



# Similar Situation and Different Value In Sana'a and Aden

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## Introduction:



The Yemeni war is in its eighth year amid signs of hope for a long-awaited peace following the humanitarian truce announced by the United Nations on the 2nd of last April, and renewed to 2nd of August, amid varying commitment by the parties to the conflict.

This truce led to the opening of Hodeidah port to 18 fuel-loaded ships, and the re-launch of flights from Sana'a International airport after closing down since September 2016.

Sana'a airport flights two planes from Sana'a to Amman back and forth, and another to Cairo.

It is a temporary breakthrough, which Yemenis hope continue and be crowned by reopening the main roads to the governorates of Taiz, Mareb, Al-Bayda, Lahj and Al-Dhalea, whose closure has doubled the human suffering, transportation costs, the prices of food commodities and basic needs of people. People also hope the truce improve the economy and their lives in light of the interactions that affected the daily lives of theirs, and exacerbated it.

Since the Houthi militants took control of the Yemeni capital, Sana'a on September 21, 2014, the Yemeni economy has been in a faltering state reinforced by the political division that reached the point of explosion with the announcement of the Saudi-led Arab coalition to intervene militarily on March 26, 2015, to restore the power to the Yemeni legitimate government.

Under the military intervention of the Arab coalition and the Houthi group's control over the sovereign and revenue institutions, the country entered into the midst of multiple crises, which cast a shadow over the people's livelihood, and worsened the economic situation. The United Nations recorded that the poverty line in Yemen exceeded 80% of the population, declaring this the worst humanitarian crisis in the world.

In this report, we worked in the field from January to April 2022 and were close to the daily life of people in a sample of governorates under the control of the Yemeni government and the Houthi group. We touched on their most prominent needs, how they live, what food they depend on in their daily meals, and what their sources of income.

Through our report, we put you in a comparison of the living situation between the areas under the control of each party, the impact of the procedures followed in the two areas, and the difficulties imposed by the war on the daily living of people in Yemen.

## Measures that Yemenis pay for >>

The political dispute and military hostility in the country developed into an economic division, which experts considered as a declaration of real war against the Yemenis by the parties to the conflict. The Central Bank of Yemen was transferred to Aden on September 18, 2016, and its decision to print new copies with different designs of the currency notes, which the Houthis rejected, banned its circulation and prevented its use in their areas of control, which led to a state of inflation that negatively reflected on the value of the Riyal in the areas under the control of the internationally recognized government. In mid-December 2021, one USD reached 1700 Yrs and recorded a decline later. Meanwhile, the Houthi Riyal remained at the level of 600 riyals for one USD during the same period.

The new situation has resulted in two economic regions in the country. The Houthis are controlling the first and imposing policies based on levies, while the Yemeni government is formally controlling the other region but actually many military forces are controlling its areas. This worsened the lives of many people, resulted in a miserable living reality, and increased poverty in the areas whose residents suffer from mass starvation, and were forced to eat the leaves of trees as happened in Hajjah governorate, northwest of Yemen.

In 2018, military battles took place near the pivotal port of Hodeidah in the north of the country. The round of conflict there ended with the Stockholm Agreement sponsored by the United Nations in late December of the same year. After that, the Yemeni government introduced a series of new laws making it difficult for importers to bring goods into the country via Hodeidah, forcing them to use the Central Bank in Aden to transfer money in and out of the country. In 2019, with the help of Saudi Arabia, the government began delaying approvals for fuel imports to Hodeidah<sup>1</sup>.

As for the Houthis, they have not only prevented the circulation of the new version of the local currency, but made customs collection points in the areas adjacent to the Yemeni government's areas, dealing with the economic scene as if between two countries. Moreover, they denied to deposit the amounts collected from the port of Hodeidah to the account of the Hodeidah Central Bank to pay the salaries of government employees in their areas of control, as required by the Stockholm Agreement. They also tightened the screws on oil-rich Marib governorate.

1 - How the Yemeni war economy undermines peace efforts - International Crisis Group - February 2022 <https://yemenconflict.crisisgroup.org/ar/index.html>.

The struggles over control of the local currency and oil derivatives have deepened the economic and humanitarian catastrophe in Yemen, as the Houthis enjoy a population density that represents 70% of the country's population, who are more than 30 million people.

In government-controlled areas in particular, the cost of basic commodities has risen so dramatically that the price of the average food basket purchased by an average family has doubled since January 2020. This increase can be explained by the fall of the Riyal in government areas <sup>2</sup>.

Fuel prices have also increased in Houthi and other areas alike, partly due to the measures imposed by the government backed by the Saudi-led coalition on Hodeidah since January 2020 and to higher prices in global markets <sup>3</sup>.

Opponents and economists accuse the Houthis of raising fuel prices in their areas to make up for lost income due to the embargo on fuel shipments and to increase their revenues, while the Houthis blame the government for this.



## How do Yemenis live? >>

At the end of 2021, the war took the lives of about 377,000 Yemenis, according to the United Nations Development Program. Of this number, most of them were killed not because of fighting on the front lines, shelling or airstrikes, but because of living conditions and poor services <sup>4</sup>.

The difficulties of livelihood take most Yemenis thinking, and create for them a bitter reality topped by humanitarian crises and deadly seasonal epidemics, which are back every year in light of the collapse of the health system unable to contain the situation and mitigate its severity.

In the face of all this, Yemenis are trying to uphold their existential right. The experiences of the war have polished them and created a reality at the heart of the conflict, which spares no effort in complicating the scene and increasing the bleak situation. We will address in this section how Yemenis live and face difficult economic and living challenges. Let's come up with a number of ways they depend on to survive.

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2- The same reference.

3 - How the Yemeni war economy undermines peace efforts - International Crisis Group - February 2022 <https://yemenconflict.crisisgroup.org/ar/index.html>

4 - Assessing the Impact of the Conflict in Yemen: Pathways to Recovery, UNDP, November 2021 <https://www.ye.undp.org/content/yemen/ar/home/library/assessing-the-impact-of-war-in-yemen--pathways-for-recovery.html>

## Humanitarian aid

UN estimates indicate that 80% of Yemenis depend on humanitarian aid provided by the United Nations through its local partners from non-governmental organizations and institutions, in addition to other aid provided by centers and organizations concerned with Yemeni affairs periodically. They intervene from time to time to save the situation, in light of the existing funding gap, and the inability of the donors to meet the funding of the annual humanitarian aid plan.

Last March, 36 donors pledged nearly \$1.3 billion for the humanitarian response in Yemen, an amount that did not reach the half of the declared need through the Humanitarian Response Plan, which includes well-coordinated programs to reach 1.3 million people with \$4.27 billion assistance <sup>5</sup>.

Two out of three Yemenis, 20 million men, women and children, live in extreme poverty, and millions face extreme hunger. World Food Program was forced to halve monthly food baskets due to lack of funds <sup>6</sup>, which is what our field team monitored in ten governorates from the areas under the control of the Yemeni government and the Houthi group. The impact of reducing food baskets in densely populated governorates was huge in regions such as Sana'a, Hodeidah, and Marib, where more than two million displaced people have sought refuge since the beginning of the war.

Humanitarian aid, with its diversity, remains an important source of livelihood for Yemenis, and without it, we will witness a deviation towards a famine that may engulf the country. For the majority of the population, it covers a large part of their monthly needs, especially in the Houthi-controlled areas, because of not regularly paying the salaries of government sectors employees since 2016.

## Social support networks

The humanitarian aid is important in saving the lives of Yemenis and extricating them from starvation, but it is not the only source through which Yemenis cope with the eight-year crisis. There are social donating networks on which Yemenis rely in densely populated areas, especially rural ones, which make the social cohesion a distinctive feature of Yemeni society, whatever the circumstances.

Although the strong social ties has loosed due to the length of the conflict, the tangible and intangible resources mobilized by social support networks have become crucial to families during war, such as food, money, work, shelter,

5 - Yemen: After 7 Years of Conflict, United Nations Determined to Continue Helping Yemenis, UN News, March 2022 <https://news.un.org/ar/story/20221097562/03/>

6 - The same reference

livelihood, information and psychological support. Families need to meet their immediate needs and survive in the face of cascading stresses and shocks <sup>7</sup>.

Even the remittances sent by Yemeni expatriates to their families are part of support networks and the strengthening of social ties, because of their impact on maintaining the cohesion of these links and ensuring their continuity.

Participation, altruism and generosity are a tangible Yemeni value that we can consider a voluntary sharing of resources, and within it are norms based on reciprocity. These values are spreading a lot in the Yemeni countryside, in multiple occasions.

However, these networks are threatened with erosion in the event of prolonged conflict, which will cause one of the main causes of famine and widespread poverty in the country.

## Traditional professions

Some Yemenis earn money for living from traditional inherited professions, such as blacksmithing, carpentry, decoration, construction and even agriculture. The latter is an important source for rural families that depend almost entirely on what they grow from their crops, whether to provide for daily requirements, or to buy other needs by selling surpluses.

Agriculture occupies an advanced rank in the conscience of Yemenis, according to statistics dating back to the year 2010, 68% of the population lives a self-sufficient agricultural life, in the mountainous villages, in Tihama and the vicinity of Ma'rib. However, this is no longer the same as before because of the scarcity of water and the lack of pumping capabilities due to the high prices of diesel, the lack of it in some governorates, and the inability to the costs of using alternative energy such as solar panels.

Cash crops such as Qat and coffee are the most cultivated, in addition to seasonal fruits and vegetables that are rotated in different governorates according to weather changes.

Part of the population of the coastal governorates relies heavily on fishing, but it is not regulated. The situation of fishermen has become different due to the state of war making fishermen pay a heavy price as a result of targeting by the parties, and preventing the fishermen to fish in some sea areas they depend on completely.

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7 - Participation for Survival: An Investigation of the Role of Social Networks during the Humanitarian Crisis in Yemen, Mercy Corps, January 2022

## Others

The fluctuating regularity of salaries in government-controlled areas for all civil sector employees has had a tangible impact in covering many living needs. This does not apply to those in the military, who have been waiting for their salaries for months. The situation is different in the Houthi-controlled areas, where the employees of Justice and Telecom Ministries are regularly paid, but other employees are not paid. Houthis take care of a monthly basket of its fighters if they are on the military fronts, and upon their return, they receive 20,000 riyals, according to what our field monitors confirmed.

The private sector also play a role in maintaining the livelihood of thousands of families in the north and south, despite the continuous restrictions, arbitrary violations, and attempts to replace it by the dominant military authorities in reality. The regular delivery of salaries by the private sector kept these families alive.

The killing of hundreds of thousands of Yemenis since the beginning of the war has left thousands of families without a breadwinner. The family structure has also changed due to the non-payment of salaries and the low level of income in Houthi-controlled areas, high inflation and the continuous collapse of the national currency in government-controlled areas, forcing women and children to work and bear the burdens of their families, other than what is dictated by social customs and traditions in several regions. The priority is for the man, who is concerned with providing the family's needs and managing its requirements, except for what is rare.

Several families went to rehabilitate their girls in handicrafts related to women, such as engraving, sewing and hairdressing; This is to ensure the provision of a minimum level that helps them to face the daily difficulties of life in Yemen. This is what prompted international and local organizations to adopt rehabilitation and training projects in these areas, and followed them with empowerment by providing basic needs in their mission as breadwinner for their family.



## Between Sana'a and Aden... Similar situation and different value >>

Sana'a does not agree with Aden politically. The first is taken by the Houthis as their capital, and the second is declared by the Yemeni government as a temporary capital as long as Sana'a is under the control of the Houthi group. The political incompatibility includes other aspects such as the military and economic, and each party takes its capital as a source for launching reciprocal measures, the price of which is paid by people who distance themselves from the details of the conflict rampant throughout the country.

The exchange rate of the Yemeni riyal varies in the areas under the control of the two parties. Last April, it was almost stable throughout the days in which we monitored the changes in the rate of the national currency for the US dollar and the Saudi riyal. The exchange rate of the riyal rose against the dollar by no more than a thousand riyals, affected by the presidential announcement to form a Bank leadership council. After three months of fluctuation, Yemeni Riyal reached a limit of 1250 per US dollar in the last week of last March, while the rate of the riyal against the dollar in Houthi-controlled areas reached 556, which is a rise linked to political developments on the other side of the country, after a stable rate (600 riyals) for the one dollar during the first quarter of this year.

In one month, a family of five people needs a food basket that meets the minimum nutritional needs, such as rice, white flour, wheat, cooking oil, sugar, beans and filtered drinking water, with varying quality. The most families cannot live as they want and are satisfied with the humanitarian aid they receive, which is no longer what it was during the past years. Since the beginning of 2022, the outbreak of the Ukrainian-Russian war in February 2022 and its consequences on the food and transportation crisis, the rise in fuel prices and the dispersion of international efforts towards the crises of wars in the world, All of these factors contributed to the complication of the Yemeni humanitarian situation, and had a tangible impact on the diaries of Yemenis during the past months, especially when Yemen imports 30% of its wheat from Russia and Ukraine, and a greater percentage of cooking oils <sup>8</sup>.

8 - The Russian-Ukrainian War inflames Wheat Prices in Yemen "Estimated Position", Center for Studies and Economic Media, March 2022 AD, <https://economicmedia.net/?p=3543>

Components of the food basket for one family		
Item	QTY	Remarks
Rice	5kgs	Some families prefer flour and others wheat
Flour	25kgs	
Wheat	25kgs	
Cooking oil	4 liters	
Sugar	5kgs	
Beans	30 cans	

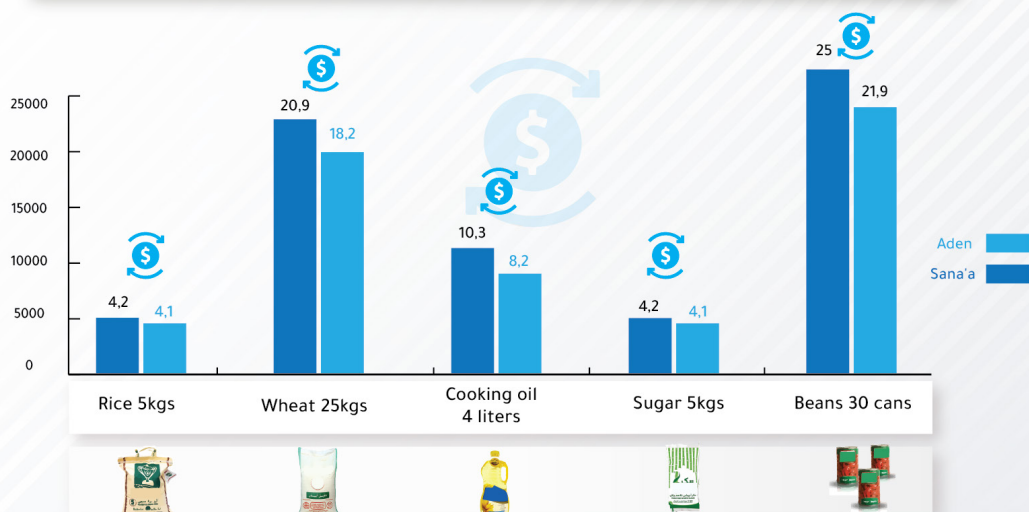
In addition to these basic food needs, there are other daily needs such as filtered drinking water, water of housing use, cooking gas, and vegetables used to prepare meals such as onions and tomatoes.

When comparing the price of the food basket items between Sana'a and Aden, we conclude that the prices are very different in the two regions, but very similar when converting the prices to US dollar. In Sana'a, we adopted the USD rate at 600Yrs as an average for the four months, while in Aden is 1100 Yrs. We compared the prices accordingly.

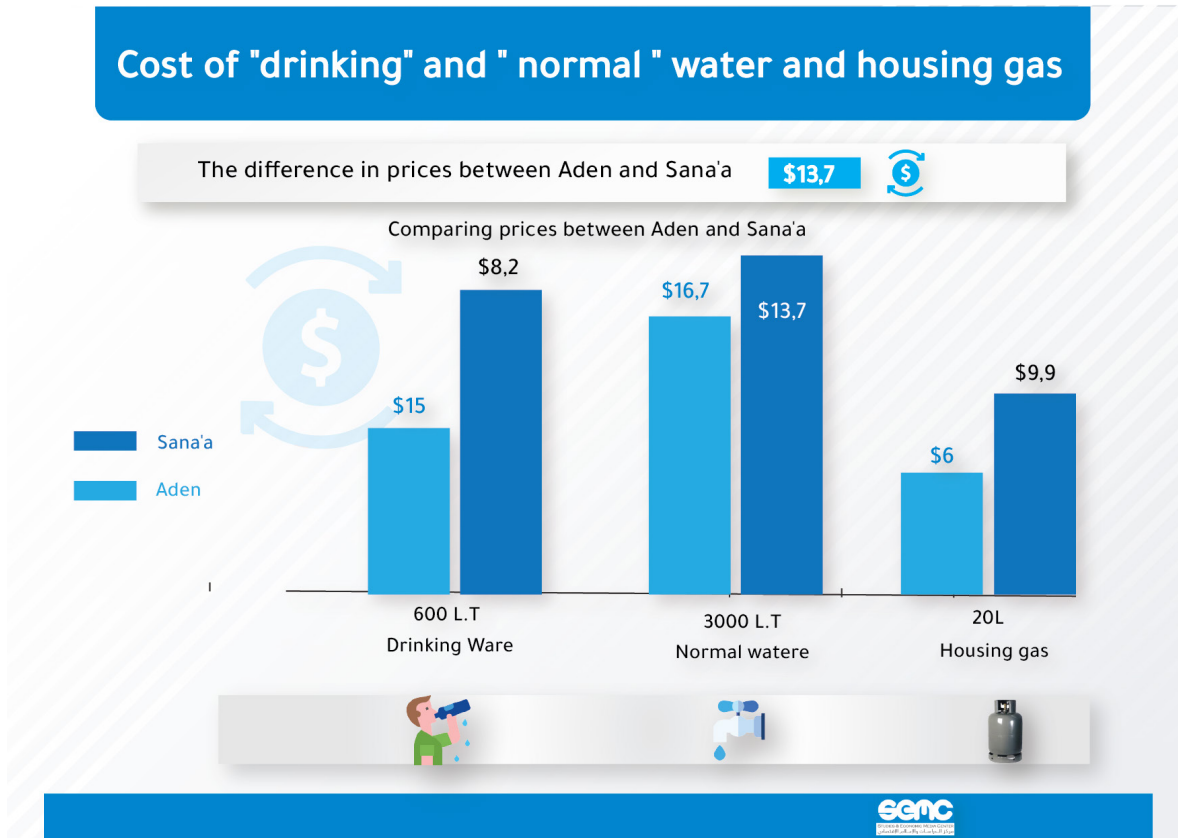
## Prices of basic commodities in Sana'a and Aden

The difference in prices between Aden and Sana'a

8,1



We added to this an accompanying basic need, such as filtered drinking water, normal water, and housing gas. We compare these three needs between the two cities, in the same way we compare basic food commodities.



According to previous data deduced from field monitoring that lasted for months, and on an almost daily basis, the situation in the Houthi-controlled areas are getting worse compared to the Yemeni government-controlled areas, which is not much different. The prices in the areas of the government seem higher in Yrs, but actually are less than of that in Houthi areas when exchanging to USD. The prices difference is in favor of the government-controlled areas, as shown in the following table <sup>10</sup>:

Region	Total monthly needs	
	USD	Yrs
Sana'a	106.2	63600
Aden	84.4	92500
<b>Difference</b>	<b>21.8</b>	<b>28900</b>

9 - Exchange rate in Sana'a is 600Yrs for one USD and 1100 in Aden

10 - The situation of two families from Sana'a and Aden was studied, in terms of the number of family members and the source of income (a breadwinner works as a teacher).

## Income deficit and prices differences >>

The price differences are reflected in the daily living needs of the Yemeni population in general, but the population density and the purchasing deficit in the areas under the control of the Houthi group are supported by many directly affecting factors, such as the non-payment of government sector employees' salaries, who are paid only half an irregular salary on every religious or national occasion. Furthermore, illegal levies have an impact on prices, as merchants try to compensate for their losses. The constant harassment of manufacturers and the attempt to obstruct the regularity of their production are also one of the reasons of the high prices, and affecting the purchase power of this private sector's employees covering the needs of tens of thousands of families.

In the areas under the control of the Yemeni government, regular salaries cover a large part of the people's living needs. The fluctuating regularity of salaries ensures a market recovery and provides the cash. The lack of obstacles that prevent the regular delivery of humanitarian aid provided by the World Food Program also improves the livelihood, compared to the areas under the control of the Houthi group completely controlling the monthly food distribution process.

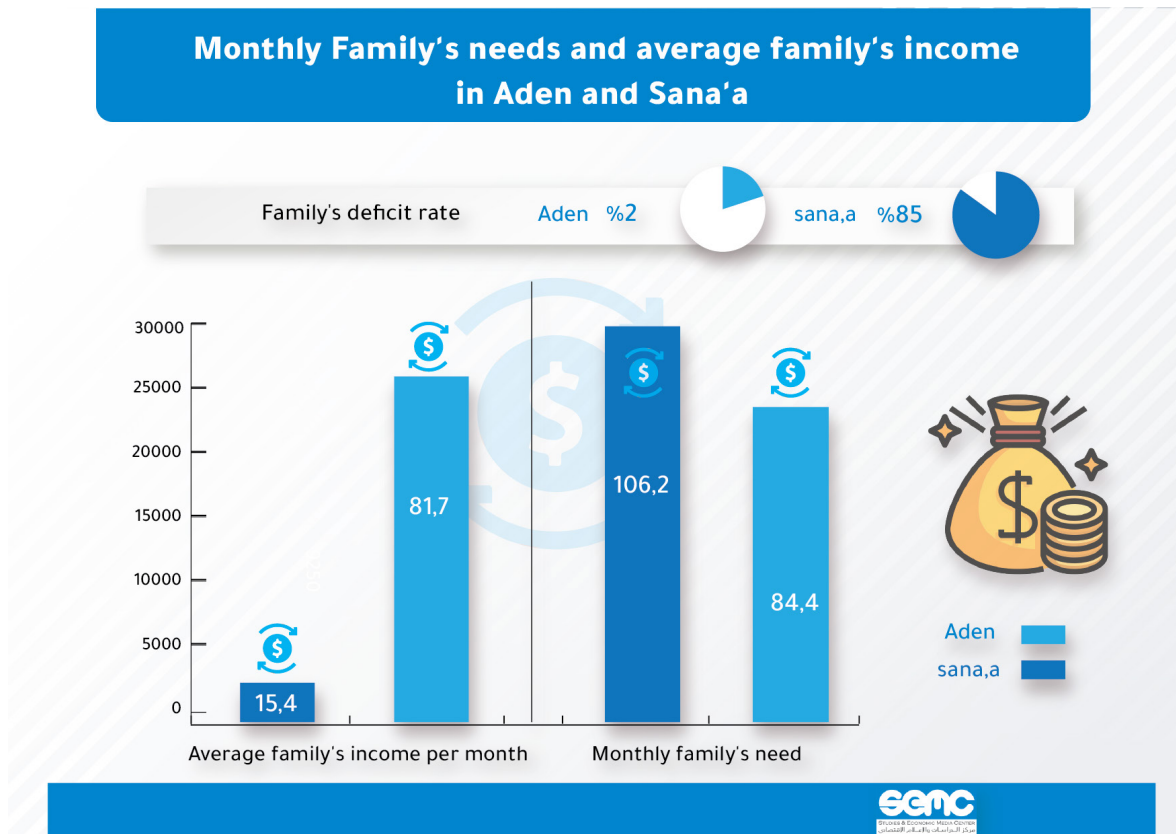
We confirmed this directly through our field team, which surveyed the situation of two families consisting of five members each in Sana'a and Aden, comparing their living situation, regular government salary, and other sources of income that covered their needs during the four months from January to April 2022.

Income during four months January- April 2022	Sana'a		Aden	
	Yrs	USD	Yrs	USD
	37000	61.7	360000	327

The size of the gap between Sana'a and Aden in terms of the source of income and the monthly need for one family is evident. The survey shows the average income earned by one family (10) with a large difference in favor of Aden, and this is due to the regular payment of salaries in areas controlled by the Yemeni government.



The situation in general is similar between Sana'a and Aden in the size of the monthly needs, and the estimated cost, but different in the value of goods because of the different values of both regions local currency. However, the income difference had the greatest impact on the high rate of inability of families in Houthi-controlled areas to cover their living needs.



From the data shown in the above graph comparing two families in the two regions, the deficit in the living aspect of the two families is clear, but is greater for those in Sana'a, where the percentage of the deficit reached 85% compared to 2% in areas controlled by the Yemeni government (Aden).

The family we surveyed in Sana'a is trying to live with the minimum needs of daily life. The food aid provided monthly by the World Food Program covers part of its needs, although it is not regular and gets little from time to time, because of the developments of the Russian-Ukrainian war. The family's breadwinner is also trying to cover some of the family's needs by working as a teacher in some educational institutes during the evening time, although he receives a little payment compared to the job he does.

## Conclusions: >>

- The non-paid salaries in the Houthi-controlled areas made families who depend on government salaries unable to provide their basic needs and search for available alternatives to provide the minimum ones.
- There is a large gap between the exchange rate of the riyal the for US dollar and the prices of basic goods in the Houthi-controlled areas, which impacted the purchasing and living power of people.
- In Sana'a and Aden, the situation is somewhat similar in terms of conditions and poor services, with a significant difference in the prices of basic goods between two regions.
- The deficit of the monthly need for one family in the Houthi-controlled areas reached **85%**, compared to **2%** in the Yemeni government-controlled areas.
- There is a price difference of **\$21.8** between Houthi-controlled areas and the Yemeni government areas, for the monthly basic food basket, as a family in Sana'a needs **\$106.2** per month, while a similar family needs **\$84.4** per month in Aden.
- The continuation of the military conflict and the fabrication of side economic battles have worsen the living conditions of citizens who pay the price for any reciprocal measures between the two sides of the conflict in Yemen.
- The conflict in its current form is leading the country to famine in light of limiting alternative sources of income, striking social support networks, and providing a cover for practices outside the framework of official vessels.

**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.**



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