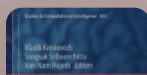


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Natural Resources, Financial Development and Sectoral Value Added in a Resource Based Economy

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Robustness in Econometrics

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sector development does not play an important role in fostering real sectors activities. The service sector is the only sector that benefit from the financial sector development in Yemen. This finding opens up a new insight for Yemeni economy to sustain sectoral growth by controlling the level of natural resource dependence and proactiveness sectoral strategy for financial sector development.

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3. The Dutch disease phenomena works when natural resources booms increase domestic income and, consequently the demand for goods, which generate inflation and appreciation of the real exchange rate making much of the manufacturing industry uncompetitive in the world market
4. See [[6](#), [9](#)] for recent literature survey of the curse of natural resources
5. Manufacturing is a subsector of industry sector; however, we focus on its separate contribution due to its importance in our study
6. According to the Central Statistical Organization of Yemen, there were eighteen Yemeni and international commercial and Islamic banks, thirty

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analyses in Europe. It is based on the economic reasoning that East Germany's economy represented very small portion of the unified Germany economy in real GDP terms in 1991

11. Evidence of the validity of this treatment comes from the fact that the economy of former Southern Yemen accounted for only 17.3% of real GDP of united Yemen. Additionally, the economy of united Yemen is largely based on the market system which was followed by the Northern part before unification
12. The same approach is applied to Eqs. (5) and (6) respectively
13. Figures of CUSUM and CUSUMQ are available upon request

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