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Yemen, Economic Conflict

## **Yemen: A Combined Effort in Battling Economic Degradation**

Located at the entrance to the Red Sea, Yemen is a country with a rich and unique history. The nation once possessed flourishing trade and economic activity. Silversmiths from the region were renowned for their impressive craftsmanship (Sen Nag). Wealthy city-states found prosperity through the production of frankincense and myrrh, both considered highly valuable commodities. Yemen's advantageous location in trade routes and fertility in agriculture further allowed it to be the location of numerous ancient kingdoms and empires (Britannica-*Yemen Culture*). Nevertheless, through the past few decades, the state has faced innumerable challenges in supporting its citizens and creating a stable country. Economic degradation has led to issues within the healthcare system, education system, infrastructure, and agricultural sector. War has escalated challenges in the country, but the economic downfall is the ultimate cause of its inability to provide for its citizens. However, the struggling economic state of Yemen can be addressed through strategies targeting financial independence away from oil revenues and investment in infrastructure.

The country of Yemen is situated in the southwest corner of the Arabian Peninsula. The state was formed through the unification of two separate regions known as North Yemen and South Yemen. The city of Sanaa is commonly referred to as the political capital, and it was the former capital of North Yemen. The city of Aden functions as the economic capital, and it was the former capital of South Yemen, which was a British colony from 1839 to 1967 (Britannica-*Yemen Mountains*). This period of colonization in the region's history influenced the location of borders and policies within the country. Furthermore, the current population of Yemen is 32.98 million (Freedom House). Yemenis speak various dialects of Arabic, and a majority of the population identify themselves as Muslims. The Sunni branch of Islam is also dominant within the nation. Although major cities exist in the country, over 66 percent of Yemenis live in rural areas. Yemen also has high birth rates and high infant mortality rates, which are common statistics among less developed countries. Over 66 percent of the population is under 30 years of age, signifying a relatively young demographic (Britannica-*Yemen Culture*).

Yemen has been in an extended civil war for over nine years, when the Houthis, an armed rebel group, were able to claim power. The constitutional structure and election process of the nation has since been disabled, which has led to a lack of proper leadership through the civil war. Although political parties continue to exist within the country, active members face severe oppression by authorities and armed groups. Moreover, Yemen lacks a central government with full control, and any state institutions that are still active are controlled by armed groups. The Hadi government mainly depends on foreign assistance, especially from powers like Saudi Arabia and The United Arab Emirates. The Houthis primarily receive support and aid from Iran. Through this period, normal political activity in Yemen has halted, and this has led to increased crime, violence, and lack of protection for civilians (Freedom House).

Arable land in Yemen makes up to three percent of the total land area. Less than 50 percent of the available land is being put to agricultural use, and less than 33 percent of the arable land is suitable for cattle grazing (Embassy of the Republic of Yemen). Agricultural neglect due to the ongoing civil war has led to soil erosion in many parts of the country. Political conflict has also led to the mismanagement of agricultural resources and land conservation methods. Most of the soil is low in organic matter, which limits agricultural options. Popular crops include grains such as wheat, barley, and millet. Two main cash crops grown in the northern highlands are coffee and khat (Britannica-*Yemen Mountains*).

Yemen has a dry and arid climate, which makes the occurrence of droughts common. There are no permanent watercourses in the region's geography. The northern area of Yemen has two rainy seasons, while the south receives little to no precipitation except in summer months. The country is divided into five regions, including the north-south coastal plain, the western highlands, the central mountains, the eastern highlands, and the eastern-northeastern desert region. The Gulf of Aden and the Arabian Sea border the south of Yemen, while the Red Sea borders the west. The state's territory includes a number of islands as well. Yemen also sits near one of the most active fault lines in the Red Sea region. Evidence of continued volcanic activity can be observed through active hot springs and volcanic vents (Britannica-Yemen Mountains).

The education system in Yemen has been severely neglected over the past few years. Only 65 percent of schools are currently functioning, leaving over two million children without access to education. Educational facilities across the country have also been damaged, and universities have been suspended due to a lack of funding and safety concerns. Students who seek educational opportunities are further targeted by recruitment from armed groups. Over half a million children have dropped out of school since the conflict began. Moreover, violence, internal displacement, homelessness, and attacks on schools prevent teachers from having access to adequate resources and materials. The quality of education in Yemen is further affected by a lack of teachers due to inadequate income (Unicef).

There is a severe lack of funding for Yemen's healthcare sector. Inadequate equipment and facilities have made it increasingly difficult to handle the population. Only 50 percent of health facilities are currently functioning. Over 19 million people lack access to basic health services and treatments. Poor hygiene and sanitation further contribute to rising health issues and diseases like measles, dengue, and cholera. Although cities like Sanaa and Aden have hospitals, they fail to meet sanitation standards, and largely remain inaccessible to people living in rural areas. Additionally, functioning healthcare facilities are overburdened. Healthcare workers lack a stable income, which has led to a decline in professionals. The healthcare system is essentially unable to provide for and handle the amount of patients that seek medical attention (UNHCR).

Beyond religion, family is considered to be a central aspect of Yemeni culture. Families are often large in size. They include three to four children as well as grandparents and sometimes extended relatives. The family structure is extremely patriarchal in Yemen, which influences many women to pursue secondary roles as caretakers within the home instead of getting a formal occupation. Nearly 25 percent of women work outside the home, but their social status is acquired by raising children and maintaining the family (AFS). Marriage is an especially vital part of Yemeni culture and family structure. It is generally considered abnormal for a family to be built without married parents, which makes divorce an uncommon phenomenon. The preferred marriages take place between the paternal first cousin of the opposite gender. Furthermore, in Yemeni culture, it is legal for men to have as many as four wives at the same time. However, this occurrence is very rare. Family life in Yemen is also largely dictated by similar religious and cultural practices found within other Arab countries. (Britannica-Yemen Culture).

War and struggling economic activity have led to a severe humanitarian crisis within Yemen. Seventeen million people within the country are currently food insecure, and over 16 million Yemenis lack access to safe water resources. Close to 90 percent of the population in Yemen is also in need of publicly supplied electricity (Oxfam). Moreover, over 60 percent of the population has become unemployed since the war commenced. Due to a combined lack of disposable income and rapid inflation, Yemenis struggle to afford basic necessities like clothing and shelter. Deteriorating infrastructure has also led to unstable facilities and transportation. Many citizens are left in vulnerable locations with no way to seek assistance from authorities. Furthermore, the group most affected by the crisis is children (Relief Web). Years of conflict and grief have left millions in need of mental health services. More than 540,000 children are also currently suffering from severe acute malnutrition (Unicef).

A main source of Yemen's issues stems from its lack of development in the economic sector. The country's main struggle is not a lack of resources, but rather a lack of ability to provide those resources to citizens. Oil wealth and revenues have been the primary focus for Yemen considering economic development, but this has shielded the country from investing in other institutions and sectors. Oil output contributes nearly 33 percent of the Gross Domestic Product (GDP) and accounts for almost all of Yemen's export revenue. Nonetheless, oil production is decreasing due to the depletion of reserves within the country. Political tension has further made economic growth from oil revenues increasingly difficult, causing the nation to rely on other sources. However, domestic labor and infrastructure has been neglected within the country, and growth in the private sector has not been fostered by the government. Another major source of Yemen's economic issues is the government's inability to collect taxes. Taxation funds for public expenditures and services as well as infrastructure. Without proper infrastructure, such as transportation, Yemen struggles to promote growth within the private sector (Schmitz).

The economic degradation of Yemen was mainly exacerbated by the effects of the ongoing civil war within the nation. Reports suggest that economic output fell by over 28 percent in the first year of the war itself. Disagreements over imports to the Red Sea between the Houthis and the government have further led to shortages and inflation in the price of basic goods (Al-Akhali). Due to the lack of a centralized government amidst the conflict, the banking sector is essentially unable to function properly. Deposits and assets have been frozen, leaving citizens helpless in times of poverty and despair (Schmitz).

The primary solution to Yemen's economic crisis is based on a long-term plan for the betterment of the economic system of the country itself. The nation has been focused on oil exports for so long that economic diversification, investment in infrastructure, and domestic labor have all been ignored. To achieve a stable economic situation, Yemen needs to first come to an effective peace agreement. The civil war has only negatively affected the economic situation of the country thus far, and a stable governing system is the starting point in achieving economic growth. Furthermore, a strong centralized government needs to be established instead of individualized state institutions. This can enable funding and nation-wide policies to be centered around rebuilding infrastructure and public services within the entire country. Repairing construction and damaged transportation services is also a necessary step in improving the economy of Yemen. Clean water and efficient roads boost economic outlets and productivity for farmers and fishermen (Schmitz).

An immediate and effective plan in restoring Yemen's economy is built on coffee plantation. Coffee has historically been an important export of the country (Levkowitz). The crop was first cultivated in Yemen before being introduced to other parts of the world. However, over the past few decades, khat has overtaken coffee production (Britannica-*Yemen Mountains*). Khat is a chewable plant that produces a stimulant-like effect. The issue lies in the fact that khat is a crop that is not suitable for the climate in Yemen. It consumes large amounts of water and leads to soil erosion (Levkowitz). Khat also provides no nutritional value to a population that is struggling with rising rates of malnutrition. Coffee, however, provides far more environmental benefits. The crop does not require large amounts of water, fertilizer, or significant labor. Coffee production can essentially conserve the remaining arable land from desertification. Beyond these advantages, coffee also possesses numerous economic benefits for Yemen. Coffee is in high demand worldwide, and Yemeni coffee especially targets a wide consumer base desiring premium coffee. Coffee cultivation has the ability to generate value through trade and open a wider variety of employment to provide domestic opportunities for citizens. Yemen needs to focus on providing proper advertisement of the premium qualities that differentiate Yemeni coffee from other varieties. Developing a solid consumer base in countries like the United States can allow Yemen to generate revenue from sources other than oil. Moreover, the country can promote the production of coffee within the agricultural sector through subsidies and educational campaigns on the harmful effects of khat. Khat has become an integral part of Yemeni culture, but many lack understanding on the environmental effects

of the crop. Promoting resource management practices can also help increase farmers' livelihoods by offering them the most efficient use of their land. It can aid in preventing the looming effects of desertification within the nation as well. Implementation of policies that provide farmers with tools such as a good irrigation system, marketing opportunities, and agricultural mechanization can allow for the growth of the agricultural sector along with coffee production in Yemen (Al Aghbari).

Moreover, another outlet in maximizing Yemen's economic diversification can be through the fishery sector. Due to its advantageous location near the Red Sea, Yemen can greatly benefit from improving the fishing industry. To expand the long-term sustainability of the industry, the government must first work with local politicians and experts on implementing infrastructure to avoid overfishing. Economic growth can also be achieved through promoting private institutions focused on the fishing industry. Targeted training and education on technicalities can further help local fishermen to achieve the most success in marketing their products (USAID). Organizations such as the United Nations Development Program (UNDP) in Yemen provide sources through projects like the *Sustainable Fishery Development in Red Sea and Gulf of Aden* (UNDP). Government focus and collaboration with projects like this can bring more interest into the fishing industry and local fishing opportunities.

Infrastructure is a major backbone of economic development. Repairing construction and damaged transportation services is a necessary step in improving the economic output of Yemen. One way that the country can begin to develop the infrastructure is through public-private partnerships. The growth of the private sector, and businesses is essential for Yemen in rebuilding the economy, and public-private partnerships can help to fuel this aspect. These partnerships are based on collaboration between a government agency and a private-sector company that is utilized in financing projects such as transportation and construction (Brown). Through government involvement combined with private funding, these partnerships can make it possible for large-scale projects to be completed within budget. Overall, public-private partnerships can incentivize the private sector, while also improving the infrastructure within Yemen. Development in infrastructure can improve the quality of life for citizens, and it can also expand economic productivity. Rebuilding infrastructure and construction provides more employment opportunities and allows for money to be funneled back into the economy.

The path to restructuring Yemen's economy is one that requires a multifaceted approach. Economic diversification through coffee production, and the fishing industry as well as investment in infrastructure are steps in the right direction to stabilizing the country. Beyond this, the government must mainly focus on fostering economic activity through formal and informal institutions so that the economy can see rapid growth and stabilization (GSDRC). Programs and marketing should further be centered on re-establishing the government's legitimacy and boosting employment opportunities. Yemenis have long suffered through this humanitarian crisis and economic intervention is one way to truly target the issues surrounding their quality of life. Stabilizing the economy can allow Yemen to fight inflation and the deteriorating agricultural sector. Ultimately, this will allow people to be able to afford basic necessities and food. Disease outbreaks and malnutrition can also be addressed through the effects of economic improvements in healthcare infrastructure. Through the implementation of these economic stabilization strategies, Yemen may find prosperity once more.

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