

YEMEN BUSINESS CLIMATE SURVEY  
DECEMBER ISSUE FOR NOVEMBER  
(2) 2016

## **INTRODUCTION**

The Small Micro Enterprise Promotion Service (SMEPS) is a subsidiary for the Social Fund for Development (SFD) in Yemen. SMEPS mandate is to support private sector development and does this through facilitating business development services, value chain development, and entrepreneurship projects. As such, SMEPS is in touch with thousands of business owners across the country.

The SMEPS Business Climate Survey is a monthly assessment that offers a 'snapshot' of business owners' sentiments towards the business climate and focuses on small, medium to large enterprises. The survey focuses on the enterprises in the sectors of services, retail and wholesale supplies, and industrial and production in five governorates (Sana'a, Aden, Taiz, Hadhramout, and Hodaidah).

## **SUMMARY**

In December issue 2015, the results show that businessmen continue to be pessimistic about the business climate as the survey shows that 86% of them find that the climate of the business is worse than last month. The survey also considered the business changes and compared it to last month in the changes of sales, customers movement, purchasing power, revenue, average of profits are decreasing up to 86%. The survey focuses also on the private sector's problems and highlights on storing of goods which might be a positive remark that 85% are not suffering from this issue. In another prospect, can the private sector covers the operational expenses of its businessmen in the coming period of time? Moreover, the survey aims to identify the steps by businessmen to continue in their work. For example, substituting the product or the service to another product or another service indicates that 12% of the traders have changed their commercial activities to another field, such as alternative power, fuel, and others. Finally, the survey clarified the challenges in the private sector in the transportation of goods as 82% of participants in the survey have faced difficulties in the transportation process.

## **THE CONTINUATION OF DETERIORATING OF THE PRIVATE SECTOR:**

Last month's survey highlighted 86% of business considered the business climate worse than a year earlier. Because of close ports, poor purchasing, and bailer people who try to find a safe places. Another hands, found slight improvement of 3% in comparison with the pervious issue as the percentage was 89% last month.

In deeper overview, we found that the sales decrease with 87% while (85% of customers, 86% of purchases, 86% incomes and profits )affected in a negative way , as we notice through the percentages we found if one of the activity effect in a negative way the rest will be effected.

It worth to highlight that 3% of the businesses remain the same, 11% see that the climate is better than the month before due to the quality of the business such as the traders who work in alternative power ( solar system) and other fields which help in general at the business climate.

## **AMBIGUITY CONTROLS THE FUTURE OF THE BUSINESS CLIMATE**

In our last issue of November, 30% of the businesses' owners see that the climate is getting worse. The results of this month show that 24% of businessmen expect that the business climate will get worse during the next six months. However, they still feel optimistic with the improvement of the climate in the next six months. When we compare the two issues we find that the difference is 6% which considers an improvement in the climate in the next period of time.

On the other hand, we find an increase of the percentage of those who don't know the future of their businesses reached to 41%. In comparison between the two issues we see that the percentage difference increased with 6% which indicates an unclear vision of the future of businesses in the private sector in the next period of time.

The percentage of optimistic people with the improvement of the climate decreased in this issue reaching 21% less than last issue which was 24%. While those who think that the situation will remain the same in the next 6 months are 15%.

Based on the survey findings, it shows that the highest percentage is for those who don't know their business future. Going back in the reasons to that is due to the current situation, no adequate life manners of an individual and community, no electricity, no fuel, and no security and safety.

## **FOR HOW LONG THE BUSINESSES CAN CONTINUE WORKING:**

Through the survey for this month, it was unfortunate that we find 37% of the businesses cannot cover its operational expenses in the coming period of time which threaten that some businesses are going to close. It means the increase of unemployment which actually exists as 58% of businesses cannot stand for more than 6 months. The results show that 66% of businesses will not be able to continue in the commercial sector, the service sector with 27% which reflects a fear of unavailability of services mainly the health ones, finally the industrial sector with 7%.

## **THERE MUST BE CREATIVITY TO CONTINUE:**

Businessmen realized the importance of change for continuity so they become creative by knowing the need of the market for the business climate as 12% changed the product, the service, or added new service according to the need of the market. In distributing the percentages with the sectors, we find the commercial sector is the highest in change with 8% , service sector with 3% ,and the industrial sector with 1%. Among the products changes is the change to solar system due to the blackout of electricity in Yemen.

## **SAVING PRODUCTS HELP IN SURVIVING:**

The results of the survey show that 85% of the businesses don't have difficulties in storing of products in the warehouses and in distributing the percentages we found out that the small businesses have the highest percentage with 77%, while the micro ones are 6.86%, and finally in the big businesses are with 0.69% which show some kind of pessimism in keeping the goods from damage even with low percentage.

## **TRANSPORTATION (IMPORTING) CHALLENGES:**

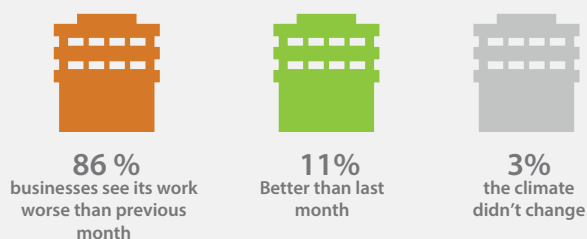
Transportation is the process of moving the products and goods from the production/selling point to the consuming point with the identified quantity, time, and reasonable cost. Also known as the tool that can expand the market and use the human and financial resources. It is unfortunate that the business climate is facing serious difficulties in transportation either during the importation from abroad or internally between the governorates. 82% suffer from difficulties in transportation due to the siege by air and sea, increasing of the prices of fuel, closing of the entrances of the country, and clashes in some governorates which affect the entering of some main products to some governorates such as Taiz, Lahj and others.

MONITRING AND EVALOATION TEAM  
**SMEPS**

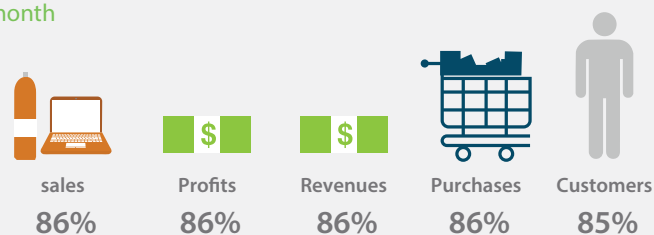
# YEMEN BUSINESS CLIMATE SURVEY DECEMBER ISSUE FOR NOVEMBER (1) 2016



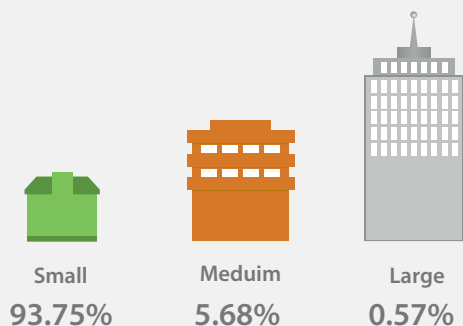
## The deteriorating of the private sector



The percentage of the businesses affected by the decrease in the last month



## By enterprise size



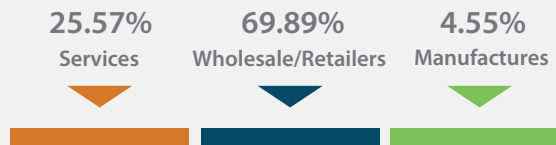
## Expectations of future of Business Climate in the next six months



## By enterprise location



## By enterprise sector



This survey was applied at  
(small businesses ) 5-19  
(and more ( big businesses 100  
(Micro Businesses ) 20-99

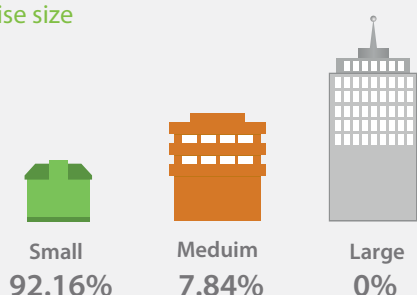
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## There must be creativity to continue:

**12%** have changed the product, the service, or added new

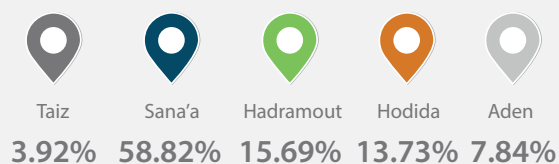
### By enterprise size



### By enterprise sector



### By enterprise location

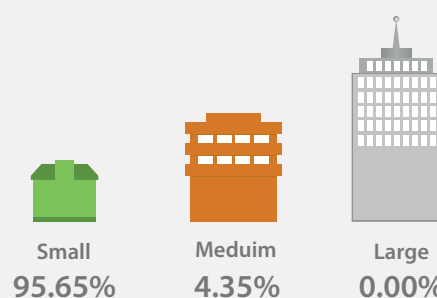


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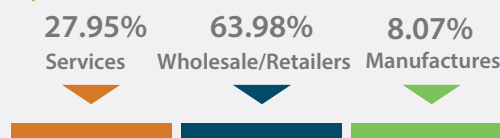
## For how long the Businesses can continue working :

**37.67%** cannot cover the operational expenses of their projects in the coming period of time

### By enterprise size



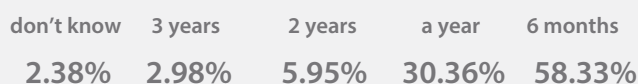
### By enterprise sector



### By enterprise location



## For how long they can stand ( continue)?



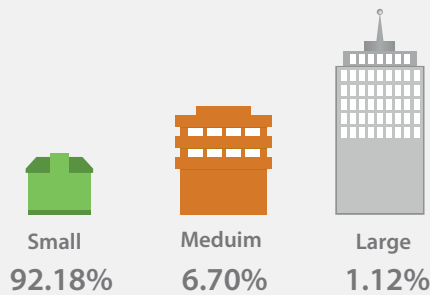
# YEMEN BUSINESS CLIMATE SURVEY DECEMBER ISSUE FOR NOVEMBER (3) 2016



## Challenges in Transportation of goods or receiving it:

**82%** of Businesses have difficulties in transporting goods

### By enterprise size



### By enterprise sector



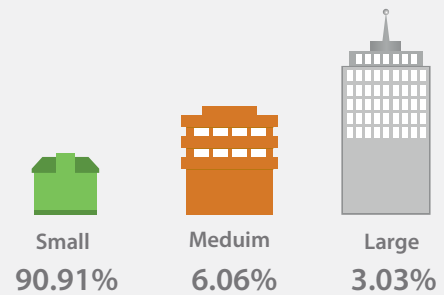
### By enterprise location



## Problems in Storing the goods

**16%** having problems in storing goods in the warehouse

### By enterprise size



### By enterprise sector



### By enterprise location



This survey was applied at  
(small businesses ) 5-19  
(and more ( big businesses 100  
(Micro Businesses ) 20-99