MENA Programme: Yemen Forum Meeting Summary

Yemen: Fragile Lives in Hungry Times

September 2011

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INTRODUCTION

This paper is a summary of the discussions which took place during the launch of Oxfam's report 'Yemen: Fragile Lives in Hungry Times' held at Chatham House on 27 September 2011. The meeting discussed the rapid worsening of living conditions in Yemen, outlining some of the major drivers of poverty and malnutrition, and emphasised the acute need for international humanitarian aid, suggesting systematic approaches that could lead to a more effective engagement of donor communities.

Protracted political stalemate has led to a dramatic deterioration of economic conditions within Yemen. Rising fuel and food prices have left entire communities facing the daunting prospects of widespread poverty and chronic malnutrition. As security levels deteriorate, the international donor community is finding it increasingly problematic to coordinate an effective response to Yemen's developing humanitarian crisis.

Some of the main findings of the meeting include:

• The current political crisis in combination with a number of long-standing structural weaknesses in Yemen's economy are making availability of, and access to essential commodities increasingly difficult.

• Meanwhile, protracted political turmoil in the country has sparked fuel shortages resulting in greatly reduced food production, diminished trade, price surges and widespread unemployment.

• As import and subsidies are controlled by rival elite groups engaging in lucrative trades of diesel, arms and people, corruption has become entrenched in the workings of Yemen's economy.

• There is an urgent need for more substantial funding by international donors, particularly as some donors have suspended programmes due to the political crisis.

An unfolding humanitarian crisis

Oxfam's policy officer based in Yemen, Ashley Clements, introduced the subject with a personal account of his experience in Yemen and recalled a discussion he had with Yemenis. When asked about the most pressing issues undermining their well-being, the responses included the high levels of unemployment, an almost non-existent and inaccessible job market and the persistent issue of the separation of the South. These findings suggest a marked disparity between the perceptions of some in the West – nurtured by
media reports – that insecurity in Yemen is mainly a product of terrorism, and Yemenis’ views on the problems they face in their day-to-day lives.

The speaker pointed out that a vast number of people in Yemen, while in some way affected by the violent disruptions that afflict the country, experience such dramatic poverty levels that the issues currently burdening Yemen’s political system are of secondary importance. For a growing group of Yemenis issues such as political reform seem part of a wider ‘academic’ debate, and the preoccupations of daily survival and food procurement are paramount.

The role of the Arab spring

Protracted political turmoil has impacted negatively on Yemen in two main ways. First, political unrest sparked a fuel crisis in June 2011, with far-reaching consequences on food production and procurement. Second, and closely related, the protracted turmoil has resulted in widespread unemployment. In the governorate of Hodeida where Oxfam conducted a great part of its research, food prices increased by as much as 60% in a matter of months. Similarly, fuel prices skyrocketed, reaching peak levels in July 2011 when prices in rural areas were up 34% since the beginning of the year.

Impacts on the Yemeni population

The fuel shortage and consequent price surges have been particularly damaging for the Yemeni population. Not only do oil revenues provide more than two thirds of government revenues, but fuel is also intimately connected and responsible for the running of most of the country’s economy. The fuel crisis has affected the operation of private sector distribution networks, leading to shortages in food and other goods, as well as hindering trade with people unable to move products and reach markets across the borders. Moreover, the unavailability of diesel needed to fuel groundwater pumps has hampered agriculture, while fishermen were unable to refuel their boats – resulting in additional food shortages. Finally, as cities were left without electricity, many people have been unable to work and government employees have gone without pay for months.

These circumstances led substantial parts of the Yemeni population to adopt a number of measures to survive, including withdrawing children from school, reducing the number of meals they eat each day, and incurring debt in order
to pay for their immediate needs. Quoting a UNICEF malnutrition survey, Mr Clements noted that malnutrition rates in Yemen are comparable to those in Somalia, and aid agencies are struggling to cope.

**The role of the donor community**

One key point Mr Clements sought to make is the need for more substantial funding by international donors. As the crisis in Yemen deepened, many international organisations in Yemen left the country altogether, or dramatically reduced their presence. For example the World Bank withdrew in March as did the Dutch government – which entirely suspended its aid – while various EU governments found themselves unable to continue some of their projects.

There are various reasons for the withdrawal of international donors and the suspension of funds, including the growing insecurity, and, in the case of governments channelling their money through the Yemeni government, dissatisfaction with Yemen’s human rights record. The withdrawal of financial support to targeted beneficiaries means that some families that were dependant on international aid haven't received funding for months. This has particularly affected increasingly isolated rural communities where religious factors can make it more difficult for women to seek support.

However Mr Clements emphasised that underfunding continues to be a problem, as Oxfam and various UN agencies and other international NGOs are continuing their work in Yemen. There are alternative structures for aid delivery that are already in place which should be used.

**Commodity flows in Yemen**

Respondent Peter Salisbury discussed the flow of commodities in Yemen and looked at the main means of subsistence in the country.

The average middle-income rural household in Yemen spends 55 per cent of its total income on food, water and energy (generally in the form of liquefied petroleum gas, LPG).

Mr Salisbury made the point that there is a clear distinction between availability of, and access to, these commodities. Food, water, and LPG may be available in local markets but access may be limited by household incomes and spending priorities. A series of different factors are making both availability and access to these commodities in Yemen more difficult on a
daily basis. But the current situation is not alone responsible for these negative developments. Rather, the political crisis has exposed a number of long-standing structural weaknesses in the Yemeni economy.

**Import and distribution**

Most food supplies in Yemen come from imports. It is estimated that as much as 90 per cent of wheat and 100 per cent of rice are imported. Most food imports reach Yemen through one of its ports, either at Aden or Hodeidah. Once in Yemen, these imports need to be processed, packaged and distributed throughout the country. Vital for the functioning of these processes is diesel. The processing and packaging facilities are diesel-fuelled plants, while trucks running on diesel provide the main means of distribution. Unsurprisingly, the availability and cost of food is therefore strongly affected by the cost and availability of diesel as well as the quality and safety of the road networks. The dependence on diesel also means that the further one person lives from urban centres, the more difficult it is to get regular food supplies.

A very similar pattern can be observed when looking at water procurement and distribution. Most of Yemen’s domestic water supply is produced from subterranean aquifers, which require the use of diesel-powered pumps. Water too is then transported throughout the country in trucks. This system poses the same problems outlined above, which is found in the distribution of gas canisters used by a many Yemenis for their energy supply. Meanwhile, power supply is provided by government-run power plants, the majority of which run on diesel.

**Economic vulnerabilities**

There are a number of factors currently burdening Yemen’s fragile economy. First is the issue of oil output, which has been in long-term decline, leading to decreased government revenues and, consequently, to its decision to cut fuel subsidies. While until recently the cost of diesel, gasoline and LPG has been kept low, the current inability of the Yemeni government to subsidise fuel is leading to a significant decrease in Yemenis’ ability to access basic commodities. To make things worse, in March 2011, tribesmen blew up a crucial pipeline, effectively cutting off Sana’a’s main oil supply. As a result, the availability of diesel dipped further, allowing extensive scope for black market smuggling.
Meanwhile, deteriorating security conditions, the devaluation of the Yemeni riyal and increasing commodity prices on global markets have all further contributed to rising unemployment levels and higher food prices.

**Corruption**

Because the import of goods and the subsidisation of fuel are controlled by several elite groups, who simultaneously engage in lucrative trades of diesel, arms and people smuggling, corruption has become entrenched in the workings of Yemen's economy. Quoting a USAID report and the organisation Transparency International, Mr Salisbury stated that corruption and business in Yemen are perceived as being synonymous.

80 per cent of the banking system, transport sector and commodities flow in Yemen is owned by around eight to ten elite groups, comprising a wide spectrum of players, from what are generally referred to as the 'young reformers', to the security services, politicians and various tribal groups. Under the current circumstances, these groups are often in direct conflict with each other. This means that many feel endangered, closing their businesses, leaving the country and of course taking their money with them – not a good development for a country that doesn't have much money left.

Mr Salisbury concluded his contribution by warning that if the current situation continues, aid alone won't be enough to solve the situation in Yemen.
DISCUSSION SECTION

After the presentations of the speaker and the respondent the floor was opened for all participants to discuss the topic. This discussion was held under the Chatham House Rule and the following summary is intended to serve as an aide-mémoire to those who took part and to provide a general summary of discussions for those who did not.

The Chatham House Rule

‘When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.’

Donor funding and international involvement

Many questions were raised regarding donor funding and the role of the international community in supporting Yemen. Most participants agreed that there are still opportunities in Yemen to keep market and distribution networks going. There are structures in place in Yemen to support aid programmes and those should be implemented. UN aid programmes for example make use of locally grown wheat and rice, products which are then transported on Yemeni trucks and distributed through local businessmen, thus making aid not only indigenous but self-sustaining. The key is to ensure the continuity and expansion of this system.

A question was raised regarding how international donors and aid organisations make sure that funding for food programmes is not hijacked. However it was argued that underfunding of humanitarian aid is a much greater problem than the siphoning off of funds through corruption.

On the question of local NGO involvement views varied, but there was a general consensus that local aid agencies can be useful in that they have a better understanding of local communities.

Withdrawal of donors

A further set of questions focused on understanding the main reasons behind some donors’ decision to withdraw from Yemen. It was argued that there is a mindset within donor communities that relies heavily on the idea that plans can only be made once transition occurs and the current political deadlock is
resolved. The problem with this approach is that it does not take into account the potential for a lengthy transition process, and it means delays in vital investment.

Of course, deteriorating security conditions did play an important role as they threatened and limited the physical presence of international organisations in Yemen. Moreover, there is also a punitive dimension to it, whereby foreign governments have distanced themselves from the country in protest to the human rights violations occurring there.

The Gulf states have maintained their aid to Yemen even after some other international players have withdrawn; however, the majority of UAE, Qatari and Saudi funds are not traceable and are usually directed to private businesses and government.

Overall, it would seem that underfunding rather than non-funding is a major problem. This may be because of the lack of attention that the international media is devoting to Yemen's humanitarian crisis, which perhaps ultimately leads to a lack of public sympathy.

Role of politics
Opinions were divided on the usefulness of looking at the role of politics in causing the current humanitarian crisis. Some argued that current political problems are a key cause, as they are both deepening the crisis and hampering the aid response. Others responded that the situation needs to be seen as part of a longer-term set of developments and deeper structural problems related to Yemen's economy and natural resources. With the prospect of the Yemeni population doubling within 10 to 15 years, there is an urgent need to find solutions now and after the crisis look at what has happened and think of how to avoid the same situation in 15 years.
ABOUT THE YEMEN FORUM

The Yemen Forum is a specialist global network that pursues policy solutions for Yemen. The collective knowledge and influence of Yemen Forum members raises awareness, shares expertise and supports governments in forming policies that directly address the causes of conflict, poverty and poor governance in Yemen. The current phase of the project has two major strands: political economy analysis, and the politics of inclusion and legitimacy.

www.chathamhouse.org/yemen

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