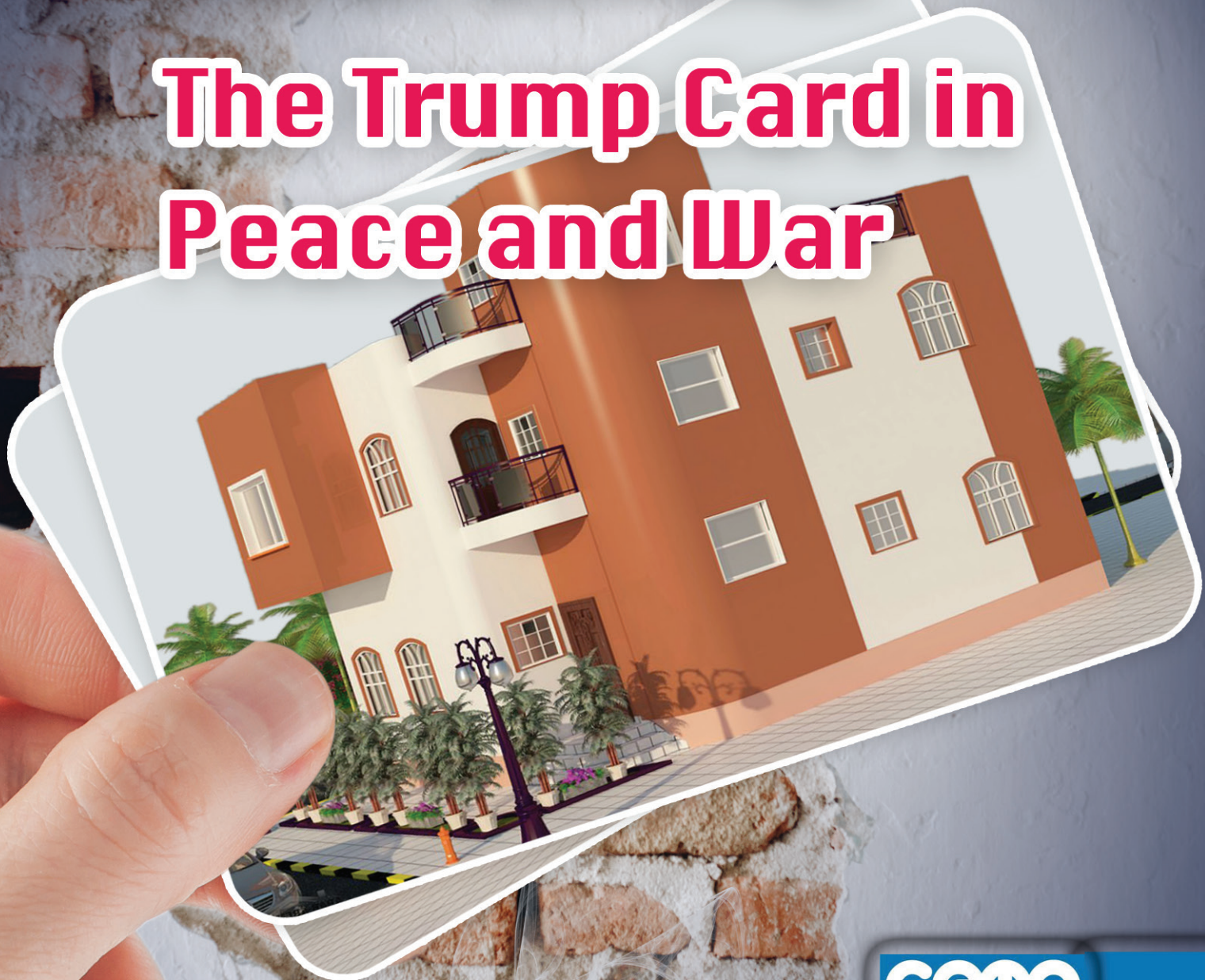


Yemen Economic Indicators Report 2018

Real Estate: The Trump Card in Peace and War



Executive Summary:

Indeed, 2018 was the year of economic catastrophe. It was the first time that the Yemeni Rial witnessed unprecedented downtrend, almost YR1000 to US dollar in major business transactions, recording an average increase exceeding 400%. UN agencies stated that Yemen was going through the worst humanitarian crisis in the world, almost declaring Yemen a "famine" country.

Despite the positive steps taken by CBY in Aden and the consequent relative YER stability in late 2018, such moves are at best ephemeral treatments subject to CBY ability to finance basic imports, purchase US dollars from the market, and control the interest rate and the ability to pay interest to domestic banks.

Developments such as lifting some restrictions on manipulating the Saudi \$2 billion deposit, Saudi Arabian \$200 million grant, and \$60 million in support of power plants in the form of oil derivatives have contributed to improvements, but such measures are like keeping the patient under artificial respiration.

For Yemen to leave the ICU, long steps are required. Initially, such a move requires a government capable of controlling its dominions, mobilizing local resources and attracting regional and international support to begin the economic recovery stage, even on a limited scale at first.

So far, the exchange rate stands at YER500+ to US dollar, a rate exceeding the early 2018 rates, despite the recovery from the unjustified and surprising collapse in September, when rates stood at YR850+ to US dollar. The collapse was mainly due to political reasons and speculations, which deliberately aimed at depreciating the YER.

It seemed that the overthrow of Prime Minister Ahmad bin Daghar led to depreciation of the YR, before some measures were taken to alleviate the shock. Yet, the disastrous effect on people's lives were not addressed.

Yemen's economy continues to suffer from major imbalances. The internationally recognized government did not have a state budget in 2018, while the Houthis prepared a fictitious

budget in the wake of a terrible revenue collapse and stopped paying civil service wages in areas under their control.

Despite slight improvements in revenues in government-controlled areas due to regular payment of salaries to civil servants in their areas of control and the influx of expatriates returning from Saudi Arabia following recent decisions, and improved crude oil export revenues, the Yemeni economy is still very fragile.

The humanitarian and relief aids economy, which has become an important part of the Yemeni economy exceeding 4 billion dollars a year, is also terribly arbitrary and corruption-ridden. Perhaps the 'food and humanitarian relief' scandal in Sana'a is just the top of the iceberg.

Dubbing 2018 as the catastrophe year is justifiable in view of the economic decline. Since the beginning of the war, commodity prices did not escalate in a manner parallel to rises in 2018. Prices rise exceeded 28%, a rate higher than rises over the last previous years combined.

Unfortunately, figures show no improvement in prices following the slight improvements in YR rate. Major trading groups and local manufacturers reintroduced price cuts. Yet, reduction rate did not exceed 32%. A sample of price rises and cuts of some products of Yemeni companies is enclosed.

Such discrepancies put the private sector in a major moral test towards the consumers. Such conduct widens the gap of distrust between citizens and the commercial sector, not to mention confidence in the government that is already absent.

We are pleased to present this report, which highlights Yemeni economy indicators in 2018, including prices of basic goods and oil, key economic developments, and real estate market.

Mustafa Nasr

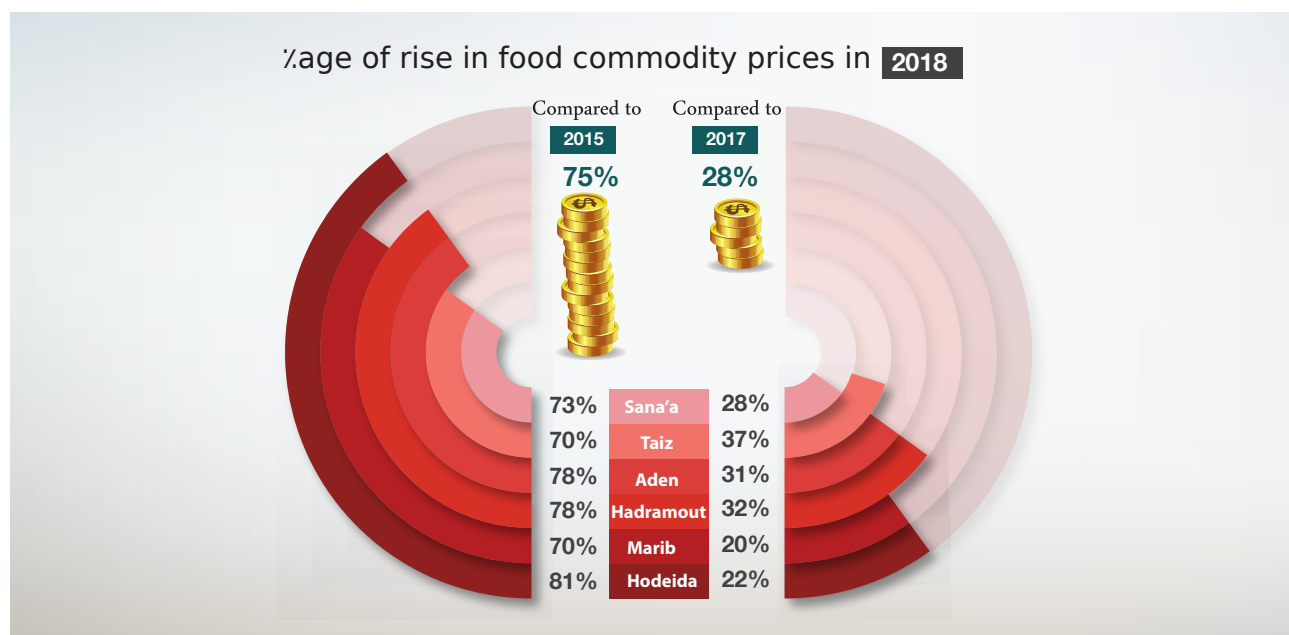
Director, SEMC

Basic Commodity Prices, Highest Upsurge in 4 Years

Prices of basic commodities (flour, sugar, rice, cooking oil, dried milk) increased significantly by 28% compared to 2017, and by 75% compared to 2015.

According to SEMC data, Taiz governorate recorded the highest increase (37%) in commodity prices, followed by Hadramout, Aden, Sana'a, Hodeida and Marib, which recorded an increase of 32%, 31%, 22%, and 20%, respectively.

Infographic showing food commodity prices in the target governorates in 2018, compared to 2017 and 2015



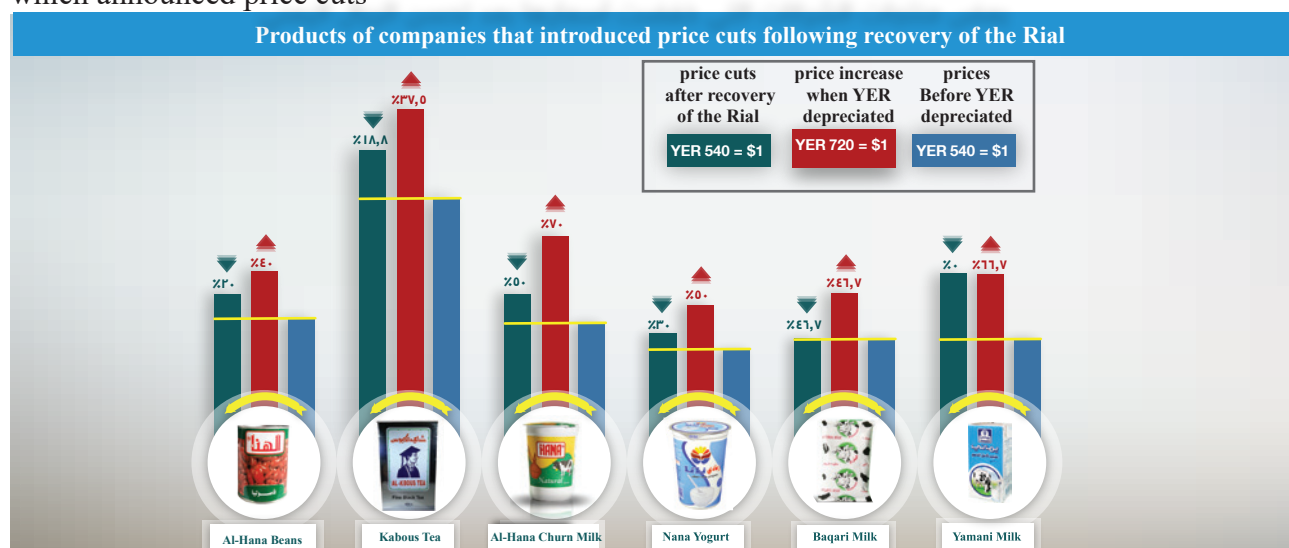
“2018 witnessed the highest rise in commodity prices in Yemen in a 4 year period.”

Price Cuts that Fall Short of Expectations

With the collapse of the Yemeni rial in the second half of 2018, with the rate exceeding YR850 to US dollar, most traders, importers and manufacturers raised prices of some products and services by more than 100% on the pretext of depreciation of the YR, particularly as Yemen imports 90% of food supplies.

Despite relative improvement in the value of the Yemeni rial, YR520 to US dollar, there was no proportional improvement in commodity prices.

This situation is monitored through a sample of national products and commodities, manufacturers of which announced price cuts

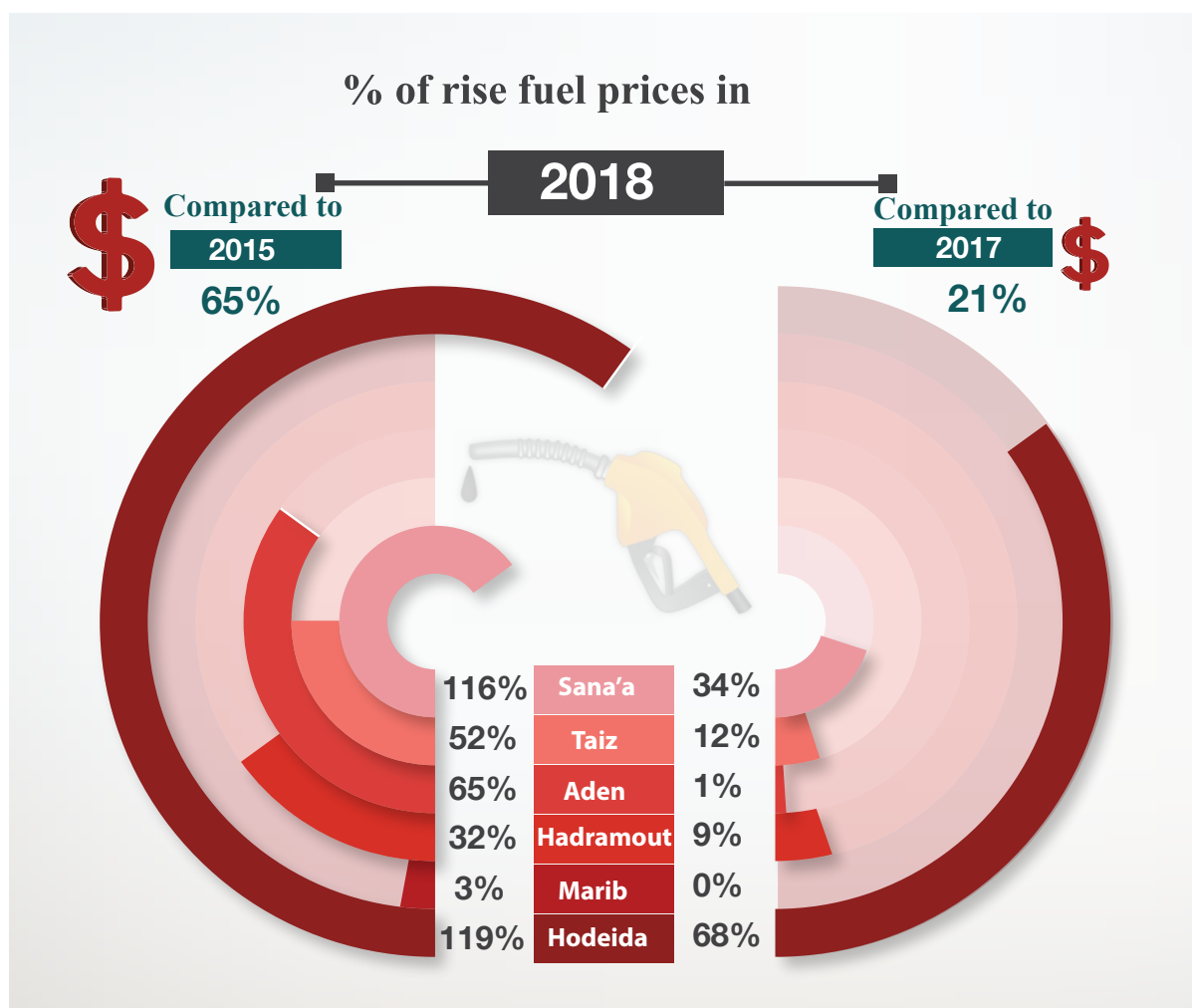


Fuel Prices

Fuel (gasoline, diesel, cooking gas) recorded an average increase of 21% in 2018, in target governorates (Sana'a, Aden, Taiz, Marib, Hodeida, and Hadramout), compared to 2017, and 65% compared to 2015.

Based on SEMC data, Hodeida recorded the highest increase in fuel prices, with an average rise of 68% compared to 2017 prices, followed by Sana'a (34%), Taiz (12%), and Hadramout (9%), while Aden recorded the lowest increase of 1%, compared to 2017.

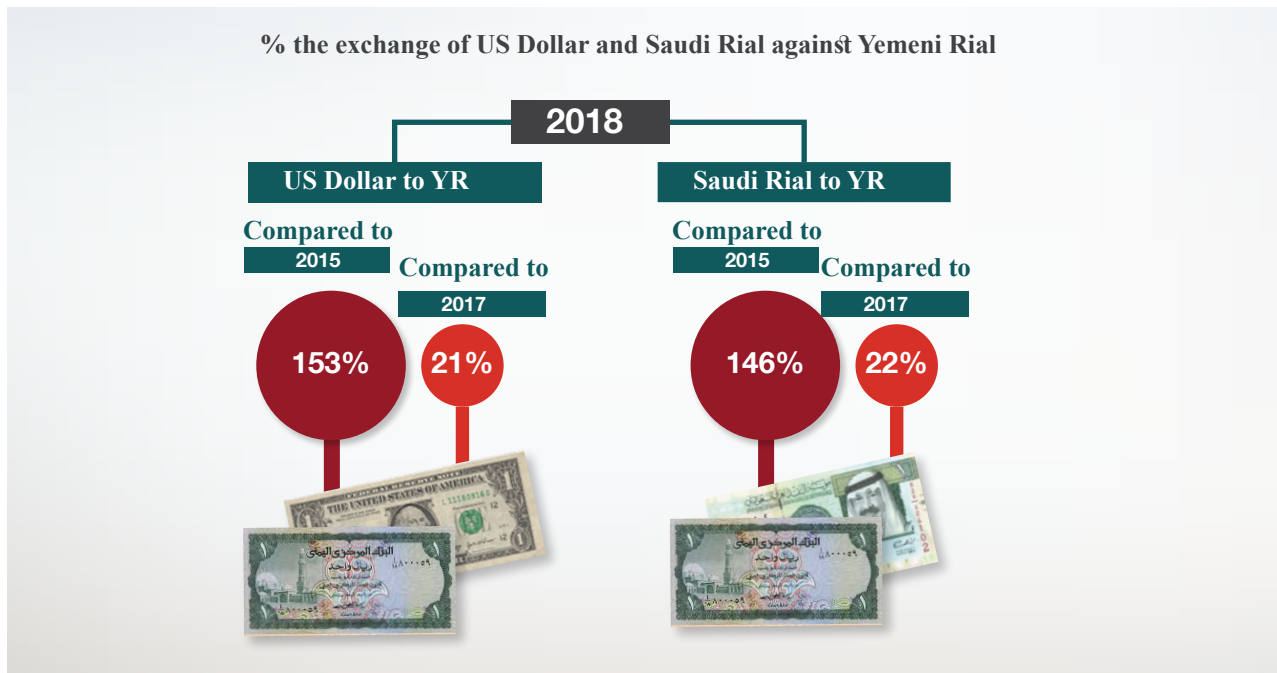
Infographic showing upsurge in fuel prices in target governorates (2018), compared to 2017 and 2015



Exchange Rates... Unexpected Shock

The year 2018 witnessed a decline in the Yemeni rial against the US dollar. The average rise of the dollar against the Yemeni rial in 2018 was an average of 21% compared to 2017, while the rise in the price of the dollar against the rial was 153%.

The Yemeni Rial underwent a crisis in the exchange market in 2018, recording an average downward trend of 21% against the US dollar, compared to 2017 exchange rates, and 153% compared to 2015. Similarly, the YR had an average depreciation rate of 22% against the Saudi Arabian Rial (SAR), compared to 2017 rate, and 146% compared to 2015 rates.



State Budget: Accumulation of Deficit and Debt

The four-year-long war in Yemen has paralyzed most of Yemeni government institutions, those which still operate do so with minimal efficiency and productivity. This has resulted in the suspension of work on the basis of a general state budget. In 2016 and 2017, the internationally recognized government had no budget. Therefore, total revenues and expenditures in dominions of the government and foreign aid received during that period are not known..

In 2018, an indicative budget, the first in 4 years, was released, but clearly it was not followed. The budget put expenditures at YR1,465 billion (\$2,8 billion at late 2018 rates), and revenues at YR978 billion (\$1,8 billion at late 2018 rates), with about 33% deficit.

On the other hand, manipulating state institutions under their control in Sana'a, Houthis too issued general state budgets, but stopped doing so in recent years, and no figures were released since mid-2017.

According to figures released by the Houthis, total revenues fell from YR 2 trillion and 206 billion (\$4,242 billion at late 2018 rate) in 2014 to YR876 billion (\$1,684 billion at late 2018 rate) in 2016. Based on released figures for the first half of the 2017, the volume of revenues will be YR210 billion as of December 2017. This means that revenues fell from YR 2,206 billion to YR210 billion only.

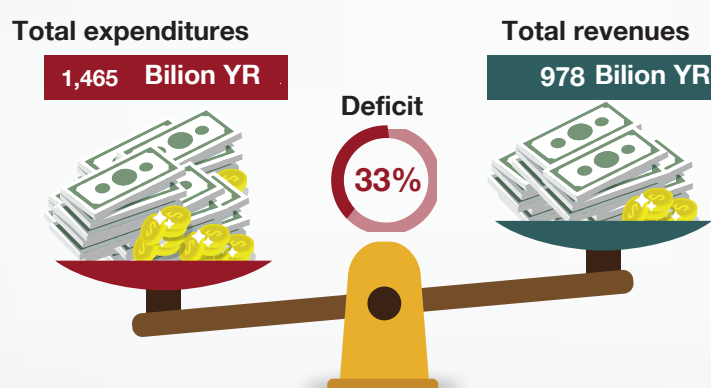
Monetary Policy

On the other hand, expenditure continued to soar. Total spending amounted to YR1,719 billion (\$3,305,769,231 at late 2018 rate) in 2016, compared to YR2,551 billion (\$4,9 billion at late 2018 rate) in 2014. In the first half of 2017, although Houthis declined to pay civil servant salaries, expenditures soared at a high plane of YR378 billion; that is, YR800 billion as of December 2017, which is almost three times as much as 2017 revenue estimates.

This deficit was covered by overdraft. Total 2016 CBY loans stood at YR701 billion (\$1,348 billion at late 2018 rate). Government debt was YR2,152 billion (\$4,1 Billion at late 2018 rate) as of December 2016. Interest on these debts amounted to YR332 billion (\$638,461,538 at late 2018 rate).

The first general budget of the internationally recognized Yemeni government for the year

2018



1. Total borrowings from CBY sources (overdrafts) in 2015, 2016, and first half of 2017, that done by Houthis group.

Statement/ Amount in YR	2015	2016	First half 2017	Notes
Total borrowings from CBY (Overdraft)	763 Billion YR	701 Billion YR	1,519 Billion YR	\$1 = YR 520, as of 31 Dec, 2018
Government end-of-year debit balance	1,451 Billion YR	2,152 Billion YR	2,207 Billion YR	
Interest on government debit balance	187 Billion YR	332 Billion YR	520 Billion YR	

4. Total Revenues, expenditures, and Deficit (2014, 2015, 2016, and 1st half of 2017)

Statement/ Amount in YR	2014	2015	2016	First half 2017
Total revenues	2,206 Billion YR	1,021 Billion YR	876 Billion YR	105 Billion YR
Total expenditures	2,551 Billion YR	1,929 Billion YR	1,719 Billion YR	378 Billion YR
Deficit	345 Billion YR	908 Billion YR	862 Billion YR	222 Billion YR

Key Economic Developments in 2018

- The Yemeni government released budget of fiscal year 2018, for the first time in four years. The released budget was YR 978,203,500,000, with projected expenditures of YR 1,465,042,631,000, and a 33% deficit.
- Saudi Arabia injected \$2 billion into CBY to support local currency, and check further economic decline.
- Hadramout Governor, Faraj al-Bahsani, stated that the governorate had received its share of oil revenues, which amount to 20% of the total yields of the Masila crude oil exported via Dhabba port in Hadramout.
- The four-state Economic Committee met in Riyadh to discuss mechanisms of supporting CBY. The meeting, which was boycotted by CBY, was chaired by Saudi ambassador to Yemen, M. Al Jaber, and attended by finance and economy experts from the four states.
- President Hadi issues a Presidential Decree appointing a CBY Governor. Article (1) of Decree No. 1/2018 provides for appointing Dr. Mohamed Zemam as Governor of the Central Bank of Yemen.
- President Hadi orders government to liberalize the oil market and open imports and sales in all Yemeni ports to all companies and individuals.
- The Houthi so-called 'salvation' government (not recognized internationally) expressed intentions to launch the e-riyal project to face shortages in local currency liquidity.
- CBY approves reintroducing coverage of credits of imported food commodities, including wheat, rice, sugar, milk, and cooking oil.
- CBY in Aden approves raising interest rate on deposit certificates to 27%, profit on wakala deposits to 23%, and 17% on government bonds.
- Yemeni government announces the success of first oil cargo export via Radoom Oil Port in 28 July 2018. Production had been resumed in S2 Sector, Al-Akla, in Shabwa, and 500,000 barrels were exported.
- CBY in Aden received the sum of YR170 billion minted in Russia. So far the bank has received YR 1,400 billion of a total of YR 1,720 billion.
- In cooperation with CBY, the Public Funds Prosecution and the competent police close down a number of unlicensed exchange businesses.

Key Economic Developments in 2018

- Yemen and Saudi Arabia signed memo of understanding, concerning the Saudi grant of supplying \$60 million a month in the form of oil derivatives for a period of three months to support power plants in Yemen.
- President Hadi issued a decree ordering the formation of the Economic Committee to be headed by Hafiz Mi'yad.
- The Economic Committee orders the closing of accounts of government and public bodies, institutions and funds in commercial banks, and limiting such accounts to CBY only in accordance with the law.
- Dr. Ahmed Obaid Bin Dajar was ousted from office as Prime Minister, and Dr. Moin Abdulmalik named new PM.
- The Yemeni government approves the Ministry of Finance request to authorize the CBY to borrow YER 100 billion from non-inflationary sources through issuance certificates of deposit at 27% interest rate, government bonds with an interest rate of 17%, and Islamic Agency contracts.
- Prime Minister decrees the creation of the Higher Committee for the General Budget for the fiscal year 2019. The Macroeconomic Committee, chaired by the Prime Minister, was set up. The committee is tasked with preparing the general state budget and determining the indicative ceilings at the central and local levels, independent and attached units, and special funds in light of state economic, fiscal and monetary policies.
- Saudi Arabia and the UAE announce a new initiative (Imdad) in Yemen to fill the gap of humanitarian needs in the country, and providing an additional sum of \$500 million, contributed equally by both.
- Saudi Arabia and the UAE announced donating a sum of \$70 million via the UNICEF as salaries of teachers who have not been paid for nearly 2 years.

2019 Projections

The Report develops a set of potential economic trends in 2019. Although some of these projections may appear pessimistic, they simply constitute an attempt to depict a realistic picture of the critically declining Yemeni economy.

• Neutralizing CBY administration

In spite of recent efforts to reinforce the role of CBY-Aden, including interventions in controlling exchange rates and the series of meetings with representatives of international financial institutions, the recent scandal revealed by the Economic Committee regarding the fate of YR9 billion garnered from exchange premium in a 20-day period is likely to frustrate all these efforts.

CBY credibility will be put to the test. Demands that CBY should be an independent institution under a unified management will be reintroduced.

A debate concerning the appointment of a CBY governor and board of directors approved by all parties may arise. In such a case, the bank might be managed from Hodeida if the UN succeeds in implementing the Stockholm Agreement on the withdrawal of the armed forces from the city, especially as UN envoy had stated that CBY is a key issue in the economic dossier, as part of the consultations focused on rebuilding confidence.

At best, CBY and the Yemeni government will be under great pressure in 2019. They will be pressurized to make significant concessions to keep CBY headquarters in Aden, including consigning greater powers to CBY in Sana'a to manage branches in Houthi-controlled governorates. Other demands may include government commitments to pay salaries of more civil service sectors, a point that - the government had insisted - would be undertaken only if revenues were exclusively deposited at CBY-Aden.

• Decline of Yemeni Expatriate Remittances

The report predicts that the remittances of Yemeni expatriates abroad may decrease by at least 50% in 2019, especially remittances from Saudi Arabia, the country hosting the majority of Yemeni expatriates (3 million workers). Yemeni expatriate remittances may decrease by more than 50% in view of the Saudization of many sectors in Saudi Arabia, and imposing fees on expatriate workers as part of Saudi plans to regulate the labor market.

Yemeni remittances, estimated at \$3.4 billion according to the World Bank report, are the second most important source of hard currency and the country's main economic resource during the war, next only to aid and grants.

Such decline is a negative indicator of economic activity, especially as remittances have grown in proportion of contribution to the country's GDP over the last three years as a result of the economic downturn at home and the cessation of many sources of income, not to mention the humanitarian need, which induces expatriates to increase the volume of remittances.

Arab Gulf countries are the major source of remittances, contributing 90% of the total in 2016. Transfers of Yemeni workers from Saudi Arabia ranked first with 61% of the total, followed by the UAE (18%), Kuwait (5%), Qatar (5%). The remaining (11%) come from the US, Bahrain and other countries.

Yemeni expatriate remittances are lower than expatriate remittances in other countries due to the low wages received by mostly unskilled Yemeni expatriates. However, recent indicators show improvements in this aspect. Saudi Arabia announced that 81,000 Yemenis would be granted work visas in 2018. Although this would improve the volume of remittances, it drains the Yemeni economy, as qualified and skilled workforce which represents a mainstay of the Yemeni economy, migrates to the Gulf countries, especially to Saudi Arabia.

2019 Projections

• Improved government revenues

Aden-based government revenues are expected to improve due to financial liquidity, growing revenues and the demographic change caused by the war. Hundreds of thousands of Yemenis have moved to other relatively stable cities and towns, particularly port areas. In Houthi-controlled governorates, revenues are expected to fall as a result of the economic downturn in those areas and non-payment of salaries, as well as the severe restrictions imposed on public freedoms, freedom of economic activity, and freedom of expression.

Rampant corruption, low administrative performance of official institutions, imposition of illegal taxes, and restrictions on the freedom of economic activity are common to both parties.

Revenues in the governorates under government control are marked by lack of transparency and poor coordination. State institutions work separately from one another. Each governorate acts independently.

Similarly, Houthi-controlled areas suffer lack of transparency of expenditures. Taxes and fees are imposed on commercial enterprises, sometimes under legal categories, but most often under slogans which aim at funding military operations.

• Increasing oil exports

The volume of oil production by the Yemeni government is expected to rise in 2019 as production is resumed in Shabwa and Marib, and increased in Hadramout. These three governorates are the oil-producing provinces in Yemen, and production stopped in 2015 as a result of the war.

Last year, the government resumed oil production operations from the S-2 sector in Aqila, Shabwa governorate and several cargoes were exported.

• Decline in the volume of humanitarian aid to Yemen:

Total assistance provided to Yemen through UN agencies and other international organizations is expected to decline in 2019, following the "humanitarian aid corruption scandal" by the World Food Program in Yemen, and inability to absorb all grants to support relief and humanitarian assistance. Only 40% of the grants are covered, according to the Saudi ambassador, who confirmed that UN agencies had absorbed only 40 percent of the funds donated to them in humanitarian aid to Yemen. Saudi Arabia is one of the largest donors to the humanitarian response plan announced by the United Nations in 2018, which yielded up to \$2.3 billion in grants, according to UN sources.

International organizations working in the relief and humanitarian sector in Yemen face great challenges. Obstacles include severe restrictions imposed by the militia on those organizations in Houthi-controlled areas, fragile security conditions in areas controlled by the Yemeni government, not to mention the inability of these organizations to broaden their partnership base with a wider number of local CSOs as only a limited number of local partner organizations are involved.

• Paying salaries to teachers and health sector employees

The report predicts that issue of salaries of education and health sector employees in Yemen will be settled in 2019. Some other groups and sectors that might benefit from such settlement will include retirees, academics, and others. Two thirds of Yemeni public servants have not been paid for two years, especially in areas controlled by the Houthi militia.

Basic Services

Energy and Water Supplies

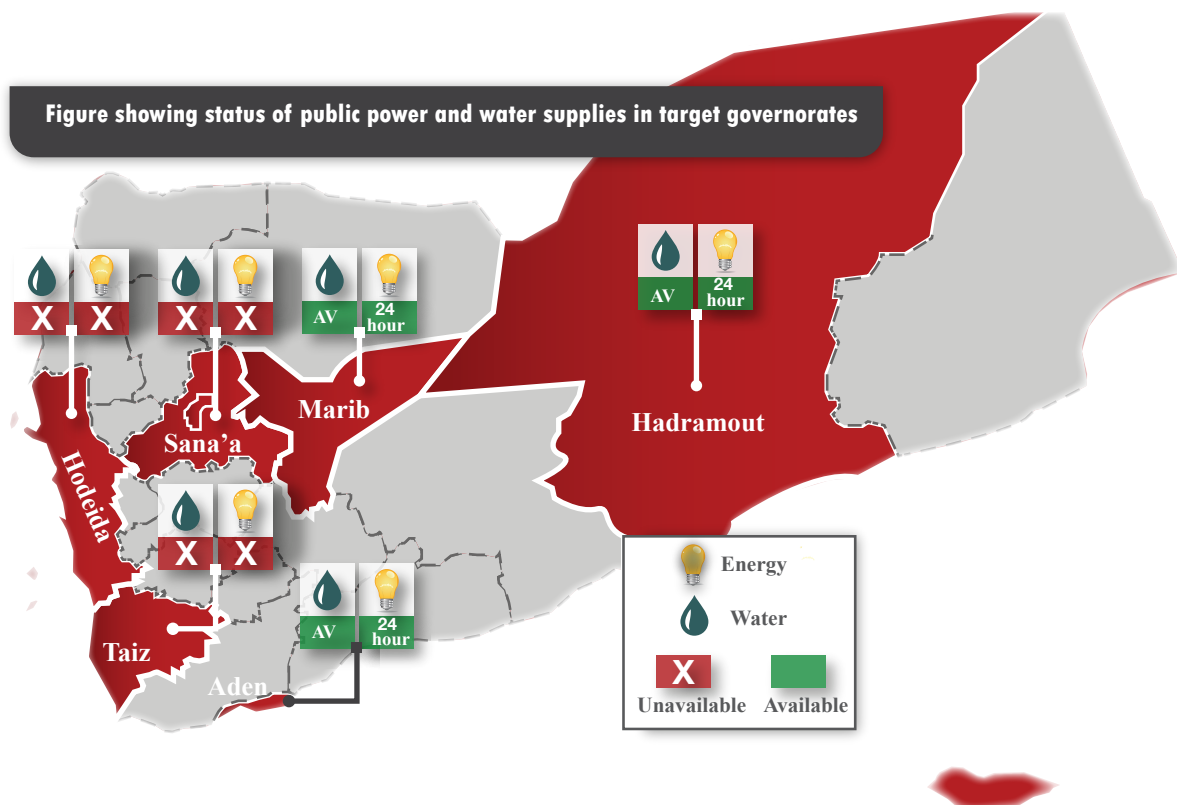
Since the outbreak of war in Yemen in 2015, the public power supply is still cut off in most Yemeni governorates. Almost 90% of the total population do not have access to the public power service. No improvements were sensed in 2018, especially in Houthi-controlled areas, public power supply has been completely interrupted since 2015. In these areas, commercial power supply is available at high rates: YR270/KW compared to YR6/KW before the war, with a rise of 4400%. In addition, a weekly subscription fee of YR300 is charged, regardless of consumption, which exemplifies exploitation of citizens.

Most Yemenis purchase solar power systems as an alternative to public power supply. Although solar energy covers only 60% of domestic electricity consumption, it does not meet the needs of commercial stores where refrigerators and high-power equipment require more power. However, there is a high household demand for solar energy systems. A 100 amp capacity solar energy system costs up to \$1,000.

Dominions of the internationally recognized government are better off. Public power supply is available in most of governorates controlled by the legitimate government, especially Hadramout, Aden, and Marib.

Public water supply is no different. In Houthi-controlled areas, the water service has been interrupted since 2015. Around 16 million Yemenis need WASH assistance.

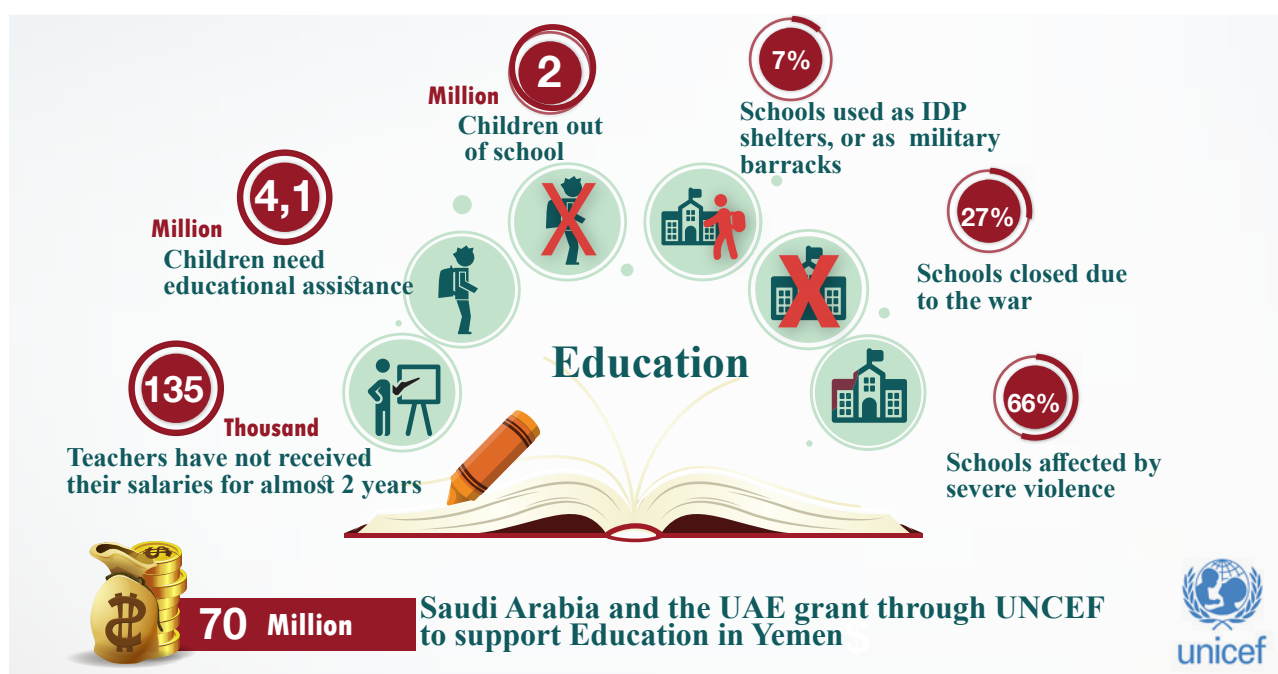
Infographic: Figure showing status of public power and water supplies in target governorates



Education

Education deteriorates further. This sector was influenced at all levels. Education infrastructure is destroyed. According to UNICEF reports, 66% of schools were affected by extreme violence in Yemen, 27% of schools have been closed, and 7% of schools are used as IDP shelters or as militant groups' barracks. According to the report, 2 million school-age children are out of schools, while 4.1 million children need educational assistance.

On the other hand, around 135,000 teachers in Houthi-controlled areas have not been paid for almost two years. As a result, they live in very harsh conditions, and most of them have been forced to give up their jobs and find other means to earn their livelihoods. In October 2018, Saudi Arabia and the UAE contributed a \$70 million through the UNICEF as partial monthly stipends of teachers.



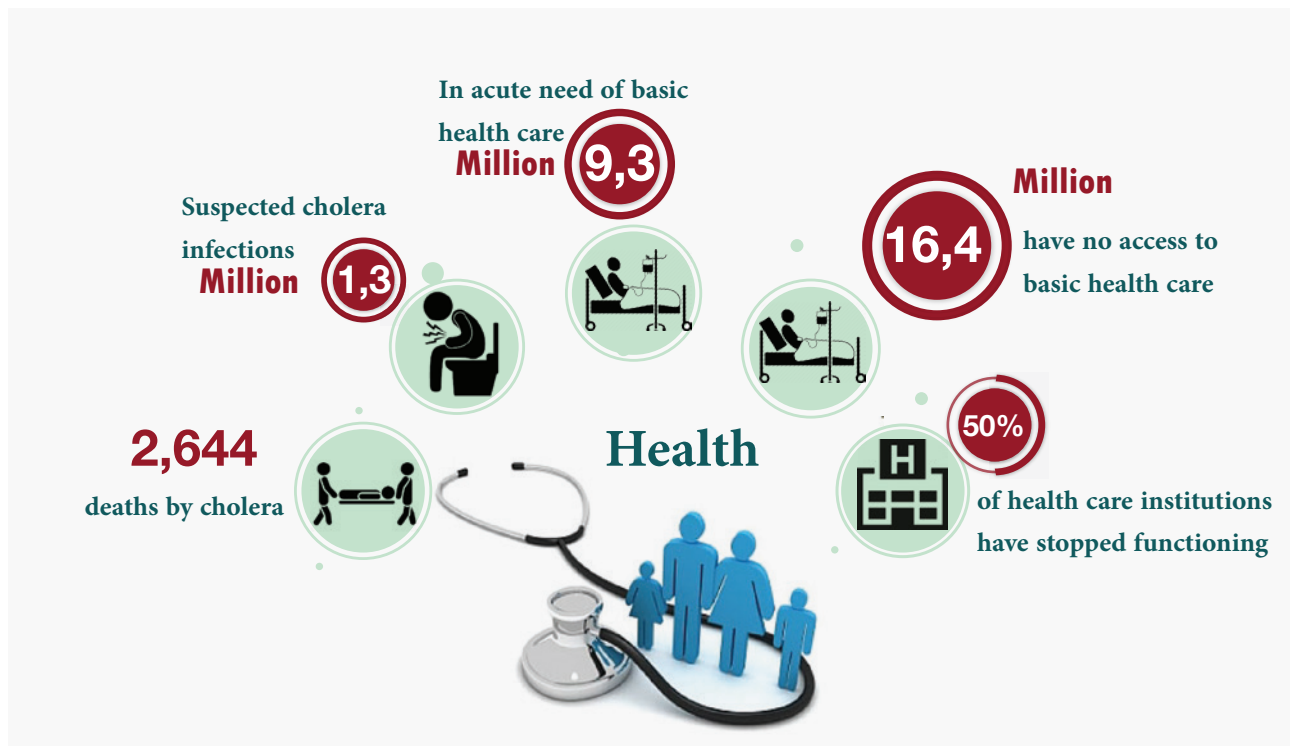
Health Care

Like other public sectors in Yemen, the health sector has deteriorated further. Around 50% of health institutions in Yemen have stopped working, while others work at a lower degree of efficiency. The majority of health centers suffer shortages in medicines and medical equipment, while epidemics are rampant. Reports show that 1.3 million cholera cases were reported, including 2,644 deaths, 29% of which are children. About 16.4 million need basic health care, including 9.3 million person in acute need of health care.

In addition to epidemic outbreaks, several diseases and epidemics are rampant, including malnutrition, cancer, diabetes, kidney failure, heart diseases, dengue, severe diarrhea, malaria, etc.

Major problems permeating the health sector include:

- Several health institutions were damaged and stopped working.
- Deficiency in medical apparatus and medicine, particularly medicines of cancer, diabetes, kidney failure, and heart diseases.
- Shortages of qualified medical staff.



The private sector plays a crucial role in the Yemeni crisis. It supplies the local market with stored goods and products, and continues to import food commodities, ensuring no food crisis emerges. The private sector faces numerous obstacles which hamper its smooth functioning. Key private sector developments in 2018 are listed in the following:

- The Economic Reforms Team (ERT) calls for liberalizing oil prices and encouraging competition to supply the market with oil at reasonable prices.
- The General Union of Chambers of Commerce and Industry (GUCCI) and the Chamber of Commerce and Industry in Sana'a jointly condemn illegal measures and extra taxes imposed by Houthis on goods entering the country via land and sea ports, especially those Aden, Mukalla, Al-wadi'a and other ports under the control of the legal Aden-based government. The Houthis have imposed new customs duties through the so-called "customs control offices" in Al-Baida, Thamar, Amran, and Sana'a.
- Houthi Gunmen stormed the Kuraimi Bank, Qiyada St. branch in the heart of the capital city of Sanaa, and looted money. They also raided other exchange businesses.
- Al-Shaibani Trading Group in Taiz Governorate, second biggest conglomerate in the governorate, closed factories in protest against extortion and bullying practices targeting the Group.
- CBY in Sana'a, which is run by the Houthis, issued a circular restricting transactions with 697 companies and businessmen in Houthi-controlled areas. The circular bans dealing with those business persons due to their debt defaults.
- Major traders and importers in Aden demand Arab Coalition leadership to license the passage of their containers suspended in the ports of Jeddah, Dubai and Djibouti for several months.
- Houthis ban dealing in the newly minted 500 rials note in Sana'a.
- The Parliament in Sana'a concludes debates on a draft law of partnership between the public and private sectors. The draft law aims to create a legal framework for governing the process of private and public sector partnership in infrastructure projects.
- Yemeni Company for Grain Mills sells products directly to end consumers in several Yemeni governorates, following the sharp depreciation of the Yemeni Rial.
- The business platform, I am a professional, concludes its third investment round in Cairo. The round was funded by the British VPF, Ltd. Two rounds were concluded last year. This investment aimed at moving the headquarters to Cairo, without disclosing the actual size of funding. Founded in Yemen, the platform was launched in May 2015 in six cities and was supported as one of the most prominent projects in that period. With this new investment, it will expand its business in Egypt, and will enter the Saudi, Jordanian and other neighboring markets. The idea of I am a Professional is to connect artisans and professionals with business owners or service providers, providing a mutual opportunity for employment, access to expertise and skill.
- National Cement Company in Lahj Governorate, affiliated to Ha'il Saeed Ana'm Group, announces inaugurating a new production line.

- The General Union of Yemeni Chambers of Commerce and Industry condemns the direct targeting of the Red Sea Mills Company plants in Hodeida during the battles that took place in the city of Hodeida.
- Several shells were fired at the Modern Food Factory at Yamani Plant Complex, killing and injuring a number of factory workers.
- The Aden Chamber of Commerce and Industry held a meeting with Al-Saila market merchants to discuss the latest developments of the case of Fathi al-Hurawi, who was and killed by gunmen who tried to blackmail him. The Chamber of Commerce demanded the Prime Minister to protect merchants from financial extortion.
- Prime Minister holds a meeting with the Chamber of Commerce and Industry in Hadramout and a number of major merchants in Hadramout to discuss the economic situation and ways of supplying businessmen with hard currency. During the meeting, the Prime Minister praised the role played by Hadramout businessmen in facing the economic crisis.
- Ha'il Saeed Anam Group announced cutting down prices for a number of its products after the recovery of the Yemeni Rial. Shammakh General Trading Company and BMS Al-Mehdar and Co. also announced cutting down prices of their products.
- Governor of Hadramout awarded The Arab Yemeni Cement Company the Hadramout Shield for its contributions in the social field and support of cancer patients' chemotherapy this year through the Hadramout Foundation for Cancer Patients (AMAL). The company had donated a grant of YER150 million and supported a number of medical centers.
- The General Union of the Chambers of Commerce and Industry in Sana'a held a meeting with the Deputy Minister of Industry and Trade for Sanaa's Business Sector to discuss problems related to taxes, customs and the business environment. The meeting was attended by a number of businesspersons in Sana'a.

The Humanitarian Situation

As the war continues for the four years, suffering of Yemenis increases in view of declining humanitarian conditions. According to the World Bank, 40% of Yemeni households lost their main source of livelihood because of the war, and poverty rate in the country rose to 80%.

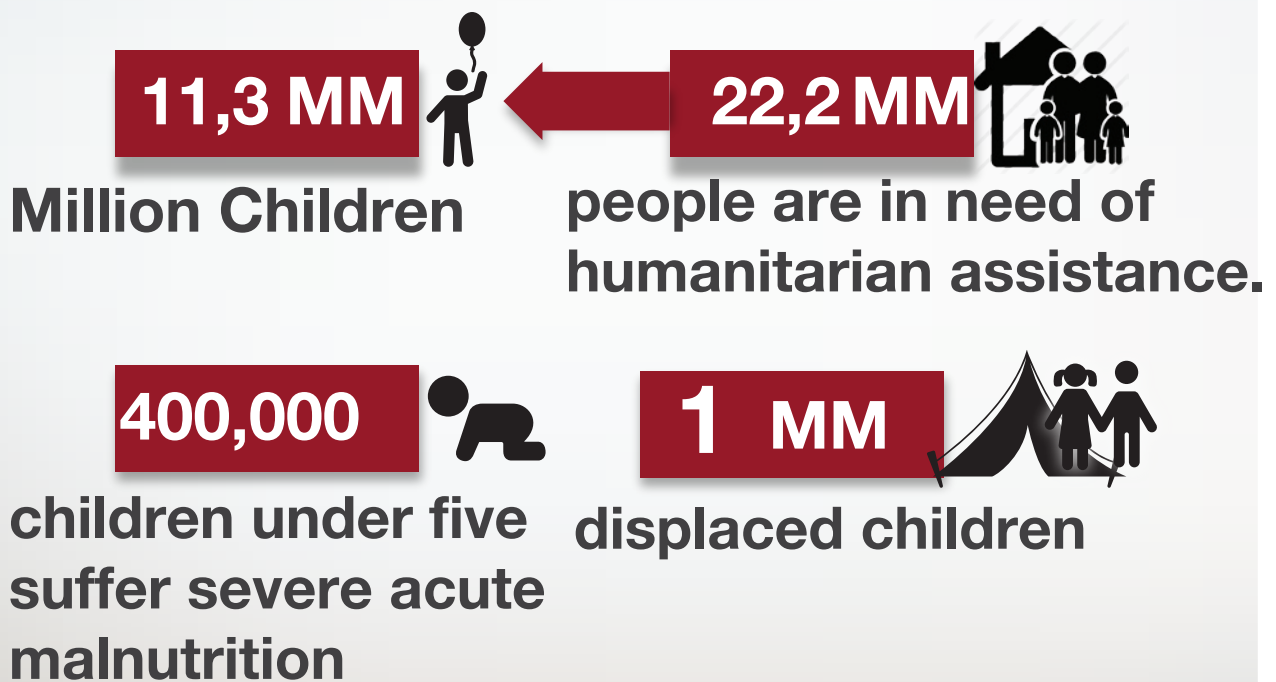
According to international organizations, the humanitarian crisis in Yemen is the worst in the world. Around 22.2 million people (about 75% of the total population) are in need of humanitarian assistance, of whom 14 million are in dire need of humanitarian assistance. Moreover, 16 million Yemenis need WASH assistance and 16.4 million people need health care.

As fighting continues, the number of displaced people is increasing day by day, with more and more people suffering. Three million Yemenis, including 1 million children, are displaced people living in difficult humanitarian conditions. Around 5.4 million Yemenis are in need of emergency shelter and basic household items.

OCHA

UNCIEF

The Humanitarian Situation



The Humanitarian Situation

Financing Yemen Humanitarian Response Plan

International organizations have raised 2 billion and 370 million US dollars to support the \$2.95 billion Yemen humanitarian response plan. During the period January-December 2018, international organizations secured funding covering approximately 80% of the aid required for the humanitarian response plan in Yemen.

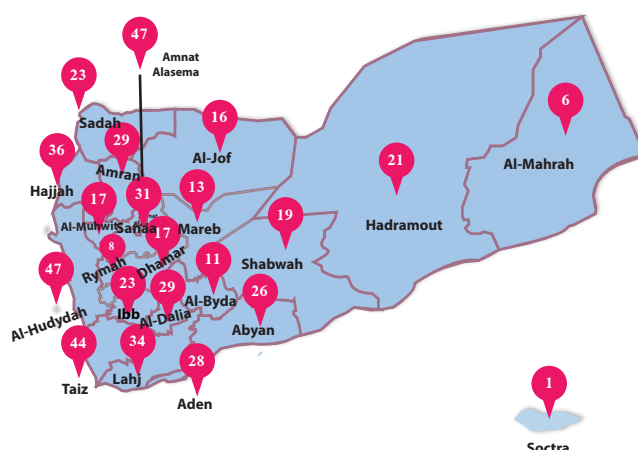
The figure below shows the volume of funding



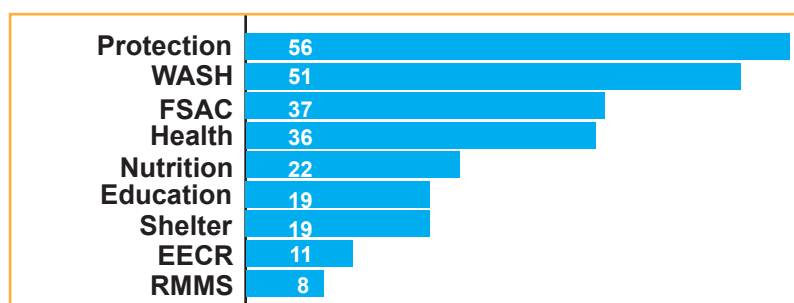
Humanitarian Organizations Operating in Yemen

According to OCHA Report, 133 humanitarian organizations were operating in Yemen as of October 2018, including 10 UN agencies, 31 INGOs and 92 domestic NGOs.

These organizations are distributed in the various governorates and cover the various sectors. The following figure shows the number of organizations in each governorate



The following figure shows the distribution of organizations by sector



Real Estate Market in Yemen...

the Winning Card in Peace and War

Most economic indicators in Yemen declined sharply. Real estate is the only exception which has steadily shown a steady growth.

It is true that this industry declines relatively in armed conflict zones, but it flourishes in several Yemeni cities and towns.

Hadramout, Marib, Sana'a, Ibb and Aden experienced increasing real estate activity in the midst of general economic decline.

There are no economic rules governing the real estate market in Yemen. It is incredible that the price of a small lot of land in Mukalla exceeds prices in Manhattan, London and other world-class stable and thriving cities.

The billions of riyals in expatriate remittances were mainly absorbed by the real estate industry.

It is the most profitable activity at least at the current stage, where no state can provide infrastructure, or security, and no justice can decide disputes. Yet, it is the most secure way for businessmen, and it is nothing more than the burial of billions of dollars in real estate investments without positively contributing to the economic activity.

- **Modest returns**

This form of investment is the most vocal expression of helplessness and inability of the Yemeni economy to benefit from the funds of the second wave of expatriates returning from the Gulf.

More than \$2 billion is recycled in real estate annually, a huge figure compared to the modest economic activity in Yemen.

The war economy has played an important role in the thriving of real estate economy. This is the best way to launder money gained by major players and finance officers as spoils of the war. Some of this money has been channeled into real estate purchases abroad, yet a significant proportion is invested in real estate inside Yemen, especially in areas controlled by the Houthis and the relatively stable governorates of Marib and Hadramout.

In the eastern province of Hadramout, real estate price hikes exceeded 200%. In commercial districts in Mukalla, real estate prices increased from SAR550/meter to SAR1,750/meter.

Rents in commercial districts have increased by more than 200%, and payments are made only in Saudi rials due to the fluctuation of Yemeni rial.

This is taking place in a vast city and in the context of economic stagnation as dozens of real estate projects that had started before the war had been halted.

Marib also witnesses a boom in real estate industry. Rents increased by more than 500%, due to the influx of large numbers of Yemenis to the town. More than one million Yemenis have moved to Marib so far.

An indicative example of the incredible real estate hikes in Marib is a lot of land not exceeding 100 meters in length. Previously, its price was 40 million riyals, but its current price has skyrocketed to 1.3 billion riyals

Within a single month, more than 30 construction permits were issued, not to mention the dozens of arbitrary unlicensed works on the outskirts of the city.

Real Estate Market in Yemen...

the Winning Card in Peace and War

Real estate prices in Ibb have also escalated, exceeding 200% in some districts. Rents have also witnessed an upsurge due to the influx of IDPs from Taiz, and Hodeida.

In Sanaa, some areas of the capital witnessed a rise in real estate prices, due mainly to the emergence of a wealthy class, mainly the Houthis, as these benefited from the war and amassed huge wealth in Sana'a and in northern, western and central parts of the country.

To a lesser extent, expatriate remittances are also invested in the real estate industry, especially as Sana'a has been relatively stable. The influx of IDPs has also contributed to the increasing demand for accommodation.

Figure showing the percentage of increase in real estate prices in target governorates:

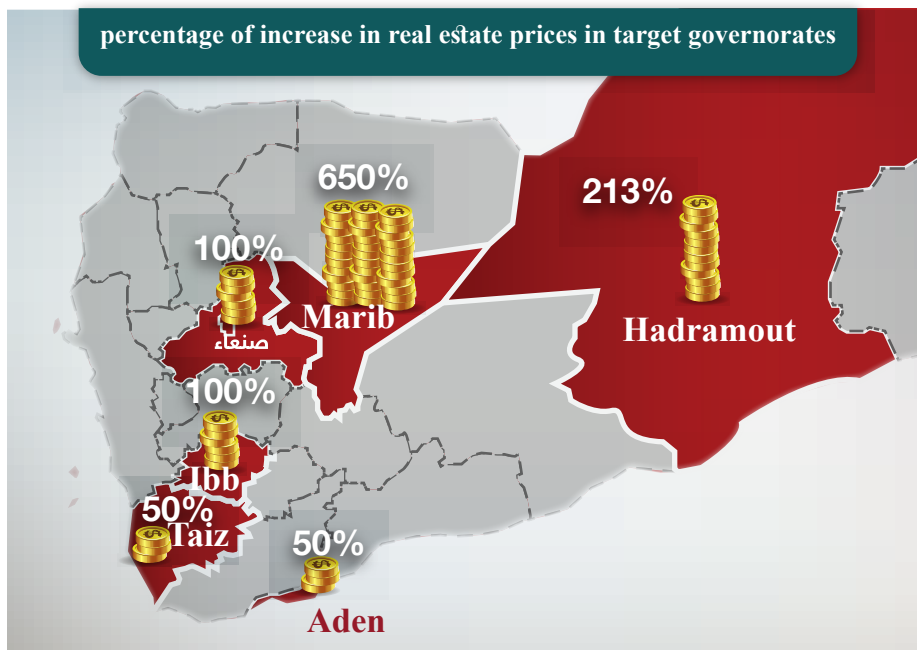
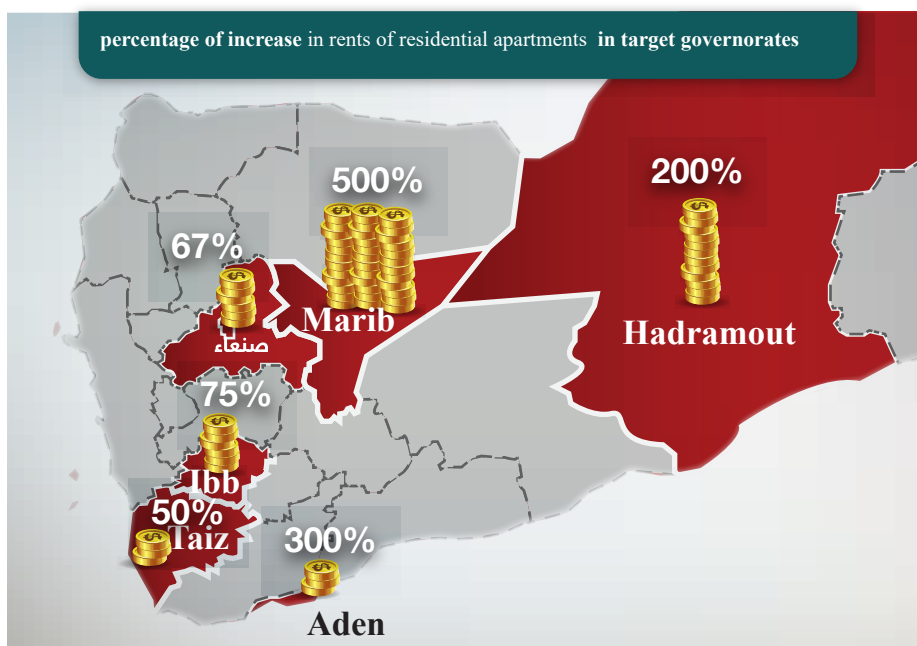


Figure showing percentage of increases in rents of residential apartments in target governorates





The Studies and Economic Media Center (SEMC) is one of the most prominent Yemeni NGOs that works on , and spreads awareness of economic issues, in addition to buttressing good governance and public engagement in decision making, and working towards the creation of professional media.

The Center has contributed tremendously to debating and rectifying economic policies, divulging the loopholes inherent in the country's economic performance, and influencing decision makers in such a way that serves the think-tank 's vision- a transparent and flourishing Yemeni economy. Further, it has assumed a vital role in presenting economic information to society in a plain and simple manner. The Center seeks to forge ahead with its scholarly mission despite the harsh conditions Yemen is experiencing.

مركز الدراسات والإعلام الاقتصادي

Studies & Economic Media Center

Address: Taiz, Yemen



| www.Economicmedia.net



| 00967 4 249 306



| 00967 736500078



| Economicmedia@gmail.com



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