

Weakening of the national currency further impacts food and fuel prices

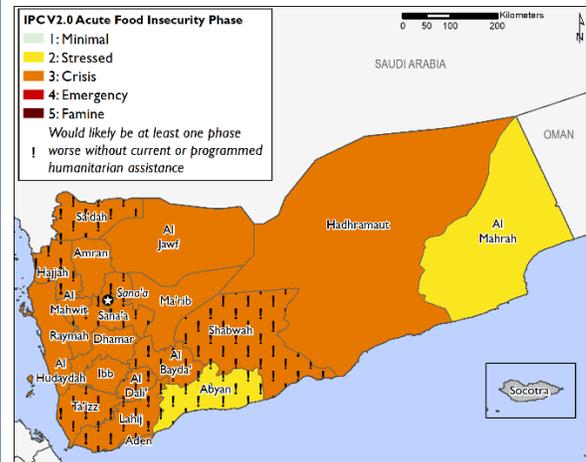
KEY MESSAGES

- Large populations in Yemen continue to face Crisis (IPC Phase 3) or Emergency (IPC Phase 4) levels of acute food insecurity. In a worst-case scenario, significant declines in commercial imports and conflict that cuts populations off from trade and humanitarian assistance for an extended period of time could drive food security outcomes in line with Famine (IPC Phase 5).
- Although Al Hudaydah ports remain open and the offensive on Al-Hudaydah city has not significantly intensified, commercial food and fuel imports through the governorate declined in July compared to June, the month when the offensive began. Monitoring of weekly import totals suggest imports increased again in August, but the volatility of imports, particularly in July, raises concerns about future supply levels and food prices at markets that rely on Red Sea ports.
- Nearly the whole of the country is expected to remain in Crisis (IPC Phase 3) or Emergency (IPC Phase 4) amidst the ongoing conflict. Humanitarian assistance continues to play a major role in helping to protect food consumption for approximately one-third of Yemen’s population each month. Due to uncertainty with regard to funding of emergency food assistance beyond November 2018, for the purposes of these scenario projections humanitarian assistance is not considered from late 2018 onward.

CURRENT SITUATION

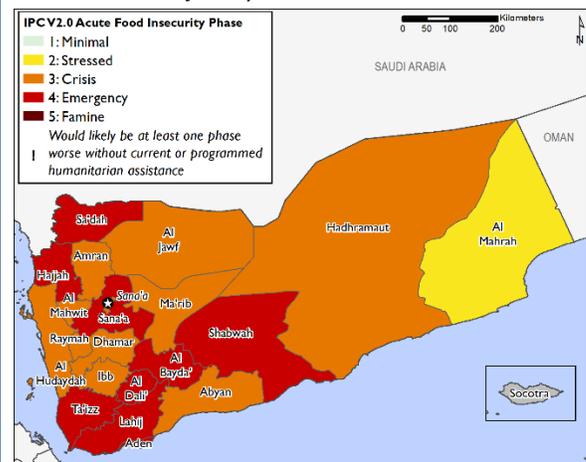
According to the Civilian Impact Monitoring Project, hostilities in Al-Hudaydah increased following the attack on a Saudi Arabian oil tanker in the Red Sea in late July. Late July also recorded the highest weekly total of conflict incidents recorded in Al-Hudaydah since December 2017. Ongoing conflict in Al Hudaydah Governorate continues to result in further displacement and disrupt access to basic services and humanitarian operations. According to the International Organization for Migration (IOM), approximately 345,204 individuals were displaced between 1 June and 7 August. 1,393 households were displaced between 29 July and 7 August alone. Most households displaced by the recent offensive are hosted within the governorates of Amanat Al Asimah and Al Hudaydah. Field reports suggest that some civilian reentries to Al Hudaydah are observed but are most often limited to heads of households and business owners.

Projected food security outcomes, August to September 2018



Source: FEWS NET

Projected food security outcomes, October 2018 to January 2019



Source: FEWS NET

FEWS NET classification is IPC-compatible. IPC-compatible analysis follows key IPC protocols but does not necessarily reflect the consensus of national food security partners.

Conflict also continues to significantly impact civilians throughout much of the rest of the country. Ongoing hostilities, particularly in western and central governorates, place civilians in direct danger, limit their access to food and essential services, and at the same time restrict humanitarian operations in many areas.

Yemen continues to face significant macroeconomic difficulties. The Central Bank in Aden circulated in June a procedural framework to support the import of five basic commodities (rice, wheat, sugar, milk and edible oil) by using the US\$2 billion received from Saudi Arabia in mid of March. On the 13th of August the Central Bank of Yemen in Aden also issued a decision to regulate the exchange of foreign currency after the recent deterioration in the value of the Yemeni rial, further restricting operations for money traders under the Aden government. Authorities have also imposed higher taxes on traders in northern governorates.

Since mid-July the Yemeni rial has been more rapidly losing value. According to FAO-FSTS, the overall average exchange rate of the Yemeni rial against the US dollar on the parallel markets (in Sana'a, Aden, Al-Hudaydah, Taiz, Dhamar, Shabwa, Al-Baidha, Hadrmout, Ad-Dale, Abyan, Lahj, Ibb, and Hajjah) in July was 496 YER/USD representing a 2 percent loss in value compared to June and about 131 percent loss compared to pre-crisis February 2015. According to the WFP Market Watch Report, the national average daily exchange rate during the last week of July and beginning of August has further deteriorated to 550YER/USD. Yemen continues to print new notes despite the continuing depreciation of the Yemeni rial.

Import data from the United Nations Verification and Inspection Mechanism (UNVIM) indicates that about 235,025 MT of food commodities were imported through the Red Sea ports in July, an 18 percent decrease compared to June 2018. Moreover, OCHA also showed that the average number of vessel berths since November 2017 declined by 43 percent compared to the pre-blockade average. UNVIM weekly monitoring suggests, however, that food imports through Red Sea ports in August have increased significantly since July.

At the national level, import data from UNVIM and Yemen Gulf of Aden Ports Corporation suggest that total national maritime imports of wheat and wheat flour in June was above average at about 289,000 MT (59 percent was imported through Aden port), which is slightly above the monthly import requirements (approximately 266,000 MT/month).

The amount of fuel imported through the Red Sea ports as reported by UNVIM decreased 20 percent between June and July. While fuel imports in July were still higher than the monthly average since the blockade late last year, they were only about two thirds of what was imported in October 2017 prior to the blockade.

The availability of basic food commodities continues to be affected by the ongoing conflict in Al Hudaydah governorate. Moreover, the ongoing fighting in Al Hudaydah and surrounding districts has resulted in the closure of many shops. WFP reports that basic food commodities were available in all of the governorates of Yemen in July with the exception of Al Hudaydah, where wheat, vegetable oil, red beans and sugar were scarcely available (meaning, at least half of the visits, these commodities were recorded as rare in the market). WFP also reports that markets in Al Durayhimi and Al Tuhayta districts of Al Hudaydah governorate have been closed.

The WFP Market Watch Report for June and July 2018 reported that as of first week of August 2018, in-country stocks of food commodities were estimated at around 1.1 million MT, of which wheat (grain and flour) stocks were approximately estimated at 587,000 MT and are expected to cover the national requirements for about 70 days, and rice stocks were estimated at 71,150 MT which would cover the national requirements for two months. Available sugar stocks were estimated to be sufficient for about 4 months whereas vegetable oil stocks were estimated to be sufficient for only 10 days.

Diesel and petrol were scarcely available in July in all governorates, according to WFP, except in Al Jawf, Al Mahrah and Marib governorates where they were available, and Abyan and Lahj where they were widely available. Cooking gas was scarcely available in July in 13 out of 22 governorates including Al Hudaydah. The total amount of the fuel commodities that is available in the country is approximately 285,000 MT, which represents about 53% of the national monthly requirement needs (estimated at 533,000 MT).

Wheat flour prices remain above average across major markets in Yemen, remaining stable or increasing on most markets in July compared to the previous month. According to WFP price data, the average of staple food prices increased by two to three percent compared to May and June 2018. The most significant price increases were in Al Hudaydah, where wheat flour

prices increased by one third compared to May, the month before the military offensive. Field price data collection for the first half of August indicates an increasing trend in food prices that could be reflective of the depreciation in the Yemeni rial.

Fuel prices on most markets showed slight increases or were stable between May and July 2018, remaining well above pre-crisis levels. The most significant price increases in July for diesel were in Raymah, Al Hudaydah, Al Dali, Al Mahrah, and Hajjah Governorates. Field price data collection in early August shows that fuel prices in Al Hudaydah and Sana'a cities are continuing to increase. Increased fuel prices are negatively affecting typical livelihood activities, such as agriculture, and contributing to increased prices of food and non-food commodities through higher transaction costs. High prices and limited availability have also constricted water access constraints as many areas rely on pumping water for human use.

Market data from WFP indicate that cooking gas prices have decreased in most markets, the overall decrease in July was 8.3 percent and 4.2 percent compared to May and June 2018 respectively. Field reports indicate, however, that cooking gas is still in shortage in Al Hudaydah City; it was found in only a few gas stations during the first week of August.

The Government of Yemen is still not able to support Social Welfare Fund (SWF) beneficiaries. However, UNICEF will have provided the third round of World Bank-funded transfers to former SWF beneficiaries in 333 districts in 22 governorates beginning in August 2018. These transfers are targeting 1.5 million households, or approximately 9 million people.

Fishing activities have been significantly impacted in recent months. Ongoing conflict and higher fuel costs have restricted access to fishing, fish storage and canning activities across most Red Sea coastal areas. The availability of fish continues to be limited on many markets as many households who rely on fishing activities are kept from their livelihoods.

According to IOM, daily assessments of Yemenis returning from Saudi Arabia conducted in Hadramout showed a total of 5,256 Yemenis returned from Kingdom of Saudi Arabia (KSA) in June 2018 which likely negatively affects the income of their families.

Large-scale humanitarian assistance continues to play an important role in reducing the severity of food security outcomes within Yemen. According to OCHA, between January and May 2018, a monthly average of 7.16 million people were provided with emergency food assistance through in-kind distributions, cash transfers and vouchers. Moreover, about 871,000 beneficiaries got livelihoods assistance including agricultural, livestock and fisheries inputs. Assistance resumed in Aden, after being suspended since January 2018, and WFP provided food assistance to about 82,000 individuals in June. Since May, the number of beneficiaries reached has increased. WFP reported that approximately 7.6 million people in June were provided with general food assistance through in-kind food and commodity-vouchers. This represents the largest number of beneficiaries humanitarian partners have been able to reach to date.

According to the Logistics cluster, the major constraints to humanitarian access in Yemen include damaged road infrastructure, interferences in access in terms of both cargo and staff, and fuel shortages and high volatility in its prices. OCHA states that the access situation in Yemen remains extremely difficult, with more than 1.4 million people in need located in districts with high access constraints, an increase of 200,000 people compared to February 2018.

According to WFP/mVAM reporting at the national level, the proportion of survey respondents that reported "poor" and "borderline" food consumption has declined by approximately 22 and 13 percentage points respectively between December 2017 and June 2018, suggesting it is possible that severe food insecurity may have declined somewhat among survey respondents in recent months at the national level.

Humanitarian partners also continue to conduct surveys in their areas of intervention. Rapid assessments conducted in May by the Relief and Development Peer Foundation indicated that 36 percent (from IDP, host community, and returnee households) assessed in Al Shemayteen district of Tai'iz Governorate were relying on friends and relatives to cope and 25 percent were relying on assistance from humanitarian/charity organizations. A rapid assessment by Steps Foundation for Civil Development (STEPS) in April in three districts of Shabwah (Bihan, Mayfa'a, Ataq and Al Rudum) concluded that most IDPs live in a dire situation and depend on support from host communities and others.

According to the Ministry of Public Health and Population and the World Health Organization, there is a cumulative total of more than 100,000 suspected cholera cases in 2018, with more than 100 associated deaths across the country. Children under five years old represent a third of total suspected cases. The reported number of suspected cases has increased in recent

weeks, and the most affected governorates are Lahj, Raymah, Amanat Al Asimah, and Al Hudaydah. According to the UN, as of August 7th, the oral cholera vaccination campaign had reached more than 375,000 people.

Also according to the Ministry of Public Health and Population, the governorates most affected by the diphtheria outbreak are Ibb, Sana'a, Al Hudaydah, Amanat Alsimah, Al Dhale'e, and Hajjah. The numbers of new reported cases are generally in line with those reported over the past months and are significantly lower than those observed since the peak of the outbreak in January 2018, when the number of probable cases identified approached or exceeded 100 cases per week.

UPDATED ASSUMPTIONS

The assumptions used to develop FEWS NET's most likely scenario for [Yemen's Food Security Outlook June 2018 through January 2019](#) remain unchanged, except for the following:

FEWS NET assumes provision of humanitarian assistance will continue at current levels through mid-December 2018. However, given uncertainty with regard to assistance funding after December, no humanitarian assistance is assumed between January 2019 and March 2019.

PROJECTED OUTLOOK THROUGH JANUARY 2019

The ongoing food security emergency in western Yemen is likely to continue to drive very high assistance needs. The deteriorating macroeconomic situation and the persistence of conflict will continue to disrupt household livelihoods, limiting purchasing power and access to food. While harvests during the scenario period will provide some rural households with small food stocks, these stocks are not expected to have major impacts on food security outcomes given the small-scale nature of agricultural production in Yemen and the fact that these harvests will be below average. Household food access will likely further be constrained by higher than usual food prices.

IDP populations and poor households in conflict zones will likely continue to face the most severe food security outcomes. Given expected food consumption gaps during the scenario period, acute malnutrition is expected to rise and remain above seasonally normal levels across much of the country. Under the most likely scenario, most areas of western Yemen will be in Crisis (IPC Phase 3) or would be at least one IPC Phase worse in the absence of planned, funded, and likely humanitarian assistance, and will therefore be classified in Crisis (IPC Phase 3!). Given that needs are significantly greater than current assistance programming, it is likely populations in some governorates will face Emergency (IPC Phase 4) outcomes, among whom increased levels of acute malnutrition are likely. Even in the absence of additional disruptions, populations may begin to move into Catastrophe (IPC Phase 5) as worst-affected households begin to exhaust their coping capacity.

In a worst-case scenario, significant declines in commercial imports far below requirement levels and conflict that cuts populations off from trade would likely drive food security outcomes in line with Famine (IPC Phase 5). The rate with which the size of the population in Crisis (IPC Phase 3) or worse increases in 2018 and 2019 would also intensify. The prospect of increased conflict that could damage port facilities at Al Hudaydah and Salif ports is particularly concerning, given the recent escalation of conflict in Al Hudaydah. Al Hudaydah port is the entry point of about 70 percent of all food imports into Yemen. Given that imports by humanitarian actors currently make up less than one quarter of total formal cereal imports into Yemen, it is very unlikely that the humanitarian community or overland imports from neighboring countries would have the capacity to fill the very large import gaps that would exist in this scenario. This would drive major shortages on local markets and likely result in steep price increases, limiting household food access. Furthermore, increased conflict could drive additional displacement and cut populations off from trade, further limiting income-earning opportunities, driving even more severe price increases in local areas, and resulting in a rapid deterioration of food security outcomes.

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](#).