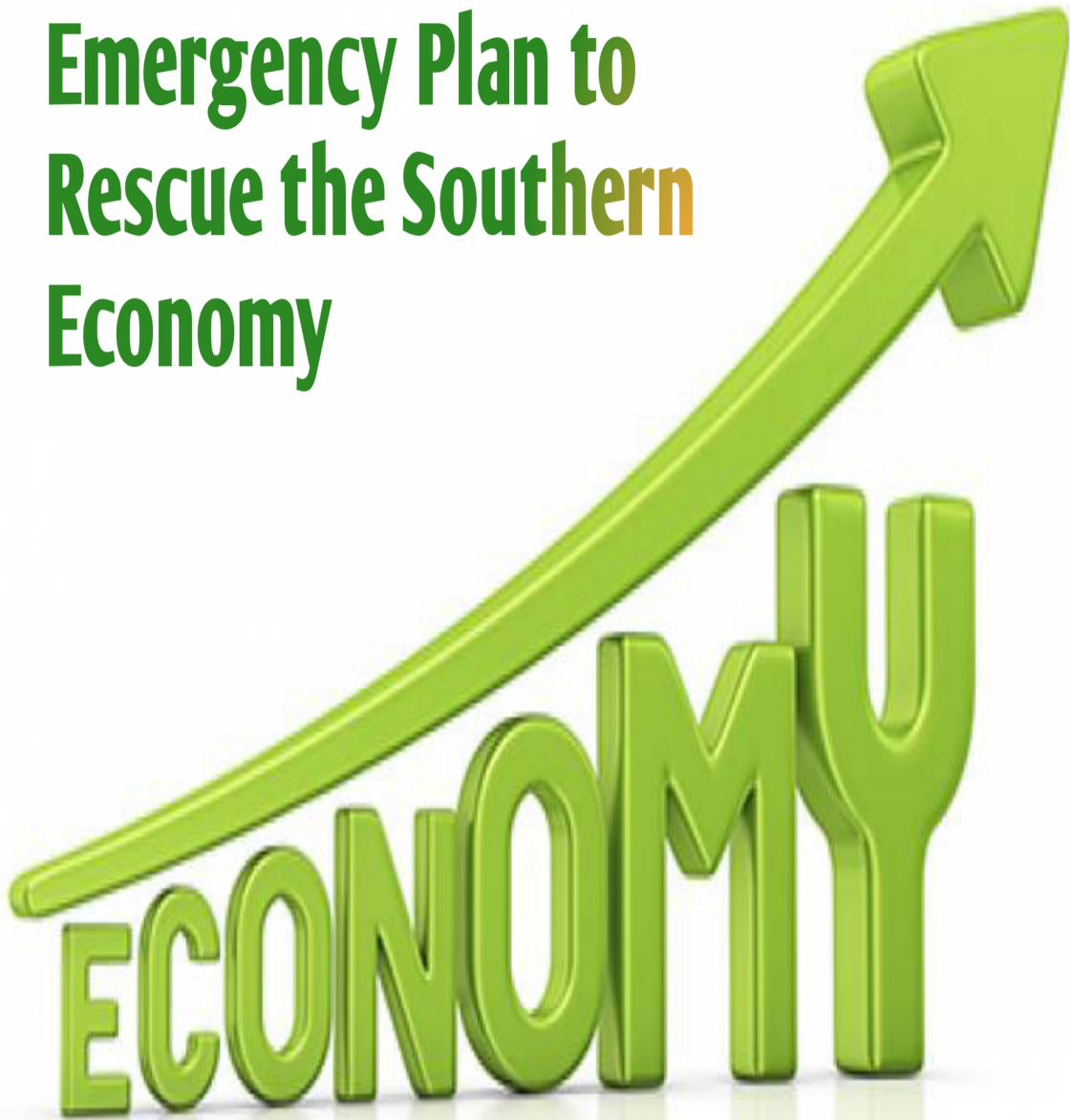
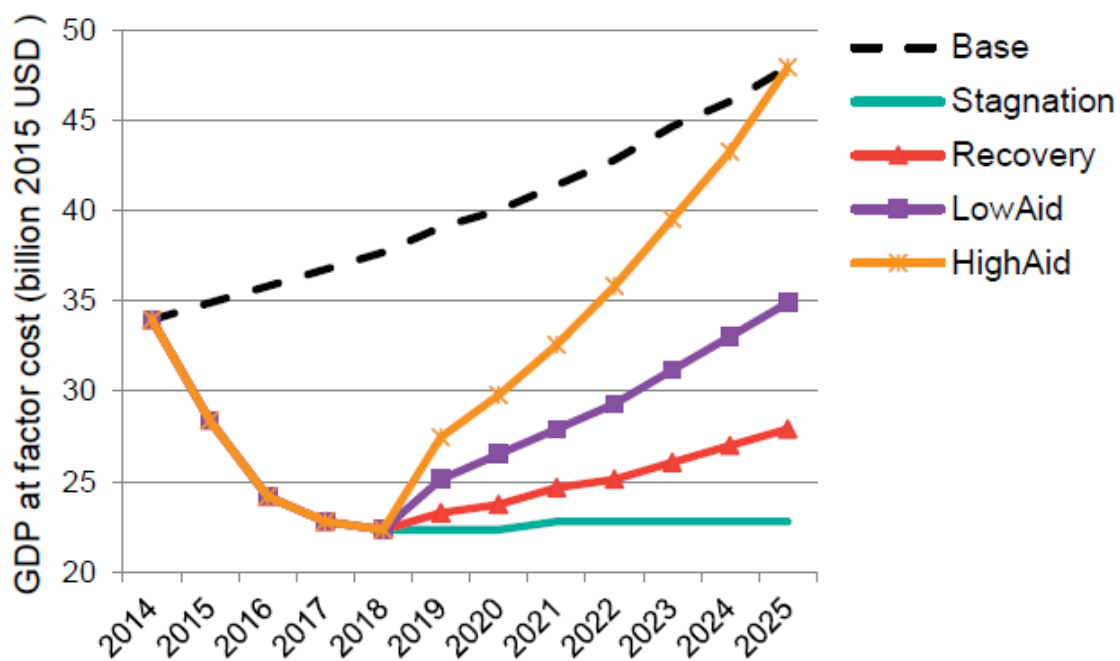


Emergency Plan to Rescue the Southern Economy



Comprehensive Emergency Plan to Rescue the Southern Economy Amidst the Muslim Brotherhood-Houthi Alliance and Government Corruption

South Eye | Study - Exclusive 29 Jan 2025



Source: Yemen DCGE model.

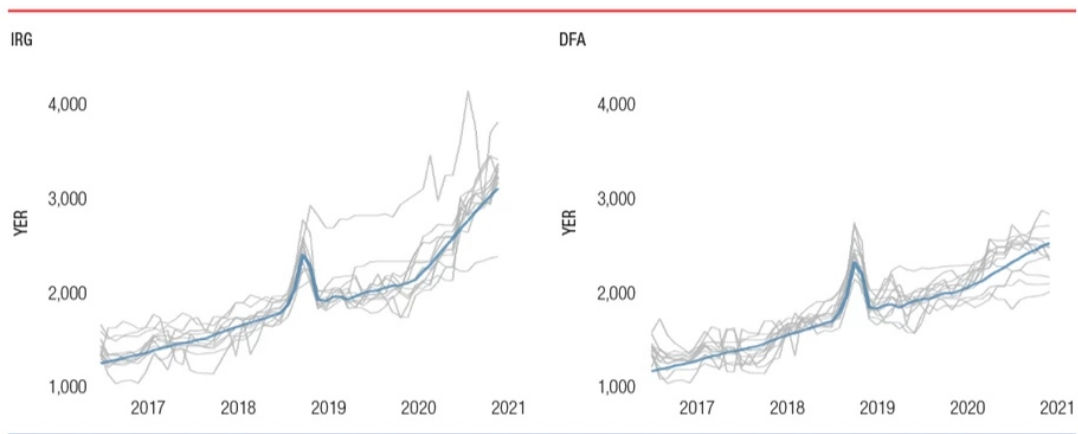
The southern regions of Yemen are facing an unprecedented economic collapse, exacerbated by the collusion between the Muslim Brotherhood, the Houthis, and corrupt elements within the government. This crisis is not a byproduct of the ongoing conflict but appears to be part of a deliberate strategy to undermine the southern economy and maintain control over the region. The situation demands immediate intervention and a comprehensive emergency plan that is both practical and actionable. This plan must prioritize transparency, accountability, and the restoration of economic stability, while addressing the root causes of the crisis.

The **Southern Transitional Council (STC)**, as the dominant force on the ground and a key player in the government, possesses the tools and legitimacy necessary to implement such a plan. However, success will require bold decisions, decisive actions, and a clear commitment to the people of the south. Below is a detailed, step-by-step roadmap to rescue the southern economy, restore sovereignty over resources, and lay the foundation for sustainable development.

1. Securing Financial Resources and Redirecting Revenue to the Central Bank in Aden

The first and most critical step is to regain control over the southern region's financial resources. For years, revenue generated from ports, customs, and other sources has been siphoned off or diverted to entities outside the south, particularly to the branches in Marib or other northern-controlled institutions. This has left the southern economy starved of funds and unable to meet even the most basic needs of its population.

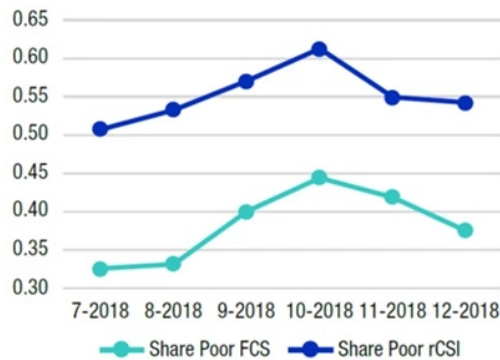
Figure 3: District-Level Food-Basket Prices in IRG and Houthi-Controlled Areas



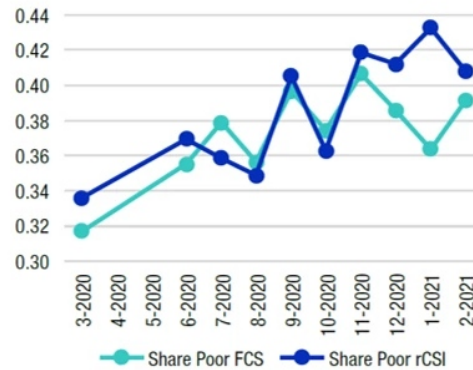
Note: Modeled prices are shown in blue. Observed prices for each district are shown in grey.

Figure 3: Evolution of Food Security

d. Impact of 2018 Currency Crisis on Food Access



f. Impact of 2020 Currency Crisis on Food Access



Immediate Actions:

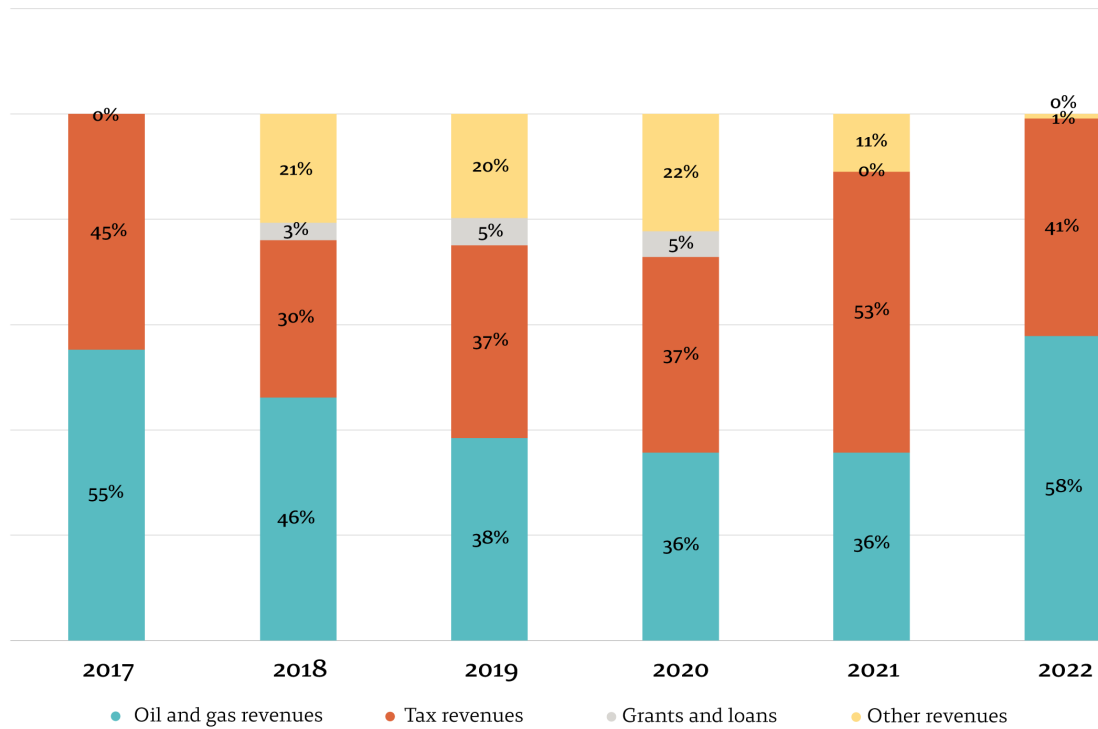
Take Full Control of Land, Sea, and Air Ports:

The southern ports, particularly Aden, are the lifeblood of the region’s economy. These ports must be brought under the direct control of southern authorities, with strict oversight to prevent smuggling and revenue leakage. This can be achieved by deploying trained security forces loyal to the STC to oversee all operations at these ports. Additionally, advanced electronic monitoring systems, such as surveillance cameras and scanning devices, should be installed to ensure transparency and accountability.

Redirect All Revenue to the Central Bank in Aden:

A decisive executive order must be issued to halt the transfer of any southern revenue to the branch in Marib or other external entities. Instead, all funds should be directed to a newly established account under the supervision of the Central Bank in Aden. This account should be managed by a joint committee comprising representatives from the STC, local authorities, and independent financial experts to ensure that funds are used transparently and for the benefit of the southern population.

Public Revenues (%)



© Sana'a Center for Strategic Studies, November 2023

Audit and Cancel Corrupt Contracts:

A thorough investigation must be launched to review all contracts signed in recent years, particularly those related to port operations, customs, and natural resources. Any contracts found to be fraudulent, exploitative, or detrimental to the southern economy should be immediately canceled. Those responsible for such contracts, whether individuals or companies, must be held accountable through legal proceedings.

Implementation Mechanisms:

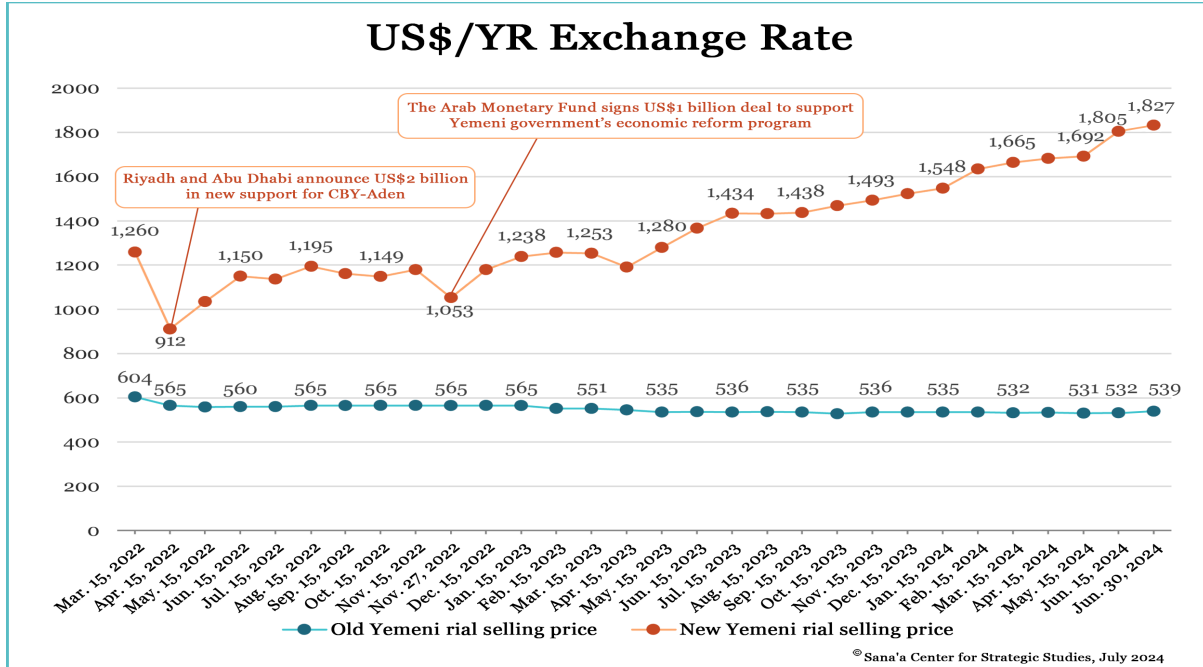
Train and equip southern security forces to effectively manage and secure ports and border crossings.

Establish a financial oversight unit, supported by international experts, to monitor revenue collection and expenditure.

Engage local communities and civil society organizations in monitoring the implementation of these measures to build public trust.

2. Reforming the Central Bank and Stabilizing the Currency

The Central Bank in Aden is currently dysfunctional, plagued by corruption and mismanagement. This has led to hyperinflation, a collapsing currency, and a loss of public confidence in the financial system. Restoring the bank’s credibility and stabilizing the currency are essential steps toward economic recovery.



Immediate Actions:

Remove Corrupt Officials and Appoint Competent Leadership:

All individuals implicated in corruption or mismanagement within the Central Bank must be removed from their positions and replaced with qualified, independent professionals. The new leadership should be selected through a transparent process, with input from international financial institutions to ensure credibility.

Halt Unbacked Currency Printing:

The uncontrolled printing of currency without adequate reserves has devalued the Yemeni rial and fueled inflation. The Central Bank must implement strict limits on currency issuance, with regular audits to ensure compliance. Transparency reports detailing the volume of currency in circulation and the bank’s reserves should be published monthly.

Regulate the Exchange Rate Market:

The black market for currency exchange has exacerbated economic instability. The Central Bank should implement a “managed float” system, setting an acceptable range for the

exchange rate and penalizing any entities that manipulate the market. All currency exchange companies must be licensed and required to report their transactions to the Central Bank.

Implementation Mechanisms:

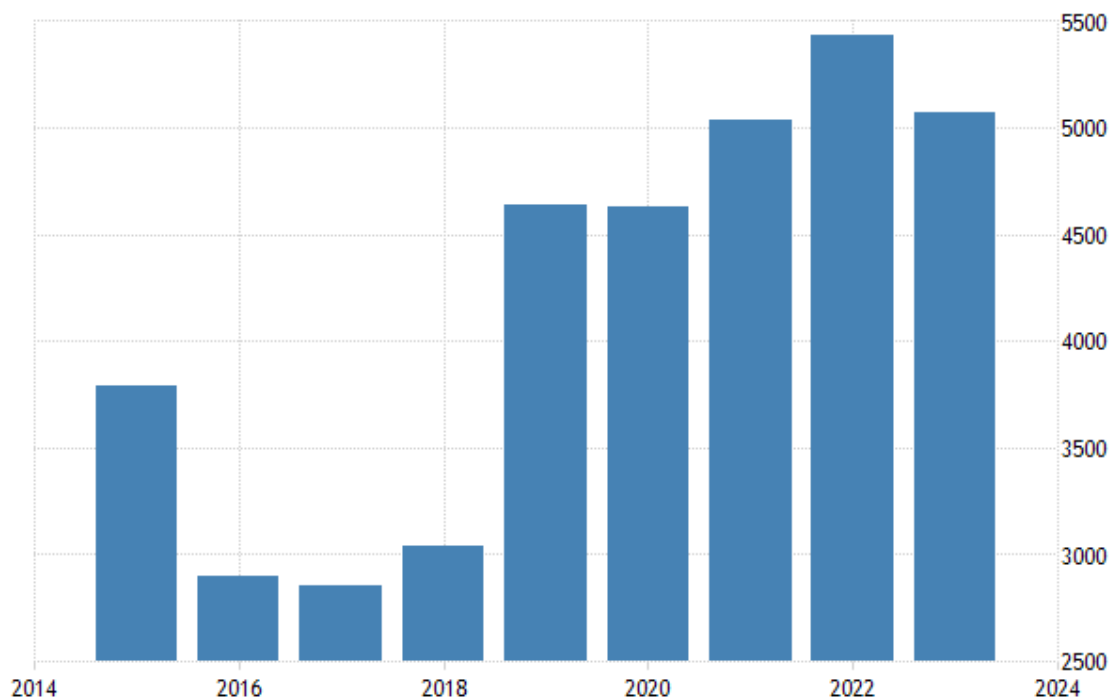
Establish a high-level financial reform committee to oversee the restructuring of the Central Bank.

Provide training for bank staff on modern monetary policies and best practices.

Launch a public awareness campaign to explain the importance of currency stability and the dangers of black-market trading.

3. Reviving Local Production and Reducing Dependence on Imports

The southern economy has become overly reliant on imports, leaving it vulnerable to external shocks and price fluctuations. Reviving local industries, particularly agriculture and fisheries, is essential for creating jobs, reducing poverty, and achieving self-sufficiency.



Immediate Actions:

Reopen Closed Factories and Industrial Facilities:

Many factories in the south have shut down due to the conflict and lack of investment. The

STC should provide tax incentives, low-interest loans, and technical support to encourage investors to reopen these facilities. Partnerships with international firms could also be explored to modernize production processes.

Support Farmers and Fishermen:

Agriculture and fishing are vital sectors for the southern economy. Farmers and fishermen should be provided with subsidized inputs, such as seeds, fertilizers, and fishing equipment, as well as access to training on modern techniques. Local cooperatives could be established to help small-scale producers market their goods more effectively.

Promote Local Products:

Government institutions and businesses should be required to prioritize locally produced goods over imports. A public campaign under the slogan “Support Southern Products” could encourage consumers to buy local, boosting demand for domestic industries.

Implementation Mechanisms:

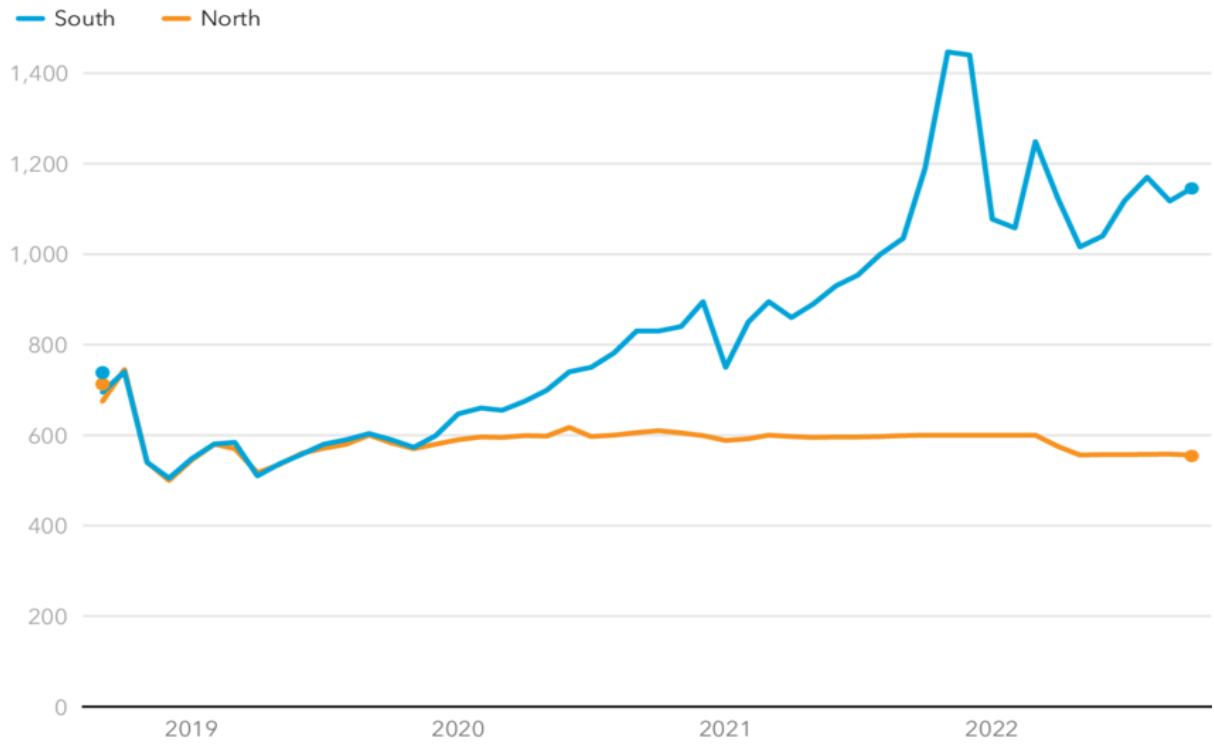
Allocate a portion of recovered revenues to fund local production initiatives.

Create a dedicated agency to oversee the revival of key industries and report on progress.

Partner with international organizations to provide technical assistance and funding for agricultural and industrial projects.

4. Attracting International and Regional Support

The southern economy cannot recover in isolation. International and regional support will be crucial for providing the financial resources, technical expertise, and political backing needed to implement this plan.



Source: Yemen Joint Market Monitoring Initiative, Situation Overview, September 2022

United Nations



Nations Unies

Office for the Coordination of Humanitarian Affairs

As the crisis in Yemen deepens, aid agencies appeal for \$2.5 billion for the humanitarian response in 2025

15 January 2025 – The United Nations and partners launched today the [2025 Yemen Humanitarian Needs and Response Plan](#), seeking \$2.47 billion to provide urgent humanitarian and protection assistance to millions of people in need.

A decade of crisis has profoundly impacted Yemeni communities, who continue to bear the brunt of the conflict. More than half of the country's population – 19.5 million people – needs humanitarian assistance and protection services, with Yemen's most vulnerable and marginalized groups, including women and girls, at highest risk.

Over the last year, the humanitarian situation has remained the same or even worsened across large parts of the country. Economic decline, climate shocks and regional escalation are driving humanitarian needs and fueling protection risks. Almost half of the country's population faces acute food insecurity, more than 13 million people do not have sufficient access to clean water and 40 per cent of health facilities are partially or not functioning.

Under the 2025 appeal, humanitarians aim to deliver life-saving assistance to 10.5 million of the most vulnerable people in need. "These efforts will be guided by the voices of communities, and ensure that we deliver cost-effective and quality assistance to crisis-affected people wherever they are," Humanitarian Coordinator in Yemen, Julien Harneis, said.

Despite significant challenges, 197 aid organizations reached more than 8 million people with life-saving assistance last year – two-thirds of which were local Yemeni organizations. This was made possible by the sustained support of donors, who contributed more than \$1.4 billion to the 2024 Humanitarian Response Plan.

"Humanitarian action has been effective in alleviating the worst impacts of this crisis," stressed the Humanitarian Coordinator. "But cannot do this alone. Much more is needed to reduce needs, achieve peace, revive the economy and build the resilience of communities through sustainable development activities," he added.

###

The full document can be found [here](#).

For more information, please contact: Ibrahim Haddad, Head of Information, Analysis and Communications, UN Office for the Coordination of Humanitarian Affairs (haddad17@un.org)

www.unocha.org

The mission of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) is to mobilize and coordinate effective and principled humanitarian action in partnership with national and international actors.

تتمثل مهمة مكتب الأمم المتحدة لتنسيق الشؤون الإنسانية في حشد وتنسيق العمل الإنساني الفعال والقائم على المبادئ بالشراكة مع الجهات الوطنية والدولية.



YEMEN

Humanitarian Response Plan (YHRP) 2023 - Funding Status

12 September 2023

FUNDING REQUIREMENTS FOR YHRP



US\$ 4.34 BILLION

TOTAL FUNDING RECEIVED TO YEMEN



US\$ 1.43 BILLION

TOTAL FUNDING RECEIVED FOR YHRP



US\$ 1.37 BILLION

TOTAL FUNDING RECEIVED OUTSIDE YHRP



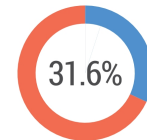
US\$ 57 MILLION

UNMET YHRP FUNDING REQUIREMENTS



US\$ 2.97 BILLION

LEVEL OF FUNDING AGAINST YHRP REQUIREMENTS



HUMANITARIAN RESPONSE PLAN FUNDING RECEIVED BY CLUSTER

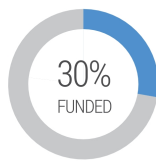
Sector/Cluster	Overall covered	Funding Received	Requirements	Unmet Funding
FSAC ¹	30%	658.1	2,200	1,541.9
Nutrition	28%	113.1	398	284.9
Health	28%	109.4	392	282.6
Education	10%	26.7	278.9	252.2
WASH ²	27%	74	270.9	197
Shelter and NFI ³	17%	42.7	250	207.3
Protection	36%	80.1	225.6	145.6
CCCM ⁴	10%	7.7	78.5	70.8
Refugees & Migrants ⁵	16%	10.9	70.2	59.3
Logistics	59%	24.4	41.3	16.9
Coordination	37%	8.3	22.4	14.1
RRM ⁶	13%	1.8	14.7	12.9
Emergency Telecom.	38%	1.4	3.6	2.2
MPCA ⁷	40%	45	98	59
Multiple Field clusters		39	NA	NA
Not reported		131	NA	NA

HUMANITARIAN RESPONSE PLAN FUNDING RECEIVED BY DONOR

Donor	US\$ million
United States	698.6
European Commission	119.5
Saudi Arabia	112.7
Germany	66.1
World Bank	52
Canada	38.2
CERF	38
United Kingdom	34.8
Netherlands	30.1
Japan	23.9
Sweden	22.1
Korea, Republic of	16.5
Norway	13.8
Switzerland	13.6
Private	10.5
France	10.2
Dutch Relief Alliance	9
Others	8.3
United Arab Emirates	7.8
Ireland	6.6
Belgium	6.3
Denmark	6.3
Australia	6
WFP	5.9
Save the Children	3
UNICEF Nat. Committees	2.1
KFW Development	2
UN Multi-Partner Trust Fund	1.1
KFAED*	1
Other donors**	16.3

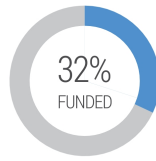
*Kuwait Fund for Arab Economic Development
**Luxembourg, ILO, Global Affairs Canada, Spain, Iceland, IOM, Dorcas Aid International, United Nations, Jersey Overseas Aid, Latter-Day Saint Charities, OICHD, Malaysia, Philippines, Cyprus, Lithuania, CARE, Netherlands, Malta, Slovenia, Estonia, Azerbaijan, CARE USA, EO Metterdaad

Food



US\$ 1,541.9 M Unmet funding

Non-Food



US\$ 1,428.7M Unmet funding

FUNDING OUTSIDE HUMANITARIAN RESPONSE PLAN RECEIVED BY DONOR

Donor	US\$ million
United States	28.5
European Commissions	9
Saudi Arabia	4.8
Sweden	4.7
Canada	3.7
Japan	2.8
United Kingdom	1.3
Other donors*	2.3

*Norway, Not specified, The Netherlands Red Cross, Al Najat Charitable Society, France, Alhedaya Kuwait, Slovenia, CERF

1 Food Security and Agriculture; 2 Water, Sanitation and Hygiene; 3 Non-Food Items; 4 Camp Coordination and Camp Management Sector; 5 Refugees & Migrants Multi-Sector; 6 Rapid Response Mechanism; 7 Multi-Purpose Cash Assistance
Creation date: 12 September 2023 Sources: Financial Tracking Service (FTS) For more information: ochayemen@un.org www.unocha.org www.reliefweb.int



Yemen Humanitarian Fund

First Standard Allocation and CERF UFE 2024

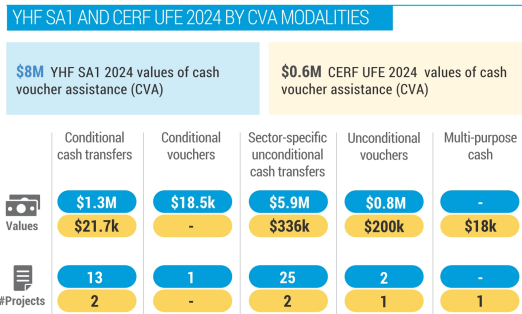
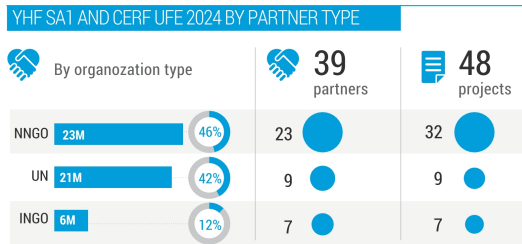
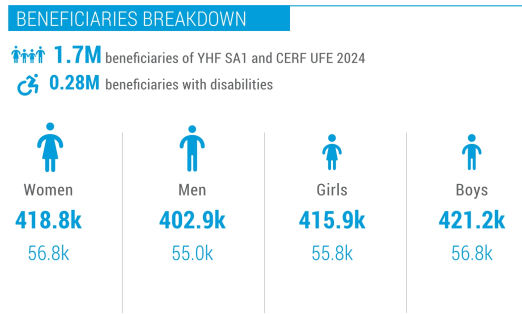
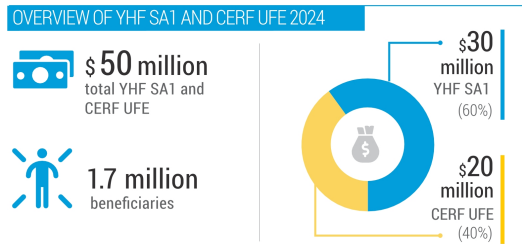
The Yemen Humanitarian Fund (YHF) allocated US \$30 million under the First Standard Allocation (SA1) in response to critical underfunding across key sectors in districts classified as severity 4 and above. This allocation will focus on addressing the humanitarian needs due to flooding and other climate-related events, food insecurity and malnutrition, the impact of the winter and lean season on displaced populations, and ongoing disease outbreaks including cholera.

In parallel, a \$20 million Central Emergency Response Fund (CERF) Underfunded Emergencies (UFE) grant was approved and will be implemented through an overarching joint strategy, leveraging the unique strengths of the two pooled fund facilities.

The combined grants of \$50 million will support multi-sectoral integrated responses, in the top 32 districts most severely affected, to prevent people from slipping further into catastrophic emergency need. The allocations will maximize impact by scaling up the convergence of interventions in the same area, ensuring that the UN agencies act as first and last resort in the response.



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.



PROJECTS BY GENDER WITH AGE MARKER (GAM)

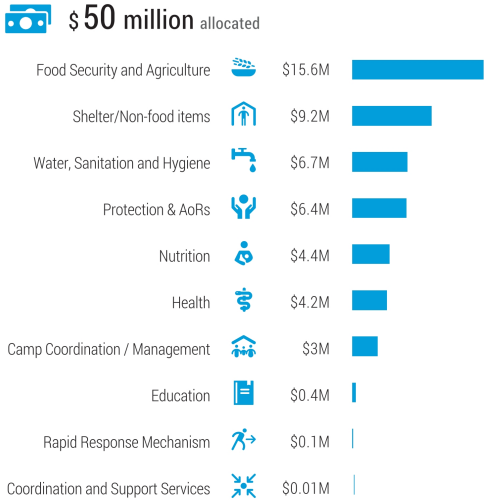
48 projects

Criteria	YHF SA1: # of projects	CERF UFE: # of projects
1 Yes Gender Equality is mainstreamed (but no targeted programming)	1	-
2 Yes, targeted Gender Equality programming is a component (but not the main objective) Yes Gender Equality is mainstreamed (but no targeted programming)	1	1
3 Yes Gender Equality is mainstreamed (but no targeted programming) Yes, targeted Gender Equality programming is a component (but not the main objective)	5	1
4 Yes Gender Equality is mainstreamed (but no targeted programming) Yes, Gender Equality is the main objective Yes, targeted Gender Equality programming is a component (but not the main objective)	17	4

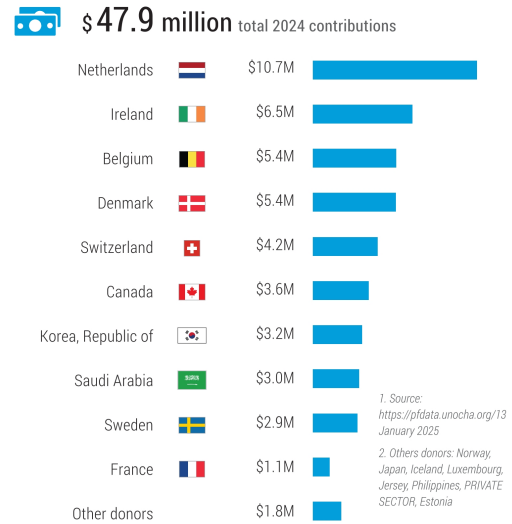
YHF Yemen Humanitarian Fund

Yemen Humanitarian Fund First Standard Allocation and CERF UFE 2024

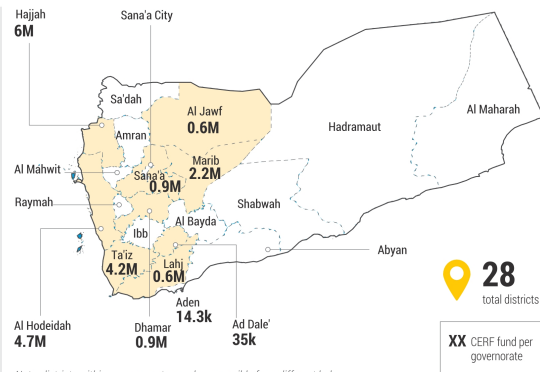
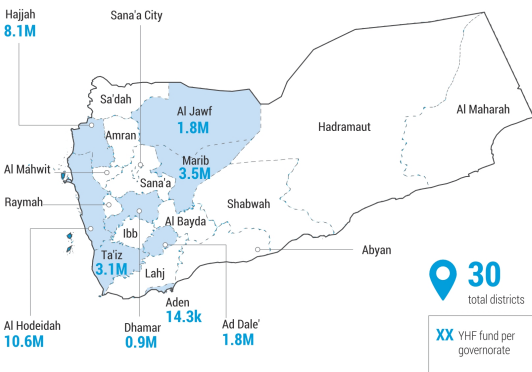
YHF SA1 AND CERF UFE 2024 FUNDING BY CLUSTER



2024 YHF DONORS¹

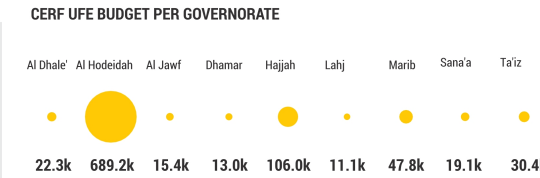
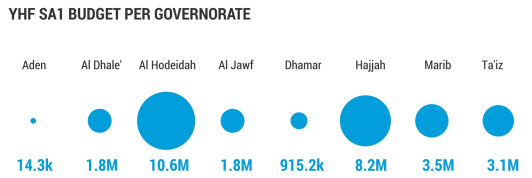


YHF SA1 AND CERF UFE 2024 FUNDING BY GOVERNORATE



Note: districts within a governorate may be accessible from different hubs.

YHF SA1 AND CERF UFE 2024 BENEFICIARIES BY GOVERNORATE



The total number of beneficiaries accounts for the sum of the max number of people targeted under YHF SA1 and CERF UFE 2024.
Creation date: 13 January 2025 Sources: OCHA For more information: @YHF_Yemen unocha.org/yemen/about-yhf ochayemen@un.org www.reliefweb.int

Immediate Actions:

Seek Financial Assistance from Gulf Allies:

The STC should negotiate with Gulf Cooperation Council (GCC) countries for immediate financial support, including deposits into the Central Bank in Aden. These funds should be managed under international supervision to ensure they are used for their intended purposes.

Engage with International Financial Institutions:

The World Bank and International Monetary Fund (IMF) should be approached for emergency economic assistance and long-term development programs. In return, the STC must commit to implementing transparent and accountable financial reforms.

Launch a Diplomatic Campaign:

The STC should work to expose the collusion between the Muslim Brotherhood, the Houthis, and corrupt government officials in undermining the southern economy. This campaign should aim to garner international sympathy and support for the south's efforts to achieve economic independence.

Implementation Mechanisms:

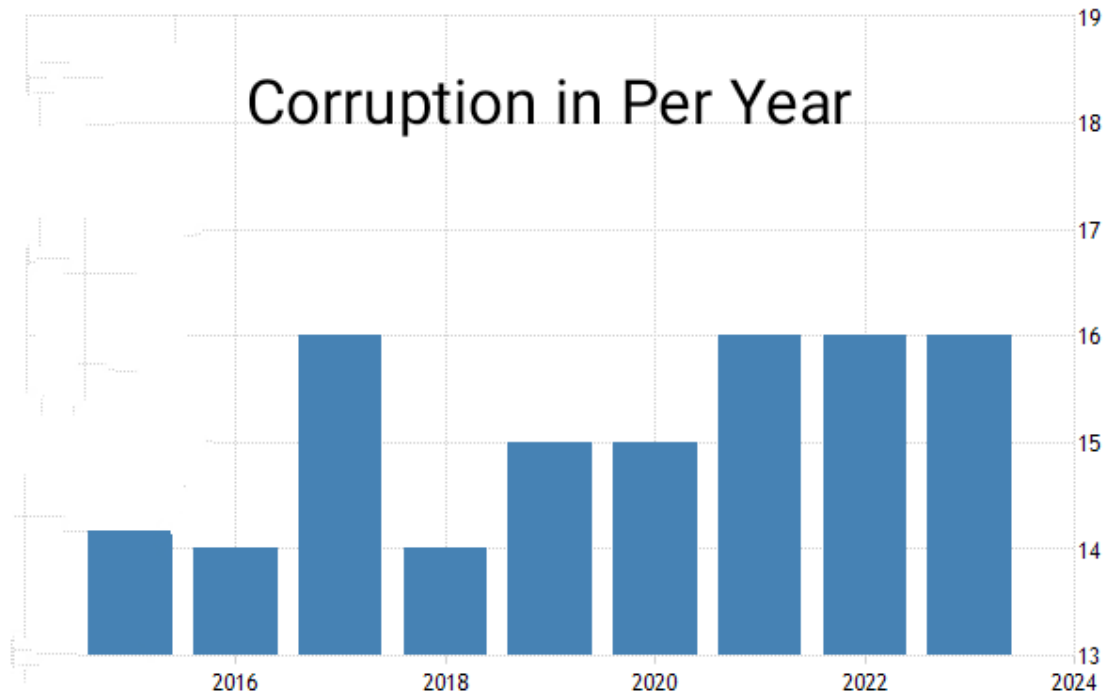
Form a specialized economic and diplomatic team to negotiate with international partners.

Organize investment conferences to attract foreign capital to key sectors such as infrastructure, energy, and tourism.

Publish regular updates on the use of international funds to maintain transparency and build trust.

5. Ensuring Transparency and Accountability

Corruption is one of the primary drivers of the southern economic crisis. Without addressing this issue, any recovery efforts will be undermined. A robust system of transparency and accountability must be established to rebuild public trust and ensure that resources are used effectively.



Immediate Actions:

Create an Anti-Corruption Authority:

An independent body should be established to investigate and prosecute corruption at all levels of government. This authority should be granted broad powers to access financial records, subpoena individuals, and enforce penalties.

Mandate Financial Disclosure:

All government officials and public servants should be required to submit regular financial disclosures, which should be made publicly available. Any unexplained wealth or conflicts of interest should be thoroughly investigated.

Empower Civil Society and Media:

Civil society organizations and independent media play a crucial role in holding leaders accountable. These groups should be supported and protected to ensure they can operate freely and without fear of reprisal.

Implementation Mechanisms:

Train local officials and civil society representatives on anti-corruption best practices.

Develop an online platform for reporting corruption, with guarantees of anonymity and protection for whistleblowers.

Partner with international organizations to provide technical and financial support for anti-corruption initiatives.

A Path Forward for the Southern Economy

The southern regions of Yemen stand at a crossroads. The current economic crisis, fueled by corruption and external interference, threatens to plunge the region into further chaos. However, with bold leadership, decisive action, and a commitment to transparency and accountability, it is possible to rescue the southern economy and lay the foundation for a prosperous future.

This plan is not just a theoretical exercise; it is a practical, actionable roadmap that can be implemented immediately. The Southern Transitional Council, with its popular legitimacy and control over the ground, has the tools and the responsibility to lead this effort. The time for half-measures and political maneuvering is over. The people of the south deserve a government that prioritizes their well-being and works tirelessly to secure their future.

The choice is clear: act now to save the southern economy, or risk further collapse and irreparable damage. The stakes could not be higher, but with unity, determination, and a clear vision, the south can emerge from this crisis stronger and more resilient than ever before.

Expectations and Outcomes of the Emergency Economic Plan

The proposed emergency plan for rescuing the southern economy is ambitious yet grounded in practical, actionable steps. If implemented effectively, it has the potential to transform the economic landscape of South Yemen, restoring stability, fostering growth, and laying the foundation for long-term prosperity. However, the success of this plan will depend on the STC's ability to execute it with precision, transparency, and adaptability. Below is a detailed exploration of the expected outcomes, the process for assessing progress, and the final image of a revitalized southern economy.

Short-Term Expectations (0-12 Months)

In the immediate term, the primary goal of the plan is to halt the economic freefall and stabilize the region's financial systems. Within the first year, the following outcomes are expected:

Revenue Secured and Redirected:

By taking full control of ports, customs, and other revenue-generating facilities, the STC will ensure that funds previously lost to corruption or diverted to external entities are redirected to the Central Bank in Aden. This will provide the southern government with the resources needed to address urgent priorities, such as paying public sector salaries, restoring basic services, and funding security operations.

Currency Stabilization:

Reforming the Central Bank and implementing strict controls on currency printing will help stabilize the Yemeni rial. A managed float system for the exchange rate will reduce volatility and curb the black market, restoring public confidence in the financial system. Inflation rates are expected to decline, making essential goods more affordable for the population.

Local Production Revived:

Efforts to reopen factories, support farmers, and promote local products will begin to bear fruit. While full recovery of the agricultural and industrial sectors will take time, initial gains in local production will reduce dependence on imports and create much-needed jobs. This will also help to alleviate food insecurity and stimulate economic activity in rural areas.

International Support Mobilized:

The STC's diplomatic efforts will likely result in increased financial and technical support from Gulf allies and international institutions. This support will provide a critical lifeline for the southern economy, enabling the government to implement reforms and invest in key sectors.

Medium-Term Expectations (1-3 Years)

Over the next one to three years, the focus will shift from stabilization to growth and

development. The following outcomes are anticipated:

Economic Diversification:

With local industries revived and international investment flowing into the region, the southern economy will begin to diversify. Sectors such as fisheries, agriculture, manufacturing, and renewable energy will see significant growth, reducing reliance on oil and gas revenues. This diversification will make the economy more resilient to external shocks.

Job Creation and Poverty Reduction:

As industries expand and new businesses emerge, thousands of jobs will be created, particularly for youth and women. This will help to reduce poverty and inequality, fostering social stability and improving living standards. Vocational training programs and small business grants will further empower individuals to contribute to the economy.

Infrastructure Rebuilt:

International support and recovered revenues will enable the STC to invest in critical infrastructure projects, such as roads, ports, and energy facilities. Improved infrastructure will facilitate trade, attract investment, and enhance the quality of life for southern citizens.

Transparency and Accountability Institutionalized:

The establishment of anti-corruption mechanisms and the empowerment of civil society will lead to a culture of transparency and accountability. Public trust in government institutions will grow, creating a more stable and predictable environment for economic activity.

Long-Term Expectations (3-5 Years and Beyond)

In the long term, the southern economy is expected to achieve sustained growth and self-sufficiency. The following outcomes are envisioned:

A Thriving, Self-Sufficient Economy:

The southern regions will emerge as a hub of economic activity in the Arabian Peninsula, with a diversified economy that leverages its strategic location, natural resources, and skilled workforce. The region will no longer be dependent on external aid or vulnerable to external interference.

Political Stability and Regional Influence:

Economic success will bolster the STC's legitimacy and strengthen its position in national and regional politics. A stable and prosperous south will serve as a model for post-conflict recovery, attracting further investment and partnerships.

Improved Quality of Life:

With a growing economy, improved infrastructure, and effective governance, the quality of life for southern citizens will rise significantly. Access to education, healthcare, and other essential services will expand, creating a more equitable and inclusive society.

Assessing the Plan's Effectiveness

To ensure the success of the emergency plan, the STC must establish a robust framework for monitoring and evaluation. This framework should include the following components:

Key Performance Indicators (KPIs):

Specific, measurable KPIs should be established for each component of the plan. These Indicators must be taken into account firmly, because without assessment and readjust all efforts just a mirage so let's see some example:

Revenue collection targets for ports and customs.

Inflation and exchange rate stability benchmarks.

Job creation and industrial output goals.

Levels of international financial support secured.

Regular Progress Reports:

The STC should publish quarterly progress reports detailing achievements, challenges, and

areas for improvement. These reports should be transparent and accessible to the public, fostering accountability and trust.

Independent Oversight:

An independent oversight body, comprising local and international experts, should be established to monitor the implementation of the plan. This body will provide unbiased assessments and recommendations for improvement.

Public Feedback Mechanisms:

The STC should actively seek feedback from citizens, businesses, and civil society organizations. Public consultations, surveys, and town hall meetings can provide valuable insights into the plan's impact and areas needing adjustment.

The Final Image: A Prosperous and Independent South

If the emergency plan is successfully implemented, the final image of South Yemen will be one of prosperity, stability, and independence. The region will no longer be a victim of external interference or internal corruption but will instead stand as a beacon of resilience and self-determination. The southern economy will be diversified and dynamic, driven by local industries and international partnerships. Citizens will enjoy improved living standards, access to quality services, and opportunities for growth and development.

The STC will be recognized as a capable and visionary leadership that transformed crisis into opportunity. By prioritizing transparency, accountability, and the well-being of its people, the STC will have laid the foundation for a brighter future, not only for the south but for all of Yemen. This vision is not merely aspirational; it is achievable through decisive action, unwavering commitment, and the collective efforts of all stakeholders. The time to act is now, and the stakes could not be higher. The future of South Yemen depends on it.