RETHINKING YEMEN'S ECONOMY

Issue No.: 36
Date: February 17, 2026

SUPPORTING TRADE FINANCE IN YEMEN AMID UNCERTAINTY

Wadhah Al-Awlaqi and Maryam Abdulrahman

EXECUTIVE SUMMARY

The war has fundamentally altered Yemen's trade finance system, transforming it from a reliable, unified, bank-led mechanism into several divergent, conflicting structures that have made import financing cumbersome, costly, and unstable. The conflict has led to the suspension of oil and gas exports — the country's primary source of revenue and foreign currency — and resulted in the division of key economic institutions across regional zones of control. Specifically, the fragmentation of the Central Bank of Yemen (CBY) into rival branches (Sana'a and Aden) and the subsequent prevalence of dual currency and monetary systems has created a complex trade financing landscape. The two branches have engaged in a power struggle, issuing conflicting monetary and financial policies that weaponize all aspects of import regulation and financing.

The collapse of the formal banking system, combined with liquidity shortages, has eroded confidence in banks' financial services and entrenched the rise of less-regulated financial transfer networks, which dominate the monetary cycle and trade facilitation. The fragmented regulatory environment has heightened the country's vulnerability to global de-risking measures and exposed it to severe risks related to Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) requirements. Yemeni banks have struggled to access foreign correspondent banks, which has inflated import costs and exacerbated food insecurity in a country that imports up to 90 percent of its basic staples from abroad.

The US designation of the Houthis as a Foreign Terrorist Organization (FTO) and subsequent sanctions catalyzed a significant shift away from Yemen's historically centralized financial system. The sanctions forced banks to relocate to government-controlled areas, eliminating the Houthis' dominance over their primary operations. Today, these relocated banks are facing operational challenges due to the historic centrality of the financial system, the commercial market, and customer base in Houthi-controlled areas.

This policy brief was prepared by Sana'a Center for Strategic Studies, in coordination with the project partners DeepRoot Consulting and CARPO – Center for Applied Research in Partnership with the Orient.

Please cite as follows: Wadhah Al-Awlaqi and Maryam Abdulrahman, "Supporting Trade Finance in Yemen Amid Uncertainty", Rethinking Yemen's Economy Policy Brief No. 36, Sana'a Center for Strategic Studies /DeepRoot Consulting / CARPO, February 17, 2026. Available at: https://devchampions.org/publications/policy-brief/trade_finance_in_yemen

Funded by the European Union

After the failure of several import financing mechanisms, the internationally recognized government, along with the Central Bank of Yemen in Aden (CBY-Aden), has recently begun implementing much-anticipated economic reforms that have stabilized the Yemeni rial. These reforms helped institutionalize a new mechanism for trade finance, culminating in the establishment of the National Committee for Regulating and Financing Imports.

To effectively operate on the ground, the Import Committee and CBY-Aden need to be fully empowered to curb currency destabilization and secure hard currency inflows, and to use those funds to finance basic commodity imports. The government should create a conducive business environment for banks to provide financial services and facilitate trade nationwide. Additionally, it should shift from short-term collective measures to long-term economic reforms. These should include working to access sustainable sources of hard currency to finance trade. Sustained financial support from Saudi Arabia and other donors is critical to replenishing the CBY-Aden's foreign reserves and preserving the value of the rial.

Close coordination with international financial institutions and US decision-making bodies (such as the Department of the Treasury's Office of Foreign Assets Control) is essential to enhance Yemeni banks' capacity to comply with AML/CFT standards. Houthi authorities must suspend punitive measures against banks and traders and refrain from any future actions that could further deepen the monetary division and complicate trade financing.

In parallel, the UN and broader international community should exert immediate pressure on the warring parties to halt their weaponization of trade financing and respect the neutrality of the banking sector. They should help establish sanctions safeguards to protect humanitarian and remittance flows. As circumstances improve, the international community should support the creation of a nationwide trade financing scheme that is technically effective and insulated from political conflict.

INTRODUCTION

Trade finance[1] plays a pivotal role in facilitating international trade by providing financial support to importers and exporters through instruments such as letters of credit (LoCs).[2] Due to Yemen's historical reliance on imports, the Yemeni banking sector has played a crucial role in facilitating the flow of goods. Before the conflict, Yemen's total imports stood at US$11.8 billion.[3] Yemeni banks were the main facilitators of this trade, financing a significant portion of essential goods. The onset of the conflict severely weakened the banks' capacity to finance trade through letters of credit. However, as the conflict progressed, the private sector demonstrated extraordinary resilience, leveraging less-regulated financing channels, such as *hawala* transfers, to maintain trade flows. In 2024, total imports were estimated at US$15.5 billion, with 37 percent comprised of basic food commodities.[4]

The outbreak of the conflict in early 2015 led to a catastrophic economic collapse as state revenues fell, the balance of payments faltered, and the import financing system was pushed to the brink. Internal and external factors damaged the economy. Oil and gas exports, the primary source of Yemen's foreign currency reserves, were almost entirely suspended.[5] The division of the Central Bank of Yemen (CBY) between the warring parties created a complex, dysfunctional trade finance landscape, with competing actors enacting contradictory policies that paralyzed the system. This fragmentation undermined attempts to address the liquidity crisis in the banking sector and hindered the implementation of nationwide economic stabilization measures.

The leakage of cash to informal networks, fueled by diminishing confidence in the banking system, highlighted the deep-rooted challenges facing the sector. Driven by security concerns, relationships with correspondent and intermediary banks broke down, deepening the isolation of the banking system. The decline of trade intensified the economic hardships faced by the population. Rebuilding an efficient and trustworthy trade finance system is critical to the country's post-conflict recovery. The chart below illustrates the extent of the decline in Yemen's total imports in the early years of the war as a result of the trade finance crisis and associated factors.

Yemen's trade finance ecosystem has ultimately shifted from a robust, bank-led system to a fragmented, informally sustained structure, reflecting both institutional

[1] Trade finance refers to the financial support and services provided by banks to importers and exporters to facilitate international trade transactions through various types of financial instruments such as bank guarantees and letters of credit.

[2] Letters of credit are financial documents issued by the foreign buyer's bank to guarantee the payment once the seller (exporter) ships the goods or and presents the required documentation.

[3] "Annual Report 2015 [AR]," Central Bank of Yemen, 2015.

[4] "Annual Report 2024," Central Bank of Yemen in Aden, 2024, https://english.cby-ye.com/files/68c2ef16b4225.pdf. Accessed November 26, 2025.

[5] The Yemeni government resumed limited crude oil exports from the Masila basin in the summer of 2016. Production also witnessed a gradual recovery, bolstered by the return of foreign operators OMV and Calvalley in 2018 and 2019, yet the scale of oil exports remained significantly below pre-conflict levels. See "Yemen Monthly Economic Update-December 2019," World Bank, January 28, 2020, https://documents1.worldbank.org/curated/en/812731581364170917/pdf/Yemen-Monthly-Economic-Update-December-2019.pdf. Accessed November 26, 2025.

breakdown and the private sector's adaptability. The collapse of formal banking channels, driven by liquidity shortages, the division of the Central Bank, and the suspension of oil exports, has forced importers to resort to unregulated networks such as *hawala* systems to keep trade flowing, especially for basic food commodities that now account for more than a third of total imports. While this adaptation has allowed for short-term survival, it has entrenched financial opacity and undermined monetary control. Ending the vicious circle of financial disintegration and restoring confidence and functionality in Yemen's trade finance system requires coordinated policy action: reunifying the Central Bank, re-establishing links with correspondent banking, and establishing donor-supported trade finance facilities to re-anchor the economy in transparent, regulated mechanisms that can support recovery and sustainable growth.

Yemen is highly vulnerable to food insecurity shocks, as it imports approximately 90 percent[6] of its food staples, including wheat, rice, and sugar. Consequently, any disruption to the financing channels that facilitate these imports affects food availability and prices. Restrictions and damage to ports in Hudaydah directly impacted the entry of food and fuel imports into Yemen, leading to a 30 percent increase in prices since the beginning of coalition operations.[7] The crisis has intensified under US and Israeli airstrikes and sanctions aimed at halting Houthi military attacks in the Red Sea.

The recent US redesignation of Houthis as a Foreign Terrorist Organization (FTO) and associated financial sanctions pose a new threat. These measures risk severing Yemeni banks' ties to the international financial system and imperil their capacity to facilitate essential imports, further jeopardizing an already fragile trade-financing scheme. However, the FTO designation—particularly the associated licenses—has enforced a transformation in Yemen's trade finance framework. If managed carefully, it could potentially safeguard the banking system and enable it to finance vital trade through clearer compliance pathways.

This RYE Policy Brief analyzes the dramatic transformations in Yemen's trade finance system, focusing on how the fragmentation of the CBY, the wider economic collapse, and escalating de-risking measures by global correspondent banks have paralyzed the Yemeni banking sector's capacity to finance trade. These factors have disrupted trade flows, raised import costs, and worsened food security. The brief also examines the ramifications of US sanctions, which, if not managed wisely, could further undermine Yemen's already fragile access to international trade financing. The brief concludes with practical recommendations for preserving the functionality of trade financing schemes during the conflict and sustaining them after the war.

[6] "WFP Distributes Food, But Warns Of Challenges Reaching Hungry People In Yemen," WFP USA, April 20, 2015, https://www.wfpusa.org/news/wfp-distributes-food-but-warns-of-challenges-reaching-hungry-people-in-yemen. Accessed November 26, 2025.

[7] "Missiles and Food: Yemen's man-made food security crisis," OXFAM Briefing Note, December 2017, https://www-cdn.oxfam.org/s3fs-public/file_attachments/bn-missiles-food-security-yemen-201217-en.pdf. Accessed November 26, 2025.

THE PRE-CONFLICT LANDSCAPE

Before the conflict, Yemen's trade finance landscape operated through a well-coordinated system closely aligned with international standards, a result of the combined efforts of the central bank, the banking sector, and traders who had cultivated relationships within the global financial and trade systems. Before 2014, the Yemeni economy was relatively stable. This was evident in the stability of commodity prices and exchange rates, as well as the central bank's maintenance of foreign currency reserves. These relied on oil and gas exports, which in 2014 generated US$6.4 billion, and remittances, which totaled US$3.3 billion.[8] These foreign exchange reserves enabled the central bank to provide foreign currency to finance the import of essential goods, such as medicine and food, and peg the exchange rate at 215 Yemeni rials to the US dollar, maintaining stable prices of basic commodities for consumers.

The banking sector played a pivotal role by providing lines of credit. These facilitated the purchase of goods by providing flexible financing and credit services to importers, building trust among the banking sector, importers, and correspondent banks. During this period, Yemen's stability enabled it to access the SWIFT network, allowing the central bank to enforce due diligence measures on external correspondent bank accounts.

Yemen plunged into a full-blown financial crisis with the onset of the ongoing conflict. The sudden cessation of oil and gas exports dealt a severe blow to state revenues, causing exports to drop more than 50 percent in 2015.[9] This sharp decline exacerbated the balance of payments deficit, resulting in a shortage of foreign currency, a key component of trade finance operations. By 2018, the foreign exchange deficit had risen to around 9 percent of GDP, reflecting Yemen's dire fiscal situation.[10]

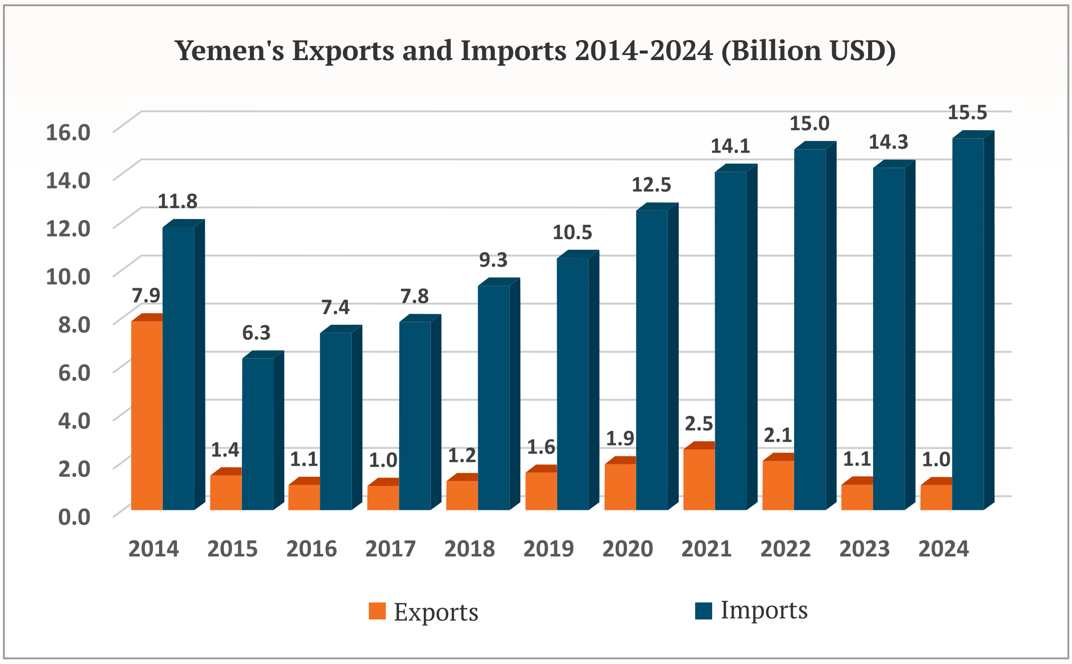
Serious damage to Yemen's vital ports and trade routes further exacerbated the crisis, as did the division of the central bank. The government-affiliated Central Bank of Yemen, operating in Aden (CBY-Aden), has international recognition but suffers from limited domestic control. Conversely, the Houthi-controlled Central Bank of Yemen in Sana'a (CBY-Sana'a) has full remit over Yemen's economic centers, including major cities, consumer markets, and financial channels, but is subject to international sanctions. This division has led to conflicting directives and policies, particularly regarding money transfers, documentary credits for import financing, and the banking sector's relationship with the global financial system, creating a complex and dysfunctional

[8] "MENA Quarterly Economic Brief," World Bank, July 2014, https://documents1.worldbank.org/curated/en/373331468systems052751480the/pdf/898440REVISED00ue030JULY020140FINAL.pdf. Accessed November 26, 2025.

[9] Ibrahim al-Muayyad, "Challenges facing the Yemeni economy during the period April 2015 to August 2016 [AR]," Center for Yemeni Political and Strategic Studies, October 17, 2017, https://www.yecscs.com/article/115. Accessed November 26, 2025.

[10] "Yemen Economic Monitoring Brief - Fall 2018," World Bank, October 22, 2018, https://www.worldbank.org/en/country/yemen/publication/yemen-economic-monitoring-brief-fall-2018. Accessed November 26, 2025.

environment for trade finance.[11] The chart below illustrates the extent of the decline in Yemen's total imports in the early years of the war as a result of the trade finance crisis and associated factors.



Source: Central Bank of Yemen.[12]

[11] "Annual Report 2024," Central Bank of Yemen in Aden, 2024, https://english.cby-ye.com/files/68c2ef16b4225.pdf. Accessed November 26, 2025.

[12] "Annual Report 2015 [AR]," Central Bank of Yemen, 2015; "Annual Report 2020 [AR]," Central Bank of Yemen in Aden, 2020, https://cby-ye.com/files/61e3d1527d3d1.pdf. Accessed November 26, 2025; "Annual Report 2022 [AR]," Central Bank of Yemen in Aden, 2022, https://cby-ye.com/files/64a1f54c878e1.pdf. Accessed November 26, 2025.

THE SPLIT OF THE CENTRAL BANK AND WEAPONIZATION OF TRADE FINANCING

In September 2016, President Abdo Rabbu Mansour Hadi issued a decree relocating the CBY's headquarters from the occupied capital and historically centralized financial hub, Sana'a, to the interim capital of Aden. Following the division of CBY, the financial sector descended into chaos due to the collapse of support for trade finance. The three core variables of the trade finance equation - the central bank, banking system, and commercial importers - became locked in an intensifying battle alongside the warring parties, each seeking to dictate and regulate trade finance unilaterally.

In November 2016, Yemen's finances suffered a major blow when the SWIFT connection of the CBY-Sana'a was cut off.[13] Although the CBY-Aden was reconnected to the network in April 2017, the system remained functionally inoperable due to the lack of operational experience in Aden and the central bank's limited foreign currency reserves. This denied importers access to the foreign currency they needed to finance their operations. As a result, major importers increasingly left the official banking system and instead used money exchange outlets to finance their external trade. This shift in monetary cycles outside the formal banking system significantly weakened the country's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) safeguards.

The CBY's access to foreign currency also became limited as correspondent banks tightened restrictions due to the high economic risks in Yemen. The crisis alienated correspondent and intermediary banks, affecting the Yemeni financial sector's relationship with the global financial system. The rival central bank branches in Sana'a and Aden engaged in a bitter struggle over regulatory authority and trade finance policies, resulting in regulations that hindered trade operations,[14] as each sought to expand its authority over financial resources. In effect, the CBY-Aden controlled foreign currency reserves and access to the SWIFT network, while the CBY-Sana'a exercised authority over the major banks based in Houthi-controlled Sana'a.

The central bank split led to monetary fragmentation, resulting in two distinct currencies in circulation. "Old" Yemeni rials are used in Houthi-controlled areas, while banknotes issued by the CBY-Aden after 2017 now circulate in the south following a ban by Houthi authorities. The "old rial" zone has a fixed exchange rate enforced by

[13] Wadhah al-Awlaqi, "The CBY-Aden's Crisis of Confidence – Assessing the UN Panel of Experts' Corruption Allegations," Sana'a Center for Strategic Studies, March 26, 2021, https://sanaacenter.org/publications/analysis/13577. Accessed November 26, 2025.

[14] The rival branches of the CBY established distinct, competing trade financing mechanisms, such as the Houthis' creation of the Payment Committee in 2018, and the CBY-Aden's recent formation of the National Committee for Regulating and Financing Imports. These divergent mechanisms operate independently and issue conflicting regulations on trade financing. The CBY-Aden also imposed requirements for using letters of credit and required banks to connect to the SWIFT system and participate in currency auctions. Simultaneously, the CBY-Sana'a prohibited its affiliated banks from using these mechanisms and prevented data sharing or cooperation with the CBY-Aden. The CBY-Aden pressured banks to relocate their headquarters to areas under its control or face being cut off from the global financial system. These conflicting decisions disrupted local banks, hindered the issuance of letters of credit and international payments, and raised import costs, directly impacting the flow of essential goods and international trade.

restricting money transfer operations, obligating currency exchange businesses to use the official exchange rate, and imposing penalties on violators. Conversely, the "new rial" experienced sharp, continuous inflation as the government adopted an expansionary monetary policy to offset its large fiscal deficit. This dual currency system not only hindered businesses in securing financing for imports but also created significant barriers to interregional trade, increasing the demand for foreign currency and raising costs. This has led to further currency instability, reduced foreign investment, and raised commodity prices. In mid-2018, the CBY-Aden launched its first letters of credit, backed by a US$2 billion Saudi deposit, to support the import of five basic commodities: rice, wheat, sugar, milk, and cooking oil. This offered some relief despite its cash-based nature and inflexible implementation mechanism.[15] In an attempt to take control of the Yemeni economy and foreign exchange, Houthi authorities established the Payments Committee in 2018. The committee was allied with the CBY-Sana'a and sought to subvert the CBY-Aden's control over foreign currency reserves. The Houthis leveraged their control over Sana'a, the country's financial and commercial hub. The demographic concentration in the North, where approximately 70 percent of Yemen's population resides, meant that Houthi-controlled areas also received the lion's share of humanitarian aid funds. These had reached US$5.2 billion in 2018, and the Houthis utilized the influx of hard currency to finance imports into their areas.[16] Since 2018, the CBY-Aden has repeatedly sought to bring foreign aid under its oversight, aiming to both stabilize commodity prices and prevent Houthi diversion of such funds. However, donors were reluctant to allow aid funding to become intertwined with technical challenges arising from the rapidly diverging rial exchange rates.[17]

From December 2018 through December 2019, the Saudi deposit improved the CBY-Aden's capacity to stabilize the currency, with the rial trading at YR591 per US$1. But by the end of 2020, a confluence of factors pushed it to a new low of YR916 per US$1.[18] The use of Saudi-backed letters of credit to finance imports was severely hampered by internal mismanagement, opacity, lack of transparency, and deep administrative division between the CBY-Aden's management and the government-aligned Supreme Economic Committee.[19] It used an underpriced preferential exchange rate for financing imports, creating arbitrage opportunities that prioritized select elites over broader market stability. By March 2021, the CBY-Aden had depleted almost all of its foreign currency reserves, limiting its capacity to finance basic commodity imports.[20]

[15] Wadhah al-Awlaqi, "The CBY-Aden's Crisis of Confidence – Assessing the UN Panel of Experts' Corruption Allegations," Sana'a Center for Strategic Studies, March 2021, https://sanaacenter.org/publications/analysisUS$1/13577. Accessed November 26, 2025.

[16] "Yemen 2020 Country Summary," Financial Tracking Service, OCHA, 2020, https://fts.unocha.org/countries/248/summary/2020. Accessed November 26, 2025.

[17] Alex Harper and Wadhah al-Awlaqi, "Two Birds With One Stone: Using Aid Transfers to Support Stable Commodity Prices in Yemen," Sana'a Center For Strategic Studies, August 2023, https://sanaacenter.org/publications/main-publications/20561. Accessed November 26, 2025.

[18] Wadhah al-Awlaqi, "The CBY-Aden's Crisis of Confidence – Assessing the UN Panel of Experts' Corruption Allegations," March 26, 2021, Sana'a Center for Strategic Studies, https://sanaacenter.org/publications/analysis/13577. Accessed November 26, 2025.

[19] Ibid.

[20] Ibid.

In November 2021, the CBY-Aden shifted to a new trade financing scheme, auctioning foreign currency using the Refinitiv platform. The auctions were intended to provide foreign currency for trade and stem the rapid decline in the rial's exchange rate in areas controlled by the internationally recognized government. The auctions proved more effective and competitive the previous mechanism tied to the Saudi US$2 billion deposit. The exchange rate for import financing was closely aligned with the parallel market rate, and the more transparent Refinitiv online platform shortened the financing cycle.

However, the CBY-Sana'a took aggressive measures against Yemeni banks to prevent them from subscribing to the platform or using it to finance imports into Houthi-controlled markets. The CBY-Sana'a strongly opposed the IMF's allocation of special drawing rights (SDR) worth US$665 million to the CBY-Aden in August 2021 and criticized the Bank of England's announcement in late 2021 that it might release £82 million of reserves (equivalent to US$110.7 million) to the CBY-Aden, which had been frozen since the central bank's division.[21]

In November 2022, the CBY-Aden ordered Yemeni banks to connect to the SWIFT SCOPE[22] network. The Houthis reluctantly allowed this move to prevent complete financial isolation. To access the IMF's SDR funds, the CBY-Aden required participating banks to share operational data for AML/CFT compliance. Banks participating in the CBY-Aden's foreign currency auctions had to obtain compliance certificates to improve their relationships with foreign banks. However, the coercive measures taken by the authorities in Sana'a hindered Yemeni banks' ability to work with the global financial system to finance trade, while exposing them to consequences for non-compliance. The request for Yemeni banks' operational data as part of compliance with the US Federal Reserve's AML/CFT requirements angered Houthi authorities, who warned banks not to share the information. This created a new battleground, with each central bank issuing its own list of compliant banks and threatening to penalize those that did not comply.

Following the end of the UN-brokered truce in October 2022, the Houthis intensified their economic war against the Yemeni government, depriving it of its primary sources of hard currency. They cut off the government's access to oil revenues with a series of drone attacks, which effectively blockaded exports in late 2022.[23] Houthi authorities further escalated the economic conflict in early 2023, issuing new directives to prohibit commercial traders in areas they controlled from conducting financial transactions with four domestic banks, three of which were headquartered in Aden. They also banned them from receiving foreign currency originating from CBY-Aden auctions,

[21] New Fronts in the Economic War – The Yemen Review, August 2021," Sana'a Center for Strategic Studies, September 10, 2021, https://sanaacenter.org/publications/the-yemen-review/14977. Accessed November 26, 2025.

[22] The SWIFT Scope is a powerful end-to-end business intelligence solution offered by SWIFT. It provides financial institutions and central banks with tools to analyze transaction data, manage liquidity, and comply with regulatory reporting requirements.

[23] "Oil Exports Remain Halted As Govt Agrees Terms for International Support," The Yemen Review, December, 2022, Sana'a Center For Strategic Studies, December 16, 2022, https://sanaacenter.org/the-yemen-review/november-2022/19204. Accessed November 26, 2025.

creating a de facto geographical division in the letters of credit system. The CBY-Sana'a soon escalated further, issuing a circular banning banks and commercial importers from participating in the CBY-Aden auctions, claiming this was vital to prevent the smuggling of hard currency from Houthi to government-controlled regions and address a critical shortage of liquidity in Houthi-controlled markets.[24] These coercive measures complicated the functioning of Yemeni banks in the global financial system and deepened their vulnerability to risks related to noncompliance.

The new rial's value continued to decline, as the CBY-Aden was repeatedly forced to suspend its auctions amid shrinking hard currency stocks. The lack of timely financial support from Saudi Arabia entrenched rapid cycles of currency fluctuation. When they did take place, the auctions saw limited subscription rates, which fell below 50 percent due to the Houthis' ban on participation and limited interest from Yemeni banks. Commercial importers increasingly opted to secure hard currency on the open market, bypassing the auctions as a financing mechanism. By mid-July 2025, the new rial had fallen to YR2,900 per US$1, an all-time low.[25]

Institutional and regulatory division shifted parts of the monetary cycle to money exchange outlets operating outside the central bank's oversight. After years of competing and uncoordinated initiatives, the Yemeni government adopted a unified approach to institutionalize import financing and effectively address the currency crisis. In July 2025, a National Committee for Regulating and Financing Imports was established.[26] It introduced a new mechanism that requires importers to submit financing requests through banks or exchange companies, which review and forward them to the committee for approval. Payments or coverage can only be issued after this approval is received. The system aims to regulate imports, prevent black market transactions, protect the currency, and channel trade through official, supervised financial channels. The committee has been granted broad authority to regulate the foreign currency demand, control import financing, and curb speculation. These tightened regulations yielded immediate results: the new rial appreciated significantly to 1,626 per US$1 by the end of October, after falling as low as YR2,900 to the dollar in mid-July.

The CBY-Aden's success was strongly opposed by the CBY-Sana'a, which promptly prohibited banks and exchange companies under Houthi control from engaging with the committee's new import financing mechanism.[27] The ban was intended to undermine the CBY-Aden capacity to leverage the financial sector's hard currency reserves and to maintain Houthi control over lucrative financial inflows.

[24] Interview with two bankers, one based in Sana'a and the other in Aden, January 2023.

[25] "Rial Surges Under Revitalized Central Bank," Sana'a Center For Strategic Studies, August 2025, https://sanaacenter.org/publications/analysis/25314. Accessed November 26, 2025.

[26] "Chaired by the Governor of the Central Bank, the National Committee for Regulating and Financing Imports held its first meeting [AR]," Central Bank of Yemen, July 17, 2025, https://cby-ye.com/news/832. Accessed November 26, 2025.

[27] "Yemen: Houthis prevent traders from transferring value of goods through the central bank in Aden, [AR]," Yemen Future, August 18, 2025, https://yemenfuture.net/news/33175. Accessed November 26, 2025.

In September 2025, the newly formed Import Committee ordered customs authorities at government-controlled land and sea ports to restrict the entry of imported goods to those with a release permit issued by its Technical Unit. Under this new measure, commercial importers must provide official documents proving that the financing for a shipment was submitted in accordance with the committee's approved regulations. For the government, this is a crucial step to address long-standing problems with customs evasion, in which commercial importers have issued fictitious letters of credit and forged shipping documents to artificially lower cargo quantity and value, thereby reducing the amount of customs duties they pay to customs authorities. However, containers became stuck in ports like Aden as some merchants refused to comply with the new rules, which require them to open letters of credit through the Import Committee and the CBY-Aden.

Although the SWIFT system was recently relocated to Aden under the direct oversight of the CBY-Aden, the Houthis have frequently attempted to interfere with or circumvent it. This interference includes mandating banks to finance imports for Houthi-aligned front companies, some of which are owned by individuals already subject to US sanctions.[28] To sustain the flow of goods across all regions at reasonable costs, coordination gaps between the Committee, banks, money exchangers, customs authorities, and importers operating in both Houthi and government-controlled areas need to be addressed. This coordination is essential to avoid procedural delays, financial inefficiencies, and dangerous disruptions in the flow of essential goods.

[28] Interview with Aden-based senior banker, October 2025.

FINANCIAL ISOLATION AND THE EMERGENCE OF INFORMAL NETWORKS

Although Yemen's financial inclusion rate is only 12 percent of the adult population,[29] the financial system itself plays a pivotal role in maintaining economic stability by ensuring the flow of goods and services to local markets, supporting exports, and contributing to public finances. The economy has faced successive difficulties and sanctions since 2012, when the US Office of Foreign Assets Control (OFAC) and the European Union imposed sanctions on individuals and entities accused of obstructing the Gulf Cooperation Council's political transition initiative.[30] This undermined the reputation of Yemen's financial system and contributed to its isolation. In 2015, the FATF (Financial Action Task Force) placed Yemen on the grey list due to weak AML/CFT compliance measures.[31] The credit rating agency Dagon subsequently gave Yemen a CCC rating, indicating that it was a high-risk country in terms of credit, with limited ability to meet its sovereign debt and financial obligations.[32] The Yemeni banking sector had maintained strong relationships with major correspondent banks such as Citibank, JPMorgan Chase, and Bank of New York,[33] but as a result of its declining reputation, many Western banks severed ties and imposed restrictions on remittances. As soon as the conflict erupted, correspondent banks began de-risking, forcing local institutions to meet AML/CFT standards or be cut off.[34] Many institutions have cut ties with Yemeni banks due to concerns about breaching AML/CFT laws, which limit banks' transactions to transfers related to international organizations. In June 2016, Mashreq Bank in New York suspended its dealings with the Yemeni banking sector,[35] and Commerzbank and Deutsche Bank closed the accounts of Yemeni diplomats and students studying abroad.[36] By 2017, the only external gateway was through the Lebanese banking sector, which subsequently collapsed due to corruption and mismanagement.

The crisis was not limited to relations with correspondent and intermediary banks - domestic banks also faced a severe liquidity crisis. At the outset of the conflict, the suspension of oil and gas exports - the primary source of the country's foreign currency and public revenues - weakened the CBY's ability to support financial instruments and

[29] "Project Information Document: Yemen Financial Infrastructure and Inclusion project (P180708)," World Bank, January 30, 2024, https://documents1.worldbank.org/curated/en/099020524222030472/pdf/P1807081099fcf001b08d18196a95ed7a7.pdf. Accessed November 26, 2025.

[30] Peter Salisbury, "Bickering While Yemen Burns: Poverty, War, and Political Indifference," Arab Gulf States Institute in Washington, June 22, 2017, https://agsiw.org/wp-content/uploads/2017/06/Salisbury_Yemen_ONLINE.pdf. Accessed November 26, 2025.

[31] "Jurisdictions under Increased Monitoring Grey List," FATF, https://www.fatf-gafi.org/en/countries/detail/Yemen.html. Accessed November 26, 2025.

[32] "Yemen Policy Note 3: Private Sector Readiness to Contribute to Reconstruction & Recovery in Yemen," World Bank, October 22, 2018, https://documents1.worldbank.org/curated/en/371961508411374137/pdf/120538-WP-P159636-PUBLIC-Yemen-PN-No-3-Edited-clean.pdf. Accessed November 26, 2025.

[33] Interview with a banking source familiar with the commercial services provided by the Yemeni banking sector June, 2025.

[34] Tracy Dorner and Liat Chetrit, "Understanding Bank De-risking and Its Effects on Financial Inclusion: An Exploratory Study," Global Center on Cooperative Security, November 2015, https://www-cdn.oxfam.org/s3fs-public/file_attachments/rr-bank-de-risking-181115-en_0.pdf. Accessed November 26, 2025.

[35] Interview with a banking source familiar with the commercial services provided by the Yemeni banking sector, June, 2025.

[36] Benjamin Yatke, "Germany - Why are bank accounts with Yemen and Yemenis being closed? [AR]," DW, March 12, 2017, https://www.dw.com/ar/ألمانيا-ما-سبب-إلغاء-حسابات-بنكية-مع-اليمن-واليمنيين/a-37905524. Accessed November 26, 2025.

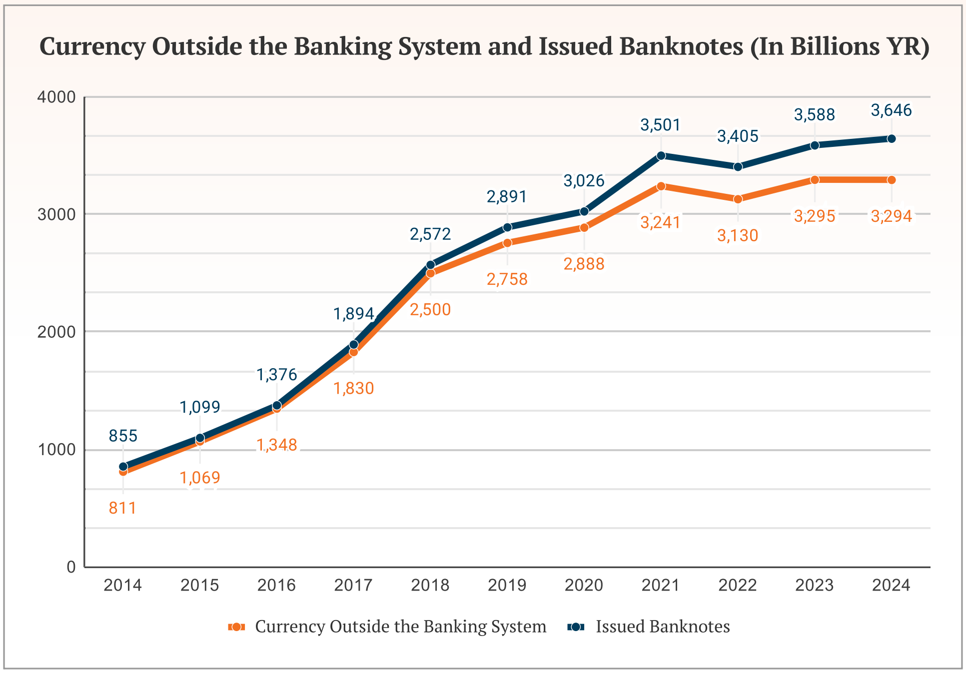
letters of credit to finance imports (as explained above). This triggered a severe liquidity crisis that engulfed banks in a whirlwind of foreign and domestic currency shortages, entrenched by the dramatic depletion of physical rial banknotes held by the CBY. In late 2016, the liquidity crisis worsened as the central bank froze bank balances. Banks were prevented from accessing the nominal value of their investments in treasury bills, and the payment of interest on these debt investments was halted.[37] Soon, some banks were unable to manage their cash flows or meet customer withdrawal requests. Public confidence in the sector deteriorated among both individual and commercial depositors, and cash flows shifted from the formal sector to the informal financial system.

Starting in 2020, Houthi authorities banned the circulation of new rial banknotes printed by CBY-Aden, which soon flooded into government-controlled areas. Over the course of 2020, the CBY-Aden cut its financing for basic commodity imports due to the depletion of its foreign currency reserves, limiting its market interventions. Foreign currency inflows declined as international humanitarian funding decreased and COVID-related economic shutdowns across the region reduced remittances to Yemen. The deterioration of paper banknotes exacerbated the banking sector's liquidity woes. Despite the deterioration of banknotes in Houthi-controlled areas, they have declined to use the banknotes printed by the government. Instead, they continue to rely on old notes that are still in circulation, even though these notes are heavily worn and damaged and have already exceeded their 18-month lifespan. When the CBY relocated to Aden, the total amount of rial currency nominally circulating in the market was estimated at YR1.3 trillion, but a staggering 90 percent of these notes were unusable.[38]

The CBY-Aden adopted an aggressive monetary expansion policy after relocating to Aden to replace its worn-out cash base, but banks headquartered in Houthi-controlled Sana'a were banned from using the newly issued rials for trade finance. Unregulated money exchange entities emerged to fill this vacuum, absorbing a significant share of the banking sector's financial flows. The volume of currency circulating outside the Yemeni banking system increased from YR 811 billion in 2014 to YR3.3 trillion by 2024.

[37] Wadhah al-Awlaqi, "Addressing the Crushing Weight of Yemen's Public Debt," RYE White Paper 12, Sana'a Center for Strategic Studies / DeepRoot Consulting / CARPO, July 20, 2022, https://devchampions.org/publications/white_papers/Yemens_Public_Debt/. Accessed in November 26, 2025..

[38] Farea al-Muslimi and Wadhah al-Awlaqi, "Revitalizing Yemen's Banking Sector: Necessary Steps for Restarting Formal Financial Cycles and Basic Economic Stabilization," Sana'a Center for Strategic Studies, February 15, 2019, https://sanaacenter.org/publications/analysis/7049. Accessed November 26, 2025.



Source: Central Bank of Yemen.[39]

This massive shift in the monetary cycle severely impeded trade finance through the formally regulated banking system, and the practice of financing through money exchange outlets quickly became entrenched.

The government's financial woes worsened further after oil and gas export infrastructure was targeted by Houthi drone and missile strikes in the fall of 2022, depriving the government of its primary source of foreign currency. This affected the external balances of Yemeni banks, directly impacting trade operations. The Houthis' Islamization of Yemen's financial system through its 2023 anti-usury law, which banned interest-based transactions, compounded the banking sector's liquidity crisis. This contributed to the division of the country's banking system and complicated the financing of trade across Houthi- and government-held areas.

[39] "Annual Report 2015 [AR]," Central Bank of Yemen, 2015; "Annual Report 2020 [AR]," Central Bank of Yemen in Aden, 2020, https://cby-ye.com/files/61e3d1527d3d1.pdf. Accessed November 26, 2025.; "Annual Report 2022 [AR]," Central Bank of Yemen in Aden, 2022, https://cby-ye.com/files/64a1f54c878e1.pdf. Accessed November 26, 2025.; "Annual Report 2024," Central Bank of Yemen in Aden, 2024, https://english.cby-ye.com/files/68c2ef16b4225.pdf. Accessed November 26, 2025.

NEW SANCTIONS

On January 22, 2025, US President Donald Trump issued an executive order redesignating the Houthis as a Foreign Terrorist Organization (FTO)[40] under the US Immigration and Nationality Act, due to their ongoing attacks on commercial and US naval vessels in the Red Sea and Bab al-Mandab Strait. The measures aimed to isolate the Houthis and undermine their ability to use the formal banking system to finance their operations, while simultaneously strengthening the internationally recognized government's control over the financial sector.

Between January and mid-April 2025, the US Treasury Department also imposed targeted sanctions on two of Yemen's leading banks, the Yemen Kuwait Bank[41] and the Yemen International Bank,[42] for providing financial support to the Houthis. The sanctions completely isolated the banks from the global financial system, hindering their ability to facilitate trade financing. Senior members of the Houthi-affiliated CBY-Sana'a were also sanctioned for their roles in trafficking arms, laundering money, and shipping illicit Iranian petroleum, including Governor Hashem Ismail Ali Ahmad al-Madani, who was accused of facilitating transfers from Iran's Islamic Revolutionary Guard Corps Quds Force to the Houthis.[43]

Between April-June 2025, the US Treasury Department also imposed sanctions on ships and shipping companies, due to their involvement in oil transporting to Houthi-affiliated ports.[44] In June, sanctions targeted a network of entities, vessels, and individuals involved in oil smuggling to support the Houthis, as part of the ongoing campaign to undermine their financial capacity and disrupt their operational funding.[45] In September, OFAC imposed new sanctions targeting the Houthis' revenue and procurement network,[46] some of the most extensive to date, targeting 32 individuals and entities, as well as four vessels, across Yemen, the UAE, China, and the Marshall Islands. Those named stand accused of raising funds through illicit oil smuggling and importing goods through Houthi-controlled ports. As restrictions on imports and smuggling intensified, the pressure on commercial flows made trade finance an even more central challenge. Importers increasingly struggled to access

[40] "FACT SHEET: President Donald J. Trump Re-designates the Houthis as a Foreign Terrorist Organization,"The White House, January 22, 2025, https://www.whitehouse.gov/fact-sheets/2025/01/fact-sheet-president-donald-j-trump-re-designates-the-houthis-as-a-foreign-terrorist-organization. Accessed November 26, 2025.

[41] "Treasury Increases Financial Pressure on the Houthis," US Department of the Treasury, January 17, 2025, https://home.treasury.gov/news/press-releases/jy2794. Accessed November 26, 2025.

[42] "Treasury Targets International Bank of Yemen for Support to the Houthis," US Department of the Treasury, April 17, 2025, https://home.treasury.gov/news/press-releases/sb0092. Accessed November 26, 2025.

[43] "The Economy, The Yemen Review, January-March 2025," Sana'a Center For Strategic Studies, April 21, 2025, https://sanaacenter.org/the-yemen-review/jan-mar-2025/24574. Accessed November 26, 2025.

[44] "Treasury Targets Vessels Delivering Oil Derivatives to the Houthis," US Department of the Treasury, April 28, 2025, https://home.treasury.gov/news/press-releases/sb0113. Accessed November 26, 2025.

[45] "Treasury Sanctions Houthi Illicit Oil Trading and Shipping," US Department of the Treasury, June 20, 2025, https://home.treasury.gov/news/press-releases/sb0174. Accessed November 26, 2025.

[46] "Treasury Sanctions Houthi Illicit Revenue and Procurement Networks," US Department of the Treasury, September 11, 2025, https://home.treasury.gov/news/press-releases/sb0243. Accessed November 26, 2025.

hard currency or secure financing instruments, exacerbating supply bottlenecks and raising the cost of essential goods across Yemen.

Following the US designation, Yemeni banks have increasingly sought to relocate their main operations to Aden to avoid the severe consequences of violating US FTO laws. This placed banks under the direct supervision of the CBY-Aden, rather than the CBY-Sana'a. While the Houthis have attempted to preserve their financial centrality in Sana'a, nearly all banks had transferred their main operations to the government-controlled areas as of July,[47] marking a crucial shift in the country's financial landscape. The CBY-Aden mandated the physical transfer of banks' senior management, databases, and systems, and said it would suspend any transactions with the CBY-Sana'a or any other institutions under Houthi control.

Following the transfer, Yemeni banks have strengthened their compliance with the US FTO and AML/CFT legal frameworks in the absence of direct Houthi interference. However, the CBY-Sana'a has attempted to undermine the regulation of the relocated banks, including efforts to leverage their capacity to finance trade and imports.

[47] Interview with a senior banking sector official based in Aden, August 2025.

A SHORTAGE OF FOREIGN CURRENCY

In 2013, the Central Bank of Yemen had US$5.3 billion in foreign exchange reserves, bolstered by oil and gas exports and external financial support.[48] Saudi Arabia provided US$1 billion in credit, and the government received a US$500 million loan from the International Monetary Fund in July 2014.[49] This support helped maintain reserves despite the challenging political and economic climate, and the bank retained US$4.6 billion at year-end.

However, in 2015, as political tensions escalated, oil and gas exports came to a near-complete halt. To finance commodity imports, the central bank spent US$2.58 billion, representing 55 percent of its remaining reserves.[50] Reserves had dropped to US$700 million by September 2016, after the bank's headquarters were moved from Sana'a to Aden.[51] In late 2022, oil exports were effectively suspended by Houthi attacks on the ports of Dhabah, Nasheema, and Radhom,[52] cutting off the government's primary source of hard currency.[53] The most recent CBY-Aden 2024 annual report shows that the Yemeni government's oil exports dropped to zero in both 2023 and 2024, signaling a severe and persistent shortage of foreign currency.[54]

The blockade of oil exports has made the government dangerously dependent on volatile external aid. Data indicate that donor financing reached approximately US$3.85 billion by 2019, before declining to around US$3.16 billion in 2021. It had risen again to about US$3.51 billion by 2024. Aid has been on a steady decline since 2022, coinciding with the Russian invasion of Ukraine, and the divided regulatory environment has prevented any systematic effort to link these resources to import financing.[55] The government has also relied on irregular Saudi support. This has affected the financing of essential imports, exacerbating inflation and weakening the Yemeni rial. And despite annual remittances exceeding US$3 billion,[56] the division of the central bank has prevented their optimal utilization to support imports.

[48] "Annual Report 2013," Central Bank of Yemen, 2013, https://www.resourcedata.org/dataset/rgi-central-bank-of-yemen-annual-report-2013/resource/8f86235a-0457-4fd5-ad0e-11600d89cf9b/view/fee5aac1-fa99-434f-a353-56cf9a1b66e0. Accessed November 26, 2025.

[49] "Yemen Policy Note 3: Private Sector Readiness to Contribute to Reconstruction & Recovery in Yemen," World Bank, October 22, 2018, https://documents1.worldbank.org/curated/en/371961508411374137/pdf/120538-WP-P159636-PUBLIC-Yemen-PN-No-3-Edited-clean.pdf. Accessed November 26, 2025.

[50] Ibid.

[51] Mansour Rajeh, 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, https://sanaacenter.org/publications/main-publications/55. Accessed November 26, 2025.

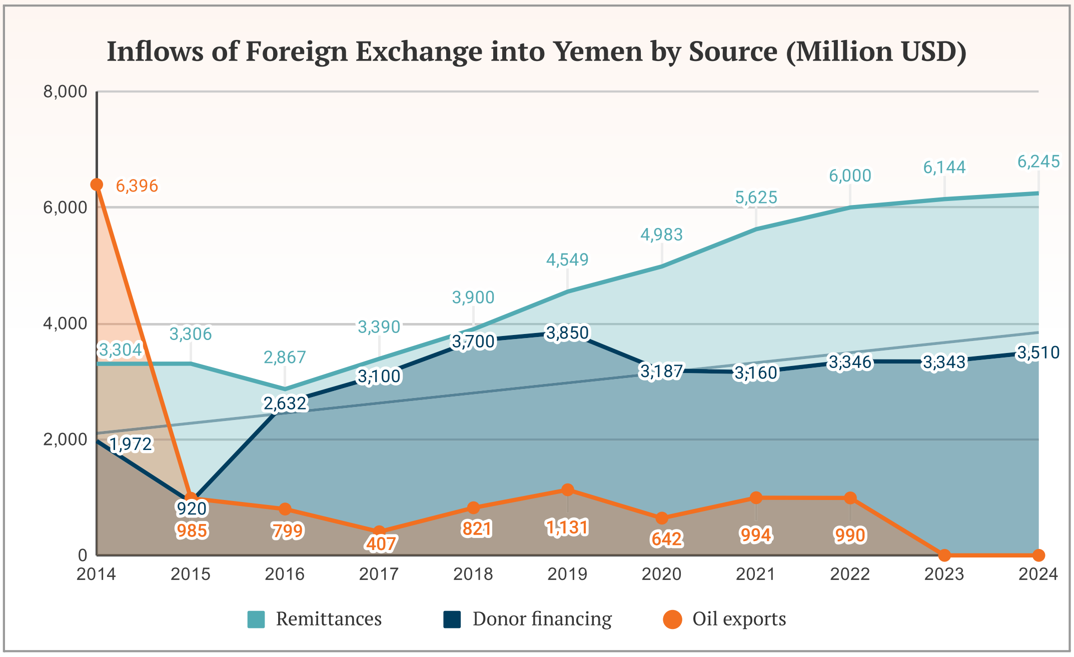
[52] "Houthis Attack Oil Ports," Sana'a Center for Strategic Studies, October 2022, https://sanaacenter.org/the-yemen-review/october-2022/19004. Accessed November 26, 2025.

[53] Ned Whalley and Wadhah Alawlaqi, "Rescuing Yemen's Economy," Sana'a Center for Strategic Studies, December 9, 2024, https://sanaacenter.org/files/Rescuing_Yemens_Economy_en.pdf. Accessed November 26, 2025.

[54] "Annual Report 2024," Central Bank of Yemen in Aden, 2024, https://english.cby-ye.com/files/68c2ef16b4225.pdf. Accessed November 26, 2025.

[55] Alex Harper and the Sana'a Center Economic Unit, "Two Birds With One Stone: Using Aid Transfers to Support Stable Commodity Prices in Yemen," Sana'a Center for Strategic Studies, August 4, 2023, https://sanaacenter.org/publications/main-publications/20561. Accessed November 26, 2025.

[56] "Personal remittances, received (current US$) - Yemen, Rep.," World Bank Group, https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=YE. Accessed November 26, 2025.



Source: CBY-Aden,[57] Yemen Socio-Economic Update,[58] and UNOCHA.[59]

[57] "Annual Report 2020 [AR]," Central Bank of Yemen in Aden, 2020, https://cby-ye.com/files/61e3d1527d3d1.pdf. Accessed November 26, 2025; "Annual Report 2024," Central Bank of Yemen in Aden, 2024, https://english.cby-ye.com/files/68c2ef16b4225.pdf. Accessed November 26, 2025.

[58] "Yemen Socio-Economic Update, Issue 20 - November 2016," Ministry of Planning & International Cooperation: https://reliefweb.int/report/yemen/yemen-socio-economic-update-issue-20-november-2016. Accessed November 26, 2025.

[59] Donor financing amounted to US$1,972 million in 2014 and US$920 million in 2015. This includes external grants to the government totaling US$1,614 million in 2014 and US$45.4 million in 2015. The remaining amounts reflect actual funding reported by UNOCHA under Yemen's Humanitarian Response Plan: https://fts.unocha.org/countries/248/summary/2015. Accessed November 26, 2025.

CONCLUSION

The future of trade finance in Yemen remains deeply uncertain, undermined by competing monetary authorities, declining consumer confidence in the banking sector, and growing reliance on informal financing channels. Ongoing external pressures, including sanctions and varying regulatory measures, have only exacerbated the challenges Yemeni banks face in securing the financing and trade facilities they need. These challenges not only affect the stability of the financial system but also extend to food security, rising prices, and declining purchasing power. Addressing this crisis requires multi-layered solutions that combine internal reforms with international interventions to protect essential financial flows to mitigate the humanitarian impact of the conflict.

The precarious trade-financing situation is particularly significant for a country that relies almost entirely on imports for food and basic necessities. Given the entrenched fragmentation of central bank administrations, the FTO and accompanying sanctions could risk isolating Yemeni financial institutions. International correspondent banks have escalated their risk mitigation measures, which is likely to further disrupt trade finance by imposing prohibitive operating costs on banks already struggling to finance commodity imports. Yemeni banks now face mounting pressures to navigate a rapidly evolving and restrictive legal framework, preserve access to global markets, ensure compliance with international AML/CTF standards, and maintain their role in facilitating humanitarian aid, remittances, and critical imports.

Proactive engagement is vital to building the capacities of the CBY-Aden and Yemeni banks to navigate the complexities of the sanctions regime and to continue financing commercial imports. This includes engaging with international financial institutions to establish clear financial compliance guidelines with Yemeni businesses, particularly those operating in Houthi-controlled areas. When conditions permit, it is important to re-establish a national trade financing channel for essential imports through a ring-fenced mechanism jointly supervised by technical representatives from both monetary authorities under international facilitation. This channel should handle letters of credit and foreign currency allocation for food, fuel, and critical inputs, such as animal feed and milling-grade grain, while remaining insulated from day-to-day political competition between Aden and Sana'a.

POLICY RECOMMENDATIONS

A. To the Yemeni Government and CBY-Aden

- Enhance the financial infrastructure to cultivate a viable business environment for banks that have relocated to government-controlled areas. This is crucial for enabling them to maintain full financial service capacity, facilitate transfers, and finance imports for Yemeni traders across the country.
- Establish and institutionalize inter-agency coordination between the Imports Committee, banks, money exchange outlets, importers, and customs authorities to standardize and ease procedures for reviewing, approving, and monitoring import requests and financing. This would involve improving the Imports Committee's capacity to manage approvals and financing. In addition, customs and local authorities should expedite the clearance and internal transportation of imported goods across the zones of control. This is essential to ensure the smooth, uninterrupted flow of goods across the government-controlled land and sea ports and into all consumer markets across the country at reasonable costs.
- Fully empower the National Committee for Regulating and Financing Imports and the CBY-Aden to curb currency destabilizing activities, govern hard currency inflows, and utilize them to finance basic commodity imports. The government should refrain from intervening in any of the CBY-Aden's monetary functions and respect its full autonomy to maintain price stability as its primary goal, as stipulated under the law.
- The government should address institutional gaps in its overall economic decision-making machinery. The Presidential Leadership Council must ensure effective, institutionalized coordination among the CBY-Aden and government ministries and bodies, including the Ministry of Finance, the Customs Authority, and anti-corruption institutions, to govern all aspects of trade financing. This is essential for the enforcement of the anti-evasion measures established by the Import Committee.
- The government must use the new import financing mechanism to revitalize the formal banking sector. This includes using it to secure commodity imports and to inject liquidity directly into relocated banks, thereby sustaining their role in disbursing public sector salaries.
- Develop a long-term, sustainable import financing mechanism. This may include exploring the feasibility of a phased resumption of oil exports as the primary long-term source of hard currency. In addition, the CBY-Aden should create the

necessary institutional and regulatory frameworks to incentivize the channeling of foreign funds and Yemeni remittances into the formal banking system.

- Coordinate with international financial institutions, such as the World Bank, IMF, OECD, and other key institutions, to support technical capacity-building initiatives for Yemeni banks. These initiatives should focus on strengthening their international compliance (AML/CFT) capacities to restore relations with correspondent banks.
- The CBY-Aden should maintain its proactive engagement and communication channels with US decision-making bodies, specifically the US Treasury and OFAC. This engagement helps secure clear guidance for both Yemeni banks and the private sector on US FTO and AML/CFT standards. The CBY-Aden should empower its Financial Information Collection Unit to provide clear, rapid guidance to Yemeni banks on navigating these compliance frameworks.

B. To the Houthi Authorities and CBY-Sana'a

- Allow banks to participate in the CBY-Aden's import financing system.
- Forgo the adoption of further escalating measures that deepen the dual currency system, such as printing new rial banknotes or interfering in Sana'a-based banks.
- Allow the relocation of banks' main operations to areas under the control of the Yemeni government. This relocation was imposed by international compliance requirements to protect banks from financial risks and international sanctions.
- Cooperate with any joint coordination efforts or UN mediation to de-escalate the weaponization of trade financing schemes and unify their regulatory mandate.

C. To the International Community

- Pressure both parties to the conflict to halt all punitive measures and respect the neutrality of the banking and private sector to facilitate the flow of goods into the country. Both sides must cease using banks as political tools and refrain from systematically weaponizing trade financing schemes.
- Support the government and CBY-Aden's efforts to carry out economic reforms, including ongoing measures to normalize and regulate foreign trade financing transactions and stabilize the rial.
- External donors, such as the World Bank Group, the IMF, and the Arab Monetary Fund (AMF), should provide technical assistance and capacity-building support to the CBY-Aden's compliance and regulatory functions. A compliant Aden-based financial sector is essential for accessing the global financial system and continuing trade financing operations.

- Saudi Arabia should provide sufficient financial support to replenish the CBY-Aden's nearlydepleted foreign reserves and empower it to operate the newly-established imports committee to finance trade, including food and medicine, and preserve the value of the rial and people's purchasing power.
- International cooperation is necessary to safeguard humanitarian and remittance flows by establishing clear carve-outs in sanctions, thereby ensuring the continuity of aid transfers and diaspora remittances.

RETHINKING YEMEN'S ECONOMY

The Rethinking Yemen's Economy (RYE) Initiative and its associated Development Champions Forum aim to contribute to and support the advancement towards inclusive and sustainable development and peace by seeking to achieve the following: **a)** the enabled inclusive engagement of Yemenis in economic peacebuilding; **b)** an improved understanding of crucial policy areas related to economic peacebuilding and development in Yemen. The RYE initiative is implemented by DeepRoot Consulting, the Sana'a Center for Strategic Studies and CARPO – It is funded by the European Union.

For more information and previous publications: www.devchampions.org

About the Authors:

Wadhah Al-Awlaqi *has served as the Chief Economist at the Sana'a Center for Strategic Studies since 2019. He has over a decade of experience in economic research, analysis, and policy development focused on Yemen. He held several key positions at the Central Bank of Yemen. He holds an MBA in Finance from the prestigious KAIST Business School in South Korea.*

Maryam Abdulrahman *is a Yemeni researcher who is writing under a pseudonym for security reasons.*

Implementing Partners

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

The Sana'a Center for Strategic Studies is an independent think-tank that seeks to foster change through knowledge production with a focus on Yemen and the surrounding region. The Center's publications and programs, offered in both Arabic and English, cover political, social, economic and security related developments, aiming to impact policy locally, regionally, and internationally.

www.sanaacenter.org

DeepRoot Consulting is a dynamic social enterprise passionate about Yemen's development. DeepRoot aims to help international development actors, the private sector, local civil society organizations and the Yemeni Government anchor their interventions in a deep understanding of Yemen's national and local contexts, and international best practices. Our leadership team and advisory board has decades of combined experience working in Yemen and internationally in the public, private and nonprofit sectors.

www.deeproot.consulting

CARPO is a Germany-based organization whose work is situated at the nexus of research, consultancy and exchange with a focus on implementing projects in close cooperation and partnership with stakeholders in the Middle East. The CARPO team has long-standing experience in the implementation of projects in cooperation with partners from the region and a deep understanding of the Yemeni context.

www.carpo-bonn.org

Funded by the European Union

Contact: Sana'a Center for Strategic Studies, Aden, Yemen | Email: info@sanaacenter.org
www.sanaacenter.org