

YEMEN Risks - Update 21 May 2020

1. Conflict in Marib intensifies

While still assessed as a moderate risk, the probability has increased slightly as the Houthis took most of al-Jawf on 29 April. Despite subsequently losing some ground to GoY-aligned forces, they remain in a stronger position to launch an offensive to take Marib. The IRG's position, weakened slightly by the suspension of the Riyadh agreement may weaken further as the probabilities of a currency collapse; a cessation in military funding from KSA; and increased conflict with the STC have increased. The potential impact remains very high, especially as humanitarian access to the affected areas and anticipated IDPs will be extremely limited.

2. Gradual escalation of conflict in Abyan, Aden, and possibly Lahj

This risk is now envisioned as a gradually increasing conflict in Abyan and Aden, and possibly Lahj as neither the GoY nor STC are sufficiently strong militarily for a major offensive: the GOY is running out of money while the STC lack the support of most local governors. While there is an increased probability that the GoY will seek to reimpose its authority on the city by force following the STC declaration of self-rule on 26 April, the impact will likely be lower than originally thought with more localised fighting and less displacement. Both sides will seek to exploit any opportunities to exert their control over Aden. Key indicators that this risk is materialising include:

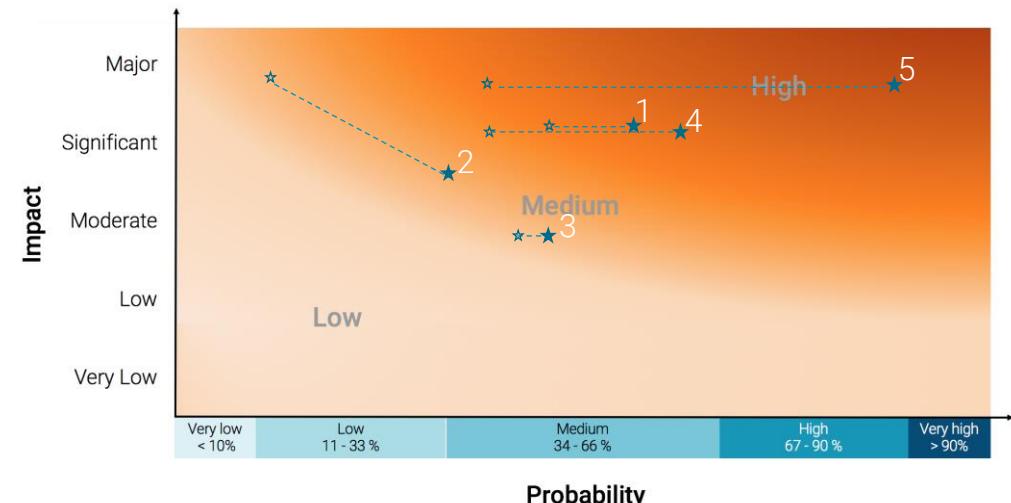
- any indication that UAE support to the STC is waning;
- KSA no longer seek to 'peace keep' between the GoY and STC and back the GoY;
- increased public discontent at the inability of the STC to improve life in Aden and effectively manage the COVID-19 crisis which will likely be used by the GoY as justification for taking the city by force.

3. De-facto partition

This risk remains unchanged: the Houthis are still pursuing a unified Yemen and there remains little appetite for negotiation thus a negotiated partition is improbable. However, should the spread of COVID-19 continue unabated and all parties agree to, and keep, a ceasefire in order to control the spread and focus on response, temporary de-facto partition would result as internal movement reduces significantly and local administrations assume greater roles in managing the provision of basic services. While movement restrictions are already in place, all parties to the conflict continue to prioritise fighting for territorial control over provision of basic services.

Methodology: ACAPS continuously monitoring each indicator of each risk on a daily and periodic basis through its risk-monitoring framework. Every month, ACAPS analysts including economists and anthropologist review the current development/trend of indicators collectively and update the risk outlook.

Any questions? Please contact yahinfo@acaps.org



4. Rapid depreciation of the Yemeni riyal sparks inflation

The probability of a rapid economic decline has increased slightly as the stabilising influence of the KSA funding to CBY will cease over the coming months and food importers will need to find alternative means for financing imports. Foreign currency earnings from the sale of crude oil has fallen significantly while remittances, particularly from KSA, are also expected to fall due to the COVID-19 crisis reducing earnings of expatriate Yemenis. COVID-19 containment measures have also added to in-country transport times and costs, particularly from Aden to Sana'a. Current humanitarian funding is also running low although this may be mitigated by some new funding at the pledging conference in June.

Increased tensions between the GoY and STC as well as COVID-19 restrictions are also likely to increase the logistics of transporting goods imported via Aden port resulting in delays and increased costs resulting in higher prices and shortages.

5. COVID-19 epidemic in Yemen

COVID-19 is thought to be widespread although the actual situation is unclear due to limited reporting and a fear, in Houthi-controlled areas, of seeking medical help. At least 50 people displaying COVID-like symptoms are dying each day. The probability of a high number of cases, on top of a seasonal rise in endemic diseases, overwhelming the struggling health services, and high mortality has increased to high/very high. Only around three hospitals in each governorate are accepting COVID-19 cases.

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