



# Yemeni economy 2021

The war economy and the new millionaires

# Yemeni economy 2021

## The war economy and the new millionaires



# Table of Contents

<b>Executive summary</b> .....	<b>4</b>
<b>War profiteers</b> .....	<b>6</b>
Imminent collapse .....	7
Financing sources .....	9
The fate of the looted money .....	9
New faces .....	10
Money laundering .....	10
Black gold .....	11
Medicines market .....	12
Real estate sector .....	13
Market Occupation .....	14
Millionaires of Legitimacy .....	17
Temporary investment .....	17
People's Movement .....	18
The new millionaires of Aden .....	19
Aden Refineries Company .....	20
Conclusion .....	20
<b>Monetary policy.. inflation and exchange rate distortions</b> .....	<b>21</b>
Cash supply .....	22
Cash reserves .....	23
Exchange rate changes .....	25
The most important measures in monetary policy .....	26
Foreign currency auctions .....	27
<b>Economic Indicators</b> .....	<b>29</b>
GDP growth rate .....	30
General Revenues .....	31
Public expenditures .....	33
Inflation rate .....	34
Basic Commodities .....	34
Gasoline and gas .....	35
<b>The Yemeni private sector.. Exorbitant bill!</b> .....	<b>37</b>
Violations against the private sector .....	39
Violations by the parties to the conflict .....	41
Security Point Violations .....	44
Double taxation and customs .....	45
<b>2021.. The worsening humanitarian situation in Yemen</b> .....	<b>47</b>
Donor Conferences .....	48
International Financing .....	51

## Executive summary

In light of security, political and economic variables in Yemen, this report sheds light on an issue that is a major feature of the ongoing war in Yemen, which has entered its eighth year. It focuses on the phenomenon of «the New Millionaires» as one of the outcomes of the devastating war that made Yemen suffering the most on the human side in the world.

“The New Millionaires” is the term that most denotes the ugly face of war, and at the same time it is one of the factors in the continuation of the war and the lifeline making the war nonstop and blooming. The war has turned into an important tool of profiting a new class of the new political and economic elite whose interests are intertwined in a way that ensures a ceaseless war, and even pushes it further fierce.

The current stage in Yemen is an extreme turmoil, as the system of control and anti-corruption collapsed. Rather, official institutions abandoned any responsibilities related to annual plans and final accounts, which has allowed to create a parallel economy and parasitic classes benefited from the vacuum and accumulated wealth, becoming the main engine of the country’s economy.

While the report monitors how the influential networks close to the Houthi group have managed to enrich themselves through a series of commercial and investment activities backed by influence and intimacy to the group’s leaders, and the role they play in fueling the war, it also shows how another parasitic class has emerged in the areas under the control of the internationally recognized government, benefiting from the multiplicity of authorities, powerful forces and unregulated regional support. The sale and smuggling of arms, levies and awarding contracts were one of the main features of this type of wealth associated with war and benefiting from it.

The report singles out an important space for monetary policy and the repercussions of the inflation of the Yemeni currency, the riyal, which reached record levels in its modern history, as the rate of one dollar exceeded 1650 riyals. It has been oscillating up and down during the past months in one of the prominent signs of the fragility of economic situation.

Prices rose to record levels, reaching 100% in some months. They are still rising for many reasons, the most important of which are currency fluctuations and international variables such as the repercussions of the Corona pandemic, the Russian-Ukrainian war, and others.

At the level of the private sector, it suffered mounting violations and illegal practices, whether the direct attacks or those practices associated with illegal levies and the imposition of fees and various royalties.

The Monitoring Unit at the Studies & Economic Media Center monitored over 48 collective violations against Yemeni private sector during 2021, (campaigns affected a large number of commercial firms) and over 50 individual violations against a specific firm.

The report provides an account of humanitarian funding provided to Yemen during the past period and the roles of the main players in the relief and humanitarian work process.

At the end of this quick summary of what the report contains, I am pleased to thank the team of economic researchers at the Studies & Economic Media Center, who worked hard to research, investigate, audit and analyze information on the Yemeni economic situation to bring to us this distinguished and important work in light of the scarcity of official information and the state of extreme secrecy on many official and non-official activities.

**Mustafa Nasr**

**Head of the Studies & Economic Media Center**

# War profiteers

## War profiteers

Yemen in the eighth year of the war, located in the southern corner of the Arabian Peninsula, is still mired in armed conflicts and sharp divisions at the political, economic and social levels.

During this war, a new financial elite emerged in various parts of the country ruled by both an internationally recognized legitimate authority and by a coup group controlling a third of the area populated by the most Yemenis. Each has a president, government, bank, financial currency, legislative and judicial authority, customs, zakat and tax institutions, and has its own forces and militias, its opposing agendas, and its regional alliances.

As a result, Yemen topped the list of the poorest countries in the World Bank's list of countries in the Middle East and North Africa region. Its direct losses in GDP amounted to 90 billion US dollars, according to the Minister of Planning and International Cooperation in the legitimate government, as well as losses resulting from the destruction of large parts of the infrastructure due to the war, which is difficult to estimate or predict according to the answer we received from the planning minister.

Meanwhile, the ongoing war in Yemen has repercussions on the private sector, which suffered uprooting, replacement, bankruptcy, destruction and displacement, and whoever managed to stay in Yemen is a hostage of blackmail and facing shrinkage or growth.

### Imminent collapse

The private sector contributes more than half of Yemen's GDP, with a share of about 65% of total investments, and its contribution to employing workers is about 70%, according to official statistics before the war.

As a result of the war, investment activity declined in Yemen, production and service activity were disrupted, working hours decreased, tens of thousands of workers were laid off, and the private sector suffered huge direct and indirect losses.

Hundreds of private sector facilities were totally or partially destroyed. The cost of operations and production increased significantly due to the lack of oil derivatives, the high cost of insurance and internal transportation, in addition to the lack of

basic services such as electricity and water, and the fall of the national currency rate. The rate of the US dollar in legitimate government- controlled areas reached about 1700 Yemeni riyals compared to 214 riyals per US dollar at the beginning of the year 2015.

The private sector is about to collapse at the expense of a parasitic monopolistic class that has benefited and been benefiting from the chaos of war. This is what the results of this research study concluded, which monitored the emergence of a new financial elite in various Yemeni governorates, who were able to achieve an obscene wealth whose methods and sources varied according to the geography in which this money grew.

## **War contributions as a means of influence and wealth**

The roots of the financial division go back to the moment the Houthi group seized the capital, Sana'a, on September 21, 2014, controlling the country's sovereign institutions, the Yemeni army's military arsenal, and the country's cash reserves of hard currency during the early years of the war.

Then, on March 26, 2015, the Saudi-led Arab coalition announced the launch of the Decisive Storm to support the legitimacy of President Abd Rabbu Mansour Hadi. The Houthi group has raised the banner of financing the war effort, and the area of illegal trade has expanded as a result of wars and conflicts that have not ended so far.

Within a short period, the Houthi group has acquired the financial and business market in the areas under its control in Yemen. The arms of its commercial activity extended to feeding the local market in the areas of the legitimate government with various types of consumer goods.

It was able to control the state's resources and established revenue-raising institutions and funds to finance its war and new priorities. Also, it has created and supported new commercial and investment personnel with different names, created an appropriate legislative environment for them and supported them with all the essentials of success and control.

On the other hand, financial and investment centers have arisen in other regions ruled by the internationally recognized legitimate government - even formally - financial and investment centers that war money contributed to creating and increasing the area of its spread. This turbulent environment in Yemen encouraged

the emergence of new capital backed by authoritarian and militia influence at the expense of the traditional and well-known private sector, which is facing unequal competition and paying an additional cost. This caused a shrinkage in the private sector's role, which led to the transfer of many capitals abroad, and some companies even moved their main offices abroad, such as the largest trade and investment group in Yemen, Hayel Saeed Anam Group, which has moved its main office to Dubai.

## **Financing sources**

During the first years of the war, the Houthi group depleted the Central Bank's foreign exchange coffers, amounting to 5 billion US dollars, and acquired 500 billion Yemeni riyals, in addition to the deposits of local banks before the current war, which are now frozen and their owners are unable to obtain them.

Over time, the armed group was able to control and seize all government revenues that kept flowing from all governorates to the Central Bank in Sana'a, which is under the control of the Houthis.

Despite the legitimate government's decision to restore the financial decision from the Houthis, and its decision in September 2016 to transfer the Central Bank from Sana'a to Aden, the Houthi group has taken hold of the most important resources and economic revenues for Yemen, such as the telecommunications sector and the revenues of the Hodeida port, and has proceeded towards creating self-financing means that include everything that local residents spend their money and savings on.

## **The fate of the looted money**

It has not yet been revealed the amount of that money being collected by the Houthi group as a result of its control over public money, but according to the report of the Committee of Experts, the group collects annually and officially amounts to 1.8 billion dollars, not to mention other unofficial sources of fundraising as a pretext to finance the war effort, the confiscation of assets, money and property of its opponents, and the fees and royalties it imposes on the residents of the areas under its control, which many of them are new and illegal.

Moreover, there is money and aids it obtains from relief organizations, profits it earns from oil trading, the illegal fees it collects from oil sales, and the levies and black market revenues that flow into their coffers.

Through these funds, it was able to create a new financial empire, changing the balance of power and controlling the import market in Yemen, where the proportion of imported basic commodities reaches about 90%.

As a result, the Houthi financial network was able to displace Saudi products, which were the largest exporting country to Yemen until 2014<sup>(1)</sup>. Consequently, the Sultanate of Oman's exports replaced the Saudi products and accounted for about 18% of the market share of goods imported to Yemen<sup>(2)</sup>.

The Houth group was not satisfied with creating that economy parallel to the national economy of the country, but rather it moved towards pushing these new faces to occupy and control the market for imports and exports (this part will be reviewed later).

### New faces

Perhaps the general Yemenis were not able to identify the most prominent names that manage the financial network of the group, except after the sanctions imposed by the US Treasury Department on a number of the Houthi group's members<sup>(3)</sup>, the list of 40 required for the Arab coalition<sup>(4)</sup>, and the reports of the Expert Group on Yemen<sup>(5)</sup>.

### Money laundering

Despite one bank of 18 banks are headquartered in Sana'a, the Houthi group did not dare to deposit their money and practice its profitable activities through it. Rather, it proceeded to flood the financial market with 250 new exchange companies<sup>(6)</sup>, which were licensed to carry out their activities in wartime in the capital, Sana'a, Saada and other regions.

1 - The book of the Central Statistical Organization, Sana'a, 2014.

2 - The book of the Central Statistical Organization, Sana'a 2017.

3 - The statement of the US Treasury Department about imposing sanctions on an international network that supports the Houthi group, 10/6/2021.

4 - The list of the 40 wanted by the Arab coalition.

5 - Report of the UN Panel of Experts on Yemen 2019, 2020.

6 - Records of the Ministry of Industry and Trade, August 2021.

Through these and other exchange companies, the Houthi group transferred funds inside and outside Yemen.

Among the most prominent of those companies that the Houthi group has relied on to transfer funds through, according to the US government, are the Sweid & Sons Exchange Company, the Al-Hadaa Exchange Company, and the International Express Exchange and Remittance Company<sup>(7)</sup>.

The results of the survey that targeted these companies showed their branches expanded after the war, who were only in limited governorates before the war.

## **Black gold**

Several sources revealed that Iran provided free oil derivatives to the Houthi group as part of its support and financing of the war waged by the Houthi group against the legitimate government in Yemen.

The revenues of the oil market in the Houthi areas amount to more than 30 billion riyals per month<sup>(8)</sup>, which prompted the Houthi group to open several oil companies, as the number of new oil import companies that were licensed in the Houthi group's areas during the war period reached 178 companies<sup>(9)</sup>.

Among the most prominent of these companies are Yemen Elaf Company for Importing Oil Derivatives, Oss Oil Company for Importing Oil Derivatives, which is owned by the well-known leader of the Houthi group, Muhammad Abdul Salam, and Sam Oil Company for Trade and Oil Services Ltd. Owned by his brother, Oil Bremer Company for Oil Services and Oil and Gas Trading, owned by the prominent leader Ahmed Saleh Daghsan, the Black Gold Company for Oil and Gas Services, owned by the Houthi leader Ali Nasser Qarsha, and the Saeed Al-Jamal Company for Import, owned by the leader Saeed Al-Jamal, who resides in Tehran and is accused by the US Treasury of managing a network of companies and ships that smuggle oil and Iranian goods to Yemen<sup>(10)</sup>.

7 - The statement of the US Treasury Department about the imposition of sanctions on the Sweid & Sons Exchange Company, June 10, 2021.

8 - The war in Yemen, the internal complications and the sources of self-financing of the conflict, BBC website 3/25/2021

9 - Records of the Ministry of Industry and Trade, Sana'a, August 2021.

10 - The statement of the US Treasury Department about imposing sanctions on an international network that supports the Houthi group, 10/6/2021

## Medicines market

The financial empire that the Houthi group built under several names was not limited to investing in the import and sale of oil derivatives, but rather extended to various service and profit sectors.

Among those sectors is the medicine sector, and one of the most prominent names we followed in this sector is the investments of Dr. Taha Al-Mutawakkil and Saleh Al-Shaer.

The well-known leader of the Houthi group, Saleh Musfer Al-Shaer<sup>(11)</sup>, manages many import companies working in the field of medicines and medical supplies, including Al-Shaer Import Company, Al-Shaer Drug and Medical Supplies Trading Company, and Al-Shaer Trading Establishment.

His brother Abdullah Musfer also manages the Abdullah Al Shaer Foundation for Pharmaceuticals and Medical Appliances, and the Abdullah Musfer Foundation for Import.

Saleh Al-Shaer Trading Group includes many companies engaged in import activities in general, including Al-Shaer Motors Import Company, Saleh Al-Shaer Import Company and others.

Saleh Al-Shaer also assumes the status of the judicial guard and is entrusted to seize funds and property of opponents of the Houthi group. Earlier in 2021, US Treasury Department has imposed a sanctions on Al-Shaer<sup>(12)</sup>, who managed the confiscation of funds and properties amounted to 100 million US dollars.

While Taha Al-Mutawakil, the Houthi leader and who holds the position of Minister of Health in the Sana'a government, has also invested in the medical and pharmaceutical field through his projects in Sana'a, such as Al-Yaman Al-Saeed Hospital, Unimax International Hospital, Unimax Company for Importing Medicines, and Unimax General Trading Company<sup>(13)</sup>.

Many warlords in Sana'a were able to compete and occupy the market of the famous and branded commodities in the market of food supplies, medicine, energy, building and construction, and so on. The biggest ruin is in the imports of the drug market, radiotherapy and laboratory analysis.

According to the results of the research that we conducted with a number of surgeons and pharmacists, the Supreme Authority for Medicines and Medical Appli-

11 - Report of the expert group 2020.

12 - Statement of the US Treasury Department about the imposition of sanctions on Saleh Al-Shaer 11/18/2021.

13 - Records of the Ministry of Industry and Trade, Sana'a, August 2021.

ances granted nascent companies licenses to import medicines from untrusted companies not registered with the Authority, in addition to these companies are importing counterfeit products and replacing the branded items.

Three out of ten surgeons told us that they stopped practicing their work for fear of side effects that the patient might be exposed to as a result of these medicines.

An anesthesiologist said that he has decided to stay at home since 2017 as a result of the drug import company's involvement in selling unsafe and non-compliant items, adding: "They lie when they claim that drug conform to the results of the national laboratory, and the analysis materials in this laboratory are originally forged."

According to a number of pharmacists, the authority is active in recalling counterfeit medicines that compete with other counterfeit medicines.

Pharmacists said that there are a number of medicines that contain ranitidine and nitrosamine, which are classified as carcinogenic.

## **Real estate sector**

The hands of war profiteers and money launderers also reached the real estate sector. According to the Central Organization for Control and accountability's reports of 2014, the total building permits in the capital Sana'a, during that 2014 reached 34, while the total building permits in 2017 reached about 358.

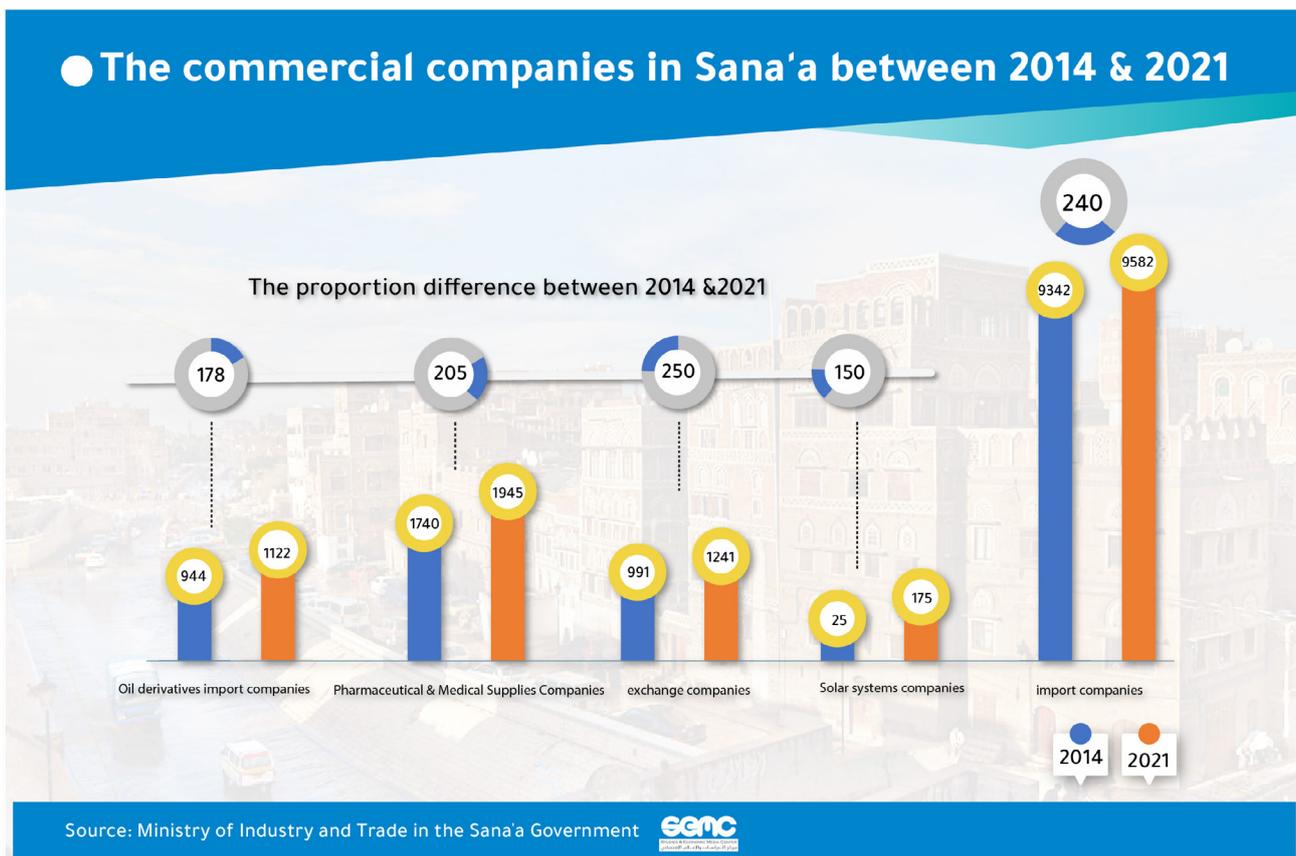
According to a source in the Ministry of Works in the Sana'a government, the building and construction process in Sana'a pushed towards the creation of new neighborhoods and areas. The lands and buildings that were impossible for the corrupt or for businessmen to venture to buy in peacetime as a result of their high costs, the Houthi group's leaders paid many times as much.

It has become noticeable to the visitors of Sana'a, the emergence of a new class that possesses great liquidity to build and buy real estate at amounts that exceed the real and usual figures. The real estate sector witnessed an active movement of money circulation as part of the war money laundering.

## Market Occupation

It is unfortunate that international relief agencies are one of the sources of funding and outrageous wealth for the new war influencers. According to many sources, warlords and their wealthy acquire shares of relief agencies and humanitarian support provided to Yemen by controlling the funding of humanitarian relief programs and activities in Yemen<sup>(14)</sup>.

Following the Houthi group's control of the capital, Sana'a, in September 2014, and the subsequent repercussions, investment activity in the country declined<sup>(15)</sup>. As a result of that systematic campaign led by the Houthi group against the organized and traditional private sector, it suffered great losses that prompted it to close or flee abroad, or in the best case to stay and continue with reducing its investment activity.



However, this investment decline in the national capital coincided with the opening of the doors of Sana'a to the war profiteers who were able to achieve huge profits in the various service sectors.

The profits achieved by the Houthi group's warlords in Sana'a can be identified by numbers that we obtained from various private sources in the Houthi areas.

14 - Report of the expert group 2020.

15 - Study of the private sector, war and development roles -Studies & Economic Media Center, 2017

According to the above-mentioned statistics, 1,023 commercial companies were established after the coup of the Houthi group, most of which are concentrated in the capital, Sana'a, followed by the governorates of Saada and Amran.

According to the sources, these companies have obtained licenses and have commercial records, and their data is documented in the Ministry of Industry and its branches in the governorates.

This huge number of new companies - although not all of them are owned by the Houthi group - indicate clearly to the certain exclusion and systematic curbs on the traditional and organized private sector represented by the ancient commercial houses and family businesses that Yemenis are familiar with.

As an example of those newly established companies documented in the Ministry of Industry and Trade in the Sana'a government until August 2021, as follows:

SN	Company	HQ	Type
1	Tamco Oil Derivatives Limited	Sana'a	Limited
2	Yemen Crod for Trade and Oil Services Ltd.	Sana'a	Limited
3	Al Mantab Contracting - Al-Faqih & His Partner	Sana'a	People
4	Azal Petroleum for importing oil derivatives	Amran	Individual
5	Wheelers International Trading Ltd	Sana'a	People
6	Dima Yemen for Trade and Agencies Ltd.	Sana'a	People
7	Petroleo for Importing Oil Derivatives	Sana'a	Individual
8	Safety gasoline for importing oil derivatives	Sana'a	Individual
9	MOBK Trade and Investment Limited Personnel	Sana'a	Individual
10	Jebway WOQOD Trading Co. Ltd.	Sana'a	People
11	Al-Zahraa Corporation for Trade and Agencies	Sana'a	People
12	Al-Sultana Importers	Sana'a	Individual
13	Emaar Tihama Contracting	Sana'a	Individual

As an example for one-person companies:

Company	HQ	Owner
Yemen Elaf for importing oil derivatives Top Food Trading and Agencies Ltd.	Sana'a Sana'a	Abdul Salam Salah
Al-Shaer for Importing Al-Shaer Pharmaceuticals and Medical Supplies Trading Al-Shaer Motors for Import Saleh Al Shaer for importing Ali Al-Shaer for trading Al Shaer Establishment for trading Abdullah Al-Shaer Establishment for Medicines and Medical Supplies Abdullah Musfer Import Corporation	Sana'a Sana'a Sana'a Sana'a Sana'a Sana'a Sana'a Sana'a Sadaa Sana'a	Saleh Musfer Al-Shaer
Bin Daghsan Foundation for Importing Ali Ahmed Daghsan Foundation for Importing Bin Daghsan Company for Trade, Agencies and Services Wheelers International Trading Ltd. Oil Bremer for oil services and oil and gas trading	Sana'a Sana'a Sana'a Sana'a Sana'a	Ahmed Saleh Daghsan
Black Gold for Importing Black Gold for Oil Services	Sana'a Sana'a	Ali Naser Qirshah
Jayash Motors for importing and oil services Jayash Architectural and Construction Contracting Jayash Motors for Cars Majish Jayash for Exchange Mega Prof Mutafi and Jayash for Trading and Con- tracting	Sana'a Sadaa Aden Sana'a Sana'a Sana'a	
Yemen Towers for Importing Petroleum Derivatives Ltd Yemen Towers for Trade and General Contracting Yemen Towers for real estate and investment services	Sana'a Sana'a Sana'a	
Levent Vision for Import Levant Vision for Contracting & Projects Saeed Al-Jamal for importing Saeed Al-Jamal for exporting	Sana'a Sana'a Sana'a Sana'a	Saeed Al Jamal
Al-Yemen Al-Saeed Hospital Unimax International Hospital Unimax for importing medicines Unimax ax General Trading	Sana'a	Taha Al-Mut- awakel- Minis- ter of Health

Besides the money from the investment activities, the Houthi group unofficially collects more than 1.8 billion dollars<sup>(16)</sup> from levies and zakat.

The Houthi group also makes huge profits from the sales of household gas purchased from the Ma'rib governorate for less than 3 US dollars and sold by the Houthis to local people for more than 10 dollars per 20-liter bottle<sup>(17)</sup>.

By creating this parallel economy, it appears difficult to pull down the war economy, as these new war profiteers are the keenest to prolong the war in Yemen in return for the financial wealth that they earn daily, which they did not expect.

## **Millionaires of Legitimacy**

At the other end of that geographical space in Yemen, which is under control of the legitimate government, there is a new financial elite that has just risen on the shoulders of foreign allies, centers of power and the ladders of corruption.

But these are not the only sources of this wealth that created those new empires in the areas of legitimate government. There is a new elite emerged in the commercial scene by building their financial wealth by exploiting the flow of hundreds of thousands of IDPs escaped from Houthi group to legitimate government-controlled areas.

## **Temporary investment**

The city of Marib - eastern Yemen - sits on the throne of this trade after the number of displaced people during the years of war reached 2 million one hundred and ninety-four thousand, according to the answer we received from the head of the executive unit for managing the camps for the displaced in Yemen.

Despite this large number of residents, the local authorities in Marib failed to attract investors or convince the immigrant capital out of Yemen to stay in the city of Marib, which in March 2020 granted 4 commercial banks lands with an area of about 6,000 square meters to build their branch offices.

---

16 - Report of the Committee of Experts 2020.

17 - The war in Yemen, the internal complications and the sources of self-financing of the conflict, BBC website, 3/25/2021

In light of these facilities provided by the local authority, the wealth of emergency traders continues to accumulate dramatically by investing in sectors far from the productive and vital sectors that would employ the labor force and supplement the national economy of the country.

These temporary investments are concentrated in the service sector, such as money transfer companies, building and construction, real estate, restaurants, hotels, malls, and the wholesale market, and most of the imports of this market flow from Houthi-controlled areas.

The city also witnessed the opening of a number of service factories that were established on leased land and whose structures were constructed from iron hangars, working in the field of fruit packaging, water bottling, plastic industry and assembling restaurant equipment.

The revenues of the governorate's tax office during the year 2021 amounted to nearly 11 billion Yemeni riyals<sup>(18)</sup> .

New millionaires emerged in Marib as a result of corruption deals carried out by military leaders with companies that provided food to the national army. During the time of the war, the city of Ma'rib occupied the first place in terms of urban expansion, as the area of the city had doubled in a very large way, which witnesses daily construction and new buildings.

## **People's Movement**

In Mukalla, southeast of Yemen, investments in the oil, real estate sector, money transfer and money exchange have emerged. A small company working in the field of iron managed to expand its investments during the war and turn into a group of commercial companies working in importing oil derivatives, real estate investment, navigation, money transfer, and so on.

Among the most prominent of those fledgling companies that emerged during wartime, were able to achieve great financial fortunes in Mukalla and active in various southern and eastern governorates of Yemen, are Hadhramout International Energy Company Limited, Ahqaf Hadhramout for Contracting and Oil Field Services Limited, International Energy Limited, Al Basiri Exchange Company, and Bin Doul Exchange Company.

Activists have published financial corruption documents indicating the involvement

---

18 - A press release for the Tax Office in Ma'rib, Sheba Agency, January 29, 2022.

of a number of personalities in looting public money and accusing a number of new companies. The movement and popular discontent in Hadhramaut have escalated and reached the most in December 2021, demanding an end to the corruption of the local authority and the dismissal of the governor.

## **The new millionaires of Aden**

The results of the survey, which targeted a number of importers, showed that the security forces in the port of Aden and the port of Dabba in Mukalla impose fees on each container while its leaving the port.

The importers through the port of Aden said that these amounts size are according to their destination. The fees on containers destined for outside the city of Aden are doubled than those that end up in the importers' warehouses in the city of Aden.

The Transitional Council's support forces are in charge of the oil and containers ports in Aden and the land ports of the interim capital, Lahj, and parts of Abyan.

Conflicts arose between the leaders of the first row of the Transitional Council in February 2021, when Mohsen al-Wali decided to establish a new company called Esnad Petroleum Services<sup>(19)</sup>. Due to the ongoing conflict over this company, Aidarous al-Zubaidi, head of the Transitional Council, issued a decision to discharge al-Wali from his position as commander of the support forces<sup>(20)</sup>, on April 23, 2021.

In addition, security and private sources<sup>(21)</sup> revealed that the Transitional Council forces in Abyan governorate collect up to 20 million Yemeni riyals per day from the levies imposed by its security points spread along the line between the cities of Zunjobar and Aden.

A new class of traders has emerged in Aden and its neighboring provinces, benefiting from the influence of the ruling authority, and the money flowing from the countries of the Arab coalition, mostly Saudi Arabia and United Arab Emirates. A large amount of local currency has accumulated with new traders and exchange companies, even some exchange companies work to get license to be Banks.

While the authorities in many provinces controlled by the legitimate government are facilitating the new traders associated with it to establish multiple investment projects such as commercial malls, the harassment, provocations and daily obstacles are increasing against the traditional private sector. The problem has reached some commercial agencies were acquired by influential people close to the official authorities in those areas.

19 - Report of the discharge of al- Wali and Al-Mashushi from the Command of the Support Forces - Al-Masdar Online 25/4/2021.

20 - Previous reference

21 - Transitional forces levies report in Zunjobar - Al-Masdar Online, 9/26/2021.

## Aden Refineries Company

Government documents<sup>(22)</sup> revealed that Mohammad Abdullah Al-Bakri, CEO of the Aden Refineries Company, transferred all the company's revenues to the Al-Qutaibi Exchange Company instead of its account in the Central Bank in Aden or to one of its bank accounts in the National Bank, which is the only commercial bank whose headquarters is located in the interim capital of Eden<sup>(23)</sup>.

The monthly revenues of the Aden Refineries Company are estimated at about half a billion Yemeni riyals per month .

In March 2021, the Prime Minister issued a decision granting Mohammed al-Bakri an open leave<sup>(24)</sup> , and on December 10, 2021, the Al-Qutaibi Exchange Company informed the Yemeni government that the Aden Refineries Company account was zero<sup>(25)</sup> .

## Conclusion

This illegal wealth defined by the United Nations Convention against Corruption as "any significant increase in the assets that cannot be reasonably explained in relation to the income of the project. The war profiteers are not only those names and personalities that were mentioned, there are still other lists of war millionaires (profiteers) that extend to Saudi Arabia, the UAE and other countries. There are also armaments companies, relief organizations and other legal and non-legal personalities from coalition countries made filthy wealth from the Yemen war. Many officers of coalition created investment windows through local partners in Yemen according identical accounts we got from Aden and Mukala.

22 - Official correspondence between the Minister of Oil, the Minister of Finance and the Director of the Aden Refineries Company, 2021

23 - Statement of the Aden Refineries Workers Syndicate, 6/1/2022

24 - A letter from the Director of the Prime Minister's Office, 23/3/2021.

25 - A letter of the Supreme Anti-Corruption Authority, 10/12/2021.

**Monetary policy..  
inflation and exchange  
rate distortions**

## Monetary policy.. inflation and exchange rate distortions

In its monetary policies in the year 2021, the Central Bank of Yemen used the money supply to achieve stable exchange rate by using the monetary base as an operational objective and influencing it with monetary policy tools. It adopted more flexible exchange rates through recently announced auctions to support basic commodities, and reduce the deficit financing from inflationary tools such as monetary issuances and printing the old banknotes of the currency. The Central Bank has strongly controlled the exchange companies and local banks; many violating companies have been closed down. Despite of all policies the Central has taken, it was unable to stop the bleeding and fall in the local currency.

### Cash supply

In 2021, the Central Bank of Yemen in Aden pumped more local currency, while the lack of liquidity for the local currency remained prevalent in the areas under the control of the Houthi group.

In August 2021, the Central Bank of Yemen announced a new printing of (the old banknotes) in an effort to end price distortions between the two issued banknotes. It did not disclose the size of that printing, but it is certainly two billion YERs. However, this decision appears to have stopped working after it was criticized by the economy circles, who doubted the success of this printing policy in increasing the money supply in the Houthi-controlled areas, and thus end the exchange rate distortions of the two banknotes, both old one used by Houthis' Bank and new one by legitimate government's Bank. The failure of this policy, as economists said, is due to the absence of clear vision and that the Houthi authority banned the use of new banknotes printed by the Central Bank of Aden. The de facto authority in Sana'a issued a decision banning the circulation of the currency in its new form in December 2019, which created two parallel rates for one currency. This dual policy affected the rise in the exchange rates of the US dollar and foreign currencies, and impeded the flow of goods between the different regions within the country due to the difference in their prices in one community.

From the distribution of population density in the areas controlled by the two parties, the Houthi-controlled areas are more densely populated, where the population is about (15 million people) compared to (12 million people) in the areas under the control of the legitimate government. This reality plays a major role in the failure of some policies pursued by the legitimate government and its Central Bank <sup>(26)</sup>.

The Central Bank of Yemen in Aden pumped great liquidity into the local market by paying salaries to various government sectors and the army. Some of which were from cash issuances that it pumps into the market from time to time. According to Central Bank data, the issued currency amounted to 207 billion riyals during the middle of 2021, and the government resorted to the currency printing due to the deficit in public revenues to cover the expenses of salaries, wages and the rest of the expenditure items, despite the inflation and great pressure on the exchange rates as a result of that.

However, this inflationary policy to finance the government budget deficit had negative effects on the fall of the value of the Yemeni riyal, undermining purchasing power, increasing inflation rates, and deepening the humanitarian crisis. The Central Bank was targeting an inflation of 25%, while true inflation exceeded the specified target to reach 100% in most commodities due to the lack of complementarity between financial and monetary policies. The Central Bank would have strengthened a package of government measures such as unifying the revenue base to reduce coverage of expenditures from inflationary sources, closing bank accounts of government institutions in other banks, taking firm measures by controlling institutions, and controlling currency speculators in cooperation with judicial and security agencies.

## **Cash reserves**

Foreign cash reserves represent the main support for the local currency, as the size of the reserve is a measure of the state's ability to meet its external payments, as well as the volume of exports and production factors. The Yemeni economy is suffering from the ongoing war, which depleted its reserves since the early year of the war. All sources of foreign exchange have stopped except incoming remittances and the flow of some foreign aid, which is decreasing year after year, in addition to some inexpensive deposits and limited quantities of oil exports.

Incoming external remittances are received through various local and foreign remittance companies whose headquarters are still in Sana'a. The incoming remittances are

an important source of cash flows, and approximately 2 million Yemeni expatriates are in Saudi Arabia and making up the vast majority of Yemeni expatriates abroad<sup>(27)</sup>.

The cash flows of humanitarian aid play an important role in feeding the external balances of banks, but they do not pass through the Central Bank of Yemen, which does not benefit from them in its monetary policies. These flows are transferred through Sana'a-based local banks of the private sector. The humanitarian aid requested by the United Nations from the conference was about \$3.85 billion. However, pledges for the year 2021, according to the donors conference held in New York via video conference, amounted to \$1.67 billion, compared to \$2.1 billion for the year 2020, including \$1.89 billion allocated to the humanitarian response plan<sup>(28)</sup>.

As for oil and gas revenues, which are the most important sources of foreign exchange, they amounted to \$1.1 billion for the year 2019 and declined to \$476 million for the year 2020 due to the drop in global oil prices to \$10 a barrel after it had been \$60. But, it returned to the same prices and higher in 2021. This will increase revenues, which are still low compared to what they were before some oil companies stopped production, especially in the oil governorate of Shabwa, whose Balhaf port is still closed due to security claims and political pressures on the government by some parties in the coalition, according to the statements of some legitimate government officials. Despite the low volume of export, it represents the largest proportion of the state's public revenues.

About special Drawing Rights for the member countries of the IMF, the Central Bank of Yemen announced last August that the IMF had agreed to withdraw the special drawing rights, which are estimated at 665 million US dollars and could be available for use in strengthening the value of the local currency and improving the Central Bank's position in cash reserves during this year<sup>(29)</sup>.

By analyzing the cash flows in foreign currencies, the annual rate of more than 6 billion US dollars comes only from expatriate remittances and humanitarian aid, and a large these flows, especially expatriate remittances, pass through transfer networks and local exchange companies. This huge amount of foreign currency outside the control and YCB is a major source to manipulate and speculate in exchange rates. It may contribute to strengthening the balance of payments, but needs to be controlled in the local market so as not to put pressure on exchange rates.

On average, the flows of oil derivatives and other commodity exports during the previous three years amounted to \$1.3 billion. According to the 2021 budget, it is expected to reach (1259.7) million US dollars, but in return, commodity imports and services constitute a great pressure on the balance of payments. The oil imports represent only about 24% of total commodities imports, which is about \$9436.6 million<sup>(30)</sup>, and regulating the import of oil derivatives by the Central Bank and the legitimate government will have a significant impact on improving the balance of payments and foreign reserves if they succeed in this.

27 - The source of remittances from expatriates

28 - UN News, March 2021, <https://news.un.org/ar/story/2021/03/1071762>

29 - [https://www.cby-ye.com/The\\_website\\_of\\_the\\_Central\\_Bank\\_of\\_Yemen\\_-\\_Aden](https://www.cby-ye.com/The_website_of_the_Central_Bank_of_Yemen_-_Aden)

30 - Economic and Monetary Developments Bulletin, Central Bank of Yemen, No. (4), September 2021.

Reorganizing the import process by the Central Bank and the government, arranging the sources of current foreign cash flows and controlling supply and demand in the local market will guarantee the stability of the currency. However, it is not sufficient to restore economic activity in general, which needs great support and funding sources such as grants, gifts and inexpensive deposits that go to Capital spending, in addition to allowing the re-export of oil and gas derivatives in their natural form.

### Exchange rate changes

Foreign exchange rates in the local market are one of the most important factors affecting the economy and people in a country that imports 90% of its needs. It has a significant impact on inflation rates, domestic product, various factors and economic activities. It continued to achieve record numbers against the Yemeni riyal in light of the ongoing war, structural imbalances in the economy, duplication of fiscal and monetary policies, as well as insufficient measures in the areas controlled by the parties to the conflict, which increase economic fall, deepen people's suffering, narrow their lives, and raise poverty, unemployment and inflation rates. Political events and disputes between the parties, whether between legitimate government's parties or with The Houthi group, also play a role in changing exchange rates. Disputes around the oil and gas fields and the interventions of all parties indicate to the importance of the oil for the Yemeni economy mainly depending on it. These areas are still in a frozen state at a time when the Yemeni people are going through the worst humanitarian crisis in the world.

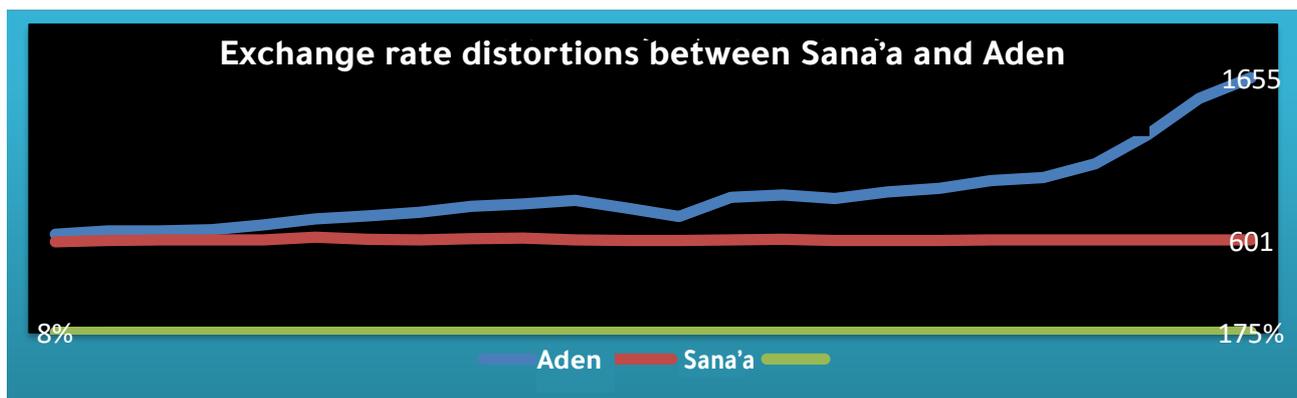


Monitoring Unit, the Studies & Economic Media Center 2021

The Yemeni riyal has experienced changes in 2021, where its rate was 753 riyals per US dollar in the beginning of the year and ended with 950 riyals. Between the beginning and ending, there were tops, bottoms and records reached by the riyal that touched 1500 riyals per USD at early December 2021 to lose 70% of its value, after it had been 1005 riyals in August 2021. A group of events, decisions and variables played a major role in making those tops and bottoms, the most prominent of which was the trade in the exchange market, the mounting demand for goods and services with a scarcity in foreign cash flows, and the decision to change the governor of the Central Bank on December 6, 2021, which caused a sharp drop in exchange rates by nearly 30% within hours of the decision's announcement. It fell from 1,700 riyals per USD to 1,330 riyals and continued to decline to record its lowest level at 798 riyals, but returned to 950-1000 YRs per US dollar by the first week of January 2022.

## The most important measures in monetary policy

The dual fiscal and monetary policies between the de-facto authority in Sana'a and the legitimate government in Aden are still continuing and affecting Yemenis and worsening their sufferings. The exchange rate difference between the two regions continues to cause great suffering to the people since the Houthi group's decision to ban the circulation of new issues of currency.



Monitoring Unit, the Studies & Economic Media Center 2021

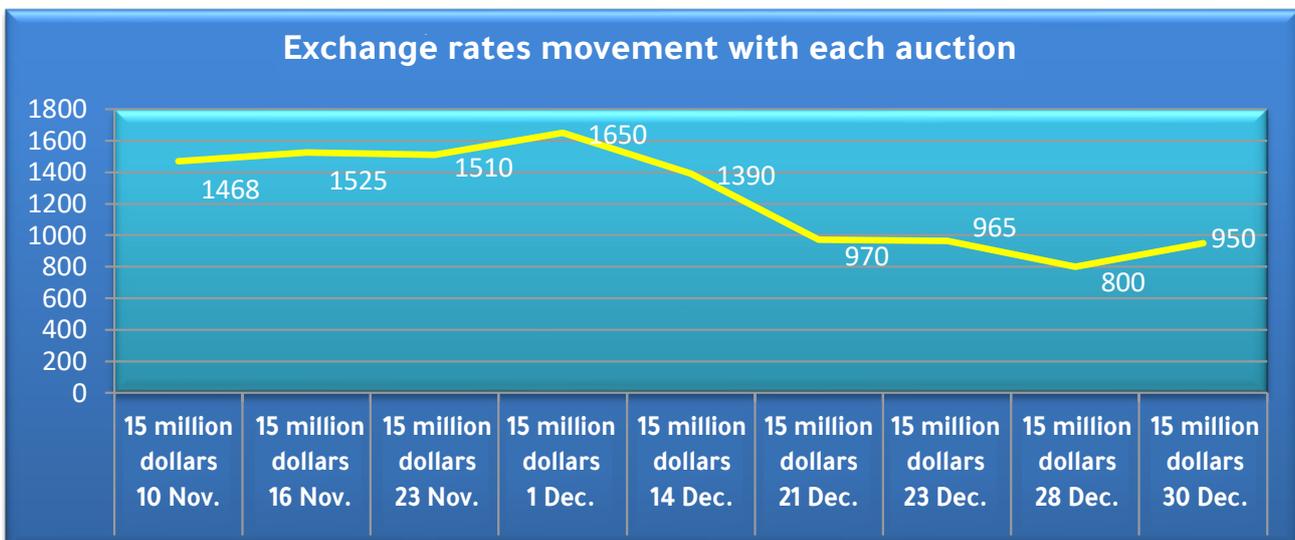
The exchange rate distortions between Sana'a and Aden increased continuously and in large proportions, reaching their peak in December 2021 by 175% compared to the same period in 2020, when it was 35%. The people paid the heavy price for that, where the purchasing process stopped for most of the commodities because of their high cost on the people living in the legitimate government's areas. The remittance fees of an amount of 100,000 riyals from Aden to Sana'a amounted to

65,000 riyals. This means that transferring the monthly 70,000 salary of a teacher will reach only 25 thousand riyals to Sana'a.

## Foreign currency auctions

In December 2021, the Central Bank of Yemen approved a mechanism for selling foreign currency in the local market to importers and commercial companies through commercial banks and through the (Refinitiv) platform. This mechanism is selling US dollars to local market by CBY with 50 YRs rate less than the black market. The purchase application and entering into auctions was through commercial banks, mainly for the purpose of importing basic commodities and their derivatives<sup>(31)</sup>.

The Central Bank intervened by pumping \$135 million from November 10 to December 30, 2021. Through these auctions and monitoring exchange rate with each auction, the exchange rate in the black market notably increased, especially in the first four auctions. However, the exchange rate declined later from 1650-1390 YRs per US dollars, by 18%. This decline was driven by the changes happened to the leadership of the Central Bank, where the new leadership has adopted a more transparent and strict policy for violating exchange companies and organized the demand of foreign currency according to the new leadership's meetings with banks and exchange companies. It can be said it is too early to judge the selling mechanism by auction, as the process needs a longer time for the evaluation, especially since the sources of foreign exchange are limited. The process needs a permanent source of cash, and this will only be achieved by oil reproduction and exporting it at full capacity so that the auctions continue.



31 - <https://www.cby-ye.com/> The website of the Central Bank of Yemen - Aden

This idea succeeded in some countries that suffer from exchange instability and currency speculation, such as Iraq, which has a large oil stockpile and exports about 3 million barrels per day. The auctions were able to stabilize the exchange rate of the Iraqi dinar from 2003 to 2013<sup>(32)</sup> , but this idea still suffers in Sudan.

**We list the most important actions and changes during 2021 as follows:**

- The Central Bank continued to carry out periodic inspection campaigns on exchange companies and facilities in the governorates of legitimate government.
- Financial transfer companies and networks and exchange facilities were suspended in cooperation with the Public Prosecution.
- A unified financial transfer network in Aden and its board of directors were announced.
- old banknotes were printed by the Central Bank of Aden, but the procedure stopped.
- The Central Bank of Sana'a banned the use (circulation) of old banknotes printed by the Aden Central Bank.
- The governorates' share of oil derivatives sales in hard currencies was stopped. Instead, the Yemeni riyal is exchanged with a margin of 30% over the exchange rate, provided that this measure contributes to providing foreign exchange for use in other fields.
- The exchange mechanism through auctions was activated to provide hard currency to restore the cash cycle in the banking system.

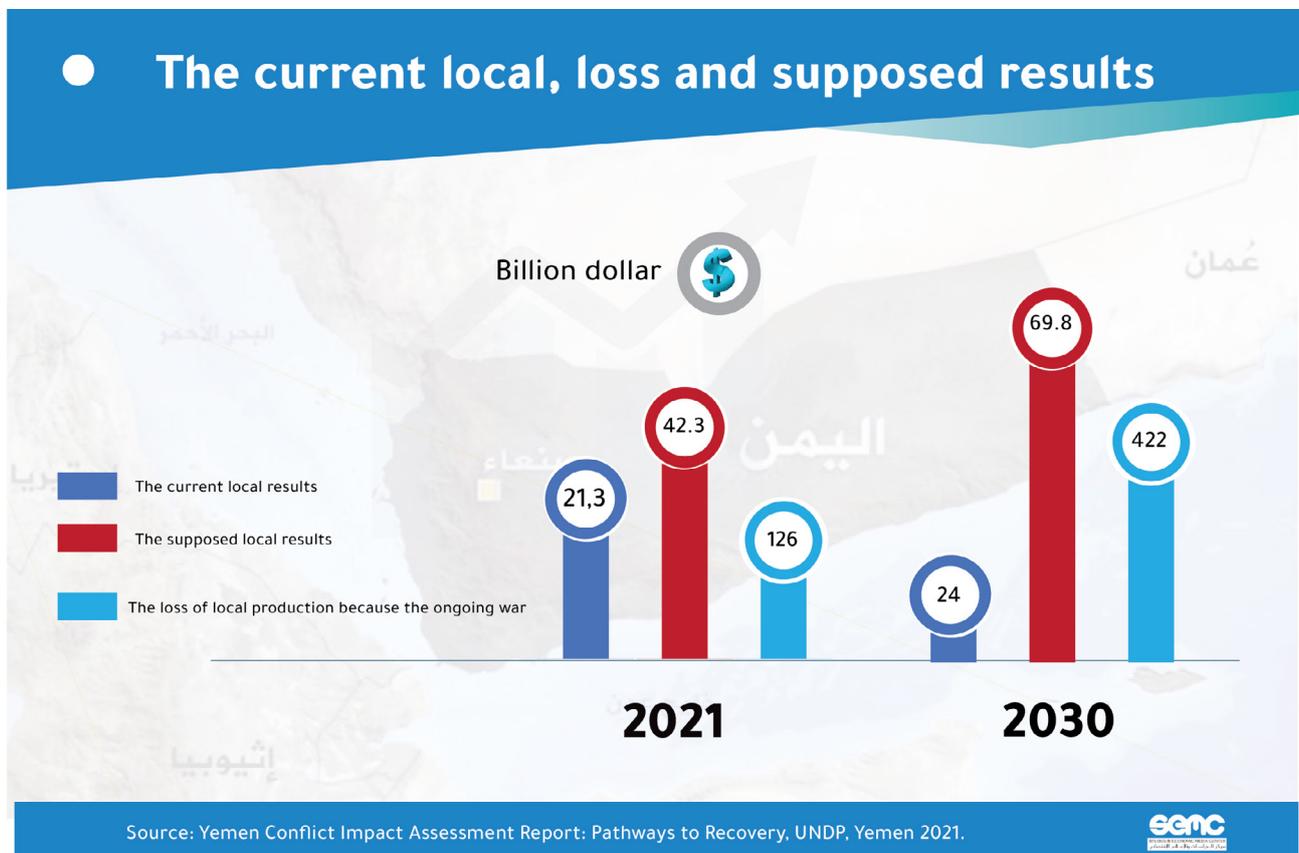
# **Economic Indicators**

## Economic Indicators

### GDP growth rate

The gross domestic product (GDP) recorded a recession in 2020 by 8.5% due to the declined economic activity and the declined oil exports and its low global price, driven by a global recession due to the Corona pandemic (Covid 19). The average contraction in the Middle East and North Africa region reached (3.1%) compared to a growth of 2.8% in 2019<sup>(33)</sup>. It is expected that the gross domestic product in Yemen will record a contraction of 2% during 2021, according to the estimates of the Central Bank of Yemen due to the persistence of negative economic and political factors, compared to an economic recession of 8.4% in 2020 and a growth of 1.4% in the year 2019<sup>(34)</sup>.

The Yemeni economy is losing year after year. The report, "Assessing the Impact of the Conflict in Yemen: Pathways for Recovery" adopted by the United Nations Development Program (UNDP) indicates that the size of the cumulative loss of the gross domestic product due to the continuation of the conflict amounted to (126 billion US dollars), from the beginning of the war until 2021. It was assumed that the GDP would be (42.3 billion dollars) instead of (21.3 billion dollars)<sup>(35)</sup>.



33 - Economic Updates in the Middle East and North Africa Region, World Bank Group, April 2021.

34 - Economic and Monetary Developments Bulletin, Central Bank of Yemen, Issue (4), September 2021

35 - Assessing the Impact of the Conflict in Yemen: Pathways for Recovery, United Nations Development Program, Yemen 2021.

The report expects that the gross domestic product will continue to decline to (24.3 billion US dollars) and lose (422 billion US dollars) if the war continued to 2030, as a cumulative rate since the beginning of the war, by annual rate of 32.8 billion US dollars during the next 9 years. As for the scenario of stopping the conflict and starting reconstruction, the expected GDP is (69.8 billion US dollars) in 2030.

## **General Revenues**

Expected estimates for 2021 indicate a significant improvement in the total public revenues of the government. It is expected to reach (1,491) billion riyals with an increase of (561) billion riyals over the figures of 2020 and (569 billion riyals over 2019). The improvement is due to the increase in the proportion of oil and non-oil revenues. This improvement in revenues was not reflected in reducing dependence on cash issuances, as cash issuances increased by (207 billion riyals) during the first half of 2021 compared to December 2020. The Central Bank was aiming to increase by 22%, but the interaction of exchange rate in the black market would not have been in line with these cash issuances, as the losses of the riyal doubled. The report relied on the estimated data for the second half of 2021 due to the delay in publishing the actual data by the Yemeni Central Bank<sup>(36)</sup>.

Oil revenues occupied 35% of the total revenues in the year 2020, and this percentage of the expected revenues in 2021 could rise to 50%, according to the data of the general budget. As for the actual figures published until the middle of the year 2021, they indicate that there is a deficit in covering expenditures amounting to 186 billion riyals. This deficit was covered by inflationary sources (cash issuances), where the cash issuances reached 207 billion YRs until June 2021, and it is expected to reach 754 billion YRs at the end of 2021.

Despite the improved government's position in public revenues during the years 2018-2021, this was not reflected in the reduction of the deficit. The rates of change and increase in revenues (24%), (0.80%), (60.4%) are offset by the same rates in public expenditures (-27 %), (5%), (31%) for the years 2021, 2020, and 2019. Therefore, the budget deficit has not improved over the past three years. As revenues increase, the government expands expenditures.

This improvement was not as required, as many public revenues are still scattered among the parties to the conflict, the revenue streams of the legitimate government are still fragile and the mechanism of calculating those revenues and the regulating laws are still old in light of current inflation rates. The government and

the Central Bank have worked to close the accounts of government institutions in the private banks. In a letter addressed to the Minister of Finance, the Minister of Oil indicated that there are accounts outside the Central Bank of approximately \$20 million for the Yemeni Oil Company in one of the exchange companies<sup>(37)</sup> .

The government decided last July to raise the rate of the customs US dollar (the exchange rate of the dollar for the purposes of calculating customs on imports) from 250 riyals to 500 riyals in order to support public finances. According to the government, the decision is to raise customs duties revenues from 350 billion riyals to 700 billion riyals annually. The decision excluded the basic imported commodities, but it sparked widespread controversy in the commercial circles and chambers of commerce because of its significant effects that rose commodity prices in the absence of strong government controlling commercial companies and importers<sup>(38)</sup> .

The above-mentioned figures do not include the public revenues of the areas under the control of the de-facto Houthi authority in Sana'a. The report of the expert team issued in early 2021 estimated that the Houthis, through the many channels and mechanisms they established, have transferred funds of no less than 1.039 trillion Yemeni riyals, equivalent to 1.8 billion US dollars (at the exchange rate of 568 to one US dollar)<sup>(39)</sup> . The Houthi group uses this amount in covering its military operations, which is so-called war contributions. Meanwhile, it is refusing to pay the salaries and wages to employees working in its areas, such as the employees of educational sector, the health sector and most sectors.

The Houthi group and the Sana'a Central Bank deliberately not publish any financial data related to revenues and public expenditures in their areas of control. The revenues are estimated at hundreds of billions of riyals, especially the areas under their control are among the most densely populated areas, specifically Sana'a and its suburbs. The Houthi group imposes customs duties on all commodities entering to its areas of control, which is equal to the customs rate collected by the legitimate government in its importing ports.

If we compared the volume of commodity imports, the oil derivatives occupy about 40% of the total imports. The Hodeidah port, which is under the control of the Houthi group, receives about 40% of those oil derivatives. This means that the customs fees that the group collects from Hodeidah port are equivalent to those revenues collected by the legitimate government from other ports. According to the United Nations inspection mechanism, the volume of oil derivatives imported through the port of Hodeidah during the year 2021 amounted to approximately (454,215 metric tons)<sup>(40)</sup> .

37 - Yemeni Shabab TV Channel website, December 2021, <https://yemenshabab.net/economy/72480>

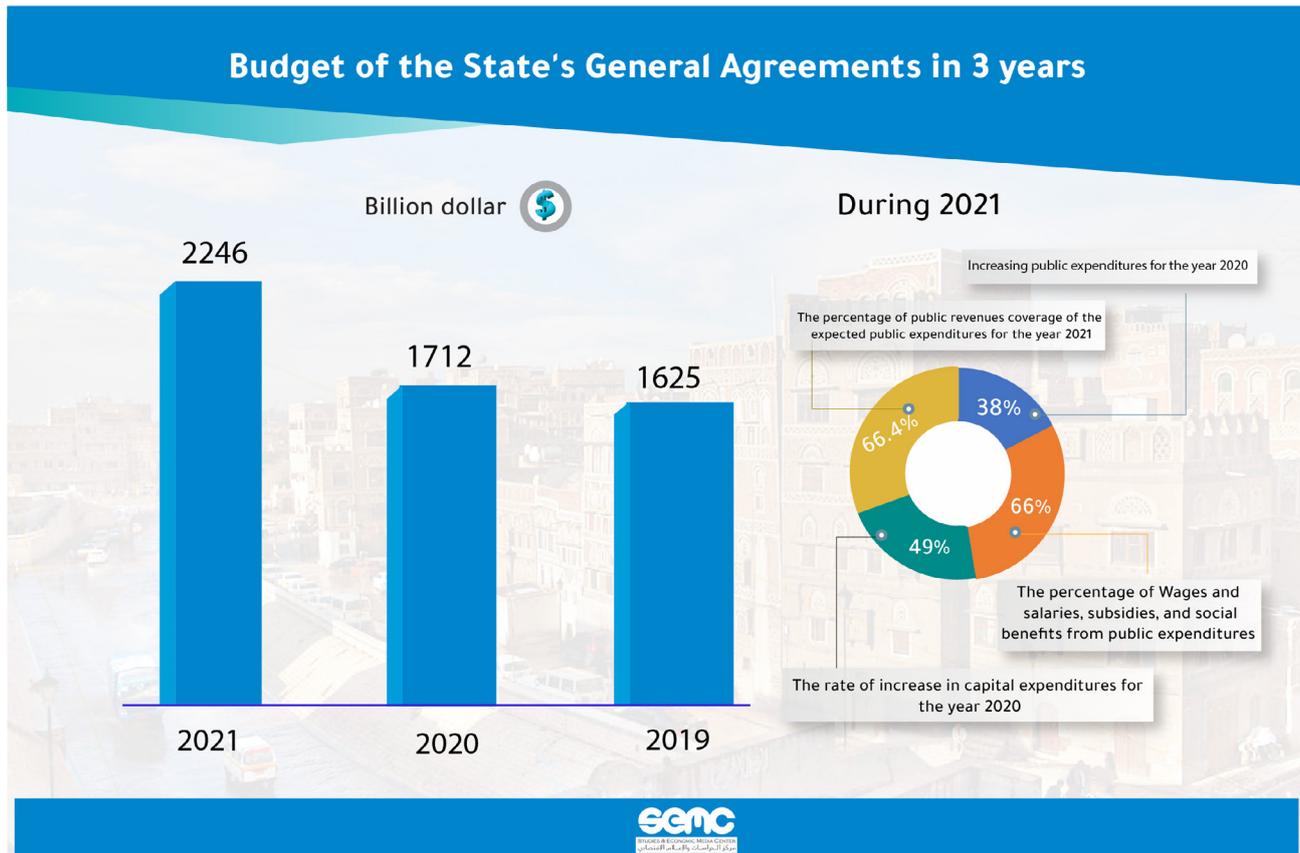
38 - Yemeni government website, August 2021, <https://pmo-ye.net/post/1567>

39 - A letter from the Group of Experts on Yemen addressed to the President of the Security Council, United Nations, Security Council, January 22, 2021.

40 - United Inspection Mechanism, December 2021, <https://www.vimye.org/opsnap>

## Public expenditures

The state's general budget estimates public expenditures at 2246 billion riyals for the year 2021, by an increase of 534 billion riyals, or 31% and 38%, over the two years 2020 and 2019, respectively, amounting to (1712), (1625). The wages, salaries, subsidies and social benefits items constitute 66% of the total public expenditures<sup>(41)</sup>.



Capital expenditures increased by 149% and 49% over the years 2020 and 2019, respectively, to reach 134 billion riyals. The coverage ratio of public revenues for public expenditures amounted to 54.3% in the year 2020, and the coverage ratio is expected to reach 66.4% in the year 2021. This indicates an improvement in revenue efficiency despite the increase in public expenditures.

As for the Houthi group's areas of control, the group continues to obscure the true data of public expenditure and public revenues. The group refrains from paying salaries and wages to civil employees in government sectors, where the war contributions (military spending) constitutes the largest proportion, according to observations and field interviews. The last half of the salary that the Houthi group paid to civil employees was in December 2021, which is half the salary for the month of April 2018.

41 - Economic and Monetary Developments Bulletin, Central Bank of Yemen, No. (4), September 2021.

## **Inflation rate**

The year 2021 witnessed a high inflation rate compared to previous years since the beginning of the war, where the Central Bank of Yemen expects that the average inflation rate in 2021 will reach 30% compared to 25% in 2020<sup>(42)</sup>. This increased inflation is due to overlap local factors resulting from the ongoing war in general, to the large monetary mass circulating in the legitimate government-controlled areas, and to the lack of integrated financial and monetary policies, to the corruption in the mechanism for delivering salaries to the army and security in light of the expansion of the black market for buying and selling currencies and excessive speculation, and to the linkage of most commodities to foreign exchange rates that soared.

The areas under the control of the de facto authority (the Houthi group) witness suppressed or restricted inflation. This type of inflation results when the authorities intervene by imposing a specific price based on the strength of the decision and not on real economic data. It is defined as: inflation in which the state sets a price ceiling to prevent it the rise, and then limit the movements of inflationary trends to avoid their unfavorable effects<sup>(43)</sup>. The Houthi group sought to set foreign exchange rates with a specific ceiling through which it was able to control the prices of commodities that are significantly affected by foreign exchange rates.

## **Basic Commodities**

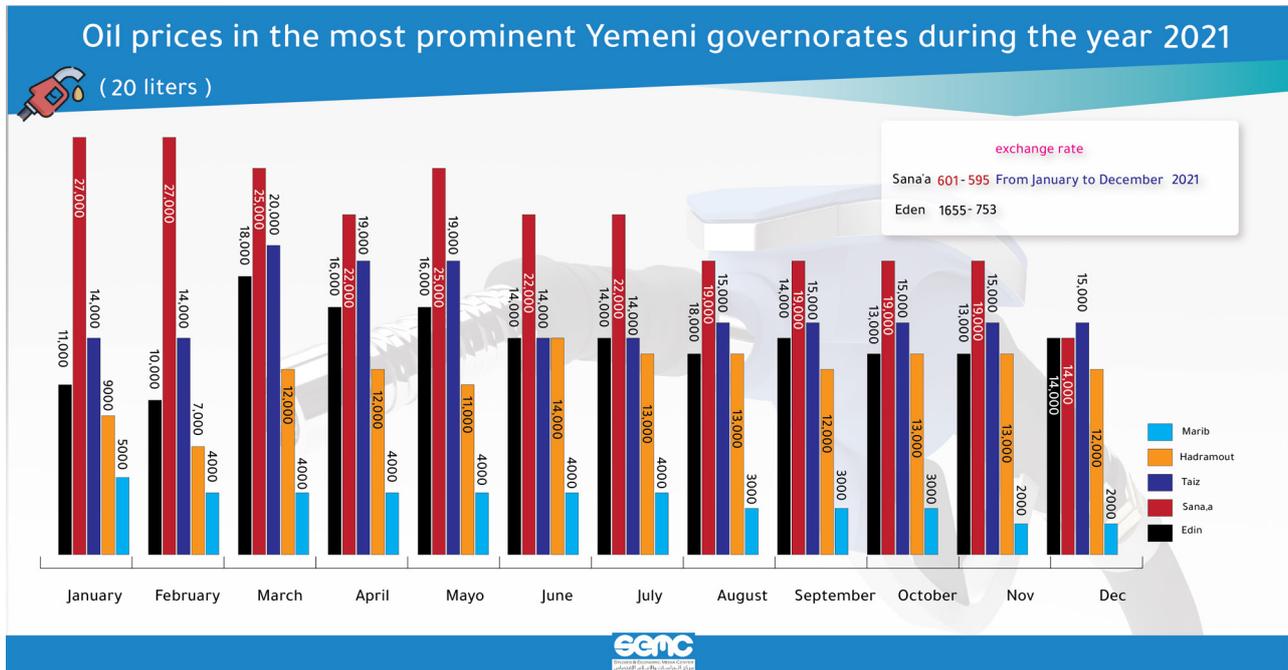
The value of a food basket - consisting of 9 commodities (long grain basmati rice 1 kg - short grain rice 1 kg - sugar 1 kg - cooking oil 2 liters - wheat 1 kg - flour 1 kg - red beans - a can of filtered water 20 liters - a water bottle of 0.75 liters) was monitored. This basket represents the minimum standard of living in five Yemeni governorates, and the figures indicate a significant increase in the prices of basic commodities in all the monitored governorates since the beginning of the year 2021. In the second half of the year, the average inflation in areas controlled by the legitimate government exceeded 50%, and the highest inflation rate was in December, when it exceeded 100%. The value of the basket rose from 7,442 riyals to 14,143 riyals and then declined when changing the leadership of the Central Bank. In Sana'a, the average inflation rate was slight, reaching 5%.

42 - Previous reference.

43 - Taha, Rania Al-Sheikh, Inflation: Its Causes, Effects and Ways to Treat It, Arab Monetary Fund, 2021

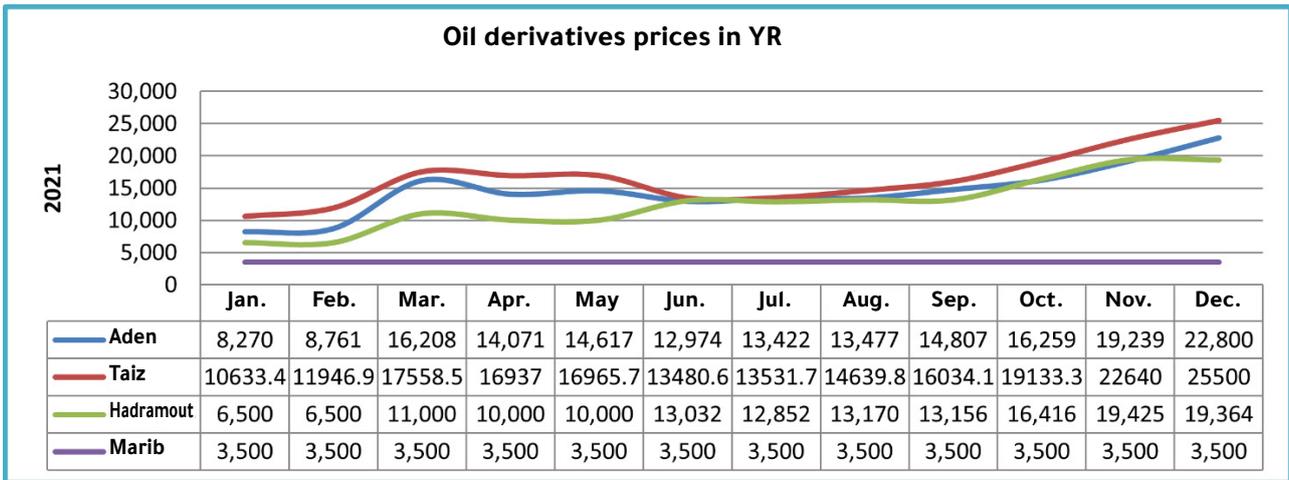
## Gasoline and gas

The gasoline is one of the most important commodities that have a significant impact on people's lives in any country and is an important indicator of the inflation rate. Therefore, it was monitored in five different governorates (Sana'a, Aden, Taiz, Hadramout, Marib). Due to the difference in local currency rates between the old banknotes and the new ones, the US dollar has been adopted in the areas of decline and rise, to be an average rate for research so as to facilitate the comparison between the two areas.



### Monitoring Unit, the Studies & Economic Media Center 2021

The figures indicate that there is a discrepancy in the prices of gasoline (20 liters) between the monitored governorates, where Sana'a comes as the highest price with a monthly average of \$22, then Taiz with an average of \$16, followed by Aden with an average of \$14, Hadramout with \$12 and great stability in Marib governorate with a monthly average of \$3.



**Monitoring Unit, the Studies & Economic Media Center 2021**

The data shows that there is great manipulation by the gasoline filling stations and traders of oil derivatives in various governorates. If we assume a change in the exchange rates of the Yemeni riyal, the prices of oil derivatives shall remain fixed as they are calculated in US dollars, except in the event of a global change in prices.

The rate of inflation in the prices of oil derivatives in the governorates controlled by legitimacy reached 176% in Aden and (140%), (198%) in Taiz and Hadramawt, respectively, while Marib governorate recorded stability in prices.

**The Yemeni private sector..  
Exorbitant bill!**

## !The Yemeni private sector .. Exorbitant bill

The private sector in Yemen operates in an unstable conflict environment as a result of the war that has been going on for seven years, which caused significant financial losses for the sector due to the high costs of import, production and export, affecting the prices of goods and services provided to citizens and worsening the humanitarian crisis in Yemen.

The private sector is one of the components of the active market that pays a high cost of the war and faces daily obstacles by dealing with all official and unofficial authorities at the domestic levels. These daily obstacles are legislation or procedures for the various authorities in Yemen, not to mention the informal levy behaviors associated with all phases of economic and investment activity.

Those developments in the country have forced many private sector firms to move their capital and investment outside Yemen, while other companies are trying to adapt to the complex domestic circumstances and search for a ground to continue their business despite all the challenges and inconveniences.

According to the survey conducted by the World Bank in 2018, approximately 35% of Yemeni companies closed their doors, while more than 51% of the surviving companies suffered from a size contraction and a decline in their business<sup>(44)</sup>.

Surely, there is a parasitic private sector that has cultivated as a result of the current war and has benefited from the war players, causing more problems to the real private sector. Therefore, we find major distortions in the Yemeni market such as the inflation of parasitic capital, monopoly, prices rise, and speculation in the currency, oil derivatives, commodities and other goods and services. Furthermore, the private sector's facilities are being directly targeted by closure, confiscation and obstruction of work licenses, not to mention challenges at the level of economic policies and official legislation.

The dual decisions between the multiple authorities in different regions of Yemen were one of the main challenges facing the private sector. Its effects clearly appear in the "monetary division" of the Yemeni currency, the involvement of the private sector in the political conflict between the warring parties, and in the security imbalances and the decline of the local currency rate.

Double taxation and customs, as well as illegal levies imposed on the private sector in the entrances of Yemeni cities and within cities, are one of the most important reasons of high costs of goods provided to citizens, as these levies doubled from five to seven times before the war.

44 - The Yemeni private sector between social responsibility and the possibility of accountability, the Network of Arab NGOs for Development, <https://cutt.us/BpH10>.

Also, one of the clear sufferings of the Yemeni private sector is the prevention of containers from entering Yemeni ports by the Arab coalition countries, as these containers are forced to pass to the port of Jeddah or Djibouti for inspection before shipping back to Yemeni territory with the additional cost and time. This action contributes to increasing the prices of goods from their real value and adding more costs such as delay fines, high shipping fees, and others. In addition to the direct losses, the private sector suffered indirect losses and damages as a result of the destruction of basic infrastructure in large parts of the country, including roads, bridges, and land, sea and air ports.

## **Violations against the private sector**

Since the outbreak of the war in Yemen, the private sector has been subjected to many violations affecting its institutions and property. These violations varied between direct target of companies, institutions, shops and various commercial activities through bombing, destruction, confiscation of money and property, closing institutions, imposing levies, looting, abduction, and indirect target through levies, double taxes, illegal trials that serve as a tool to bully the real private sector and replace it with a one linked to the warring parties having more facilities and influence. The direct targeting and bombing of commercial and industrial facilities by the Saudi-led Arab coalition, in addition to the mutual bombing between the two parties to the conflict, is one of the most prominent violations that the Yemeni private sector was subjected to during the year 2021, which prompted the General Federation of Chambers of Commerce in the capital Sana'a to issue a statement condemning these violations, calling for the Yemeni private sector not to be involved in these conflicts.

During the year 2021, the violations against the private sector and its institutions intensified. The capital, Sana'a, which is under the control of the Houthi group, received the largest share of those violations, followed by Ibb governorate, where various types of violations were practiced. The private sector in Ibb was subjected to a systematic uprooting process that affected a number of large and medium commercial establishments and small enterprises. Dhamar and Aden governorates come in third and fourth places.

Through the monitoring process of violations that affected the private sector during the year 2021, the level of violations of private sector facilities increased in the areas under the control of the Houthi group. The capital, Sana'a received the largest share of those violations, followed by Ibb governorate and then Dhamar governorate in third place. These various violations were looting, imposing large

financial levies, storms, closings, demolitions, trials and arrests of businessmen and workers in commercial establishments. They affected all categories of the private sector, large, medium and small.

Sana'a, for example, witnessed unprecedented escalated violations against senior businessmen and investors. Many businessmen were probed and threatened by security departments such as national security and informal economic committees formed by the Houthi authorities. Many businessmen were ordered not to leave the Yemeni capital, Sana'a, without permission from the official authorities there.

In the areas under the control of the legitimate government, many violations were documented during the year 2021. The most prominent of these violations were levies imposed by security points on the road linking the governorates (Abyan - Aden - Lahj - Taiz). Also, other violations of private sector were monitored. Five incursions and looting of a number of companies and shops were monitored in Aden, and three cases were reported in Taiz, in addition to imposing levies on some companies in the governorates of Aden and Lahj.

According to the Monitoring Unit of the Studies & Economic Media Center, during the year 2021, the Yemeni private sector was subjected to more than 48 collective violations (campaigns that affected a large number of commercial establishments), and more than 50 individual violations (violation of a specific establishment).



## **Violations by the parties to the conflict**

According to the scheme, the Houthi group has practiced various types of violations against the Yemeni private sector, the most prominent of which is imposing large sums of money (levies) on all commercial establishments in the areas under its control, under different names; (zakat - war contributions - Quds Day - celebration of the Prophet's birthday - fees of the security points on the roads between the governorates). These levies extended to even taxi drivers and street sellers, and the families of expatriates abroad.

The group issued an order not to renew business licenses for companies except after paying zakat for previous years, as well as not selling any real estate only after paying 2.5% of the gross amount of the deal. Under legal names (taxes and customs), the Houthi group made amendments to the tax and customs law and established 7 domestic customs ports between cities and raised tax and customs duties to more than 30% on goods coming to its areas of control.

Those levies imposed on commercial firms of the Yemeni private sector were followed by campaigns of incursions, closures, trials and fines for firms that refrained from paying those levies. More than (520) commercial firms were closed temporarily and some permanently by Houth, in addition to storming and closing more than 9 Commercial markets in the areas under its control. Moreover, the Houthi group has prosecuted more than 600 traders, unfairly fined more than 1,700 traders, and arrested more than 50 traders during the year 2021.

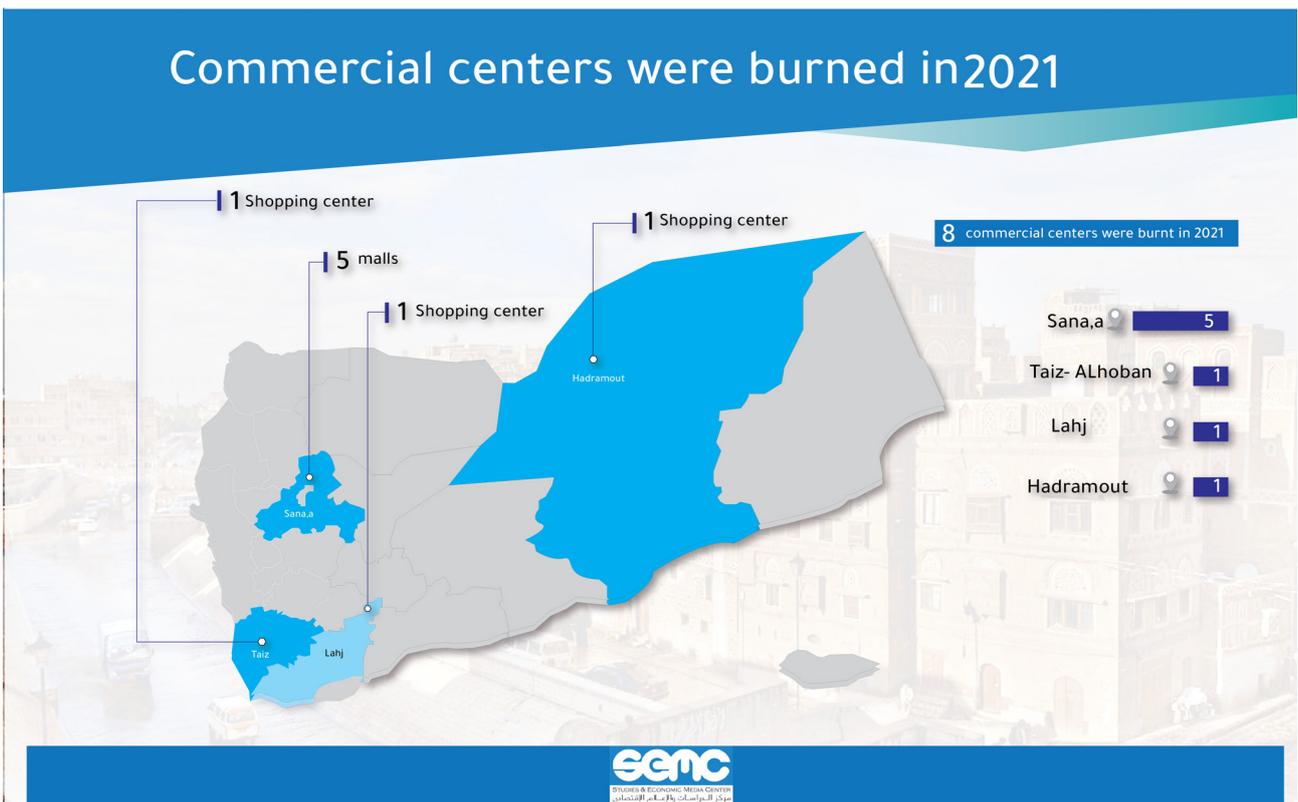
The Yemeni news agency Saba reported that the Sana'a Industry and Trade Office teams raided more than 2,127 firms and shops in the capital, Sana'a, in just two weeks.

In the telecommunications sector, some telecommunications companies were acquired under the name of the holding company, and some companies were forced to sell their shares to other traders in a way lacking transparency and competition. Telecommunications companies were forced to turn into joint stock companies, but this has not been implemented so far.

Among the most prominent of these violations by Houthis in the capital, Sana'a, is what is being practiced by the so-called "judicial guard", who robbed and confiscated companies and commercial firms under this status. He devastated some commercial families according the statement of the businessman Abdullah Al-Qas. Houses were controlled, confiscated and families were thrown to the streets. This is what happened to the businessman Abdullah Al-Qas and the businessman Mohammad Yahya Al-Haifi, in addition to the arrest and imprisonment of businessman Amin Ahmed Qassem, two months after the decision of judicial guard to confiscate all his property.

About the retail sector, such as commercial and food stores, was subjected to many violations in Sana'a and Dhamar. Some of them were almost completely destroyed, as is the case with the Mall of Arabia supermarket in Sana'a, which was demolished by bulldozers under the pretext of a dispute over the land of building, as well as 4 other commercial stores (City Max - Sky Mall - Jumana - Al-Tawfeer Hyper) were stormed, looted, closed and its facades were destroyed by militants of the Houthi group. Some of the owners of these stores were shot and injured by Houthi militants during the storming. In Dhamar, Houthi militants have stormed the Family Restaurant and Al-Basha supermarket, looting and smashing the glass windows and closing the supermarket on the pretext of not paying the royalties imposed on them.

During the year 2021, a number of commercial stores and markets in a number of Yemeni governorates (in areas controlled by both parties) were exposed to burning in mysterious circumstances.



During the year 2021, many commercial and Islamic banks were subjected to harassment, violations and illegal practices. On June 28, the Central Bank of Sana'a, which is under the control of the Houthi group, issued a decision to seize all funds of Al-Tadamon Islamic Bank over funds deposited at the account of President Abd Rabbo Mansour Hadi at Tadhamon Bank.

On October 7, 2021, the Central Bank in Sana'a issued a decision to seize and confiscate movable and immovable funds belonging to the presidency and members of the Board of Directors of Yemen Gulf Bank in Sana'a, consisting of 12 people, under the pretext of financial and administrative violations.

Also, the Central Bank of Sana'a on October 6, 2021, issued a decision to seize and confiscate movable and immovable funds to the Chairman of the Board of Directors of the Islamic Bank of Yemen, and the Executive Vice President for Credit Affairs.

Regarding the duplication of decisions, on August 5, 2021, the Central Bank of Aden demanded all commercial and Islamic banks operating in Yemen to transfer their operations management from Sana'a, which is under the control of the Houthis, to the interim capital of Aden. The Central Bank of Sana'a warned of transferring or doing any measures in this regard.

Also, dozens of companies and financial networks were also suspended during the year 2021 in the areas controlled by the two parties for unclear reasons, most of them for reasons of violating the double procedures.

With regard to violations in the areas of the legitimate government, the monitoring team has monitored some violations that affected the private sector. In Aden, gunmen have stormed nearly 5 private sector firms to force them to pay sums of money.

Also, five money exchange companies were closed by Transitional Council and the businessman Abd al-Salam al-Haj was arrested by security men at Aden Airport while returning from abroad.

In Lahj governorate, security forces forced traders to pay sums of money for manufactured and imported goods under illegal justifications.

In the city of Taiz, the lands of the private sector were looted and a number of attacks were also monitored. The most prominent of which is that soldiers of the National Army have attacked and shot at food and beverage factories belonging to the Ahmed Abdullah Group of Companies due to an old dispute with some national army soldiers and units. Also armed gang has attacked Al-Kuraimi Bank, and another gang attacking Al-Zuraiqi stores.

In the city of Mocha, which is under the control of forces of Tariq Saleh, Central Security crews arrested businessman Jamal Abdo Mohammad al-Dhahabani, known as "Jamal Abu al-Dhahab", from the center of the city and placed him in its prison.

## **Security Point Violations**

The security points located on the roads between the governorates in the areas controlled by the two parties also practiced a number of violations against the Yemeni private sector, including levies, abuse and illegal detentions of businessmen and companies' workers.

The security points of the Houthi group topped the violators list. It committed nearly 80% of the total violations against the private sector in the security points. These violations varied between imposing levies, killing, burning oil trucks and detaining trucks loaded with different goods for several months. In Hodeida, the Houthi group has set fire to 3 tankers loaded with petroleum products for refusing to pay levies. In addition, the group's security points in Dhamar, Ibb and Taiz, which are under the control of the Houthi group, detained more than 1,500 trucks belonging to the private sector for varying periods. Some of them were detained for several months, especially in Dhamar governorate (for the reason that the owners have Companies in legitimate government areas).

Also, the security points of the Houthi group killed 3 truck drivers belonging to the private sector, one of whom was hanged at a security point in the Ibb governorate, which is under the control of the group, and two of them were killed in Sana'a and Amran, for refusing to pay financial levies requested by the security points.

In the areas under the control of the legitimate government, the levies imposed by security points on the trucks of private sector, especially on the road linking the governorate of Abyan - Aden - Lahj - Taiz, were the most prominent violations. These security points imposed large sums of money on commercial tankers, and domestic gas tankers heading to the city of Taiz on the road connecting Lahj and Taiz governorate.

In Abyan, the "Unity Cement" company announced its intention to stop its activities and lay off hundreds of workers, due to the harassment against the factory's trucks by the security points in the province

## **Double taxation and customs**

Among the violations that affected the Yemeni private sector are the dual tax and customs policies. During the last seven years, these dual policies contributed to the emergence of negative repercussions on the overall economic activity, and the failure to deposit these revenues to their correct and legal accounts in the state's public treasury. These revenues are greatly dispersed, and many complications emerged in collecting customs and tax revenues, especially in the areas under the control of the Houthi group, which has established (double) new Customs Centers in its areas for all goods and commodities coming from the legitimate government-controlled areas. The Houthis raised Customs duties by 30% in all cities' ports.

The doubled levies, taxes, and customs duties imposed during the war ongoing for seven years ago, have doubled the prices of commodities, foodstuffs and consumer goods, which negatively affected the consumers, especially in recent years.

The testimonies of many traders and importers confirm that the newly created Customs Centers, which are seven customs ports created between cities and away from the sea and land borders, have imposed additional customs duties on shipments despite paying all legal customs when these commercial shipments entered into the country. These ports caused excessive additional losses on the private sector, doubling the cost of goods and then the prices of the commodity. Now, the customs duties are paid twice, in the port of Aden and in the Houthi ports newly established in the cities' entrances.

Some commercial trucks have been detained for several months, causing heavy losses to traders and exposing some materials to damage as a result of delay under the heat of the sun.

These illegal measures prompted the Chamber of Commerce and Industry in Sana'a to condemn these practices, describing them as arbitrary, and noting that they cause an increase in the prices of commodities and foodstuffs in the markets.

The Chamber of Commerce and Industry in Sana's has complained to the Houthi authorities about establishing new customs centers and raising the collection fees by 30%.

In March 2021, the Houthi group increased the customs on food commodities and all goods coming to Sana'a and its areas of control from the port of Aden by 50 %, instead of the previous rate that was 30%, causing more costs paid by consumers.

On the other hand, the state of lawlessness and the disputes between the different forces in the areas controlled by the internationally recognized government en-

couraged the random and tampering of tax and customs collection, not to mention the decisions and mechanisms confusing the commercial sector that were imposed on imports during the last period.

Also, the security turmoil that afflicts the country has caused many complications in the mechanisms of collecting tax and customs revenues, making the commercial and economic activity pay high cost. The practical changes in the collection mechanisms have also led to bottlenecks in the supply markets and increased the cost of goods delivered to the citizen.

# 2021.. The worsening humanitarian situation in Yemen

## The worsening humanitarian situation in Yemen ..2021

The year 2021 in Yemen was well-known by the poor economic and living situation, the decline of foreign assistance for Yemen, the continued disruption of most Yemeni exports, dispersal of local resources, and by the weak control of the legitimate government over the various resources and revenues that fall within its areas of control, not to mention the vital resources and economic sectors have stayed under the control of the Houthi group since the beginning of the war.

These structural imbalances in Yemeni economy and government resources have sharply affected the living situation of citizens. Where the Yemeni currency has severely plunged in early December of 2021 to reach 1650 riyals per US dollar, as the worst collapse of the currency in the country's history, causing sharp increases in prices amid mounting warnings of an impending economic and humanitarian disaster. The inflation and unemployment rates rose to record levels, as well as the number of people below the poverty line increased.

As a result of the mounting humanitarian crises, the need for international assistance and access to humanitarian aid has doubled. However, despite Yemen's urgent need for all aspects of assistance and in various development and service sectors, the volume of what Yemen has obtained is hardly up to the level of need.

Despite the return of the government to the interim capital of Aden, early last year, following the signing of the Riyadh Agreement between the Yemeni government and the Southern Transitional Council and the formation of a government of parity, this return did not last long. The government failed to normalize the situation, resume exports and control local resources, which doubled the burdens and economic problems on the Yemeni people. The year 2021 was the worst ever and one of the harshest periods for the lives of Yemenis and their livelihood. The government did not receive any direct financial assistance from the coalition and the international community, with the exception of the Saudi oil derivatives grant, estimated at \$422 million.

### Donor Conferences

The first donors' conference for Yemen was held on November 17, 2006 in London, which garnered nearly 4.7 billion US dollars that were allocated to support development programs.

On December 5, 2012, another donors' conference was held in Riyadh and garnered a total of \$6.4 billions. This was the first donors' conference for development pledges after implementing the Gulf initiative and handing over power to President Abd Rabbuh Mansour Hadi.

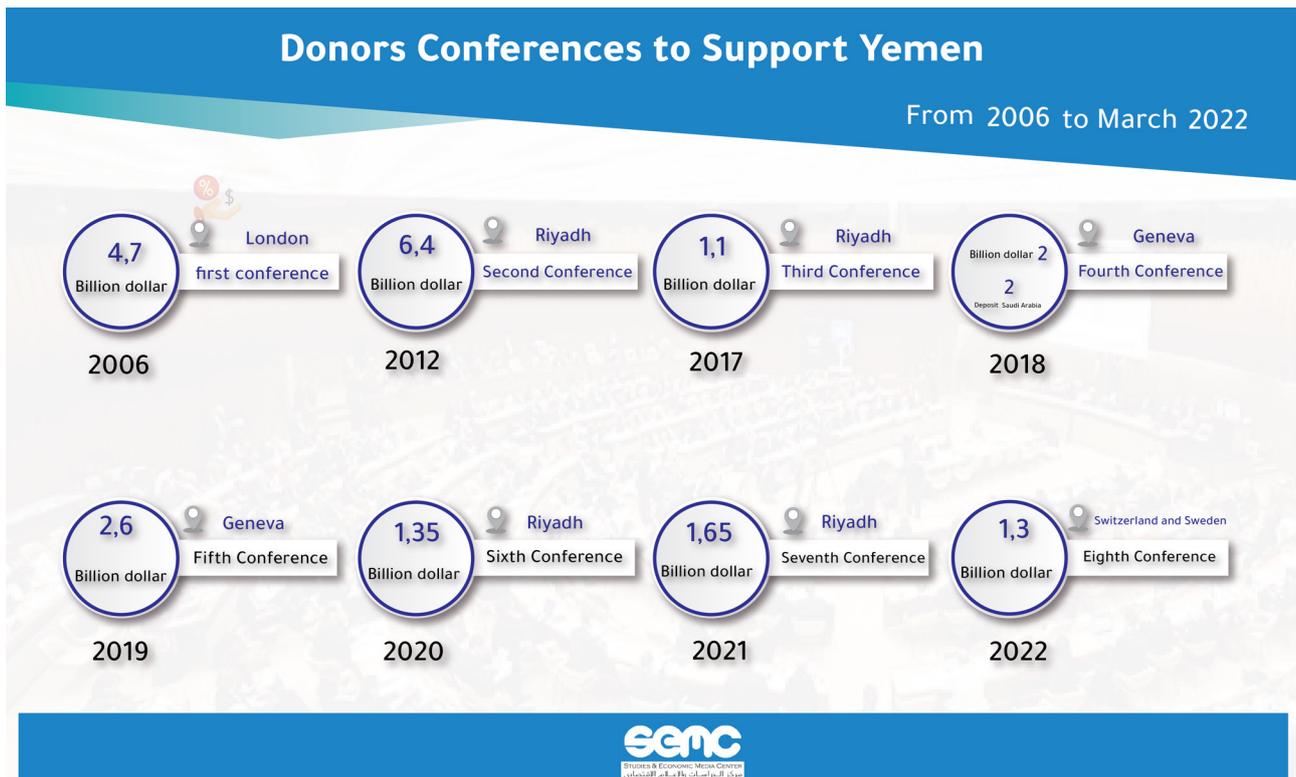
In April 2017, a third conference was held in Geneva, which garnered about 1.1 billion US dollars out of the two billion needed to confront the humanitarian crisis after the outbreak of the war.

On April 3, 2018, fourth conference was launched and garnered pledges of about 2 billion US dollars. It is the second to fund the post-war humanitarian response plan.

On February 26, 2019, the fifth conference was held in Geneva, in which donor pledged amounted to \$2.6 billion out of the \$4.2 billion requested to address the humanitarian crisis in war-torn Yemen.

On June 2, 2020, the sixth conference was held in Riyadh via video conference and garnered one billion and 350 million US dollars in humanitarian aid to Yemen. United Nations Secretary-General Antonio Guterres said that international relief agencies estimated the funding required to cover Humanitarian aid to Yemen from June to December was at \$2.4 billion.

In 2021, the United Nations launched an appeal to collect more than 3.85 billion US dollars to cover the humanitarian needs of the year in Yemen, but it was only able to garnered one billion and 650 million US dollars, in the last donors conference held in the Saudi Capital Riyadh.



This decline in foreign funding for humanitarian and development programs and interventions has led to a reduction in humanitarian assistance received by the population in Yemen. The World Food Program announced in a statement in early December of the year 2021 that, as of January, 8 million people will receive reduced food rations, while 5 million people at risk of falling into famine will continue to receive the full ration.

In 2022, 36 donors pledged nearly \$1.3 billion for the humanitarian response in Yemen. Among the highest pledges, the United States pledged \$584.60 million, the European Commission pledged \$173.03 million, and Germany pledged \$123.60 million. The United Nations Secretary-General, António Guterres, had appealed to all donors during the Pledges Conference for Yemen to “contribute generously” to lift millions out of poverty, destitution, hunger and disease. The Humanitarian Response Plan will include well-coordinated programs to access 17.3 million people with assistance of 4.27 billion US dollars.

Because of Covid-19 pandemic, the foreign assistance for Yemen declined, foreign exchange reserves were about to run out, pressures on the budget increased and the crisis intensified. Also, the sharp decline in remittances of workers abroad and the decline in oil prices and revenues led to a rapid decline in the exchange rate and a sharp rise of food prices, according to the International Monetary Fund.

According to United Nations estimates, more than 24 million people, 80% of the population, are now in need of humanitarian assistance. The conflict has also weakened and dispersed Yemen’s policy capacity, constraining the authorities’ effective response to the crisis. Many field testimonies confirm that the assistance mechanism provided by donors to humanitarian programs faces many troubles thwarting the optimal use of donor funds. Some of these troubles come from the donors themselves, some from the Yemeni government and others from international organizations.

Among the most prominent troubles are that some donors haven’t fulfilled some of their pledges in time, some donors need approval from their parliaments and some need to implement their pledges through their own agencies and programs without coordination with the Yemeni government.

On the other hand, the troubles of the Yemeni government side emerged, which are the weak absorptive capacity of donors’ funds, the lack of an efficient and transparent mechanism for managing and using donors’ funds, and the absence of monitoring and evaluating what is used from donor funds.

These international aids and donations did not achieve much benefit in times of peace, and will not in times of war. Most of these pledges went as operating expenses to international and local organizations. The beneficiaries get the little barely meets their living and food needs.

This mechanism used by the United Nations faces many problems, including many Yemenis suffering from hunger benefit only a little of their share of international aid, doubling the size of the operating expenses of the organizations, to which most of the donor money goes, in covering these expenses, in addition to the Houthi group imposing a certain system of distributing aid in its areas of control, which limits its positive impact on people's lives.

## **International Financing**

### **Saudi Arabia:**

Over the past year, Saudi Arabia has supported Yemen with \$430 million through United Nations humanitarian response plan, which is implemented by United Nations agencies, international organizations, and local and regional civil society organizations. This amount represents 17% of the total funding of donors for the United Nations Humanitarian Response Plan in Yemen.

Saudi Arabia has also provided oil grant to Yemen, in the amount of 422 million US dollars, through the Saudi Development and Reconstruction Program for Yemen (SDRPY), which is the fourth since 2012.

The oil grant provides about 20% of the Yemeni government budget and benefits 18 million people according to the Saudi Development and Reconstruction Program for Yemen. It also enables the government to pay salaries, reduce indebtedness, and raise the purchasing power of the citizen, in addition to stabilizing the Yemeni rial.

According to the SDRPY, 64 power stations in 10 Yemeni governorates benefited from the previous grant, which began in 2018, and saved 20% of the Yemeni government's budget.

Over the past few years, Saudi Arabia provided oil grants to Yemen about \$4 billion, which is \$3.2 billion in 2012, \$850 million in 2014, and \$180 million in 2018, in addition to the last grant.

According to the data of the Financial Tracking Services website, the United Nations deducted a percentage of the total budget of the Saudi program in Yemen for the year 2021, amounting to 88 million dollars.

A statistic for the Saudi Development and Reconstruction Program for Yemen stated that 198 projects have been completed, benefiting 6 million Yemenis, and the proj-

ects were implemented through 71 local partners.

The Saudi program is designed to help Yemeni communities achieve economic self-sufficiency and to combine short-term assistance with long-term projects that promote economic growth.

Since 2018, the Saudi program has implemented development projects in various Yemeni governorates in seven basic sectors, in addition to development programs and capacity building of government institutions.

## UAE

Over the past year, the United Arab Emirates pledged \$230 million to support humanitarian efforts in Yemen, accounting for 13.49% of total donor funding to support the United Nations humanitarian response plan.

Reem Al-Hashimi, Minister of State for International Cooperation, said that since 2015 her country has provided Yemen with more than 6 billion US dollars in aid, focusing on food and health relief and water provision. In 2020, it provided 122 tons of medical materials and supplies to support 120,000 health facilities.

## United Nations agencies and organizations

The food security sector acquired the largest share of funding, amounting to 48 % of the total funding, and the World Food Program was the largest organization to receive funding, with a share of 7, 55 %, followed by UNICEF, with a share of 8.5%, and then UNHCR The United Nations High Commissioner for Refugees, with a share of 4.7%, then the International Organization for Migration with a share of 1%.

In implementation of the United Nations humanitarian response plan for the year 2021, 104 organizations attended in 332 directorates. The most prominent of these organizations were the World Food Program, World Health, Food and Agriculture Organization, International Organization for Migration, United Nations Women, the United Nations Program development, and the United Nations Population Fund.

## The World Bank

The World Bank's strategy to provide support to Yemen, during the year 2021, focused on maintaining the basic services and its institutions and assisting the popula-

tion's livelihoods and the possibility of economic recovery.

The priorities are to strengthen institutional capacities, improve the resilience of service delivery, and support the poor and neediest of the conflict-affected population. This strategy also aims to encourage immediate economic growth by creating temporary job opportunities and supporting the private sector.

A report issued by the World Bank said that it has been providing emergency grants - through the International Development Association, its concessional financing arm to help the world's poorest countries. During this conflict, the World Bank, through an innovative partnership with the United Nations, financed emergency activities worth \$ 2.24 billion, for the purpose of investing in the individuals and institutions they depend on to provide vital services.

The International Development Association (IDA) portfolio includes 9 ongoing projects,

- (1) \$848.58 million for Emergency Crisis Response Project.
- (2) \$638 million for the Yemen Emergency Health and Nutrition Project.
- (3) \$150 million for the Emergency Integrated Urban Services Project.
- (4) \$50 million for the Emergency Electricity Supply Project.
- (5) \$26.9 million for the project to fight the Corona pandemic in Yemen.

Additional projects include.

- (6) \$25 million for the project to fight desert locust swarms.
- (7) \$204 million for the project of strengthening social protection in emergencies and response to the Corona Pandemic.
- (8) \$100 million for resumption of teaching and learning project in Yeme.
- (9) \$127 million for the Yemen Food Security Response and Resilience Improvement Project.

A report issued by the World Bank, entitled "Economic Prospects", in the October 2021 update, said that the national currency fell to new record, causing significant increases in food prices and plunged more people into extreme poverty. Socio-economic conditions have rapidly deteriorated, which were worsened more by reduced immigrants' remittances, disruption of trade, severe fuel shortages, and disruption and declining humanitarian operations.

Preliminary estimates indicate a contraction of the Yemeni economy by 8.5% in 2020. The economic activity of the non-oil sectors was affected by the slowdown in trade movement due to the pandemic, double taxation in the north and south of the country, scarcity of production requirements, and high commodity prices.

The report indicated that without obtaining additional foreign financing, and with the pandemic continuing, the economy is expected to witness a further contraction of 2% in 2021.



**The Studies & Economic Media Center is one of the most important Yemeni civil society organizations working in economic affairs, raising awareness of economic issues, promoting transparency, good governance, citizen engagement in decision-making, and creating professional media.**

 Yemen - Taiz - Al-Dahi district

 00967 - 4 - 246596

 [http:// www.economicmedia.net](http://www.economicmedia.net)

 [economicmedia@gmail.com](mailto:economicmedia@gmail.com)

 [economicmedia](https://www.facebook.com/economicmedia)

 [@economicmedia](https://twitter.com/economicmedia)