

Private Sector and Employment Promotion

New opportunities in the solar sector and in other selected value chains

The challenge

The Republic of Yemen is the poorest nation in the Arab region and one of the world's 30 least developed countries. Over half of the population lives below the poverty line. The civil war, which has been raging in the country since 2014, has greatly exacerbated the already extremely precarious economic and social situation in the nation. Imports have collapsed almost entirely, as have traditional energy supplies, and this has led to the closure of many firms, causing a further rise in unemployment levels.

Thanks to its rapid development since 2015, solar energy has compensated for some of the shortfall in energy supplies and is making a key contribution to maintaining production in the agricultural sector and in micro and small enterprises. However, the quality of the systems leaves much to be desired.

Small and micro-sized companies – not only those in the solar sector – usually do not have access to innovative financial services. They have very little scope when offering their products to potential buyers. This problem is most acute for women who often lack specific securities and did not receive financial training.

Objective

Income opportunities and employability are improved in selected value chains, especially in the solar sector.

Project name	Private sector and employment promotion (PSEP)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Governorates of Sana'a and Aden
Lead executing agency	No political partner
Duration	07/2019 – 06/2022

Approach

The programme works with micro and small enterprisers, as well as young job seekers. It also supports private sector actors through training and advisory services, particularly in the areas of solar finance, information and communications technology, and microfinance.

The focus of implementation is on urban and peri-urban zones in and around the cities of Sana'a and Aden and, potentially, in other governorates. In each region, partner organisations are selected in a careful and conflict sensitive manner following the do-no-harm principles.

Due to the complex political framework and the fragile security situation on the ground, the project is managed remotely from Germany. However, national GIZ personnel based in Yemen oversee the day-to-day implementation in the project area and maintain close working relationships with partner organisations and beneficiaries.



left:
Successful graduates of a motorbike repair training

right:
Participants of a sewing course

next page, left:
Training contents were adapted due to the corona pandemic. A young participant works on a large order for face masks.

next page, right:
Training for female car mechanics



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PSEP has three main fields of activity:

Field of activity 1

Improve support services for start-ups and local micro and small enterprises in selected value chains, especially in the solar sector. Relevant actors get networking opportunities, for example through new dialogue platforms in Sana'a and Aden.

Field of activity 2

Develop the capacities of microfinance institutions (MFI) to offer financial services, especially in the solar sector. The project provides technical and process support (e.g. market studies, training and coaching) to assist the MFIs with developing and piloting new products and distribution channels. At the same time, it strengthens the position of borrowers, especially women, by refining and implementing basic financial training measures.

Field of activity 3

Improve training measures for young people, geared to the needs of micro and small enterprises. This includes strengthening the vocational and labour-market orientation and implementing non-formal qualification measures for young people. They are trained in the installation and maintenance of photovoltaic solar power systems and also gain qualifications in other sectors, such as IT. In addition to this, job starters get career advice and benefit from job placement measures. The project provides advisory services and financing to job agencies, chambers of commerce and, where relevant, local NGOs and training providers.

Expected results

By the time the programme comes to an end, the following results are expected (among others):

- 25 out of 50 micro and small enterprises supported by the programme, have launched a new product or have expanded their product range or service portfolio (e.g. launching a product of higher quality, offering a new service or maintenance service, expanding to a new region).
- 200 individuals will participate in qualification measures to improve their business knowledge and their technical skills. 50% of the participants, of whom at least 30% should be women, have made significant improvements in the following two areas: (1) financial knowledge, and (2) access to financial services, especially in the solar sector.
- 600 young people will get trainings and support for their business projects. Six months after completing the trainings, 180 of them, of whom at least 30% should be women, are in employment or are gaining their living as self-employed workers.

COVID-19

In March 2020 it became clear that Jemen would be particularly hard-hit by the corona pandemic. An immediate reaction was necessary

- The authorities in Sana'a ordered 280,000 face masks through a local NGO. Young participants of job qualification measures received additional trainings in mask production giving them new income opportunities.
- Ongoing trainings were changed to online formats. The local trainers adapted the methodology and the content to the new format, so that most of the current trainings could continue.

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