

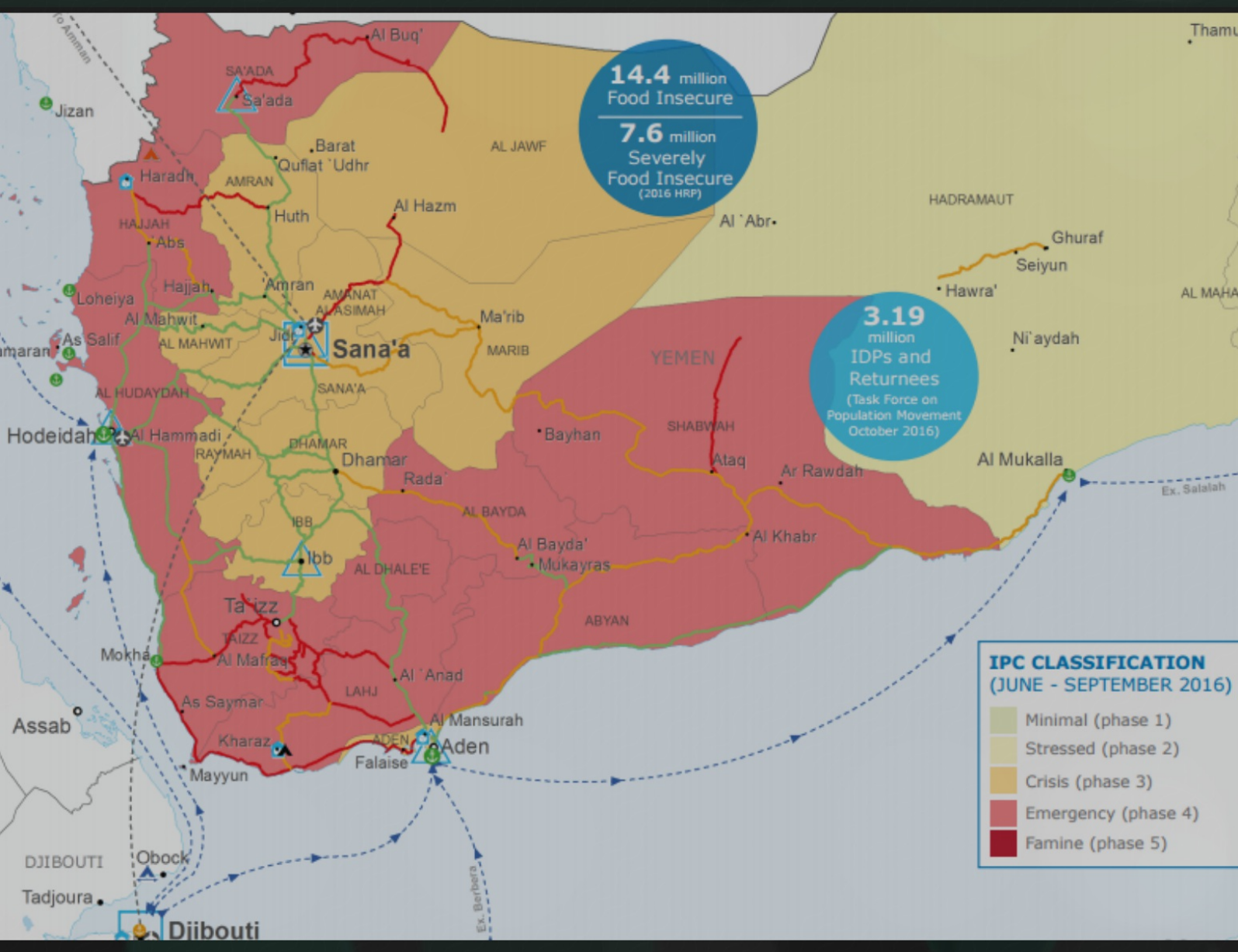
YEMEN

6 MONTH ANALYSIS

Economic Warfare & the Humanitarian Context

KEY OBSERVATIONS

- 1 The officially recognised government led by president Hadi continues to reject the UN-led peace process limiting the possibility of a political settlement.
- 2 The ongoing war and the manipulation by the Sana'a - based Houthis of the central bank of Yemen has depleted the government's federal reserves, leading to a currency and fiscal crisis.
- 3 To prevent access to federal reserves by the rebel Houthi forces in September 2016, president Hadi announced the movement of the central bank from Sana'a to Aden. This has caused massive disarray through the nonpayment of government salaries and the inability of the Aden branch to secure food imports and also to protect the value of the Yemeni Riyal.
- 4 Before the war, Yemen depending on imports for 90% of its food needs and even pre-crisis there were high rates of malnutrition and food insecurity across the country. Due to decreasing imports and conflict related illnesses (e.g. cholera), many areas face starvation.
- 5 Though the Saudi-led coalition supporting Hadi have made diplomatic overtures for peace, there is a strong possibility that the military offensive will intensify as will the economic blockade.



STATS

14.4m food insecure

3m displaced

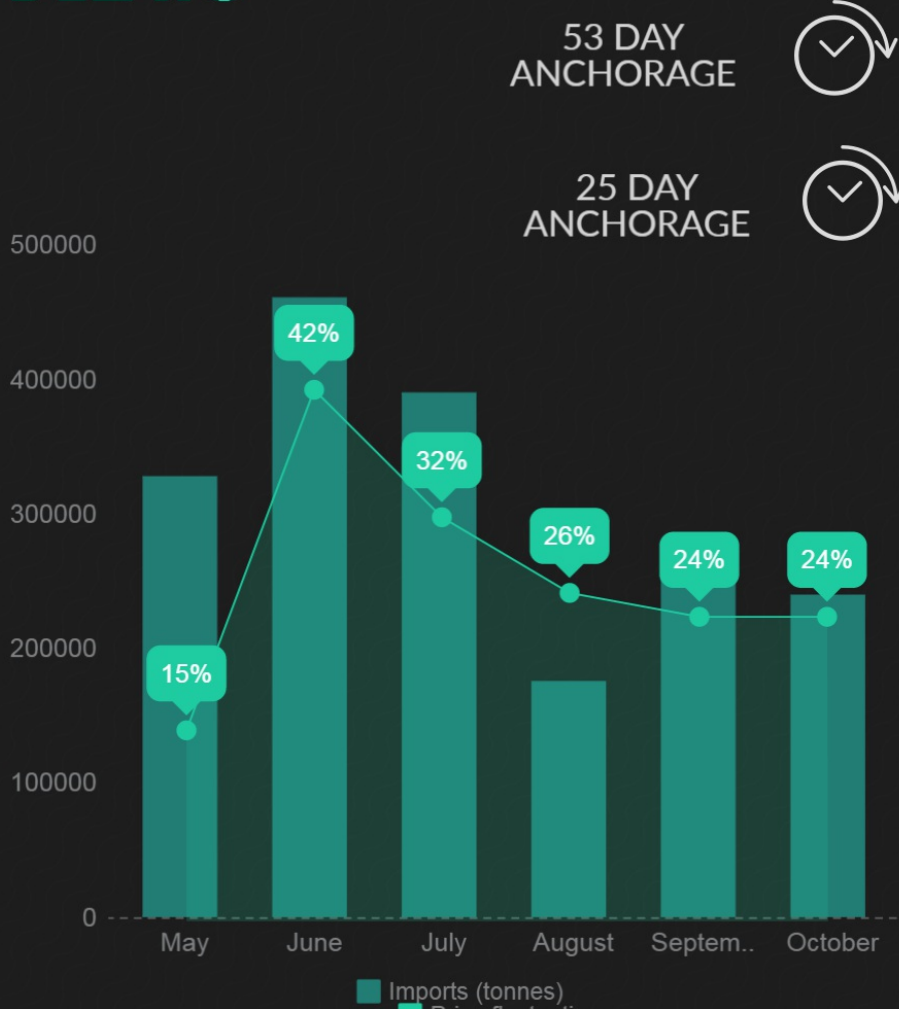
Half of Yemen's children u-5 are stunted due to malnutrition

7.6m severely food insecure

1/3 are acutely malnourished & nearly 400,000 are severely malnourished

10,000 dead

YEMEN'S COASTAL IMPORT DELAYS



SPREAD OF CHOLERA

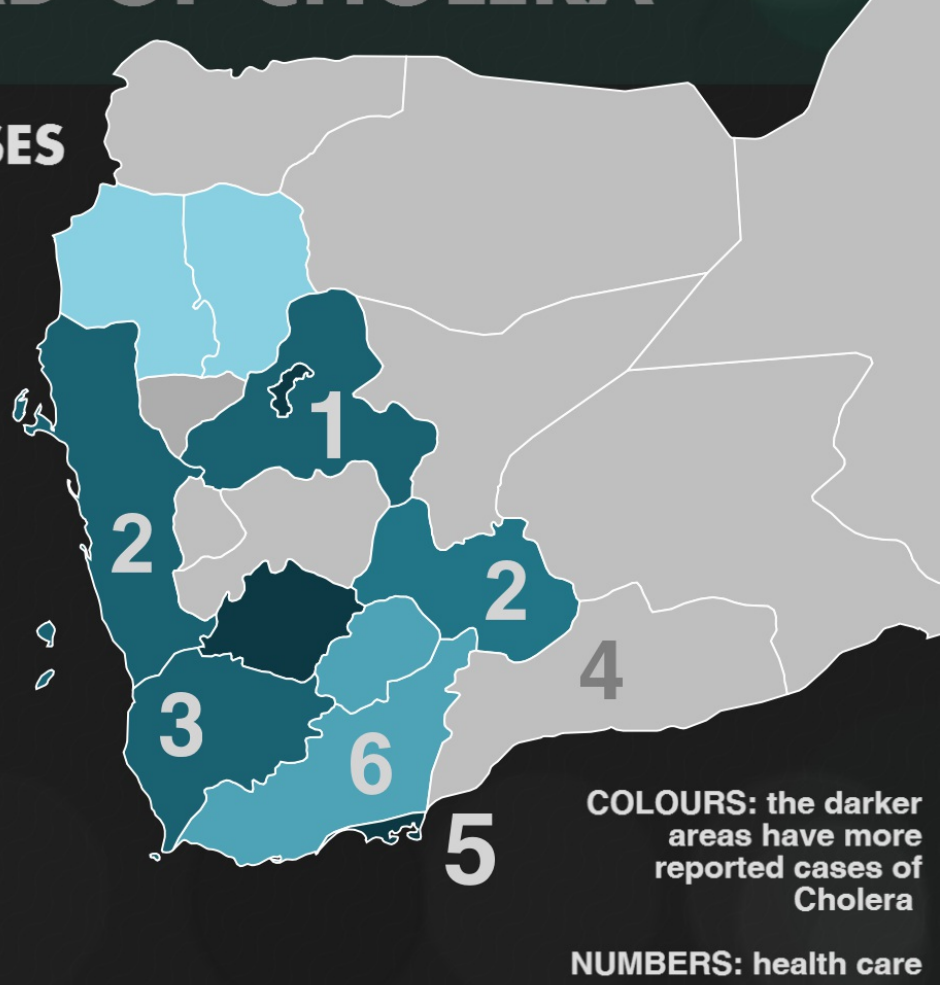
6,121 CONFIRMED CASES

37% OF CASES AFFECT UNDER 5

64% UNDER 15 YEARS

ONLY 45% OF HEALTH FACILITIES ARE OPERATING

SALARIES AND IMPORTS OF MEDICAL PRODUCTS MEAN THEY DON'T OPERATE AT FULL CAPACITY



HEAVY TRENDS

Malnutrition particularly under 5s will be compounded by acute outbreaks of waterborne diseases

Non-payment of government wages, collapse of local economy, and decreased access to remittances has destroyed household purchasing power.

State fragility is fuelling the growth of Al Qaeda in the Arab Peninsula (and ISIS)

State economic collapse will be very difficult to turn around and so far Saudi Arabia and the UAE have not bailed out the central bank.

Collapse of imports, conflict, and currency devaluation will increase macro & micro-level food insecurity and possible famine across the country

The lack of economic opportunities is leading men to joined armed groups and high rates of child marriage.

The absence of a peace deal encourages the disintegration of pro-Hadi forces and a partitioned Yemen.