



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

REPUBLIC OF YEMEN

Customs Reform and Emergency Revenue Mobilization

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Fiscal Affairs Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This technical assistance report presents a comprehensive assessment of the Yemen Customs Authority's (YCA) operational challenges and reform opportunities amidst an ongoing conflict and economic crisis. Customs revenue, a critical fiscal source for Yemen, has suffered significant decline due to fragmented governance, outdated legal frameworks, weak enforcement mechanisms, and limited technological utilization. The report proposes a twelve-month emergency revenue mobilization plan embedded within broader structural reforms aimed at stabilizing and enhancing customs revenue collection. Key recommendations include strengthening strategic management, activating risk-based controls through ASYCUDA++ system fuller utilization, developing human resource competencies, enforcing anti-corruption measures, and formalizing collaboration between customs and tax authorities. The report outlines actionable steps to improve operational efficiency, transparency, and stakeholder engagement, ultimately supporting Yemen's fiscal stability and economic recovery.

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Background

The technical assistance (TA) mission was initiated following a formal request by Yemen's Prime Minister and acting Minister of Finance during the IMF Spring Meetings in April 2025. The mission aimed to assist the Yemen Customs Authority (YCA) in diagnosing the customs management and operations and designing a short-term emergency revenue plan addressing the country's deteriorated fiscal capacity amid ongoing conflict and political fragmentation. Conducted by the IMF's Fiscal Affairs Department (FAD), the mission took place in Cairo from August 21 to September 1, 2025, and ran in parallel with a tax administration-focused mission to ensure an integrated approach to revenue mobilization.

This TA engagement is critical given Yemen's divided governance between liberated and unliberated areas, which operate distinct institutional frameworks. The YCA faces operational fragmentation, limited resources, and interference from local governors, all exacerbated by the fragile economic environment and conflict-related disruptions. The mission reviewed the environment surrounding customs operations, customs management operations, and developed an emergency revenue plan intended to guide the YCA through the next twelve months, supporting stabilization and laying the groundwork for medium-term reforms. This is the first IMF customs administration diagnostic regarding Yemen.

Summary of Findings

The mission found that YCA operates under severe constraints driven by conflict, fragmented governance, and a fragile economy, which undermine its fiscal capacity and disrupt core functions. The YCA lacks a comprehensive multi-year strategic plan with clearly defined, measurable performance indicators, limiting effective reform management and oversight. Organizational risks are heightened, among others, by underfunding and a reliance on penalty revenue, creating perverse incentives and financial instability. The outdated legal framework further impedes operational efficiency. Digital transformation efforts are fragmented, with underutilization of ASYCUDA++ modules and weak IT governance. The selectivity system is inactive, resulting in all imports being subject to physical inspection. Post-clearance audit site visits and traceability of tax-incentive goods are absent. Human resource management suffers from the absence of a customs-specific competency framework, inadequate training, and salary erosion due to inflation. Additionally, the absence of a binding Code of Ethics and weak internal audit capacity undermine integrity and public trust. Coordination with the tax administration is nascent and informal, lacking structured data sharing and joint audit mechanisms.

Summary of Recommendations

To address these challenges, in addition to implementing the emergency revenue plan, it is essential that the YCA implement a comprehensive reform program focused on activating risk-based customs controls through modernization of the ASYCUDA++ system, including the selectivity module, and upgrading IT infrastructure. Strengthening governance by establishing a strategic reform committee and developing measurable performance indicators will enhance oversight and accountability. Investment in human capital through competency-based HR frameworks and targeted training is crucial to improving staff effectiveness. Anti-corruption efforts must be institutionalized via a binding Code of Ethics and robust internal audit functions. Finally, formalizing cooperation with the tax administration through a Memorandum of Understanding will facilitate data sharing, compliance management, and joint enforcement, thereby improving revenue collection and supporting Yemen's broader economic recovery.