

The Impacts of Declining International Aid on the Humanitarian and Economic Situation in Yemen

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Introduction

Since the outbreak of the armed conflict in Yemen in 2015, the country has entered a vortex of overlapping crises that have affected all aspects of life, gradually turning it into one of the world's largest humanitarian crises. With the intensification of the armed conflict between the internationally recognized Yemeni government and the Houthi group, and amid complex regional and international interventions, the Yemen's infrastructure has suffered near-total collapse. Development indicators have plummeted, leading to widespread poverty, high displacement rates, and a vast expansion of humanitarian needs to include more than two-thirds of the country's population.

In this dire context, international aid played a critical role in preventing total collapse, as millions of families relied on it to meet their basic needs amid the failure of the country's institutions. Donors, through UN agencies and humanitarian organizations, provided cumulative funding exceeding \$29 billion since 2015, supporting key sectors such as food security, healthcare, water, education, and shelter. In addition to UN-coordinated funding, Yemen also received direct humanitarian and development assistance outside this framework from countries including Saudi Arabia, the United Arab Emirates, Kuwait, the United States of America, Turkey, Qatar, and others. This assistance came in the form of direct support for relief programs, medical aid, fuel derivatives, and infrastructure development.

Nevertheless, recent years have seen a concerning decline in donor commitments, both within and outside the UN framework, especially in 2025, which recorded the lowest funding coverage for the 2025 UN Humanitarian Response Plan, in Yemen, in over a decade, with only 9% of needs met by May. This reflects the significant funding challenges facing the humanitarian system in Yemen and puts the fate of millions in need in jeopardy.

This decline came at a highly sensitive moment, as Yemen entered 2025 with alarming statistics: more than 19.5 million people in need of humanitarian assistance. The consequences were not limited to

the humanitarian domain; they also extended to the national economy, which is undergoing near-total collapse. Yemen has lost approximately \$90 billion in GDP since the start of the war in 2015, and over 600,000 people have lost their jobs. About 58% of the population live in extreme poverty.

The reduction in international funding has affected aid operations across various sectors. Vital programs in food, health, water, education, and protection have been suspended. Dozens of local and international organizations have been impacted, leading to the dismissal of hundreds of humanitarian workers and the deprivation of millions from essential services. Partner organizations, including those led by women, face the risk of complete shutdown due to lack of funding, threatening the community-based support systems for vulnerable groups.

This Report is an attempt to shed light on the complex consequences of the shrinking humanitarian funding in Yemen, examining its direct impact on beneficiaries, its economic and social implications, and its effect on the overall humanitarian system. It focuses particularly on the implications of the cessation of U.S. funding, which has historically represented the largest share among Yemen's international donors. The report also reviews the main features of Yemen's humanitarian funding over recent years, analyzes current funding gaps, and provides an initial framework of alternative options to mitigate harm and strengthen community resilience.

In light of the ongoing war, the multiplicity of power entities, and the absence of prospects of a clear political deal, the question "Who will fill this vacuum?" remains urgently relevant, especially given the retreat of traditional donors and the shifting priorities of international policy. This situation underscores the need for a new dialogue about the future of aid in Yemen, one that considers the current phase's particularities, balances humanitarian and development responses, and engages local, regional, and international actors in crafting more sustainable solutions.

Size of Humanitarian Aid to Yemen



In 2025, the estimated number of people in need of humanitarian assistance in Yemen stands at approximately 19.5 million, which is half of the country population, marking an increase of 1.3 million from 2024. About 17.1 million Yemenis suffer from food insecurity, with 6 million at risk of famine. Nearly 4.8 million people live in internal displacement under dire conditions lacking basic life essentials. A Yemeni child dies every ten minutes due to hunger or preventable diseases.

Since 2015, UN agencies and various INGOs have been actively providing humanitarian assistance to Yemen. The total support has amounted to nearly \$29 billion USD, with around \$20 billion provided through donor conferences under the UN Yemen Humanitarian Response Plans. An additional \$9 billion was delivered outside this framework. The following table summarizes the international support to Yemen since 2015:

Year	Required Amount (Billion USD)	Funded via UN Humanitarian Response Plan (Billion USD)	Funding Outside the UN Response Plan (Million USD)	Total Funding for Yemen (Billion USD)
2015	1.60	0.8742	877.2	1.75
2016	1.63	1.03	777.9	1.80
2017	2.34	1.76	608.4	2.37
2018	3.11	2.50	2.74 billion	5.24
2019	4.19	3.64	435.1	4.08
2020	3.38	1.99	265.4	2.26
2021	3.85	2.42	915.6	3.34
2022	4.27	2.31	501.7	2.82
2023	4.34	1.78	434.2	2.21
2024	2.71	1.54	835.9	2.37
2025	2.48	0.2136	31.6	0.2136

Table: Details of international support to Yemen since 2015

International aid to Yemen is delivered through a wide range of international and local organizations and agencies, including 11 United Nations agencies, 58 international non-governmental organizations, and 128 local organizations. This support has contributed to alleviating the severity of the humanitarian crisis to some extent. However, the past two years have witnessed a significant decline in funding levels due to reduced contributions from several donors. This decline has pushed large segments of the population to the brink of hunger, posing the risk of a severe humanitarian disaster unless urgent action is taken.

One of the most prominent manifestations of this funding reduction was the announcement by the United States to suspend a large portion of its humanitarian assistance, which has had a major impact on the performance of both international and local relief organizations, further exacerbating the already dire humanitarian situation in the country.

U.S. Assistance to Yemen

The United States has been one of the top international donors to Yemen's humanitarian efforts since 2015, contributing over \$6.4 billion through USAID. These funds supported basic needs such as food, healthcare, water, and education.

Key programs included the Yemen Economic Stabilization and Success (YESS), the Yemen Communities Stronger Together (YCST), and healthcare initiatives in collaboration with UNICEF and WHO by US-AID.

In April 2024, a five-year development aid agreement (2024–2029) was signed between the U.S. and the Yemeni government, aiming to boost economic growth, access to basic services, and enhance governance and institutional capacities. However, a partial suspension of U.S. aid during 2020–2021, and a broader freeze in 2025, severely disrupted operations.



U.S. assistance to Yemen has covered several key areas,
most notably:

Support for economic development:

through the provision of both economic and technical assistance.

Promotion of political stability:

by supporting political efforts and pathways for democratic transition.

Humanitarian assistance:

by providing relief to displaced persons and the most vulnerable groups.

During this period, there was a partial suspension of U.S. aid, particularly in areas under the control of the Houthis group between 2020 and 2021, due to restrictions imposed on humanitarian operations. This had clear negative consequences, as several food and health programs were forced to shut down, regular aid to millions of families was suspended, and food and health security in affected areas deteriorated. As a result, six international organizations—including CARE, the International Rescue Committee, Save the Children, the Norwegian Refugee Council, Oxfam, and Mercy Corps issued a [statement](#) calling on the agency to resume its assistance to Yemen.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contribution (Million USD)	207.9	316.2	611.9	547.1	1,063.50	680.9	677.1	970.3	689.2	768.6	16.1
Total	6.448 billion USD										

Table showing U.S. assistance to Yemen since 2015.

Decision to Halt U.S. Assistance

In January 2025, U.S. President Donald Trump issued an executive order suspending American foreign aid for a period of 90 days. The purpose of the suspension was to review the effectiveness of these programs and assess their alignment with U.S. foreign policy. The decision included halting funding allocated to foreign countries, non-governmental organizations, contractors, and international agencies. Additionally, approximately 83% of USAID programs were canceled, and the remaining programs were transferred to the Department of State.

This decision resulted in a near-total paralysis of humanitarian operations in Yemen. A significant number of UN agencies were forced to suspend many of their programs, while relief organizations struggled to secure alternative funding sources, especially as this decision coincided with the U.S. designation of the Houthi group as a terrorist organization. This combination significantly deepened the humanitarian crisis in Yemen, particularly in areas under Houthi control.

The impact of the U.S. decision was not limited to international organizations; it also influenced European aid. Some European countries began to follow the U.S. lead in reducing their humanitarian



assistance, further complicating the humanitarian situation in the country.

The negative effects of the aid cuts began to manifest clearly on the ground. According to officials from the Ministry of Social Affairs and Labor in Aden, speaking to Reuters, several humanitarian organizations announced the suspension or downsizing of their activities, including the dismissal of staff, especially in densely populated areas under Houthi control in the north, center, and west of the country. This decline is expected to exacerbate already high unemployment rates, worsening the fragile economic and social conditions in those governorates.

The suspension of U.S. humanitarian aid also had a severe impact on the lives of internally displaced persons (IDPs), particularly in Marib Governorate, which hosts the largest concentration of IDPs in the country. The decision led to the cancellation of several vital humanitarian projects that were serving more than 62% of Yemen's total displaced population. Over 70% of camp management projects and 60% of health and education programs in Marib were halted. Additionally, more than 18,000 displaced families are now at risk of eviction due to worsening economic conditions and the continued influx of new IDPs. The lack of alternatives and insufficient funding to sustain these programs is expected to disrupt several essential services, including food security, healthcare, sanitation, and epidemic control efforts posing a direct threat to the lives of thousands of project beneficiaries.

Impacts of Funding Cuts on Yemen's Humanitarian Situation

Since late 2023, Yemen has experienced a rapidly worsening humanitarian situation due to a severe shortage of international funding allocated for humanitarian aid. This marked a critical turning point in the trajectory of relief operations in the country. The deterioration began when the World Food Programme (WFP) announced the suspension of food aid distribution in areas under Houthi control, a decision that deprived approximately 9.5 million people of essential food support, opening the door to deteriorating living conditions for wide segments of the population.

At the beginning of 2025, the crisis deepened further when the United States announced the suspension of a large portion of its humanitarian aid, in parallel with the re-designation of the Houthi group as a Foreign Terrorist Organization (FTO). This move represented a sharp turning point in humanitarian operations in Yemen, as it led to the withdrawal of many international partners and the suspension of relief projects that had been serving millions, particularly in the densely populated Houthi-controlled areas.



In addition to the severe funding shortfall, humanitarian organizations are facing other complex field challenges, especially in Houthi-controlled regions. The Houthi group have imposed strict restrictions on the work of humanitarian organizations, including arbitrary arrests of staff, illegal fees and levies, and looting of warehouses. These practices have disrupted distribution efforts, hindered response operations, and forced local communities to increasingly rely on negative coping mechanisms, including unsafe means to access food or healthcare services.

What further worsens the crisis is that 2025 recorded the lowest level of humanitarian funding in over a decade. By mid-May, only 9% of the total \$2.48 billion required by the UN Humanitarian Response Plan had been funded. This casts serious doubt on the ability to sustain even the minimum level of humanitarian support and signals an unprecedented deterioration in the humanitarian situation if urgent action is not taken.

To address the funding shortfall, the United Nations has revised its humanitarian priorities for Yemen. It has reduced the 2025 Humanitarian Needs and Response Plan requirements to \$1.42 billion, aiming to assist 8.8 million people by December 2025.

Therefore, this Report aims to examine some of the key humanitarian consequences of the international funding shortfall in Yemen, with a focus on priority sectors such as food security, health, protection, and other essential services, as follows:

1- Food Insecurity:

Yemen is experiencing one of the worst food insecurity crises in the world, with approximately 17.6 million people suffering from varying degrees of food insecurity. This crisis has significantly worsened due to the World Food Programme (WFP) reducing its assistance as a result of funding shortages. Consequently, the number of beneficiaries dropped from 3.6 million to just 2.8 million people. This reduction has deprived hundreds of thousands of the poorest families of access to

even the minimum level of their nutritional needs, amidst rising prices of basic commodities and declining purchasing power among the population.

Nutrition assistance programs have also been forced to scale back their operations to critical levels, which has negatively impacted efforts to prevent malnutrition among the most vulnerable groups, particularly children, pregnant and lactating women, and adolescent girls. Approximately 654,000 beneficiaries, about 80% of the 2025 target, have been affected. The acute and moderate malnutrition management program faces the risk of a complete halt in food supplies after April in Houthi-controlled areas. Meanwhile, areas governed by the internationally recognized government are expected to face a similar funding crisis starting in August, threatening the continuity of nutrition services on a broad scale.

If urgent funding needs are not met, the situation is likely to deteriorate further. An additional six million people could fall into more advanced phases of food insecurity (Phase 4 or higher), and nearly 400,000 small-scale farmers may lose their essential sources of income and food. This is expected to increase reliance on low-quality food and force the adoption of negative coping mechanisms. If the failure to produce or supply sufficient food continues, the situation could reach famine-like conditions.

2- Deterioration of Health Services

The sharp decline in international funding has severely affected essential aspects of life, particularly food security and healthcare. Funding cuts have reduced food rations for about 8 million people, including women and children, and led to the closure of dozens of health facilities supported by international aid.

According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), reduced U.S. support has weakened water and sanitation programs, contributing to outbreaks of diseases such as cholera, which has affected over 2.5 million people since 2016.

Yemen's health system has sharply deteriorated, with many facilities halting treatments like insulin for diabetes and reducing immunization and primary care services, especially in remote areas. This raises the risk of epidemics and increased mortality among vulnerable groups.

It is estimated that the lack of funding will shut down 771 health facilities, depriving about 6.9 million people of lifesaving primary and secondary care. Additionally, 2.7 million women and girls of reproductive age would lose access to reproductive health services, including over 30,000 pregnant women needing specialized care.

Without urgent and sustainable support, Yemen's health system risks near-total collapse, increased preventable disease outbreaks, and rising mortality among women and children.

3- Deterioration of Life-Saving Protection Programs in Yemen

Yemen faces one of the world's most complex protection crises due to ongoing conflict, mass displacement, explosive remnants, institutional collapse, and systematic rights denial. With 37% of Yemeni districts classified as high-risk, millions, especially women, children, the disabled, and displaced, face severe protection threats.

Over 2 million people lost access to vital services such as legal aid, child protection, psychosocial support, gender-based violence services, and safe spaces due to funding shortages.

U.S. aid suspension exacerbated the situation, disrupting protection activities in 254 districts across 20 governorates, including 108 classified as extreme severity. The suspension halted \$24 million in aid, froze lifesaving services, and affected 18 partner organizations and

75 projects, leaving over 1,000 field staff and many women-led local groups at risk of closure.

Monitoring activities were suspended, denying about 838,000 people preventive support and limiting early risk detection and response.

If funding gaps persist, long-built protection systems, community networks, case management, safe spaces could collapse. More than 150,000 people could lose case management services, tens of thousands may lack civil documents, and about 921,000 women and girls could be left without gender-based violence support.

4- Economic Collapse and Currency Devaluation

Yemen's economy is in deep collapse after years of conflict. Its chronic dependence on external financial flows, especially aid, is vital to maintaining minimal economic activity.

Cutting aid not only creates funding gaps but triggers catastrophic economic consequences, worsening stagnation and eliminating recovery prospects. These changes have already led to a steep economic contraction and significantly reduced aggregate demand. International aid increased purchasing power, but funding cuts reduced it, forcing local businesses to lower output and hampering GDP growth in Yemen.

Recently, the Yemeni currency (Rial) lost about 25% of its value, driving food and fuel prices higher and fueling inflation. Simultaneously, the labor market is struggling. Aid programs provided key employment opportunities, but reduced support has forced many organizations to halt services, worsening unemployment and family livelihoods.

The slowdown in development projects due to funding cuts undermines local economic recovery, limits job creation, and threatens long-term reconstruction and development efforts. The reduction in aid poses an economic shock that threatens the fragile economy

Proposed Alternatives and Solutions



To address the severe economic consequences resulting from the reduction of international aid to Yemen, a comprehensive strategy must be adopted, one that emphasizes a gradual shift from dependence on humanitarian assistance to pathways of sustainable development. The following practical proposals, arranged in order of priority and relevance to the current crisis, are intended to achieve this transformation:

1- Advocate for Phased Aid Withdrawal Aligned with Development

To avoid the shock of a sudden funding cut, the Yemeni government, together with international and local organizations, must intensify efforts to urge the international community, especially the United States, to develop a clear, well-regulated plan for the gradual withdrawal of humanitarian aid. This plan must directly align with measurable progress in local development, such as the resumption of oil

and gas exports, the regular payment of civil servant salaries, and the reactivation of government institutions. This approach would prevent abrupt economic collapse and allow Yemen's economy to rebuild self-sufficiency over time.

2- Fund Development Through Local Resources and Institutional Activation

To achieve long-term economic sustainability, emphasis must be placed on activating internal resources. Pressure must be exerted to resume oil and gas exports and ensure consistent payment of public employees' salaries, especially in Houthi-controlled areas. This step will directly boost local economic activity by increasing purchasing power, stimulating aggregate demand, and reducing reliance on direct humanitarian assistance. Resuming salary payments could serve as a foundational step toward rebuilding public trust and partial economic stability.

3- Reinforce Traditional International Support

While working toward development, the restoration of a portion of traditional donor aid is essential in the short- and medium-term. This requires renegotiations with the U.S. to reinstate some key humanitarian and development programs that have been reduced or suspended. It also involves strengthening partnerships with European countries and regional donors such as Saudi Arabia and other Gulf states to help fill the current funding gap and support the transitional phase. These negotiations must highlight the urgent need to invest in long-term economic recovery.

4- Enhance Transparency and Broaden Local Partnerships

To build trust and ensure continuity and effectiveness of international support, it is crucial to enhance transparency in the distribution of aid

and financial management. Doing so improves accountability and encourages donors to maintain support. In the context of transitioning to development, the private sector and civil society must be empowered to play a greater role in economic and social development. This can be achieved by building their capacities, providing a supportive investment climate, and involving them in designing and implementing projects that generate jobs and income. Such partnerships will harness local expertise and contribute to more sustainable outcomes.

5- Seek Innovative and Alternative Funding Sources

To reduce dependence on traditional aid in the long run, it is important to diversify funding sources. This includes turning to regional development funds and Gulf support that can offer long-term financing for infrastructure and development programs. There is also a need to encourage public-private partnerships in service and production sectors, and to explore impact investment mechanisms that focus on long-term development outcomes and foster economic independence.

6- Localize Humanitarian Work and Adopt the Triple Nexus Approach

Efforts must be made to localize humanitarian action by empowering local actors and reducing the operational costs of international organizations. This will improve the efficiency of responses and ensure that resources are directed toward community priorities. Adopting the “Triple Nexus” approach, which integrates humanitarian aid, development, and peacebuilding, is essential. Policies based on food basket distribution should be revised to avoid reinforcing dependency, with a focus instead on livelihood programs that promote economic resilience and independence.

These proposals require concerted action from all stakeholders, Yemeni actors and the international community alike, to enable a real transformation that helps Yemen's economy stand on its own and move away from the cycle of external aid dependency.

All in all, for years, international aid has been a vital factor in limiting the escalation of Yemen's humanitarian catastrophe. It has served as a lifeline for millions of civilians facing harsh living conditions amid state collapse and infrastructure deterioration. Despite repeated criticisms regarding efficiency, UN and non-UN assistance, along with remittances, have been among the few elements that preserved a minimum level of subsistence within the country.

However, the sharp decline in funding, particularly during 2025, exposed the extreme fragility of the humanitarian situation. By May 2025, only 9% of the 2025 UN Humanitarian Response Plan had been funded, disrupting critical sectors such as food, healthcare, education, and water, and further widening the gap in humanitarian needs in a country where over two-thirds of the population suffer from poverty and food insecurity.

Regrettably, decisions to suspend or reduce funding, especially the U.S. decision in January 2025, were made without implementing a clear exit strategy. This created an operational void and institutional chaos that had severe consequences for beneficiaries. With state institutions paralyzed and unable to provide alternatives, millions of families were left in a state of humanitarian limbo, setting a dangerous precedent for aid management in complex conflict zones.

At the same time, humanitarian organizations faced increasing obstacles in reaching beneficiaries due to restrictions imposed by local authorities—particularly in Houthi-controlled areas. These included arbitrary arrests of staff, warehouse looting, and unlawful levies. These obstructions, combined with the absence of a safe operational environment, further complicated aid delivery and increased the suffering of vulnerable populations.

The continued decline in external aid risks further destabilizing the exchange rate and fueling inflation, worsening the burden on poor households in a society where most people can no longer meet their basic needs. This clearly demonstrates the devastating economic effects of the current aid cuts.

Through this report, we issue an urgent appeal to the international community and donors to act swiftly and provide sufficient funding for the Humanitarian Response Plan. Yemen must be excluded from blanket aid reduction policies, particularly by the United States, given the extraordinary and critical circumstances the country is facing.

Turning a blind eye to this issue could lead to a humanitarian catastrophe that will be impossible to contain without immediate, coordinated, and sustainable intervention.

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