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Temperatures, Tensions Roil Government

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Cover Photo:

Two men sit on a quay near Al-Mualla port in Aden on July 5, 2023 // Sana'a Center photo by Rajeh Al-Omari

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Summer has been dominated by rising tensions among the Saudi-led coalition, as competition between Saudi Arabia and the United Arab Emirates continues to undermine the internationally recognized government. The current phase of the rivalry is centered on Hadramawt, the vast eastern governorate bordering Saudi Arabia that has seen repeated bouts of political and military agitation. Saudi talks with the Houthi group (Ansar Allah) are currently on hold, hung up on now-familiar disagreements over the kingdom's belligerent status and payment of public sector salaries.

Perhaps stung by its lack of progress in the negotiations, Saudi Arabia announced new support for the government, totaling some US$1.2 billion. The funding rescued a government in financial crisis: battered by an effective Houthi blockade of oil and gas exports, it could not even afford to keep the lights on. Lengthening blackouts during the hottest months of the year and the cratering value of the Yemeni rial led to protests and political recriminations as the situation grew more desperate.

But the faltering peace talks may also augur new rounds of violence. Houthi forces have deployed in increasing numbers outside Marib, and may yet renew their aspirations to capture the city and nearby oilfields. Foreign observers and senior Houthi military commanders have been on hand at maneuvers in the governorate. Tensions are also building on the Red Sea Coast, where the Houthis are mobilizing naval forces on islands near international shipping lanes. Pro-government forces have also moved to the sea, competing to occupy bases near the strategic Bab al-Mandeb Strait.

Operations begin to transfer oil from the FSO Safer tanker to a replacement vessel, the Nautica, now rechristened as the Yemen, off the coast of Ras Issa in Hudaydah on July 22, 2022 // Sana'a center photo

Politics & Diplomacy

Saudi-UAE Spat Comes to a Head in Hadramawt

The developing rift between Saudi Arabia and its coalition partner, the UAE, has come out into the open in recent weeks. *The Wall Street Journal* reported that Saudi Crown Prince and de facto ruler Mohammed bin Salman told journalists that the UAE had "stabbed them in the back," and threatened to take direct action against its gulf rival. The deterioration of the relationship could have devastating consequences for Yemen. Competition between the groups backed by the Gulf powers has been a feature of the conflict since 2018: the UAE-backed Southern Transitional Council (STC) has representatives on the governing Presidential Leadership Council (PLC) and controls swathes of southern territory, including the interim capital Aden.

The current locus of this contest is in the expansive eastern governorate of Hadramawt. The STC has attempted to expand its influence in the governorate as part of its project to cement control of the territory of the former South Yemen. The group has sent additional forces to the governorate's capital, Mukalla city, and agitated against the Islah-affiliated military forces based in Wadi Hadramawt, supported by Saudi Arabia. The Islamist Islah party is a particular target of the UAE due to its ties to the Muslim Brotherhood, which the Emirates views as a regional and domestic threat to its monarchy.

But the STC's campaign has not gone unchallenged. Islah has sent reinforcements to the governorate, and Saudi Arabia, viewing its long border with Hadramawt as a strategic liability, has become increasingly active in thwarting attempts to bring the governorate under STC control. The Saudis invited numerous Hadrami political and tribal figures to Riyadh for consultations with Governor Mabkhout bin Madi, against the wishes of STC chief and PLC member Aiderous al-Zubaidi, who reportedly tried to persuade them not to go. The result of the meetings was the announcement of a new, Saudi-backed Hadramawt National Council and a host of development projects, along with explicit support for the governorate's authority to manage its own internal affairs. The announcement was met with predictable opposition from groups affiliated with the STC.

In concert with the initiative, PLC Chief Rashad al-Alimi traveled to Hadramawt for the first time since assuming his position in April 2022. In a June 25 speech to leaders of the local authority in Mukalla city, he promised to provide Hadramis autonomy in the management of financial, administrative, and security matters. In coordination with the visit, the Saudi Development and Reconstruction Program for Yemen pledged US$320 million for 20 development projects, including a cancer hospital, renovation of a university hospital, new roads, and construction of a power station that will link up to the Saudi electricity grid.

Saudi Arabia has pressed on with plans to formalize the arrangement, charging a nine-member council led by former transport minister Badr Basalama to draw up internal regulations within two months, ahead of a general assembly. Both Basalama and Bin Madi received financial support from the Saudis to complete the program, with the former reportedly accepting 30 million Saudi riyals. Basalama has already secured the participation of two key political figures in Hadramawt: Deputy Parliament Speaker Mohsen Basurrah from Islah and Amr bin Habrish from the Hadramawt Inclusive Conference. He will likely also require the participation of Shura Council chairman and former prime minister Ahmed Obaid bin Dagher, and Khaled Bahah, who preceded Bin Dagher as prime minister under President Abdo Rabbu Mansour Hadi. Hadrami political leaders were again called to Riyadh on July 24. Interestingly, the invitees included Faraj al-Bahsani, a PLC member and former Hadramawt governor who was recently made vice president of the STC, along with his PLC colleague Abdelrahman "Abu Zaraa" al-Mahrami, commander of the UAE-backed Giants Brigades, who also recently joined the STC. Their alignment came as a surprise and reportedly angered Saudi Arabia.

Support for Hadrami autonomy has drawn attention from other governorates, and Saudi authorities are trying to bring on board figures from Al-Mahra and Shabwa for similar projects. The campaign can be seen as an attempt to redress knock-on effects from the removal of former president Hadi. The breakdown of his network of allies in southern governorates created a political vacuum, providing an opening for the STC to step in. The UAE now fears that the Hadramawt National Council could become a successful model which could deprive them of the influence they thought they had gained by backing the STC. In response, they have sought to paper over competition between the STC and other groups they support, including Tareq Saleh's National Resistance forces and the Giants Brigades.

Western governments have expressed annoyance at the STC's agitation, in particular a threat to withhold revenue from the central bank in Aden, which they see as destabilizing the PLC and undermining its authority. The group has since modified its tone in search of international support. Al-Zubaidi spoke on June 22 at Chatham House in London, saying the PLC was united in confronting the Houthi group (*Ansar Allah*) and economic challenges, stating the STC would only seek the restoration of an independent southern state through peaceful means. But the visit also seemed designed to convince Western governments that since a de facto Houthi state now exists in the north, a revived southern one would be a natural complement. "The new reality is that the Houthis control the north and the STC governs in the south," Al-Zubaidi told The Guardian. He had a chance to relay this message to the British government via a meeting with Minister of State for the Middle East, North Africa, South Asia, and the United Nations Tariq Ahmad. Al-Zubaidi also traveled to Riyadh and met US Ambassador to Yemen Stephen Fagin in the UAE before returning to Aden on July 21. His political rivalry with PLC chief Rashad al-Alimi is set to intensify in September when both figures are expected to attend the UN General Assembly in New York.

Political contestation in Hadramawt is unlikely to abate. An STC-organized demonstration on July 7 to mark the end of the 1994 civil war led to clashes in Seyoun when Al-Kathir tribesmen tried to remove flags and slogans placed around the old sultan's palace. Several people were injured. A statement issued by the tribe claimed the STC had violated an agreement not to politicize the palace, while the STC depicted the incident as an Islah-organized assault on its members led by forces of the 1st Military Region. Islah-affiliated security forces in Seyoun subsequently suppressed STC-affiliated Youth of Rage demonstrations in front of the palace. The incidents are typical of the political agitation that has gripped Hadramawt since last year. The eroding Saudi-UAE relationship, and Saudi Arabia's expanded role in the governorate, could augur further escalation.

Houthi-Saudi Talks in Holding Pattern

Saudi Arabia's flurry of activity in Hadramawt comes in sharp contrast to its ongoing negotiations with the Houthis, which have appeared to stall. The primary issues of contention remain: a dispute over how public sector salaries are paid; and Saudi Arabia's status as a mediator rather than a participant in the conflict. The Houthis have insisted that salaries, including those of its own military and security forces, be paid out of government oil revenues. The demand scuttled efforts to renew a UN-brokered truce last October and has remained a sticking point in talks. The characterization of Saudi participation is perhaps even more intractable. Conceding their status as a belligerent is anathema to the Saudi government, as it would confer its status as the loser of the conflict at a time when they are trying to expand their regional and global influence.

The lack of progress in talks has not yet altered Saudi Arabia's accommodative stance. A Houthi pilgrim group, reportedly including military commander Yahya Abdullah al-Razami, Muscat-based lead negotiator Mohammed Abdelsalam, veteran politician Saleh Habra, and Mohammed Abdelazim al-Houthi visited Mecca ahead of Eid al-Adha. The trip gives the impression that despite the gridlock in negotiations Saudi-Houthi relations are far from the breaking point. Sources in Saudi Arabia confirmed that leading Houthi figures, including Al-Razami and Abdelsalam – insiders who are close to the group's leader Abdelmalek al-Houthi – held secret discussions with senior officials in Riyadh, including Defense Minister Khaled bin Salman, over eight days following Eid al-Adha, but the negotiations ended without further progress.

If the Houthi-Saudi talks fail to regain traction, the first major renewal of hostilities could be in Marib (*see, Military and Security*) Houthi forces continue to amass on Marib's frontlines – sources suggest there are up to 30,000 fighters, the highest number since the announcement of last year's truce. As yet, there is no indication of how Saudi Arabia intends to respond if fighting resumes, or whether the coalition would resume aerial bombing, which was previously critical to defending the flat desert plains on the outskirts of Marib city. Marib's oil and gas fields would provide a much-needed source of income to the Houthis, and the group expended enormous resources attempting to seize the area in between early 2020 and late 2021. The offensive was only halted with the intercession of the UAE-backed Giants Brigades, whose counterattack established the current frontlines.

Saudi Support Arrives After Summer of Discontent

On August 1, Saudi Arabia announced long-awaited financial support for the internationally recognized government, offering a US$1.2 billion grant to finance the public budget and prop up the rial (*see, The Economy*). Saudi Ambassador to Yemen Mohammed al-Jaber stated that the first batch of new funds would be released for use on August 2, and media sources reported that the tranche will amount to US$250 million. Government officials said the funds would finance the government's budget, compensating for the collapse of public revenues following Houthi drone attacks on infrastructure at oil ports in Shabwa and Hadramawt last fall, and to pay for vital expenditures, including public sector salaries and fuel for power stations in government-held areas. The support will also help stabilize the rial and underwrite the weekly foreign exchange auctions that finance the import of basic commodities.

The belated support announcement follows a painful summer for the internationally recognized government, which was forced to further suspend public utilities, including electricity provision, due to a lack of funds. As it ran out of foreign currency, the government was also forced to suspend auctions financing the import of basic commodities, including food, and the value of rials in government-held areas plummeted, trading as low as YR1,500 to the dollar. Already hamstrung by the effective Houthi blockade of oil exports and efforts to reroute imports to Hudaydah, government revenues took a further hit when Houthi authorities banned domestically produced cooking gas, switching to imported fuel.

With the government unable to afford fuel for its power plants, rolling blackouts spread across the south as electricity cuts grew ever longer. The use of poor-quality replacement fuel contributed to air pollution. Many local generators shut down entirely, leaving residents without power during the hottest months of the year. The crisis provoked street protests in Aden and other government-controlled areas, and with them political recriminations. On June 12, STC-affiliated Aden governor Ahmed Lamlas directed local authorities to stop sending revenues to the central government to protest what he described as the government's withholding of electricity to punish residents of the interim capital. The accusation, which gained traction among STC leaders and their allies in other southern governorates, threatened to further shrink the government's revenue sources. After the prime minister's office announced the situation was its top priority, Lamlas reversed course and praised the government for addressing his concerns. Nevertheless, the episode drew international condemnation and demonstrated the fragility of the central government's position.

On July 12, Al-Alimi went to Riyadh for a PLC meeting to discuss the crisis. He reportedly also requested renewed restrictions on the ports of Hudaydah and Sana'a airport to try to force Houthi authorities to give ground in the economic war and ease their effective blockade of government oil exports. The announcement of the new Saudi funding has revived the government's fortunes in the short term, but without the restoration of its revenue streams, it will remain wholly dependent on such intermittent support.

The burgeoning economic war has not gone unnoticed by the international community. UN Special Envoy for Yemen Hans Grundberg told the UN Security Council on July 11 that the economic battle risked ending the fragile informal truce which has persisted since the formal agreement expired last October. The US, France, and the UK issued a joint statement praising the warring parties for generally adhering to the expired truce but criticized the Houthis for the intensification of the economic conflict. They also called on the movement to refrain from military escalation and engage with the UN-led peace process, warning that new fighting "would lead to their total isolation by the international community."

It is unclear why the Saudis waited so long to extend support to the fragile government they have set up in Yemen; their hand-sitting exposed the PLC to substantial risk. If full-scale conflict broke out in Marib, or on other frontlines, the government would have had significant difficulty paying its military forces. It is possible that the Saudi government was holding up assistance in acquiescence to the Houthis, who have repeatedly demanded that oil and gas revenues be shared. It may also have been seeking to undermine the popularity of the STC, now a major component of the government and the dominant military actor in most of southern Yemen. Or it may just have been a symptom of systemic dysfunction: Saudi ambassador Al-Jaber spearheads the kingdom's Yemen policy, but other figures in the foreign ministry and special committee on Yemen reportedly disagree with his strategy for disengagement.

FSO Safer Operation Begins at Last

On July 25, the UN said it had begun the transfer of the 1.14 million barrels of oil stored in the decrepit FSO Safer tanker, which lies moored off the coast of Hudaydah. On July 17, UN officials handed over the replacement ship, renamed the "Yemen," to Houthi officials, who a week later gave them authority over the vessel and permission to proceed. UN Resident Coordinator in Yemen David Gressly has estimated that the tricky operation will take between two weeks and a month, and it is still some US$20 million short of the US$143 million it will cost to complete.

The transfer will avert the danger of the ship breaking up and spilling massive amounts of oil into the Red Sea, disrupting international shipping and destroying the ecosystem. The floating storage and offloading facility has been moored off Hudaydah since the 1980s and has not been maintained since the war began in 2015. The details of the deal between the UN and Houthi authorities have not been made public, and the internationally recognized government has mainly been kept in the dark during the negotiations.

On August 1, the United Nations announced it had transferred more than half of the crude oil onboard to the replacement ship. Even with the transfer underway, a number of questions remain. It is unclear what will be done with the recovered oil, worth an estimated US$80 million, with both sides likely to make a claim. Houthi media outlets have insisted that Houthi authorities will maintain ownership of the replacement ship, though officials have suggested that the replacement vessel is also old, risking further problems if it is neglected. And the ultimate fate of the Safer –whether it will be scrapped or refurbished, and who would undertake the work–is unclear.

UNMHA Renewed

On July 10, the UN Security Council unanimously agreed to renew the mandate of the United Nations Mission to Support the Hudaydah Agreement (UNMHA) for another year. The mission, which has had limited effectiveness, is supposed to ensure a governorate-wide ceasefire and support mine-clearing operations in Hudaydah city. Lauded at the time for securing an entry point for vital humanitarian aid, the Houthis have since retaken the city and its environs and have used the port to exert economic leverage over the government.

Security forces patrol near Al-Turbah, Taiz governorate, on July 23, 2023, in the hunt for suspects in the killing of aid worker Moayad Hameidi, the director of the World Food Programme's Taiz office // Sana'a Center photo by Ahmed Al-Basha

Military & Security

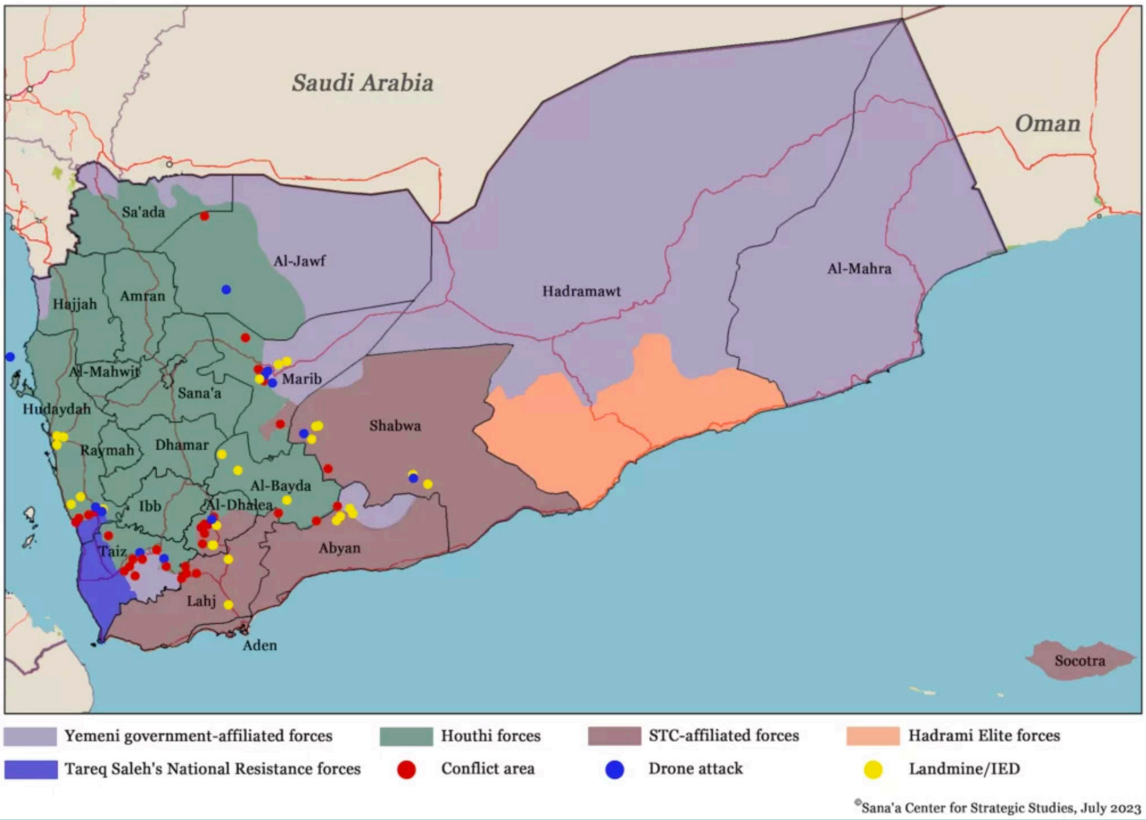
Tribal Tension and Mobilization in Al-Jawf

The latter part of June and early July saw increased tensions in the region straddling the Al-Jawf-Marib border, as Houthi forces began clashing with tribal fighters in an attempt to fortify the area. Following clashes with pro-government forces on June 11 on fronts in eastern Al-Hazm district in the areas of Al-Rayyan, Al-Shahla, Al-Nusoud, and Al-Jadafer, large groups of Houthi fighters traveled to new camps in the nearby Bir Al-Marazeeq area on June 17, according to the pro-government director of security in Al-Jawf, pro-government military and security forces, and a local tribal sheikh. More reinforcements arrived to the nearby Al-Jadafer area on June 20. On the same day, a Houthi sniper killed one of the most prominent fighters from the Dahm tribe, Hassan Naji Nassim.

Ongoing tensions between the Houthis and the Bani Nawf tribes took a turn when, on July 16, Bani Nawf tribesmen killed the leader of the Houthi-aligned Al-Maraqiz Axis, Abu Aquail al-Matari, in the Al-Sa'a area in eastern Al-Hazm district, setting off a series of clashes and mobilizations that are still ongoing. The killing of Al-Matari — reportedly a case of mistaken identity — came after Bani Nawf tribesmen blocked the main road in the east of Al-Hazm district to demand that the Houthis release a recently detained tribesman. In response to the killing, Houthi leaders sent hundreds of reinforcements into Bani Nawf tribal lands, refusing to lift the siege even after the alleged killer turned himself in. The event caused ripples in Sana'a city as Houthi forces deployed armored vehicles on several streets on July 25 after Noaman al-Matari, also known as Abu Raddad al-Jahili, the commander of the Rescue Forces in Sana'a governorate, deployed dozens of military vehicles loaded with fighters to Al-Jawf without the knowledge of other Houthi leaders in revenge for the killing of his relative.

Houthi forces besieged the Al-Hayfa and Al-Quoz areas in Khabar al-Marashi district along Al-Jawf's western border with Sa'ada on July 26 in an attempt to exploit a land dispute between the Dhu Mohammed, Dahm, and Sufyan tribes, according to the local pro-government district director and a tribal sheikh from the besieged areas. In response, tribal sheikhs from across Al-Jawf set up a series of meetings on July 16, 27, and 29 to discuss the Houthi sieges in both Al-Hazm and Kharab al-Marashi districts, according to tribal sources and sheikhs present at the respective meetings. At the end of the final meeting, which took place in the Al-Rayyan area in the government-controlled area east of Al-Hazm district, the sheikhs issued a statement calling for the tribes to unify to prevent further Houthi encroachment and gathered donations to support Dahm tribesmen in Houthi-controlled areas.

Yemen Zones of Control (June - July 2023)



Dormant Frontline Revived, Others Continue to See Fighting

June and July saw steady fighting across fronts in Abyan, Al-Bayda, Shabwa, and Lahj. In general, clashes were lighter in June, with heavier casualties by mid-July. After nearly two months of calm, clashes broke out on July 24 between Houthi fighters and the Southern Transitional Council (STC)-affiliated Shabwa Defense forces on the Aqbat Amqwah front, on the border of Shabwa's Merkha al-Ulya district and Al-Bayda's Maswarah district, the first fighting in the region since June 1, according to an STC-affiliated military source.

Al-Qaeda intensified its attacks on STC-affiliated soldiers in Lahj, Abyan, and Shabwa, using raids, roadside bombs, and drone strikes. Attacks focused on Shabwa Defense forces stationed in the Al-Musina'a area of Al-Saeed district in southern Shabwa, and STC-affiliated 2nd and 6th Support and Backup Brigades stationed in the Omayran Valley in Abyan's Mudiya district, where STC-aligned forces are deployed as part of the Operation Arrows of the East counterterrorism campaign. Over the course of June and July, Al-Qaeda militants killed at least four STC-affiliated soldiers and wounded 13 others. After using drones for the first time in May, the group launched drone strikes on June 12, 14, and 26 and July 4. A raid on July 31 targeted counter-terrorist forces in the Omayran Valley, leaving five STC-affiliated soldiers dead and four wounded, while Al-Qaeda elements claimed they were able to seize a military vehicle, a motorcycle, and various weapons.

In Abyan, Houthi forces continued to clash regularly with Southern Resistance forces on the Aqbat al-Tharah front along the border of Al-Bayda's southern Mukayras district and Abyan's northern Lawdar district. Clashes also occurred on the nearby Aqbat al-Halhal front. In nearby Lahj, Houthi forces repeatedly clashed with STC-affiliated forces on the Hamala Hawamrah front in Al-Qabaytah district bordering Taiz, as well as along frontlines between near the Al-Hadd district, including the Al-Habaj area, and the Al-Barman area, near the border between Al-Hadd and Al-Bayda's neighboring Al-Zahir district, according to an STC-affiliated military source.

Al-Dhalea also experienced heavy clashes in mid-July, with casualties focused in the Al-Fakher and Bab Ghalq areas in the northwest of Qaataba district, and the Al-Jub and Battar Hajar area in northwestern Al-Dhalea district. On several occasions, civilians were affected by the fighting, and on July 7, Houthi forces arrested 17 civilians after raiding dozens of homes in several villages in the south of Damt district in northern Al-Dhalea, according to tribal sources.

Houthis Launch Coastal Patrols in Hudaydah

Houthi forces tightened security off the coast of Hudaydah, particularly along the Al-Faza coast, which stretches from Al-Haymah in the south of Al-Tuhaytah district to northern Al-Khawkhah district. On June 20, Houthi naval forces stationed on the southern part of the coast engaged Joint Forces stationed on Zuqar Island, near the international shipping corridor, the first maritime clash between the two in this area. The following week, Houthi forces conducted evening patrols in territorial waters along the shipping corridor and prevented fishermen from working along the coast, according to local fishermen and military sources. On June 27, two armed boats approached a ship entering the Houthi-controlled Al-Salif port, adjacent to Kamaran Island northwest of Al-Salif district. According to local fishermen, the ship maneuvered away from the boats, which returned to port.

In the following weeks, Houthi forces heavily policed the area. On July 2, Houthi forces shot and killed a man off the coast of the Al-Qaza'a area in Al-Tuhaytah district after his boat was swept into a prohibited zone next to a secret Houthi construction project. Houthi forces had previously warned locals that anyone venturing into the area would be dealt with harshly. Marine patrols were also reported on July 27, with Houthi ships surveilling the international shipping lane along the Al-Faza coast.

This comes amidst private reports that Iran is moving missiles and drones to the governorate, and a public statement by Houthi president Mahdi al-Mashat that the group intends to stage military drills on Houthi-controlled Red Sea islands. While the motive behind these moves remains unclear, any military display on the islands would signal the Houthis' ability to threaten the international shipping lane.

Fighting continued between Joint Forces and the Houthis along several frontlines, intensifying in July. The Al-Garrahi district was particularly active, with a two-week period in mid-July leaving three Joint Forces soldiers dead and 47 wounded, and five Houthi soldiers dead and 23 wounded.

Assassinations and Tightened Security in Taiz

In Taiz, Houthi forces escalated fighting in areas surrounding Taiz city, launching explosives-laden drones on pro-government military sites on the eastern and western fronts, and carrying out ground offensives and shelling on the eastern, northern, and western fronts.

The Islah-affiliated Taiz Military Axis clashed with Houthi forces on several fronts surrounding Taiz city. Fighting was particularly active to the west of the city, with clashes occurring along the Air Defense camp front, the Al-Ahtoub front in Jabal Habashi district, and the Al-Damina area. Fighting also broke out further west, in the Al-Qahifah Himyar and Al-Kadma areas of Maqbanah district. Houthi advances were repelled on the Aqbat Muneef and Al-Tashrifat fronts to the east of Taiz city, the Asifrah front in northern Taiziyah district, and the Al-Aqroud front in Al-Misrakh district which lies to the city's south.

In July, the governorate witnessed several assassinations, including the killing of Sheikh Ali Mohammed al-Haisi, a prominent Islah party leader, in Al-Makha district on July 5, and the killing of Special Security Forces officer Salah al-Omrani in front of his house in the Ring Road neighborhood of Taiz city on July 10. On July 21, the head of the World Food Programme's local office in Taiz, Moayad Hameidi, was killed in the town of Al-Turbah, in the south of the governorate near the border with Al-Lahj. Hameidi, a Jordanian national, had started the job less than one month prior. Security forces cracked down in the following weeks, arresting more than 20 suspects. In all three assassinations, the victims were shot by assailants on motorcycles.

Houthi Forces Conduct Military Maneuvers

Houthi forces conducted major military exercises as they continued to reinforce frontlines in Marib. This included live-fire exercises on June 26 which featured a helicopter from the Ali Abdullah Saleh era, explosive-laden drones designed by Iran, armored vehicles, sniper rifles, and mortar systems. The location of the event is disputed, as Houthi officials claimed it was in Al-Jawf, while researchers linked it to Marib's Al-Majzar district along the border with Sana'a governorate. Another military maneuver took place in eastern Sa'ada governorate near the Saudi border on July 7.

On July 11, Houthi forces conducted major military maneuvers in Serwah district in western Marib governorate, which included a helicopter, heavy weapons, and tanks. The exercises were held in the presence of a host of top Houthi military leaders, including military intelligence chief and field commander Abdullah al-Hakim (Abu Ali), Maribi military officer Mubarak al-Mishn al-Zayadi, army chief-of-staff Mohammed Abdelkarim al-Ghammari, Defense Minister Mohammed Nasir al-Atefi, and head of the Houthi-affiliated 6th Military Region Jamil Zaraa (Abu Badr). Eyewitnesses who spoke with the Sana'a Center confirmed the presence of a number of foreign observers among the Houthi commanders, who intelligence officials affiliated with the Saudi-led coalition identified as Iranians and Iraqis.

International observers have repeatedly warned about the Marib military buildup, warning that a return to fighting would have detrimental consequences – be they political ramifications for belligerents or damage to local communities affected by the fighting.

Other Developments

On June 2: Houthi forces blew up the house of Sheikh Ali Ahmed Mubarak al-Hijazi, leader of the Bani Jabr tribal resistance forces in the Al-Rawdah area of Marib. On the same day, Houthi military activity was reported on the fronts surrounding Marib city, including the construction of new trenches and fortifications on the Al-Mashjah and Al-Suhail fronts to the west of the governorate capital, according to pro-government security forces and a resident from Serwah district.

On June 6: A convoy of Nation's Shield reinforcements was seen coming from the Saudi border and passing through Abyan on their way to Aden. Throughout June, convoys carrying the Saudi-trained soldiers, who operate under the authority of PLC chief Rashad al-Alimi, were spotted in several governorates, with soldiers reportedly being deployed to locations in Lahj and Aden.

On June 16: Houthi forces reportedly began recruiting children in Natea district in northern Al-Bayda for military conscription, according to a local resident. The recruitment, led by the Natea district security supervisor (mushrif), Abu Taha, reportedly aimed to enroll children aged 13-18 in three-month cultural courses before providing them with weapons and stationing them at checkpoints.

On July 2: The STC-affiliated Southern Armed Forces issued a circular prohibiting the carrying of weapons in Aden. Concurrently, the Al-Asifa forces announced a similar campaign. On July 5, the commander of Aden's Security Belt forces met with the unit's security and checkpoint leaders in the Martyr Yahya al-Shoubaji Camp in the Al-Nasr area of Khormaksar district to discuss the progress of the campaign and urged officials to back the prohibition on arms in the coming months. The campaign was launched after two deadly shootings of civilians, one of them a 4-year-old girl.

On July 7: Several people were wounded after clashes broke out at a pro-STC rally held in the square across from the historic Seyoun Palace in Hadramawt's capital city Mukalla (also known as the Al-Kathiri Palace, as it was previously the residence of Sultan Al-Kathiri). The large rally marked "Southern Land Day," when forces loyal to former President Ali Abdullah Saleh took control of southern Yemen at the end of the 1994 civil war. Clashes broke out between demonstrators and gunmen from the Al-Kathir tribe after the tribesmen tore down flags of the former South Yemen and pictures of STC leaders on the palace walls.

On July 29: Al-Subaiha tribesmen in Lahj carried out an armed protest against the deployment of UAE-backed National Resistance forces personnel in the Bab al-Mandab area in the west of Al-Madaribah wa Ras al-Arah district, according to tribal sources.

On July 31: Popular resistance councils from several governorates formed the Supreme Popular Resistance Council to fight the Houthis. Led by Hammoud Saeed al-Mikhlafi, an early commander in the Taiz popular resistance and an Islah-aligned figure backed by Qatar, and composed of fighters who are not affiliated with the government's military and security forces, the formation of the council was announced in Marib city. Members of resistance councils from Sana'a, Dhamar, Al-Mahwit, Ibb, Taiz, Marib, and Aden participated in the launch of the new body.

A displaced Yemeni woman from Taiz city tends flowers on July 8, 2023, at a nursery she established in Al-Misrakh district in the west of the governorate // Sana'a Center photo by Ahmed al-Basha

The Economy & Finance

Saudi Arabia Announces US1.2$ Billion in New Financial Support

Long-waited financial support for the government finally materialized after it reached a dire fiscal situation in June and July. On August 1, Saudi Arabia announced it would support the internationally recognized government with a US$1.2 billion grant to finance the public budget and prop up the value of the Yemeni rial. Saudi Ambassador to Yemen Mohammed al-Jaber stated that the first batch of new funds would be released for use on August 2. The next day, the Central Bank of Yemen in Aden (CBY-Aden) announced that Saudi Arabia had deposited 1 billion Saudi Riyals (nearly US$267 million) into its account.

High-ranking government officials, including the CBY governor Ahmed Ghaleb and the Minister of Finance Salem bin Breik, said that funds from the new grant would be essential to compensate for the large reduction in public revenues following Houthi drone and missile attacks against infrastructure at oil ports in Shabwa and Hadramawt last fall, and to pay for vital expenditures, including public sector salaries and fuel for power stations in government-held areas. The support will also help the CBY-Aden to continue its holding of weekly foreign exchange auctions to finance the import of basic commodities and stabilize the rial.

Saudi Arabia has given substantial sums to the government in recent years. In April 2022, Riyadh and Abu Dhabi committed US$2 billion in financial support following the formation of the Presidential Leadership Council. Saudi Arabia stated it would provide US$1 billion through a deposit with the Arab Monetary Fund (AMF) to support economic reforms through 2025, and the UAE announced it would make available 1.1 billion dirhams (nearly US$300 million) to the CBY-Aden. In late February 2023, CBY-Aden head Ghaleb revealed that the government was struggling to utilize the funds, as Saudi Arabia had strengthened requirements for accessing them after earlier accusations of corruption. In 2021, the UN Panel of Experts accused the government of mismanagement of a 2018 Saudi deposit of US$2 billion for financing the import of basic food commodities. The lack of transparency created an environment conducive to embezzlement and mismanagement, though UN accusations against the CBY-Aden and Yemeni importers were ultimately withdrawn.

The new deposit appears to be completely new funds, unrelated to previous pledges. The support comes at a critical time for the government: Houthi drone attacks on oil export terminals halted hydrocarbon sales, denying the government access to what was by far its largest source of revenue. Its fiscal deficit was further compounded when Houthi authorities began pressuring commercial importers to redirect imports from Aden to Hudaydah in mid-January, costing the government 45-50 billion Yemeni rials per month in customs duties, roughly equivalent to salaries of military and security forces operating under their control. A ban on domestically produced cooking gas cylinders manufactured in Marib cut off another source of funds. By mid-summer, the government's position had become critical, and it could no longer afford to keep the lights on. Rolling blackouts across the south fueled protests and political recrimination, and weekly FX auctions were postponed as the value of the rial plummeted.

CBY-Aden Liquidate Second Batch of IMF SDR Allocation

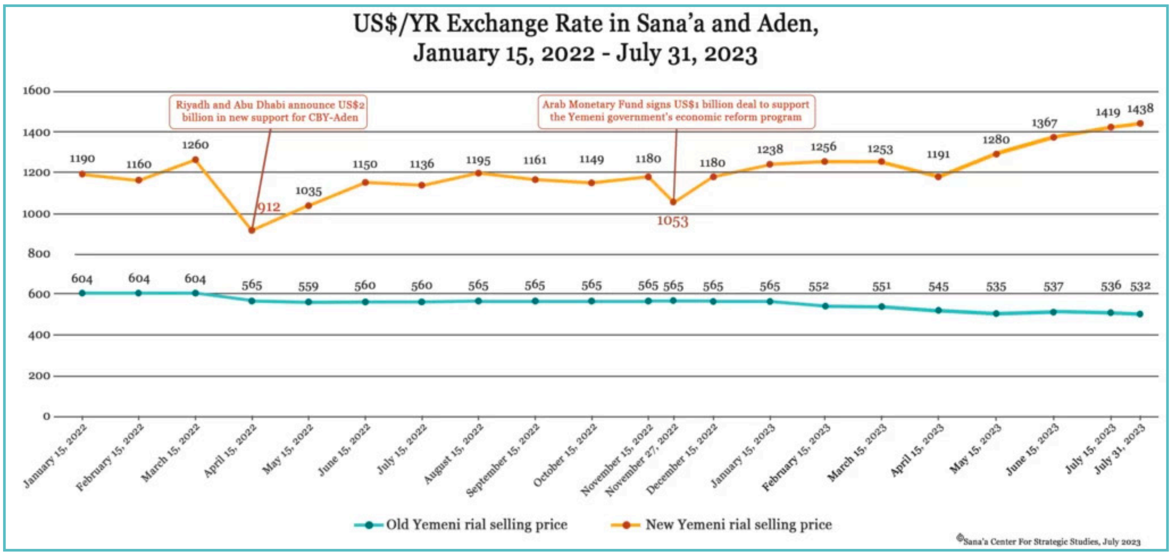
On June 17, the CBY-Aden announced that it was able to liquidate the second batch of International Monetary Fund (IMF) Special Drawing Rights and deposit the funds into the bank's account with the US Federal Reserve in New York. According to the CBY-Aden, the support will be used for its weekly foreign currency auctions, which help finance the import of basic commodities. The bank noted the assistance of France, the International Monetary Fund (IMF), and the US Federal Bank in the process. The second batch is part of US$665 million in SDR support for Yemen that the IMF announced in August of 2021.

Riyadh Announces Massive Development Package for Hadramawt

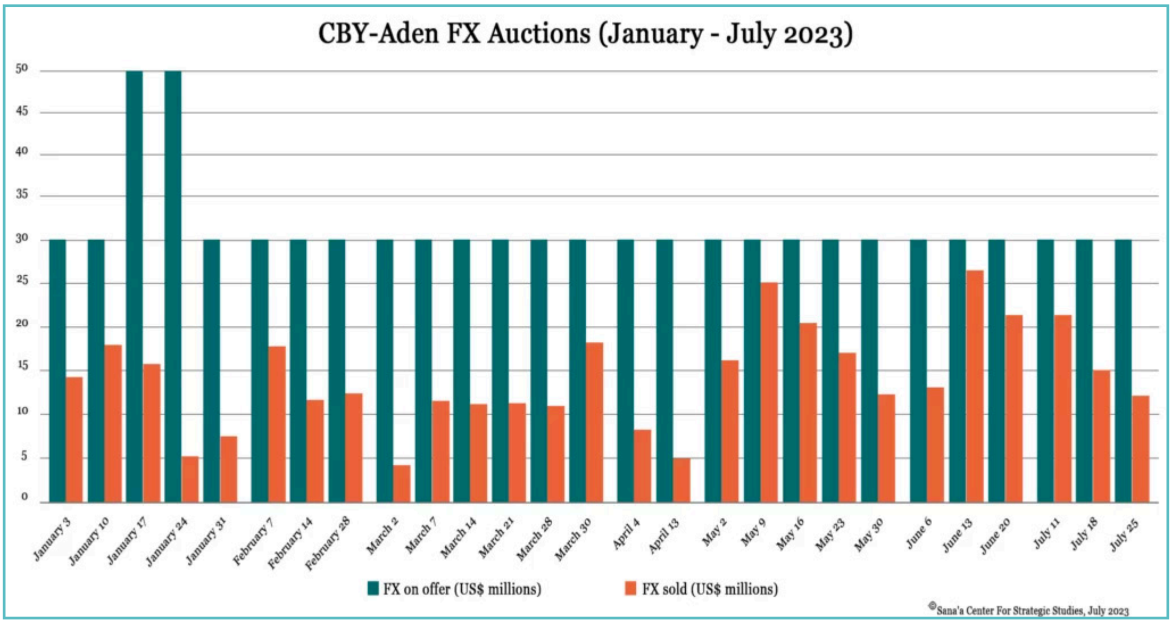
The Saudi government announced a comprehensive development plan for Hadramawt on June 26, pledging hundreds of millions of dollars to the southeastern governorate, which has become a primary area of strategic competition between the kingdom and the United Arab Emirates. The funding, channeled via the Saudi Development and Reconstruction Program for Yemen (SDRPY), earmarks 1.2 billion Saudi riyals (US$320 million) for 20 projects in the health, education, transportation, and energy sectors. A ceremony laying out the foundations of several projects was attended by Presidential Leadership Council (PLC) chief Rashad al-Alimi, who visited Hadramawt for the first time since taking office in April 2022, along with Hadramawt Governor Mabkhout bin Madi and SDRPY official Hassan al-Attas. In the healthcare sector, the package includes the establishment and equipping of a hospital and cancer center at Hadramawt University, as well as equipment and fuel for Seyoun General Hospital. A gas separation and treatment facility is planned, along with a 100-megawatt power plant in Seyoun. The proposed projects also include the construction of new roads in Mukalla, the rehabilitation of the Al-Wadea border crossing with Saudi Arabia, and the rehabilitation of Shibam, a UNESCO World Heritage site. Another aspect of the plan focuses on enhancing water infrastructure in the governorate and support for the fisheries sector through the provision of motorized fishing boats.

Rial Plummets Before Rebounding After Saudi Grant Announced

The Yemeni rial (YR) experienced rapid fluctuation in government-controlled areas over most of the reporting period. The sale price of new rials depreciated by almost 12 percent, from YR1,316 per US$1 on June 1 to as low as YR1,474 on July 12. At its nadir, the price fluctuated almost hourly, and some money exchange outlets sold the US dollar at close to YR1,500. This was the third cycle of depreciation in the past three months: the currency dropped in the first half of May, falling 7 percent relative to the US dollar, and declined by almost 3 percent in the first half of June. From June 21-27, the new rial remained relatively stable, depreciating by one percent from YR1,360 to YR1,378 per US$1, coming after the CBY-Aden announced it was able to liquidate the second batch of the IMF Special Drawing Rights in mid-June and would use the new funds to continue the holding of weekly auctions. In the third week of July, new rials rebounded slightly, following rumors that new Saudi support could soon materialize. They rapidly regained value after US$1.2 billion in new Saudi support finally materialized, appreciating by 4 percent in the early days of August, from YR1,438 to YR1,383 per US$1. The appreciation ended a period of devaluation and instability as government coffers ran low. By contrast, old rials in Houthi-controlled areas remained stable, trading at between YR532-537 per US$1 on average over the reporting period.



On August 1, the CBY-Aden announced it would postpone foreign currency auction no. 28 of 2023, due to continued improvement of the exchange rate driven by the announcement of new Saudi support. It said the delay came in response to requests from several banks, which wanted to wait until the rial rebounded further and its value stabilized. In June and July, the CBY-Aden announced the results of six FX auctions, valued at US$30 million each, which were 62 percent subscribed on average. Since the beginning of the year, 27 FX auctions have been held, with Yemeni banks purchasing US$391 million (46 percent) of the US$850 million on offer.



Blackouts Spur Protests Amid Recriminations

In June and July, power outages in the coastal city of Aden became longer and more frequent due to a lack of fuel, with nearly all residential neighborhoods of the city experiencing extended blackouts. The blackouts have been driven by a critical fuel shortage following the end of a Saudi fuel grant in April. The grant, valued at US$422 million, was announced in September 2022, and provided over 1.2 million metric tons of diesel to power more than 80 electricity stations. On July 5, Southern Transitional Council (STC)-affiliated Minister of Electricity and Energy Manea Bin Yammine told Saudi newspaper Okaz that the ministry was no longer able to provide fuel for power stations. He said the government typically spends US$75 million per month to purchase fuel for electricity generation, and blamed fragmented decision-making and ad hoc emergency interventions for the collapse in electricity generation. The government-owned Public Electricity Corporation has only been able to collect on a limited number of electricity bills, resulting in large debts.

On June 11, representatives of the government's Fuel Tenders Committee announced their collective resignation. Appointed from the Ministry of Electricity and Energy, the Ministry of Oil and Minerals, and the Aden Refinery Company to oversee the purchase of fuel derivatives for power stations, the group accused the government of failing to develop sufficient solutions to address power outages in Aden and other areas under government control. In a two-page statement, the committee claimed that the current process for supplying power stations had made it difficult for it to function and impossible for it to apply Tenders Law No. (23) of 2007 and its executive bylaws. They alleged that the prime minister had only granted approval for the purchase of small quantities of fuel, between 3,000 to 10,000 tons, and that approval only comes after fuel stocks have been entirely depleted, in violation of the Tenders Law. The statement accused the Ministry of Finance and the Central Bank of Yemen (CBY-Aden) of not paying fuel suppliers on a regular basis and said they were several months in arrears. Fuel suppliers have subsequently been reluctant to submit offers; those that do take advantage of desperately depleted fuel stocks to inflate their prices. The committee said it had asked on several occasions for tenders to be issued quarterly, or as soon as fuel stocks were 50 percent depleted. The prime minister had already refused the committee's repeated demands to underwrite Letters of Credit (LoCs) via the CBY-Aden, which might attract foreign bidders to supply fuel at lower prices and save huge sums for the state treasury.

In the second half of July, rolling blackouts in Aden grew longer, with households having access to electricity for only six of every 24 hours. The General Electricity Corporation in Aden announced on July 10 that several public and private power stations had stopped working due to the use of low-quality diesel fuel. The corporation indicated that the diesel had not been subjected to quality control checks and called for the immediate supply of new fuel. Media outlets reported that two years ago, the government signed a deal worth US$200,000 a month with the Saybolt Yemen company to monitor the quantity and quality of fuel supplies arriving at power stations, but the company has only a single office in Aden and limited capacity to perform its duties. Saybolt Yemen has no dedicated chemical laboratory or equipment for testing fuel derivatives. Instead, it sends samples to the Aden Refinery Company's laboratory for analysis, and then issues results under its own name. It is unclear whether Saybolt Yemen is an independent entity or a subsidiary of Saybolt International, a cargo survey company headquartered in the Netherlands. According to its website, Saybolt International acted as the third-party inspection agent on behalf of the Saudi Development and Reconstruction Program for Yemen (SDRPY), tasked with the monitoring and evaluation of Saudi fuel grants to the Yemen government. This included monitoring power stations' daily consumption of fuel as well as the amount of energy produced across governorates under government control and sharing the data monthly with the Supervisory and Control Committee, a joint government-SDRPY body.

The prolonged power cuts deepened people's suffering, restricted internal mobility, and hurt businesses. They also provoked widespread anger and protests against the internationally recognized government and the STC, who have been blamed for failing to address the deterioration of economic conditions and public services. Thousands of people marched in Aden to demand better living conditions and a reliable electricity supply. The police have used force to crack down on protestors and discourage further demonstrations. Protests also took place in Hadramawt, Abyan, and Lahj. Media sources reported that angry protesters in Lahj burned tires and blocked the main road to Aden. Protestors also blamed the government for failing to stop the rapid depreciation of the rial, which has driven up the price of foodstuffs, many of which are imported. The STC, which controls the interim capital of Aden, has accused the government of using electricity provision as a political tool to damage the group's image among supporters. At the same time, the STC has challenged the government's ability to make decisions. Continuing disagreements between the sides have impeded the provision of basic services.

STC Threatens Self-Administration in Response to Energy Crisis

In response to the energy crisis, local authorities in Aden staged a short-lived act of rebellion, threatening to cut off the CBY-Aden from local revenues. On June 12, Aden Governor Ahmed Lamlas directed local officials to stop depositing revenues collected by governmental bodies and public institutions, such as the port of Aden, into their respective treasury accounts at the central bank. Lamlas affirmed this decision in a June 17 speech addressed to the PLC, where he characterized the move as a humanitarian and moral duty following the government's failure to fulfill its obligations toward Aden and its people. Lamlas said the decision was not political, but rather a rejection of the negative practices of the government and its use of the power outages as a political tool. He asserted that the local authorities in Aden have repeatedly demanded that the sector be shielded from political conflict, but that there are actors who still insist on using it to press political agendas.

On June 13, the STC threatened to relaunch self-administration in southern governorates, calling on governors to follow Lamlas' example and refrain from depositing their revenues into state treasury accounts at the CBY-Aden. Several followed suit, including Shabwa Governor Awadh bin al-Wazir al-Awlaki, who temporarily halted the transportation of crude oil outside Shabwa on June 13, before walking back the decision two days later. The STC used the situation as an opportunity to attack Prime Minister Maeen Abdelmalek's government and demand the formation of a new one. The group attempted to impose self-governance in governorates under its control in southern Yemen in April 2020 and has grown economically stronger in the interim.

Despite the fact that many southern trade unions and community entities welcomed the escalation by the STC and Lamlas, the situation cooled down after Prime Minister Maeen Abdelmalek's office addressed the governor's claims on June 18 with a detailed report of government spending on the electricity sector. The report alleged that over 60 percent of electricity was used by Adeni citizens, and the cost of powering the governorate for only eight hours was nearly US$1.8 million. On June 20, following a PLC directive to ensure the continuous supply of fuel derivatives needed to operate power stations, Lamlas stepped back and directed local authorities to renew revenue streams back into the CBY-Aden.

Aden Court Rules Truck Tolls Illegal

The Administrative Court in Aden issued a verdict on June 20, declaring tolls imposed by the General Authority for Regulating Land Transport Affairs (GARLTA) on truck drivers to be illegal. The ruling, which followed a lawsuit filed by the Syndicate Committee of Drivers and Owners of Heavy Transport Trucks against GARLTA, noted that tolls collected between 2012 and 2023 violated resolutions issued by the prime minister.

During the court session, the lawyer representing the Heavy Transport Syndicate in Aden presented evidence alleging that GARLTA had collected YR48.2 billion in taxes during this period. Only YR2.4 billion (approximately 5 percent) of this amount was deemed legal, while the remaining YR45 billion was identified as illegal tolls forcibly collected from truck drivers at the Aden Free Zone, the Rabat checkpoint in Aden, and the Silat Bilah checkpoint in Lahj governorate.

The STC controls the administration and decision-making authority at the transport authority and has previously faced allegations of being involved in the collection of illegal taxes. In mid-April, GARLTA denied allegations made by the Heavy Transport Syndicate regarding the imposition of illegal taxes on trucks, responding to a memorandum directed to Aden Governor Ahmed Lamlas, which accused the transport authority of collecting YR100,000 from each truck driver at the entrance of Aden and failing to deposit the funds with the central bank.

On June 21, the acting head of the Land Transport Authority, Fares Shaafel, reportedly ordered a raid on the Heavy Transport Syndicate office at the Aden Free Zone in Al-Mansoura district. The raid came after Shaafel announced that the Land Transport Authority would assume control of the port, with approval of the PLC, STC, and governor's office. In response to the raid, the Heavy Transport Syndicate announced a strike, saying they would not return to work until STC and government authorities intervene to remove Shaafel. On June 22, Anis al-Matari, the head of the Syndicate, sent a formal communication to Governor Lamlas, reporting the incident and requesting help, alleging Shaafel broke down the office's doors with the help of Free Zone Security officers in the Al-Mansoura district, and was attempting to conceal evidence of illegal tolls imposed by the transport authority.

MPs Object to Sale of Aden Net

On July 18, 37 members of the government-aligned House of Representatives signed a letter directed to the head of the PLC, objecting to the sale of the state-run internet service (Aden Net) to the Emirati technology company NX Group. The MPs contended that the sale would be illegal and violate the constitution and existing laws, and called on PLC head Rashad al-Alimi to intervene and stop it. In the letter, MPs asserted that neither the cabinet nor the Ministry of Communications and Information Technology has the legal right to approve such a deal, which can only be authorized by the House of Representatives. It also stated that such agreements would negatively affect the national economy and the country's security and sovereignty, and violate principles of transparency and fair competition.

The government issued decree No. 79 of 2022 at the end of December, granting NX Group the license to operate Aden Net, along with a number of exemptions and privileges. The ministry viewed the agreement as a partnership rather than a sale, and considered it necessary to improve telecommunications and internet services and reduce Houthi control over the sector. The partnership involves large international companies that had a major role in developing the sector in the region, according to an expansion plan studied by the ministry.

It is not clear how the deal was brokered, but media sources have reported that the ministry is intending to sell 70 percent of the assets of Aden Net, which provides 4G internet service in Aden and other governorates under the nominal control of the government. NX Group was established seven years ago and is based in Abu Dhabi, but has no previous projects as a mobile operator. Aden Net was established by the government in September 2018 to cover the deficit in internet service previously provided by the Yemen Net company, based in Sana'a, and to break the Houthi monopoly on the communications system.

Houthi-Controlled Port Receives First Cooking Gas

The Houth-affiliated Ministry of Transportation announced on July 6 that it had finished unloading a shipment of cooking gas at the port of Ras Issa in Al-Salif district in Hudaydah. The shipment of 14,825 metric tons of cooking gas was the first of its kind since the Houthi-run Red Sea Ports Corporation added a new berth for cooking gas, the construction of which began in February 2016.

The import of cooking gas into Ras Issa, a deepwater port able to receive large ships, comes following a Houthi ban on domestic gas cylinders produced at the Safer facility in Marib, which used to supply Houthi-held areas. Lost revenues from the ban amount to approximately YR7 billion a month, further compounding the government's financial woes.

Houthis Announce Reductions in Fuel and Gas Prices

The Houthi-affiliated Yemeni Petroleum Company announced reductions in the prices of petrol and diesel fuel derivatives in areas under Houthi control starting June 16. An official spokesman for the company stated that after calculating the cost of fuel that had arrived at the port of Hudaydah, a 20-liter tank of gasoline would now be sold at YR9,000, down from YR9,500, while a 20-liter tank of diesel would be sold at YR9,000 instead of YR10,000.

In addition, on July 29 the Yemen Gas Company in Sana'a announced a reduction in the prices of cooking gas cylinders, effective the next day. A 20-liter cylinder would now be sold at YR5,500 through the company's neighborhood agents, and at YR6,500 through gas stations to supply cars and commercial businesses. Prior to the cuts, a 20-liter cooking gas cylinder was sold at YR7,200, compared to YR5,000 for a domestically produced gas cylinder from Marib. The price of cooking gas increased following the Houthis' decision to ban the sale of domestic gas cylinders in areas under their control at the end of May.

Sana'a Authorities Announce Reduction in Electricity Prices

On June 21, the Ministry of Electricity and Energy for Houthi authorities in Sana'a announced a reduction in the price of electricity sold to consumers. During a press conference, Minister of Electricity and Energy Mohammed al-Bukhaiti said that the General Electricity Corporation would now sell power to consumers at YR234 per kilowatt-hour, while private power generator owners would sell at YR248 per kilowatt-hour. The new prices were set to take effect on July 1. Al-Bukhaiti emphasized that the reduction was aligned with the fluctuating prices of diesel and mazut fuel derivatives, and threatened legal action against private generator operators who failed to abide by the set rates.

The price cut was the second since mid-April when the ministry reduced the kilowatt-hour price for electricity provided by the Houthi-run Public Electricity Corporation to YR270. Private power generator owners were required to sell at YR284. In May, the ministry launched a campaign to enforce the electricity tariff, which led to the closure of some commercial power stations, and the replacement of non-compliant power stations with services from the public utility.

Houthis Seize Chamber of Commerce, Close Dozens of Shops

On June 1, Houthi gunmen stormed the Chamber of Commerce and Industry (CCI) in Sana'a and overthrew its leadership. Houthi authority Minister of Industry and Trade Mohammed al-Mutahar appointed loyalist Ali al-Hadi as head of the chamber and Muhammad Salah as his deputy. The imposition of a new president is unprecedented, as the chambers' members typically elect the body's leaders. Neither man was a member of the leadership of the CCI Federation in Sana'a, nor had anything to do with the commercial private sector.

The move comes following a dispute over price ceilings set by Sana'a authorities in May. The body issued a rare statement condemning the price controls, saying they understood them to apply only during the fasting month of Ramadan, and risked causing financial losses by failing to take into account their full operational costs. The price reductions for selected foodstuffs that the ministry announced on May 23 range between 3 to 8 percent, covering commodities including wheat, rice, tea, yogurt, eggs, margarine, cooking oils, cheese, and legumes. Houthi authorities implemented regular field visits to local markets and have closed commercial centers, groceries, and sale outlets that fell afoul of the regulations.

In response, the General Federation of Chambers of Commerce and Industry issued a statement objecting to the measures, which it called illegitimate, and warned against their negative implications for the private sector. Officials in Aden also condemned the move, saying the ulterior motive was to install Houthi-affiliated figures and dominate lucrative businesses and commodities markets. In a tweet, government-affiliated Information Minister Muammar al-Eryani called the developments "a serious step" designed to "destroy the private sector and eliminate commercial houses."

Starting on June 4, field teams appointed by the Ministry of Industry and Trade in Sana'a rigorously implemented a new monitoring campaign that resulted in the closure of dozens more shops and sales outlets in Sana'a and other cities. The ministry began the campaign following a one-week grace period for merchants to bring their prices in line with new price caps. The ministry claims its list was approved in coordination with major Yemeni producers and importers after a careful review of global prices and associated costs, including transportation.

Fraud Group Sentenced in Sana'a

On June 7, the Sana'a-based Public Funds Court convicted Belqis al-Haddad, owner of the Sultana Palace Group, sentencing her to ten years in prison for fraud. Sentences varied from one to ten years for 11 other women, among 82 who sold fictitious shares of the Sultana Palace Group, which deceived 110,000 people and took in an estimated YR66 billion from January 2016-July 15, 2020. Al-Haddad, the head of a company, was ordered to hand over about YR28 billion. The verdict also included the conviction of money exchangers accused of profiting from the scheme, who have had funds confiscated and been fined for their involvement. So far the court has only been able to recover an estimated YR7 billion.

In July 2021, Houthi authorities referred Al-Haddad to the Public Funds Court and the Anti-Corruption Court on charges of fraud and money laundering. The Sana'a-based Saba News Agency reported on June 9 that the number of victims of such schemes exceeds 300,000, most of whom are women. Fraudulent companies have convinced tens of thousands to sell their jewelry in order to buy fictitious shares.

Following the financial crisis in 2016, Yemen witnessed the emergence of many such fraudulent companies, which took advantage of economic conditions to steal large amounts of money from citizens. They present themselves as joint stock operations, but are neither legally registered nor have official offices. They operate as Ponzi schemes, depending on their representatives to market their shares. Older investors are paid from the investments of new ones, and the business continues with the aim of attracting as many new victims as possible.

Houthis Pay Half-Month's Salary

On June 18, the Sana'a-based Ministry of Finance issued orders to disburse a half month's salary to public servants in regions under Houthi control, covering the second half of August 2018. The payment came ahead of the Eid al-Adha religious festival marking the end of the Islamic Hijri year. Houthi authorities also distributed a half month's salary when the holy month of Ramadan began, and another prior to the Eid al-Fitr holiday at its end. Since December 2022, civil servants working in Houthi-held areas have received only one and a half months' salary, and are still owed nearly five years of back pay.

Sana'a Authorities Announce Boycott of Swedish Goods

Houthi authorities in Sana'a announced a boycott of Swedish goods effective July 8, in response to the burning of a Quran outside a mosque in Stockholm by an Iraqi-Christian immigrant on June 29. The decision also cancels the licenses of any Swedish organizations registered with the Houthi-affiliated Ministry of Industry and Trade. Given Yemen's limited trade relations with Sweden, the decision is unlikely to have a significant impact.

WFP to Suspend Malnutrition Prevention Assistance

The United Nations World Food Programme (WFP) reported that it is preparing to fully suspend life-saving malnutrition assistance in Yemen as early as August, due to critical funding shortfalls. The move is expected to adversely affect the 2.4 million malnourished people originally targeted, who remain among the most vulnerable. Due to a severe funding deficit, the WFP has found it necessary to convert cash-based transfers to in-kind food distributions for more than 900,000 beneficiaries. It indicated that only 28 percent of the total US$1.05 billion it requested has been received, with contributions worth US$139 million confirmed in June from Australia, the European Union, Norway, the United States, and the Yemen Humanitarian Fund.

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