th>
</tr>
</thead>
</table>
| Education             | - The education system in Yemen to keep pace with changes and developments.  
- Weak secondary education inputs.  
- Brain Drain of qualified Yemenis. Drop out of school at all levels.  
- Widespread illiteracy, especially among rural women.                                                                                                           | - Increasing the enrollment rate and reducing the gender gap in education.  
- Improving quality and inclusive education.  
- Improving the effectiveness of technical education and vocational training programs and curricula and raising their efficiency to meet the labor market needs.  
- Ensuring alignment between higher education outcomes, development requirements and the labor market needs.                                                                 |
| Health                | - Over 50% of public health facilities stopped functioning, either fully or partially.  
- Incidence of several diseases claims the lives of many Yemeni and causes health problems, amid poor awareness about prevention and treatment.  
- Limited food, as more than 50% of the population suffers malnutrition, which leads to less performing human resources and low productivity.  
- Access difficulty to some imported medicines.                                                                                                                  | - Re-operationlizing stalled public facilities and hospitals.  
- Addressing the deteriorated food security level.  
- Reconstructing and refurbishing health facilities damaged by the war  
- Providing basic health services, as well as medical services.  
- Promoting and strengthening the emergency and ambulance service.  
- Promoting and developing the health sector.  
- Raising health education among citizens.                                                                                                                                 |
| Financial System      | - Access difficulty to credit, LCs, and LGs at financial institutions.  
- Access difficulty to credit from banks, especially after the liquidity crunch and huge bad loans suffered by the banking sector.  
- International banks stopped dealing with the Yemeni banking system.  
- Restrictions on transfers to and from Yemen.                                                                                                                  | - Supporting the Central Bank of Yemen assume its function related to liquidity and reserves management, and seeking to restore domestic and international confidence in the Yemen financial and banking system.  
- Establishing a joint restructuring body between the public and private financial sectors with the purpose of injecting capital into financial institutions and attract back liquidity.  
- Introducing urgent solutions to the issues surrounding bank LCs and LGs.  
- Encouraging banks and financial institutions provide credit to the private sector.  
- Providing technical assistance to financial institutions to go about the restructuring of bad loans.  
- Reviving relations with foreign banks and financial institutions.                                                                                                                                 |
| Public Private Partnership | - The channels of communication between the public and private sector have to be revived, with the private sector to be actively involved.  
- The private sector suffers those same internal issues of the public sector.                                                                                     | - Building an active public private partnership in infrastructure and reconstruction projects (PPP).  
- Unwavering government adherence to a true partnership with the private sector.                                                                                                               |
| Business Environment  | - Poor infrastructure  
- Low demand for private sector goods and services  
- Access difficulty to appropriate financing  
- Extra customs duties and taxes on the private sector imports                                                                                                    | - Improving the investment environment through better infrastructure and investment basic facilities.  
- Abolishing illegal fees and collecting customs duties at customs points according to the Customs Code.  
- Promoting small enterprises and industries given their importance in reducing poverty and unemployment.  
- Promoting partnership prospects between the government and the private sector.                                                                                      |
**List of Key Sources and References:**

1. The World Bank-Yemen, Economic Updates, March 2020
7. Mansour Al-Bashiri, The Economic Cost of the Yemen War and its Impact on the Parties to the Conflict, Al Jazeera Center for Studies and Research, August 2018.