



# YEMEN

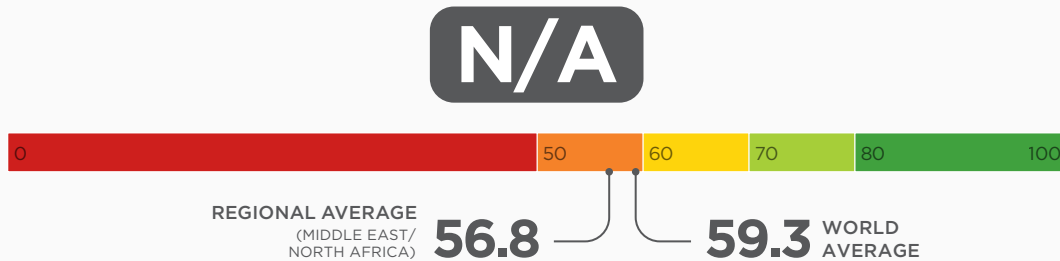
WORLD RANK: **N/A** | REGIONAL RANK: **N/A**

ECONOMIC FREEDOM STATUS: **NOT GRADED**

Numerical grading of Yemen's overall economic freedom was suspended in 2015, and the continuing lack of reliable economic statistics for the country has prevented its grading in the 2023 *Index*. Prospects for an end to Yemen's civil war and a peaceful rebuilding of its economy remain bleak.

Yemen's daunting economic challenges are made worse by ongoing political turmoil. Civil conflict has devastated the economy and destroyed critical infrastructure. Even before the current conflict, mismanagement and corruption had resulted in chronic poverty, underdevelopment, and minimal access to such basic services as electricity, water, and health care in much of the country.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): N/A

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
30.5 million

**GDP (PPP):**  
\$61.1 billion  
-2.0% growth in 2021  
5-year compound annual growth -2.7%  
\$1,977 per capita

**UNEMPLOYMENT:**  
13.5%

**INFLATION (CPI):**  
63.8%

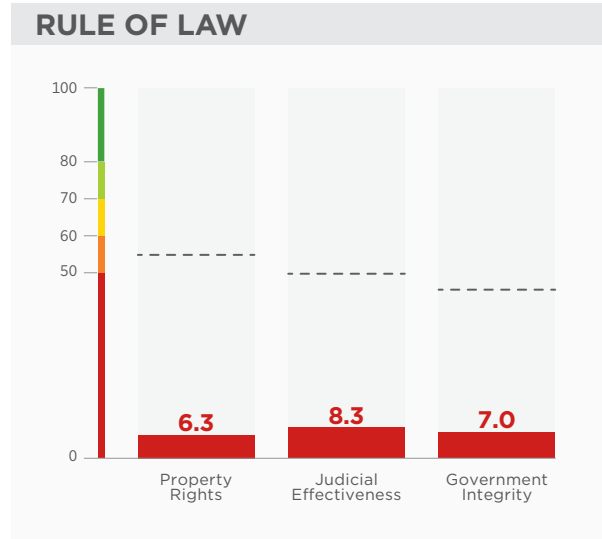
**FDI INFLOW:**  
n/a

**PUBLIC DEBT:**  
63.1% of GDP

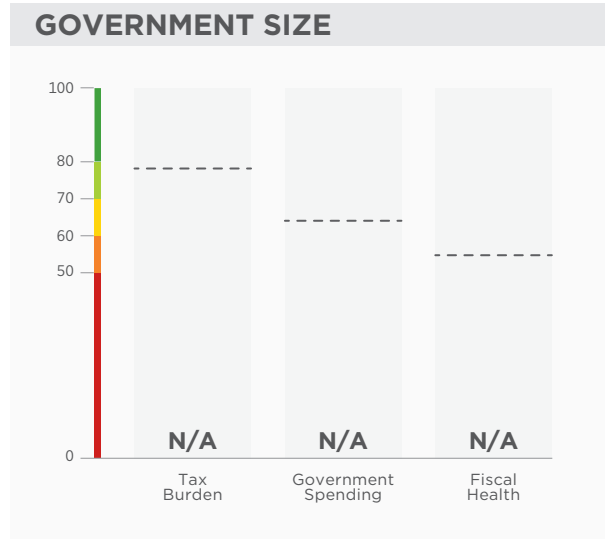
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Yemen, one of the poorest Arab countries, is highly dependent on declining revenues from relatively small oil and gas reserves. A complex civil war has exacerbated economic problems, unemployment, and shortages of food, water, and medical resources. President Abed Rabbo Mansour Hadi ceded power to an eight-member Presidential Council led by Rashad al-Alimi in April 2022. There are two opposing governments: the Presidential Council based in Aden and the Iran-backed Zayda Shia Houthis in Sanaa. Al-Qaeda in the Arabian Peninsula and the smaller Islamic State have flourished in the resulting chaos. U.N.-brokered peace talks remain deadlocked despite a six-month truce.

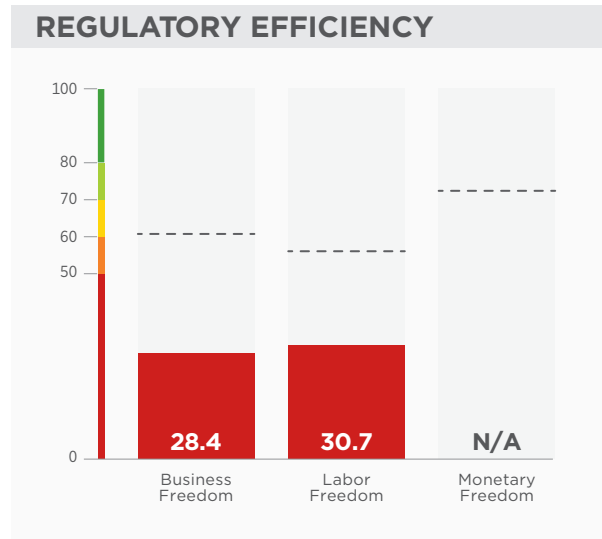
## 12 ECONOMIC FREEDOMS | YEMEN



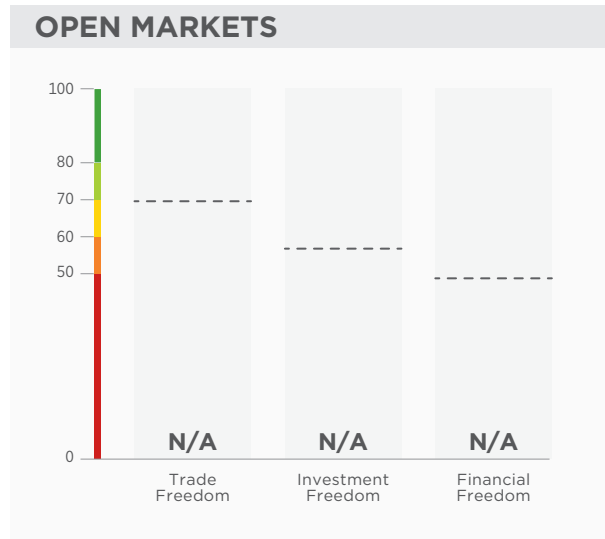
The overall rule of law is weak in Yemen. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



Political turmoil and civil conflict have severely damaged the overall fiscal situation, and the collapse of oil and tax revenue compounds the impact of the conflict's escalating cost. Economic policymaking is focused largely on marshalling limited fiscal resources to finance the conflict.



The civil war has severely undermined the overall business environment. Even before the conflict, the private sector's weakness resulted in chronic underemployment in widespread informal economic activities. A functional labor market does not exist. Monetary stability has been very weak.



The civil war has seriously degraded Yemen's capacity and infrastructure as they relate to international trade and investment. The economy is largely cash-based. The limited financial system is dominated by the state, and the banking system is very fragile.