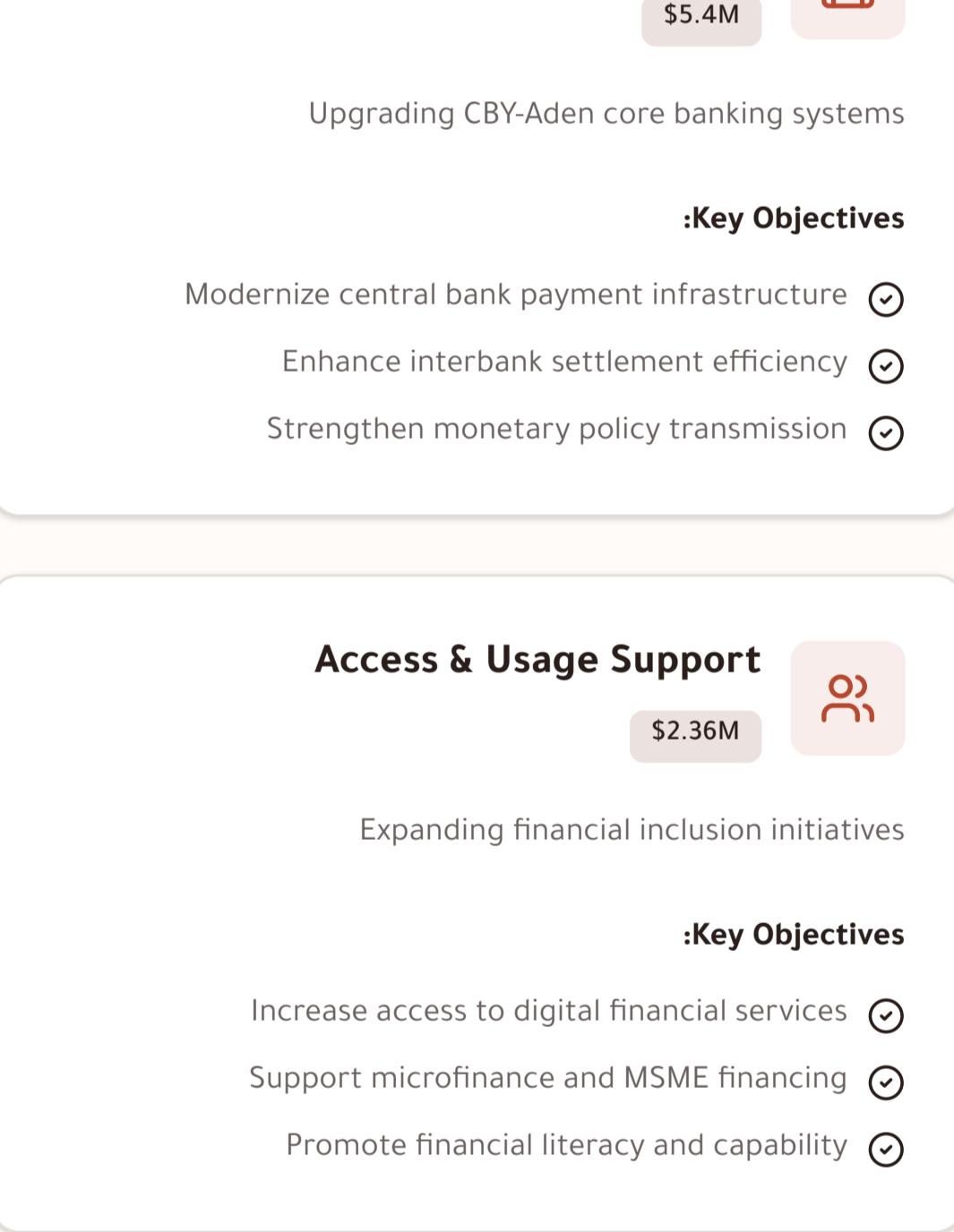
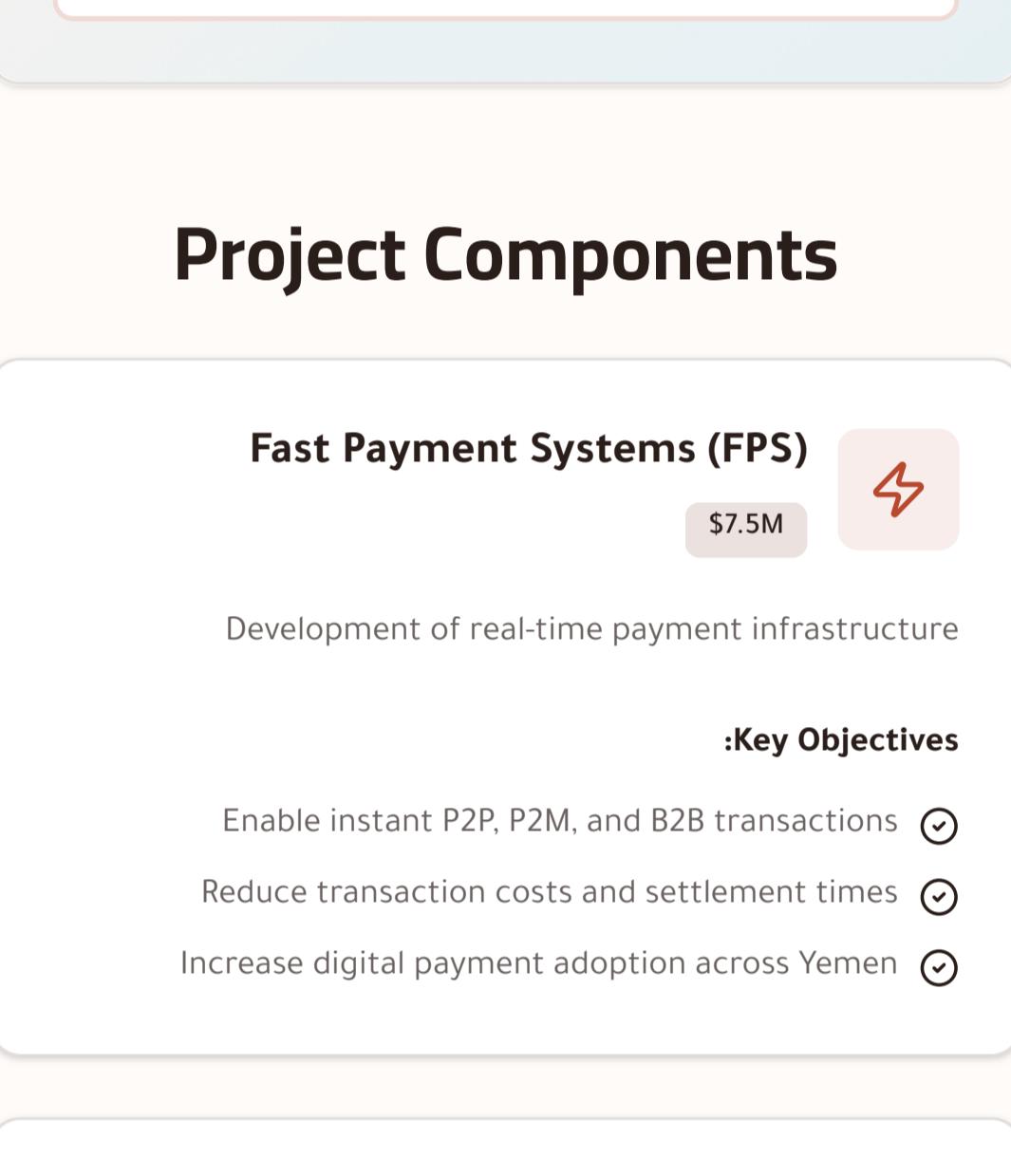
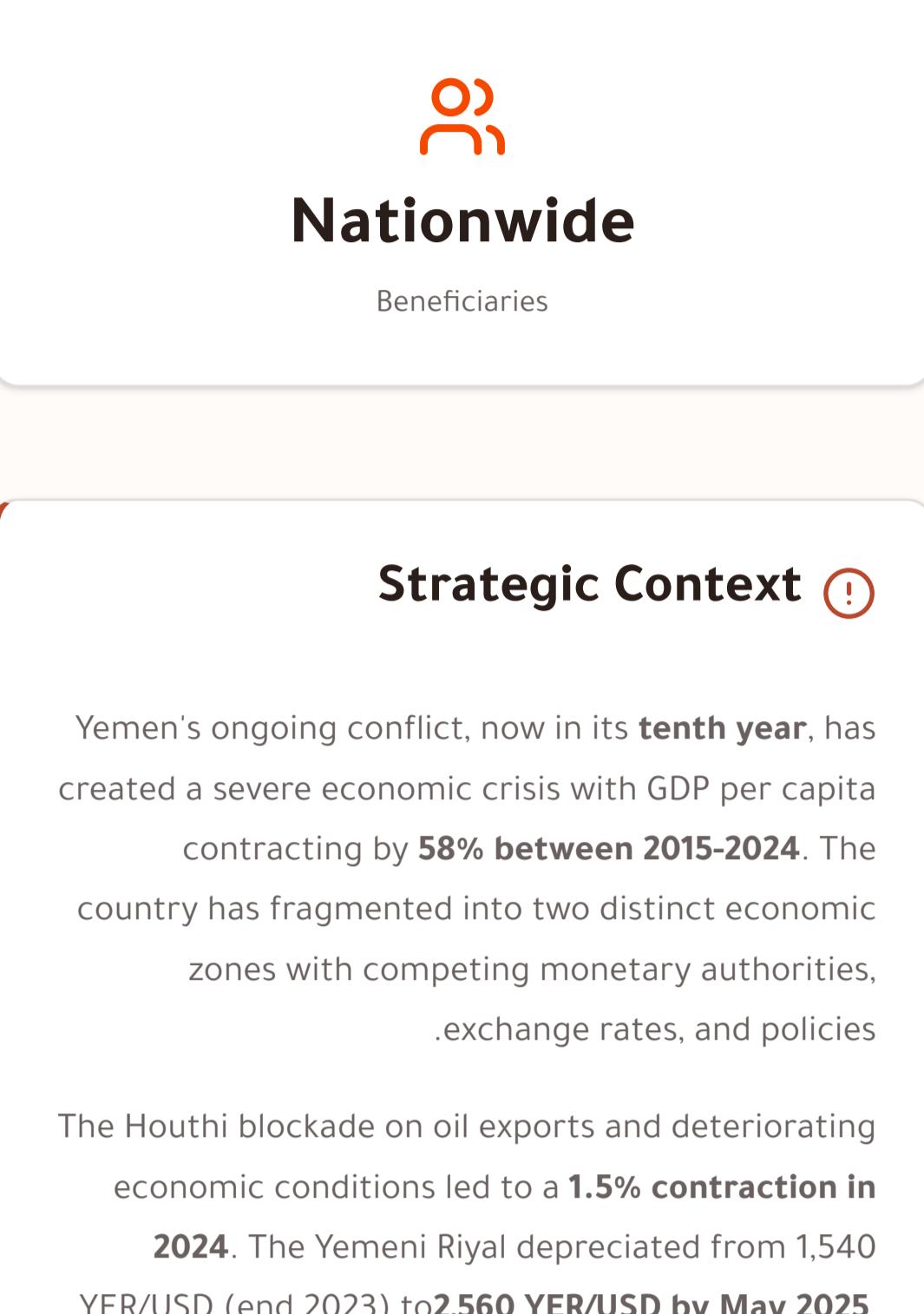


Yemen Financial Market Infrastructure & Inclusion Project

A transformative \$20 million initiative to rebuild Yemen's payment infrastructure and expand financial inclusion amid ongoing fragmentation



Strategic Context !

Yemen's ongoing conflict, now in its **tenth year**, has created a severe economic crisis with GDP per capita contracting by **58% between 2015-2024**. The country has fragmented into two distinct economic zones with competing monetary authorities, exchange rates, and policies.

The Houthi blockade on oil exports and deteriorating economic conditions led to a **1.5% contraction in 2024**. The Yemeni Riyal depreciated from 1,540 YER/USD (end 2023) to **2,560 YER/USD by May 2025**, driving inflation and straining household purchasing power.

This project represents a critical intervention to modernize payment infrastructure, reduce transaction costs, and expand financial access to underserved populations across both economic zones.

Project Development Objective (PDO)

Approved by World Bank - May 22, 2025

To develop a **payment infrastructure** that supports the **efficiency of payment transactions** in Yemen and **increases financial inclusion**.

Project Components

Fast Payment Systems (FPS)

\$7.5M



Development of real-time payment infrastructure

:Key Objectives

Enable instant P2P, P2M, and B2B transactions (✓)

Reduce transaction costs and settlement times (✓)

Increase digital payment adoption across Yemen (✓)

Real-Time Gross Settlement (RTGS)

\$5.4M

Upgrading CBY-Aden core banking systems

:Key Objectives

Modernize central bank payment infrastructure (✓)

Enhance interbank settlement efficiency (✓)

Strengthen monetary policy transmission (✓)

Access & Usage Support

\$2.36M

Expanding financial inclusion initiatives

:Key Objectives

Increase access to digital financial services (✓)

Support microfinance and MSME financing (✓)

Promote financial literacy and capability (✓)

Project Management

\$4.74M

Ensuring effective implementation and oversight

:Key Objectives

Coordinate with UNDP and stakeholders (✓)

Monitor and evaluate project outcomes (✓)

Ensure fiduciary and safeguards compliance (✓)

Expected Outcomes & Impact

40%

Reduction in Transaction Costs

Through modern payment infrastructure

+2M

New Digital Payment Users

Expanding financial inclusion nationwide

24/7

Real-Time Payments

Instant settlement across all channels

Implementation & Governance

Implementing Agency !

United Nations Development Programme (UNDP)

Country Representative: Zena Ali Ahmad

Deputy Representative: Nadia Alawamleh

World Bank Team !

Country Director: Stephane Guimbert

Task Team Leaders: Rinku Chandra, Ghada Waheed

Ismail, Omar Al-Aqel

Risk Assessment

Systematic Operations Risk-Rating Tool (SORT)

Macroeconomic Substantial **Political & Governance** High

Environmental & Social Moderate **Institutional Capacity** High

Overall Risk: HIGH !

Due to ongoing conflict, institutional fragmentation, and challenging operating environment

Expected Disbursement Schedule

World Bank Fiscal Years (US\$ Millions)

2030 2029 2028 2027 2026 2025

\$2.00 \$2.00 \$6.00 \$5.00 \$4.75 \$0.06

\$19.81 **\$17.81** **\$15.81** **\$9.81** **\$4.81** **\$0.06**