

CHANGE, IMPACT, SUSTAINABLE DEVELOPMENT

HOW THE ISLAMIC DEVELOPMENT
BANK GROUP IS IMPROVING
PEOPLE'S LIVES

BUSINESS RESILIENCE

PRIVATE SECTOR
CAPACITY DEVELOPMENT
IN YEMEN



2020

INTRODUCTION

With the country riven by conflict, the private sector in Yemen has suffered significantly. Damage has been caused not only directly to buildings and sites, but also through shortages of materials and equipment, power cuts, and lack of credit for investment. For many entrepreneurs, the only option seemed to be to go out of business. However, the Business Resilience Assistance for Value-adding Enterprises (BRAVE) project has changed things for hundreds of businesses – as one partner said: "The BRAVE project didn't just empower us, it also made us resilient. Thank you, and with hard work we will always be brave."

THE CHALLENGE

The conflict in Yemen has caused basic public services in affected regions to have all but collapsed. Contraction of economic activity has affected all sectors of the economy. Most businesses in the country are micro, small and medium sized enterprises (MSMEs), with many forced to close due to physical damage. Those that have managed to stay open have to deal with increased costs, a loss of clientele, and lower revenues.

The conflict also contributed directly to the end of two other important projects that were funded by the Middle East and North Africa Transition Fund and implemented with IsDB: one to support development of a special industrial zone in Hodeida and another on education for employment.

Without a viable private sector, the economic and humanitarian costs of conflict are magnified, so the challenge was to develop a new approach to support the private sector to deal with the situation – and that is where BRAVE comes in.



THE PROJECT

Interventions that build private sector resilience may hold greater potential for impact than classical humanitarian and post-conflict responses, which tend to omit a role for this sector. This resilience building can be further optimized by focusing on specific value chains, making private sector interventions more targeted and cost-efficient. With this ethos, the overall goal of the project was to support businesses in Yemen to get back on track in the face of the armed conflict. The key targets of the BRAVE activities were to increase levels of sales, staffing and wages for businesses in Yemen, in addition to raising the level of youth employment.

The BRAVE project supported MSMEs by combining value-chain design principles with training, credit and grant-matching schemes. It worked within an integrated framework responding to the conflict challenges affecting the private sector, especially in agribusiness, fisheries, private health care, and clothing manufacture. The project was implemented across the country with a focus on Aden, Hadramout, Hodeida, Sana'a and Taiz.

Part of the project involved capacity building by training 500 firms on how to deal with conflict conditions and prepare resilience plans. Another supported beneficiary MSMEs in the form of a matching grant scheme, with an average allocation of US\$15,000 to be invested primarily in capital goods. Value chain resilience was strengthened by helping larger 'lead' firms to build, adjust, upgrade or enhance business models through a tailored scheme of matching grants averaging US\$50,000. An IT platform was developed and successfully tested for remote oversight, project management, and monitoring and evaluation. BRAVE specifically targeted 67 women-owned enterprises, mainly in the health sector, to promote gender equality. Finally, the executing agency, Small Micro Enterprise Promotion Service (SMEPS), and project partner banks were given additional human, operational and technological capabilities.

RESULTS

The BRAVE project supported agricultural, medical and manufacturing enterprises, thus improving nutrition, health and incomes.

Out of 1,226 screened applicants, 500 MSMEs went on to receive training in business management and risk assessment. Financing for capital goods, business services, recovery and growth was received by 270 MSMEs and 15 lead firms. The project has raised awareness of business resilience management for 70% of the MSMEs. Some 800 new jobs have also been created – plus 15,000 jobs sustained. Of the participating MSMEs, 72% increased their profit and 74% of firms grew their customer base.

Access to healthcare services has been improved for 600,000 people in Aden, Hadramout and Mukalla, and the number of patients treated has gone up by over 20% thanks to 1,000 patient consultations being delivered by health workers supported by the project.



20%

INCREASE IN THE NUMBER OF PATIENTS TREATED BY SUPPORTED HEALTH WORKERS

72% AND 74%

OF MSMEs GREW THEIR PROFIT AND THEIR CUSTOMER BASE, RESPECTIVELY



LESSONS LEARNED

The project successfully involved partner banks and an executing agency with long experience and an excellent track record in business development. It also developed a successful management and monitoring model, which – noting the difficulties in accessing parts of the country due to the ongoing conflict – has allowed good oversight from a distance. Faizal Soulimani from SMEPS, which executed the project, explained: “We use a dashboard that guarantees control by being able to zoom in to each business location and see financial disbursements and real-time impacts that the project has had.” The project’s second phase, supported by US\$3 million mobilized from the MENA Transition Fund, will include BRAVE-Women, to specifically target women and women-led business. This BRAVE-Women model is also being rolled out by IsDB in Nigeria and Burkina Faso, in partnership with the Women Entrepreneurs Finance Initiative (We-Fi), a collaborative mechanism including 14 governments, 8 multilateral development banks, and other public and private sector stakeholders hosted by the World Bank Group.

IN THE FACE OF CONFLICT

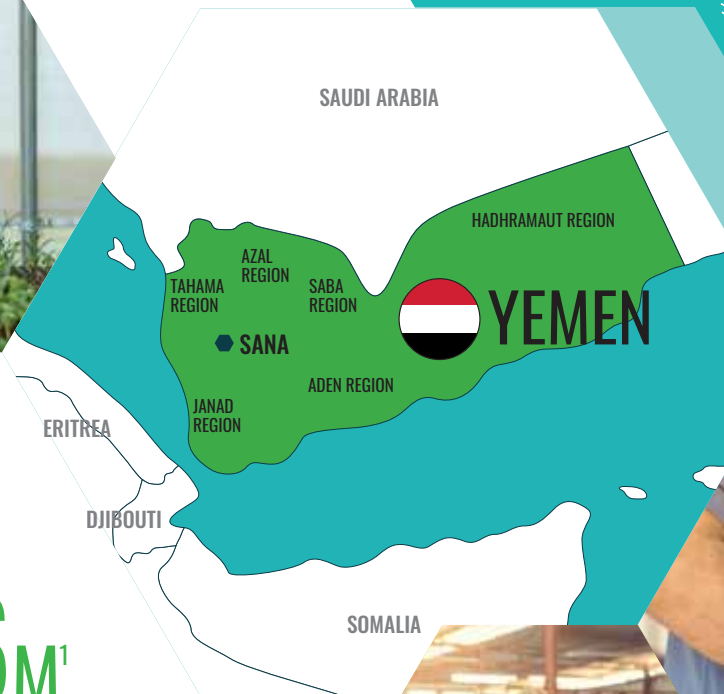
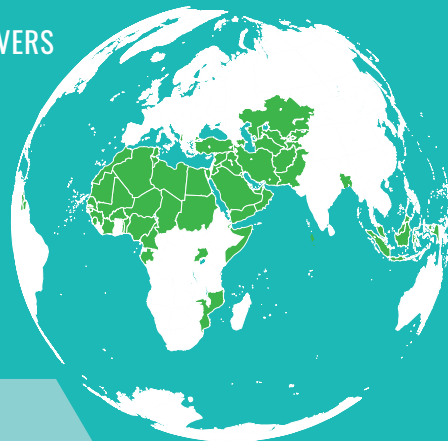
500

MICRO, SMALL AND MEDIUM SIZED ENTERPRISES
WERE TRAINED IN BUSINESS RESILIENCE

ISDB MEMBERSHIP COVERS

57

COUNTRIES SPREAD
OVER 4 CONTINENTS



TOTAL PROJECT COST

US\$9.6M¹

MANAGED BY

ISLAMIC DEVELOPMENT BANK

¹ Phase one only.

DISCLAIMER THE MAP IS FOR ILLUSTRATIVE PURPOSES ONLY

"BRAVE came like a light of hope to us, to say that we are not alone ... and encouraged us to open a new branch. Our aim is to reach every home with special needs in Yemen."

Elham Jameel, Executive Director, BioMove.

"Our ambition is to make the clinic a fully equipped hospital ... BRAVE gave us hope to get back to work, stronger than we were."

Mohammed Ahmed, General Manager, Alsalahi Clinic.

"The BRAVE project didn't just empower us, it also made us resilient. Thank you, and with hard work we will always be brave."

Mohammed Aljaradi, Manager, Green House Company.



ACCESS TO HEALTHCARE SERVICES HAS BEEN IMPROVED FOR 600,000 PEOPLE IN ADEN, HADRAMOUT AND MUKALLA

FINANCING PROVIDED FOR CAPITAL GOODS, BUSINESS SERVICES, RECOVERY, AND GROWTH FOR

270 MSMEs

AND

15 LEAD FIRMS



BRAVE
Making Business Resilient
صناعة

CONTACT US

Islamic Development Bank
8111 King Khalid St.
Al Nuzlah Al Yamania Dist.
Unit No. 1
Jeddah 22332-2444
Kingdom of Saudi Arabia

 info@isdb.org

 +966 12 6361400

 www.isdb.org