

Fuel shortages ongoing in northern areas while Riyadh Agreement talks stall

KEY MESSAGES

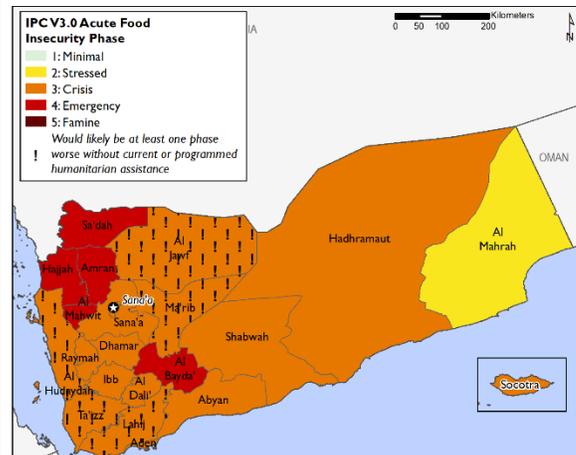
- Conflict across much of western Yemen continues to disrupt livelihoods, reduce access to income, and drive poor macroeconomic conditions. Overall, an estimated 17 to 19 million people are expected to be in need of humanitarian food assistance in 2020. Crisis (IPC Phase 3) outcomes are widespread. Although not the most likely scenario, Famine (IPC Phase 5) would be possible if food supply is cut off for a prolonged period of time.
- For the first time in 2020, the exchange rate has stabilized in northern areas. After appreciating slightly in early July, the exchange rate in the north has remained fairly stable at just over 600 YER/USD throughout August. Meanwhile, the exchange rate in southern areas of Yemen continued to depreciate in August after some relative stability in July, reaching 794 YER/USD in the fourth week of August. The exchange rate in the south is over 10 percent higher than the peak exchange rate observed in late 2018 during the crisis.
- In July, COVID-19 control measures mainly affecting urban areas were eased, allowing restaurants, wedding halls, and public places to re-open. Despite improvement in access to income for some urban households, delays and non-payment of public sector salaries persist, and ongoing fuel shortages in northern areas are raising costs for farmers. Meanwhile, high food prices and reductions to humanitarian assistance in northern areas continue to constrain food access.

CURRENT SITUATION

High levels of conflict continue in Yemen. Despite some declines in late July 2020 due to Eid Ul Azha, total monthly frequency of armed clashes and airstrikes in July remained high and within typical ranges of volatility (Figure 1). In the south, the UAE-backed Southern Transitional Council (STC) rescinded its declaration of self-rule on July 29 alongside a new governance framework announced by Saudi Arabia which included STC representation in the cabinet. However, clashes in the south (particularly in Abyan) have continued, and on August 25 the STC announced a decision to withdraw from consultations with the Hadi government, though discussions between diplomats are ongoing.

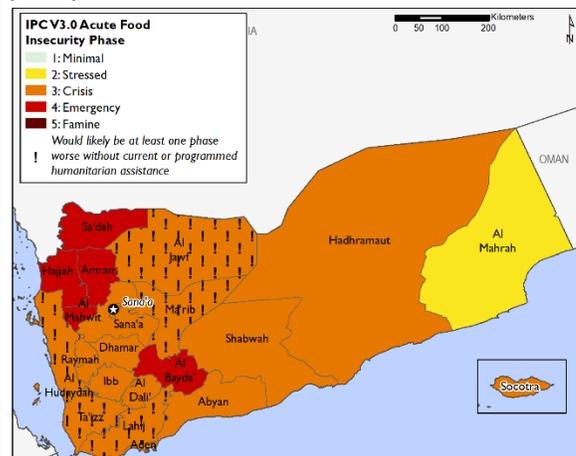
According to data from USGS, the period of January – August 2020 has been one of the wettest on record in Yemen, with several periods of atypically heavy rainfall in many areas since the start of the rainy season in March/April 2020. As a result, flooding has impacted hundreds of thousands of people since March/April. Most recently, flooding in late July and early

Projected food security outcomes, August to September 2020



Source: FEWS NET

Projected food security outcomes, October 2020 to January 2021



Source: FEWS NET

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August displaced thousands and caused damage to homes, assets, and livestock. [Ma'rib](#), [Hajjah](#), [Raymah](#), [Al Mahwit](#), and [Al Hudaydah](#) were worst affected.

Primarily due to conflict and flooding, hundreds of thousands of people have been newly displaced to date in 2020. Between January 1 and August 8, 2020, the IOM has recorded [over 110,000 displaced people](#). However, the IOM currently monitors only 13 of Yemen's 22 governorates. As such, displacement figures are likely underestimates of total displacement, and trends should be interpreted with caution. In Al Hudaydah (one monitored area that was badly affected by the recent floods), the IOM reported 567 households (over 3,400 people) displaced in the week ending August 8 alone, representing a quarter of all displacements in the governorate in 2020. Meanwhile, Houthi authorities have reported that floods since mid-July have displaced over 160,000 people in Hajjah and Al Hudaydah, according to [news reports](#).

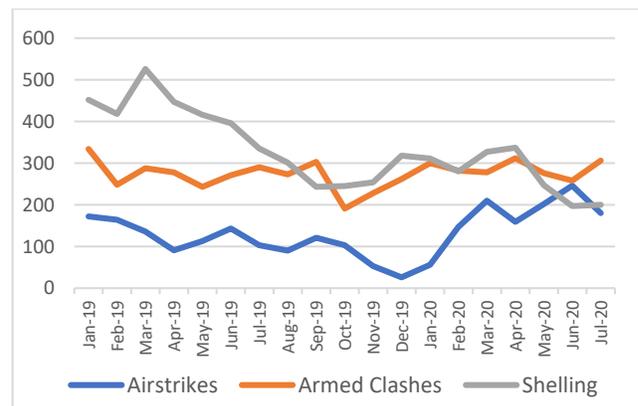
Through the week ending April 26, 2020, incidence of suspected dengue fever cases has [declined throughout 2020](#) according to the WHO and Yemen's Ministry of Public Health and Population, though the caseload in that week was over four times higher than the corresponding week of 2019. Confirmed malaria incidence remained steady in early 2020 but declined in March and April according to the same source. As of the end of June, suspected cholera incidence has generally [declined throughout 2020](#) and total caseload through July 2020 is 69 percent lower compared to the same period of 2019 according to WHO. However, WHO [reported](#) a slight increase in recorded cholera cases in July in Al Hudaydah and Ta'izz, which were affected by recent floods. According to experts, high rainfall amounts are raising the risk of cholera (Figure 2), dengue fever, and malaria.

According to FSAC reports, Houthi-controlled areas of Sa'dah, Amran, Al Hudaydah, Al Mahwit, Sana'a, Ibb, and Al Bayda were reached with one-month rations of humanitarian food assistance in [April](#) and [June 2020](#), while Houthi-controlled areas of Al Jawf, Hajjah, Dhamar, Ta'izz, Al Dali', and Sana'a City were reached with humanitarian assistance in [May 2020](#). This is in accordance with the reduction in assistance benefits from monthly to every two months in Houthi-controlled areas beginning in April 2020. According to WFP reporting, the organization's [May distribution cycle](#) — which reached 8.1 million people with general emergency food assistance — extended into June, while its [June distribution cycle](#) which targeted 8.8 million people was ongoing as of June reporting. This may in part be due to fuel shortages in northern areas, which reportedly caused some delays at the district level. However, WFP has reported that, broadly, their operations have not been impacted.

In contrast to the trend observed thus far in 2020, the exchange rate in northern areas appreciated slightly to reach 598 YER/USD in the first two weeks of July according to data from WFP VAM. More recent data from the Danish Refugee Council (DRC) shows that, throughout August, the exchange rate in the north has generally remained stable at around 600-604 YER/USD. This is likely due to efforts by Houthi authorities to stop exchange offices from purchasing foreign currency, shifting control to the Central Bank in Sana'a. Meanwhile, the exchange rate in southern areas of Yemen depreciated to reach 747 YER/USD in the first week of July according to WFP, surpassing the peak exchange rate observed in late 2018 during the crisis. Between the first and second week of July, the exchange rate in southern areas remained stable (less than a one percent appreciation). However, more recent data from the DRC indicate that the exchange rate in southern areas has continued to depreciate throughout August after some relative stability in July, reaching 794 YER/USD in the fourth week of August.

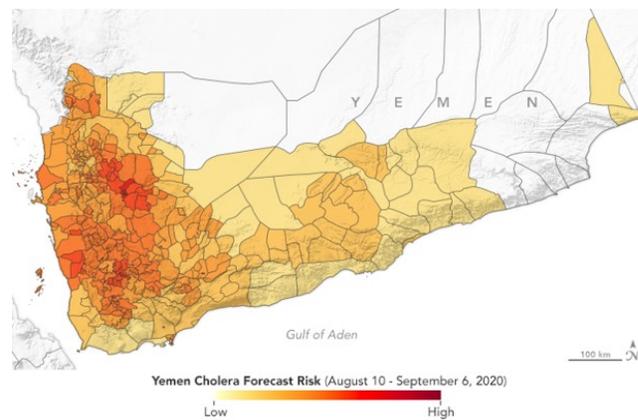
At [355,334 tons](#), food imports through the Red Sea ports of Al Hudaydah and Salif in July 2020 were 9 percent lower than June levels according to UNVIM, though import levels in July were the second highest in 2020. However, the total amount of

Figure 1. Monthly frequency of conflict incidents (airstrikes, armed clashes, and shelling), January 2019 – July 2020



Source: ACLED

Figure 2. Modeled cholera risk, Aug 10 – Sept 6 2020



Source: Cholera Prediction Modeling System

food discharged through these ports from January to July 2020 was still 6 percent lower compared to the same period in 2019.

In southern areas, the cost of the Minimum Food Basket (MFB) increased by 5.6 percent between the fourth week of June and the second week July to reach 6,331 YER according to WFP. This increase was driven primarily by the exchange rate. Price levels in southern areas in the second week of July were 15 percent higher than peak levels observed in October 2018 (when the currency depreciated rapidly, with consequent rapid food price increases). In northern areas, the cost of the MFB remained stable (decreased by less than one percent) during this time, averaging 5,298 YER in the second week of July. The cost of wheat flour, which makes up the majority of the MFB, drove this trend. According to WFP monitoring, food generally remained available in markets, though some shortages of wheat flour and red beans were reported in Socotra, Al Mahrah, and Shabwah in mid-July.

After negligible amounts were recorded in the month of June, [133,000 tons](#) of fuel were imported through the Red Sea ports in July according to UNVIM. However, imports in July were still 23 percent below the 2020 average. As of late August, fuel shortages were ongoing across northern areas of Yemen according to reports from Safer Yemen, humanitarian organizations, and media outlets. According to [news reports](#), fuel shortages are also affecting Aden as of late July. WFP reported that average prices of petrol and diesel increased by 102 and 52 percent respectively during the month leading to mid-July. According to the World Bank, the fuel crisis is impacting hospital operations, agriculture, water supplies, COVID-19 response, and putting further upward pressure on food prices given the importance of fuel for food processing and transport.

According to [news reports](#), severe fuel shortages in northern areas are negatively impacting some farmers who are unable to use water pumps and transport crops to markets during the July to October harvest season. However, above-average rainfall that has continued throughout August has allowed crops in their maturing stages to develop well. Additionally, the FAO reports that the above-average rainfall has been generally favorable to seasonal agricultural activities through August. However, wet conditions have also been favorable for locust breeding.

As of August 28, over 1,900 cases of COVID-19 have been confirmed in Yemen, though the true number of cases is likely much higher. Though [recorded incidence has decreased somewhat in July and August](#), testing remains limited and authorities have not released information on cases in northern governorates since May. Despite the likelihood of continued spread, government control measures mainly affecting urban areas were eased in July. Restaurants, wedding halls, and public spaces have been allowed to re-open, while government staff returned to in-person work. Increased screening and quarantine measures at ports are ongoing and are reportedly causing additional delays on top of those resulting from typical procedures.

According to the World Bank's [June update](#), recovery of formal remittances from Gulf countries to Bangladesh and Pakistan in May and June may provide some indication that formal remittance inflows to Yemen (which depends heavily on remittances from Saudi Arabia) may have also recovered in June. However, key informants report that informal remittances — sent through unofficial channels including the informal hawala system and facilitated by unofficial money changes and traders — provide a significant source of remittances to Yemen. Because information on the status of remittances through these channels is not available, it is impossible to conclude on overall remittance trends. Meanwhile, lifted restrictions on restaurants and businesses are likely increasing access to income for some poor urban households.

As of June, delays and non-payment of civil servant salaries and pensions persist, and the situation has worsened across Yemen in 2020. In December 2019, the Hadi government announced it would cease all payments to northern areas, suspending the irregular payments it was previously making to a limited number of judiciaries, health, and higher education workers. According to the World Bank as of June, no government employees in northern areas had received regular salary payments since December 2019. However, in April 2020, [Houthi authorities paid half-month salaries](#) to civil servants in northern governorates. In southern areas, the World Bank reports that payments continued to be delayed and coverage was uneven in June, though some central ministry employees in Aden received regular salaries. According to more recent reports from Intelyse and media outlets as of August 6, military officials have been protesting in Aden since early July, demanding payment of regular salary payments to military, regular payment of pensions, and compensation to families of those killed or wounded in military service.

Information on cash transfer programs remains limited in Yemen. However, these programs provide an important source of income for millions. According to UN OCHA, over 5 million people received cash transfers (either recurring or one-off) during 2019. Meanwhile, according to FSAC reports, over 3.4 million people were reached with conditional cash transfers/cash for work and livelihoods assistance (including non-monetary assistance such as agricultural inputs, technical support) in December 2019. According to more recent information from FSAC as of July 31, 2020, approximately 1.4 million people had been reached with cash and voucher assistance as part of cash-for-work or food-assistance-for-assets-programs (recurring or one-off) so far in 2020.

According to WFP mVAM survey data, the proportion of households reporting inadequate (poor or borderline) food consumption as measured by the Food Consumption Score (FCS) — a composite measure of both quantity and quality of food consumed in the past seven days — increased from 35 percent in April to 38.5 percent in mid-July, after temporarily seasonal improvement in May, likely due to Ramadan. Increases in the prevalence of inadequate food consumption were highest in Al Bayda (9 percent), Al Dali' (8 percent), Shabwah (8 percent), and Amran (8 percent). The use of consumption-based coping strategies also increased, with the average reduced coping strategies index (rCSI) score increasing from 18 in May to 18.7 in June. In areas that did not receive food assistance in month prior to the survey, the average rCSI increased from 19 in May to 20 in June. It is important to note that these surveys only sample those who have cell phones, and are therefore likely subject to response bias. Generally, those with cell phones may be expected to be better off than those without, but variable geographical coverage across each governorate prevents the ability to infer the likely direction of bias. As a result, trends over time are more reliable than the absolute values of indicators when data are collected through mobile phone surveys.

UPDATED ASSUMPTIONS

The assumptions used to develop FEWS NET's most likely scenario for the period of June 2020 to January 2021 remain unchanged.

PROJECTED OUTLOOK THROUGH JANUARY 2021

Throughout the scenario period, access to income is expected to improve for some households due to relaxation of COVID-19 control measures in urban areas and some improvement in remittances. However, access to income is expected to remain significantly below average overall and further reduce for households dependent on government salary payments and those dependent on agricultural production or labor opportunities during the fuel crisis. Overall, household food access will likely be increasingly constrained by rising food prices as the currency continues to depreciate. In northern Houthi-controlled areas where beneficiaries of humanitarian assistance are expected to continue receiving reduced levels of assistance, access to food is expected to remain lower than in early 2020.

As a result, most areas of western Yemen are expected to be in Crisis (IPC Phase 3) or Crisis! (IPC Phase 3!) throughout the projection period. However, Emergency (IPC Phase 4) outcomes are expected in Amran, Al Mahwit, and Al Bayda, where a high proportion of the population receives humanitarian assistance and have been impacted by the reduction in frequency of assistance distributions from monthly to every other month. An increase in the scale and severity of acute food insecurity is also expected in other areas, with additional households likely to deteriorate to Emergency (IPC Phase 4) or worse outcomes, particularly in areas where assistance has been cut. Through January 2021, approximately 17–19 million people are expected to need humanitarian assistance to prevent consumption gaps and protect livelihoods.

In a worst-case scenario, significant declines in commercial imports or conflict that cuts off food supply for a prolonged period of time could lead to food security outcomes in line with Famine (IPC Phase 5). Given that this significant and prolonged disruption is not expected during the projection period, Famine (IPC Phase 5) is not the most likely scenario. However, even in the absence of a sudden shock, the food security situation in Yemen is progressively deteriorating, raising the risk that Famine (IPC Phase 5) could occur should there be a more significant and prolonged disruption to imports.

Events that Might Change the Outlook

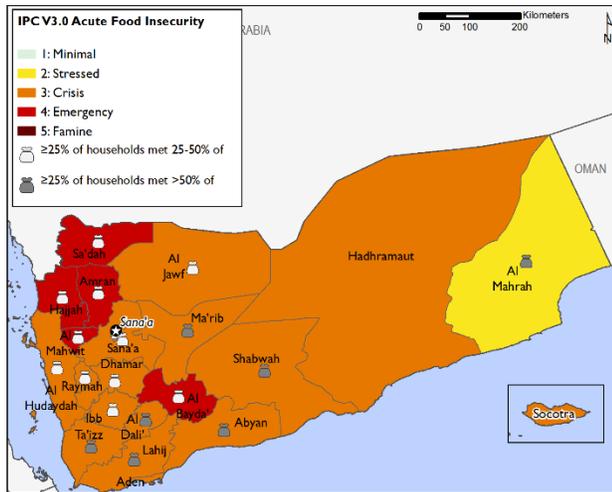
Possible events that could change the most-likely scenario through January 2021:

| Area | Event | Impact on food security outcomes |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National | Major parties to conflict achieve a lasting ceasefire that improves security and facilitates normalization of livelihood and economic activities | Food access for many households would begin to improve as prices of staple food commodities decline, household access to food and income begins to return to normal, and IDPs begin to return to their areas of origin. Notably, likely inflows of assistance to previously inaccessible areas would improve food security outcomes among worst-affected households. However, additional time would be required before the economy fully stabilizes and major government functions and livelihood activities are able to resume in full. |
| National | Yemen receives another large injection of hard currency, similar to the 2 billion USD provided by Saudi Arabia in 2018 | The exchange rate would be expected to stabilize, with food imports likely to return to previously observed levels. While food prices would not be expected to return to previous levels, further price increases would be moderated. As a result, purchasing power would still be expected to remain reduced for most poor households in areas where price increases have occurred. |
| National | Food import levels fall dramatically | Food prices would quickly rise and, if prolonged, food availability on local markets would decline. Food security outcomes would worsen with areas likely to deteriorate to Famine (IPC Phase 5) in a worst-case scenario. |
| National, but especially northern areas | Significant limitation or inability of humanitarian actors to deliver assistance as planned | If significant delays in the delivery of humanitarian assistance in northern Houthi-controlled areas (such that deliveries occur more infrequently than every other month) result in further effective reductions in food assistance—or if changing patterns of conflict, weather shocks, or COVID-19 related movement restrictions significantly disrupt assistance supply chains and humanitarian access—access to food would be further reduced and deterioration would be more rapid. |

MOST LIKELY FOOD SECURITY OUTCOMES AND AREAS RECEIVING SIGNIFICANT LEVELS OF HUMANITARIAN ASSISTANCE*

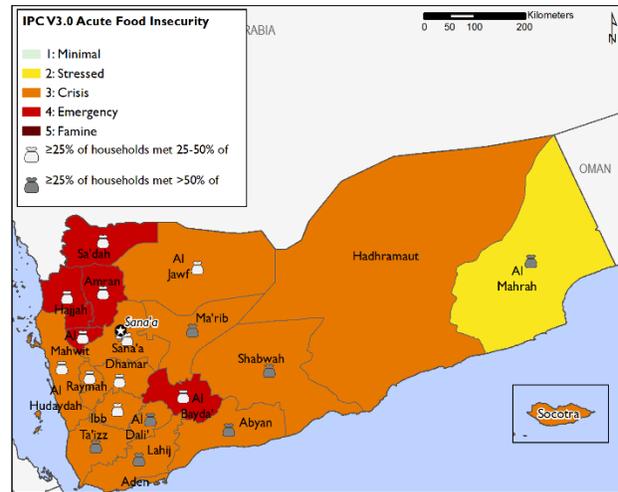
Each of these maps adheres to IPC v3.0 humanitarian assistance mapping protocols and flags where significant levels of humanitarian assistance are being/are expected to be provided. ☐ indicates that at least 25 percent of households receive on average 25–50 percent of caloric needs from humanitarian food assistance (HFA). ☑ indicates that at least 25 percent of households receive on average over 50 percent of caloric needs through HFA. This mapping protocol differs from the (!) protocol used in the maps at the top of the report. The use of (!) indicates areas that would likely be at least one phase worse in the absence of current or programmed humanitarian assistance.

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Source: FEWS NET

Projected food security outcomes, October 2020 to January 2021



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ABOUT THIS UPDATE

This report covers current conditions as well as changes to the projected outlook for food insecurity in this country. It updates the FEWS NET’s Food Security Outlook, which is published three times per year. Learn more about our work [here](#).