

	education and research		<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020130-C1-INTPA Total estimated cost: EUR 18 000 000 Total amount of EU budget contribution EUR 18 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.2 <b>Direct management</b> through Grants			

## 1.2 Summary of the Action

Yemen has entered into its eighth year of war and despite international peace efforts, the parties have shown no sign of reconciliation. On the contrary, the country has been *de facto* split between north and south, thus creating significant governance and stability challenges. The humanitarian crisis that has unfolded is first to a multiple layer of other problems, such as the fragmentation of state institutions, foreign exchange and liquidity shortages, rise in inflation, soaring commodity prices, disruption of trade flows, weak public sector and rising costs of doing business. On the societal level, Yemen faces severe challenges such as extreme poverty, depletion of water resources, climate vulnerability, gender inequality and youth unemployment.

The last UN-mediated truce expired on 2 October 2022 and has left the country in a “no war no peace” limbo that fuels uncertainty. In light of the continuing war, most donors and the Government of Yemen agreed that a merely humanitarian approach does not respond to the country's needs. Development tools are needed to preserve basic state functions, maintain the social fabric and ensure the resilience of economic actors. This will help prevent the state from collapsing and will keep a base for reconstruction, especially in preparation for a possible ‘day after’ scenario.

The overall objective of this Action is to support pathways for the economic resilience of Yemen's conflict-affected population, as well as its institutional and economic systems. This action will provide support for the rehabilitation of the economic fabric and for the preservation of the resilience of economic actors.

The first component of the action will contribute to enabling the effective functioning of key central level economic institutions. Capacity needs of the Internationally Recognised Government (IRG)'s central economic institutions will be addressed in order to improve the design and implementation of reforms in key policy areas for economic recovery. The EU's intervention will be closely coordinated with Yemeni beneficiaries and international donors providing assistance in the area.

The second component of the action will contribute to enabling the economic empowerment of women and youth, as main drivers of change who can help build a more inclusive and resilient society. Assistance in this domain will include support to Micro, Small and Medium-Sized Enterprises (MSMEs) to promote women and youth-led entrepreneurship, including in green and digital businesses. This will be achieved through tailored support in managerial, business and leadership skills, support in access to finance, and increase of existing capacity at local and national level.