

## Follow-up to the Deterioration of the Foreign Exchange Rate of the Yemeni Rial Flash Report

The Development Champions Forum has followed with appreciation the great interest in [its latest Flash Report, published on 7 July 2020](#), which summarized the outcomes of the Forum's discussions related to the deterioration of the foreign exchange rate of the Yemeni rial. The constructive debates that the report instigated among the relevant stakeholders is a clear reflection of the Forum's mission of engaging and promoting experienced and knowledgeable Yemeni voices to put forth visions, plans, and recommendations on key topics in Yemen.

In this regard, the Forum would like to respond to a number of requests for clarification received regarding one of the recommendations listed in the Flash Report to address the challenge of divided monetary policy in Yemen, and would like to clarify the following:

- There are significant and undeniable repercussions for having two different administrations of the central bank in Yemen, such as two separate monetary policies, refusal to allow circulation of new prints of the currency in some areas which led to two prices for the Yemeni rial and the resultant impact of that on citizens' lives, as well as the refusal of local authorities and de-facto authorities in some areas of Yemen to deposit public revenues into the allocated accounts at the central bank. Therefore, controlling the deterioration of the foreign exchange rate of the Yemeni rial is mainly dependent on reaching a consensus among the political parties on a unified monetary administration and policy across all of Yemen, and the best form of this consensus is to appoint a management board for the central bank that is accepted by all parties to run the central bank and manage monetary policy across Yemen.
- For the case of continued failure to reach agreement on appointing a management board for the central bank that is accepted by all, the discussions of the Forum have identified a second option, which is to form a committee agreed by all parties to coordinate between the different administrations of the bank and resolve the challenge of formulating and implementing monetary policy across all of Yemen. The forum confirms that the proposed coordinating committee is not meant to replace the management of the central bank or take away from the mandate or sovereignty of the central bank, as the core function of this committee is to coordinate and resolve any issues that arise from the multiplicity of authorities resulting from the current conflict. The relevant political parties may agree on the mandate and membership of this committee as such committee cannot be formed without a political agreement on it by the relevant parties.



- The proposed committee by definition is a temporary measure in an attempt to address the current exceptional circumstances and save what can be saved and protect citizens in our beloved country from the consequences of economic collapse that impact every household. We continue to hope to return to institutional arrangements that are built on principles of good governance in the near future.

The Forum expresses its appreciation for the interest of all its followers in its work and continues to stand ready to engage in further discussions with relevant stakeholders on any of the points raised in its publications.

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