

YEMEN risk overview

Outlook for December 2020–May 2021 (February update)



Risk update
11 March 2021

This is an update of the [Yemen risk overview](#) published in December 2020.

→ Risk 1

Depletion of foreign currency reserves drives inflation up; eroded purchasing power and high food prices result in increased levels of food insecurity.

Sources of foreign currency in Yemen continue to diminish. Bilateral financial support from the Kingdom of Saudi Arabia (KSA) previously contributed to the stability of the Yemeni riyal, but the KSA has so far not announced any additional injection of foreign currency into Yemen. Humanitarian funding, which is also important for foreign currency reserves, is expected to continue at low levels in the coming months. The current conflict situation in Marib – the main source of oil and liquefied gas in Yemen – could significantly disrupt oil and gas facilities and extraction operations, affecting Government of Yemen (GoY) revenues. In February, the riyal continued to depreciate in GoY-controlled areas, from YER 863 to YER 882 per 1 USD, and from YER 597 to YER 602 per 1 USD in the Ansar Allah-controlled north (YETI Dashboard accessed 09/03/2021). Food prices continue to increase steadily; however, prices can vary within the same district, making it difficult to properly track changes and the reasons for them. Currency fluctuations take time to have an impact on the market. In February, as in the previous month, no fuel was discharged at Al Hodeidah port. A few gas stations were still operating in Sana'a, likely drawing from the 20 million litres of fuel seized by Ansar Allah at the end of January. Fuel prices on the black market decreased at the end of February, apparently because of the increased number of informal vendors, as well as a cheaper quality of fuel being sold. Since 3 March, no official gas station has been operating in Sana'a and it is likely that fuel prices will rise again as sources decrease, which will subsequently escalate the prices of food. Remittances are expected to increase in the coming two months – because of Ramadan (13 April–12 May) – possibly providing some relief to households and increasing their ability to meet basic needs, as well as contributing to currency stability and trade financing.

→ Risk 2

Reduced capacity to deliver assistance – because of further cuts in humanitarian funding – impacts millions of people in need.

On 1 March, the governments of Switzerland and Sweden hosted a pledging conference in which USD 1.7 billion was pledged out of the USD 3.85 billion requested for the Yemen Humanitarian Response Plan (HRP) for 2021 (OCHA 01/03/2021). The amount pledged is less than the funding Yemen received in 2020. With only reduced funding available, humanitarian organisations will likely have to downsize their operations; on the whole, this will result in them assisting less people than the 16 million targeted in the HRP – out of 20.7 million people in need. Intense violence in Marib governorate is resulting in the displacement of already vulnerable people, such as IDPs who have repeatedly been displaced; a lack of funding and access constraints are affecting the humanitarian response in the governorate (IOM 01/03/2021; IOM 23/02/2021). WASH services – already impacted by humanitarian funding cuts in 2020 – continue to face challenges, and a lack of WASH services amid a new rise in COVID-19 cases is likely to lead to increased humanitarian needs (ACTED et al. 26/02/2021). The pledging conference led to substantial criticism from the Yemeni population, particularly with regards to how the amount of money pledged would solve the problem of food insecurity if distributed among the population – but this money is instead given to humanitarian programmes. A backlash against humanitarian organisations has already started on social media, but it is unlikely this will translate into physical violence against aid workers in the country.

Risk 3

An attempt by Ansar Allah to enter Marib city intensifies the conflict, leading to mass displacement, civilian casualties, disruption to livelihoods, and lack of humanitarian access.

At the beginning of February, clashes intensified in Marib governorate between Ansar Allah and government troops, supported by coalition forces. The hostilities have made it difficult to determine the number of civilian casualties, although hundreds of fatalities have been reported. At least 8,000 people have been displaced from Sirwah district since 8 February, although the actual number is expected to be much higher. The affected population is mostly IDPs, who were sheltering in hosting locations in the district. They were displaced within Sirwah and towards Marib city and Marib Al Wadi. Two health centres in Sirwah have suspended activities, and three out of 14 displacements sites in Sirwah have been affected because of the increased violence; one site has been completely evacuated (OCHA 27/02/2021). The immediate needs of the affected population are reported to be shelter, food and NFI assistance, WASH, and protection services. Because of the intense fighting, access remains limited in certain areas. It is likely that Ansar Allah will continue to carry out attempts to take control of Marib city in order to put themselves in a better negotiating position, before eventually engaging in political negotiations. Continued conflict is expected to drive further displacement. If Ansar Allah advances from the south, Marib city is at risk of becoming besieged. With the south Marib road controlled by Ansar Allah, it could be difficult and more expensive to bring supplies into the city. Conflict to the south of Marib also risks causing damage to the Marib Dam, which is used to store water to irrigate Marib plains. Structural damage could provoke flooding, which would likely affect IDPs' informal settlements in the surrounding area, impacting shelters and impeding access to livelihoods. In August 2020, flooding from the Marib Dam caused damage up to 30km from the site, affecting thousands of people (IOM 12/09/2020; UNHCR 21/08/2020).

[READ MORE IN ACAPS' YEMEN: MARIB DISTRICT PROFILES REPORT.](#)

Risk 4

Sudden decline in public service provision in GoY-held areas leaves millions of people requiring external assistance for their basic needs, while humanitarian access is also reduced.

Progress in relation to the Riyadh Agreement is stalled. During a visit to Russia, the leader of the Southern Transitional Council (STC) – which, since December, has held seats in the newly formed cabinet along with the GoY – announced that the US government should support a referendum for the independence of South Yemen, which would contribute to ending the war in Yemen (*The Guardian* 01/03/2021). This statement casts doubts over the intentions behind successfully implementing the Riyadh Agreement between the STC and the GoY. In reference to the conflict escalation in Marib, Aidroos Al Zubaidi (the leader of the STC) stated that should Ansar Allah take control of Marib city, the GoY would lose legitimacy. He said that possible future talks for a resolution of the conflict should be held between Ansar Allah and the STC, suggesting a two-state solution (*The Guardian* 01/03/2021). Provision of public services is likely to be affected amid political battles to increase or gain control of the southern governorates, as the STC and the GoY compete for the control of supply chains, particularly fuel. In recent weeks, there has also been an increase in protests in Aden in relation to unpaid salaries and public service provision (CIMP Weekly Highlight via e-mail 05/03/2021). This type of protest is common in Aden at this time of the year however, particularly over the provision of electricity – which will be greatly needed in the coming hot months of April and May. These recent political developments, as well as the conflict escalation in Marib, have led ACAPS to increase the probability of this risk from low to medium.

ON THE RISK WATCH LIST

This section covers previously identified risks that are still a concern.

Second wave of COVID-19

Since mid-February, COVID-19 cases in Yemen have started to increase: from 23 cases in January to 149 in February (WHO accessed 01/03/2021). Cases are only reported from GoY-controlled areas, and the Ansar Allah-controlled north has not reported any cases since May 2020, when it was announced that only four people had been infected. As at the beginning of March, there is no indication of health facilities struggling to respond to the rapid surge in new infections, but increased displacement movements compounded with poor WASH services could likely increase the spread of the virus. Yemen is expected to receive 2.3 million doses of vaccines in March through the COVAX initiative, to cover 23% of the population (Reuters 05/02/2021). The GoY has announced that vaccines will be made available throughout the country, including in northern Ansar Allah-controlled territories. It remains to be seen how the vaccination roll-out campaign will take place given the logistical issues, including hard-to-reach areas and electricity cuts that prevent the storage of vaccines at the right temperature, as well as people's perceptions and healthcare-seeking behaviours that can be affected by political discouragement, particularly in Ansar Allah-controlled areas (NPR 20/02/2021). As well as the direct consequences of the virus, a second wave of COVID-19 may have secondary impacts, such as movement restrictions that can affect the supply chains of food and other commodities, mostly leading to an increase in prices; a reduction in livelihoods because of the containment measures and the closure of businesses (Education Cluster 17/08/2020); and restricted access to education, among other challenges (UNICEF 15/02/2021).

METHODOLOGY

ACAPS' Yemen Analysis Hub has developed a risk-monitoring framework which is updated daily with significant events. Every month, ACAPS analysts and technical experts, including economists and anthropologists, review the current development of indicators collectively and update the risk outlook. The arrows next to each risk indicate changes in either the impact or probability. The table below provides an overview of changes from each monthly update and the overall risk level.

	RISK 1			RISK 2			RISK 3			RISK 4		
	Depletion of foreign currency reserves drives inflation up; eroded purchasing power and high food prices result in increased levels of food insecurity.			Reduced capacity to deliver assistance – because of further cuts in humanitarian funding – impacts millions			An attempt by Ansar Allah to enter Marib city intensifies the conflict, leading to mass displacement, civilian casualties, disruption to livelihoods, and lack of humanitarian access.			Sudden decline in public service provision in GoY-held areas leaves millions of people requiring external assistance for their basic needs, while humanitarian access is also reduced.		
	IMPACT	PROBABILITY	RISK LEVEL	IMPACT	PROBABILITY	RISK LEVEL	IMPACT	PROBABILITY	RISK LEVEL	IMPACT	PROBABILITY	RISK LEVEL
December overview	5	3	High	4	3	Medium	4	2	Medium	4	2	Medium
January update	5	3	High	4	3	Medium	4	3	Medium	4	2	Medium
February update	5	3	High	4	3	Medium	4	4	High	4	3	Medium