

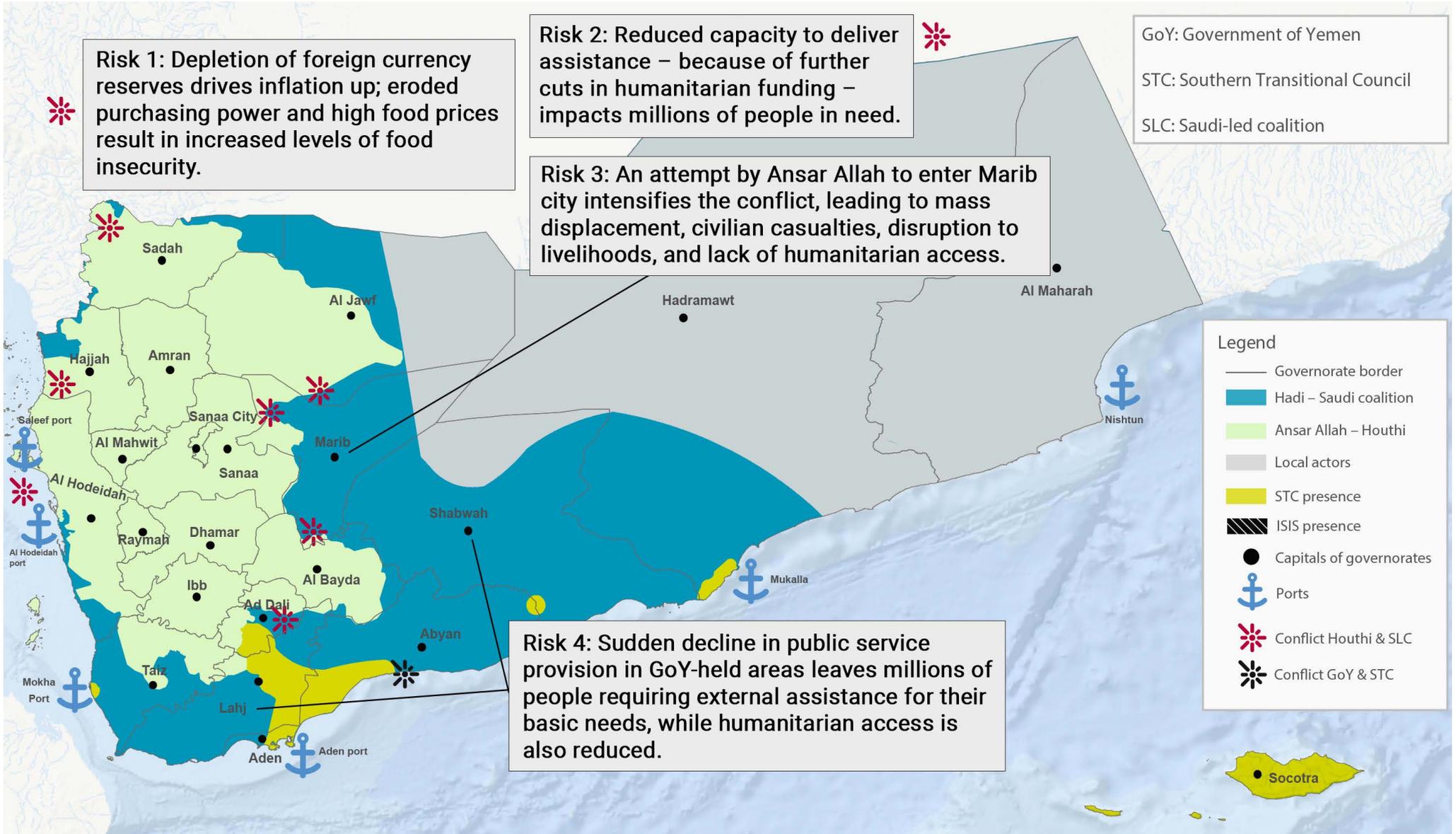
YEMEN RISK OVERVIEW :

Outlook for December 2020 - May 2021

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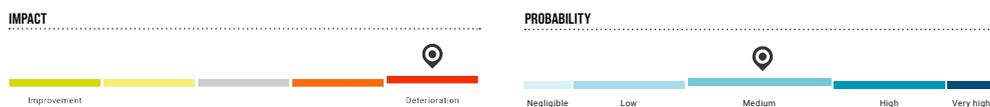
RISK MAP





Risk 1

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



High inflation, fuelled by further depreciation of the Yemeni riyal, significantly reduces purchasing power, pushing many Yemenis further into poverty. All main inflows of foreign currency in Yemen have been hit hard by the conflict, by the global oil price crisis, and by the COVID-19 pandemic. Internal economic warfare, enabled by a divided monetary system, has driven a divergence of exchange rates for the riyal – currently a 45% difference – in areas controlled by the two main parties to the conflict. Food and basic commodity prices continue to increase, in line with the inflation of the riyal and at varying speeds based on the difference in the exchange rate between the north and south.

Risk 2

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



Reduced response capacity, because of more cuts to humanitarian funding, leaves millions of people without access to humanitarian assistance for food, healthcare, protection, and other needs. As at the end of December, the UN has received USD 1.69 billion for Yemen – only half of the USD 3.4 billion it required for aid operations in Yemen in 2020. A second global wave of COVID-19 is impacting donor countries' domestic economies, resulting in a reduction in global humanitarian funding. Another cause of reduced funding is the restricted operating environment in Yemen which makes it difficult to ensure delivery of aid in accordance with humanitarian principles.

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.



Mass displacement, disruption to livelihoods, and restricted humanitarian access occur following an Ansar Allah offensive to control Marib governorate and reach Marib city. A worst-case scenario could see between 75,000–150,000 households displaced towards Marib Al Wadi and into Hadramaut. Since early 2020, conflict around Marib governorate between Ansar Allah and local tribes supported by the Government of Yemen (GoY) and the Saudi-led coalition has been increasing. The fighting intensified in August and September. If fighting continues with no significant advances on either side, humanitarian partners have estimated that 3,500 households in locations close to the frontlines could be displaced.

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.



The capacity of the GoY to provide public services – mostly water, electricity, and fuel, but also the payment of civil servants' salaries – is affected by political instability, clashes, and reduced support by Saudi Arabia. Should Ansar Allah take over Marib, the GoY's loss of credibility would likely be exploited by political adversaries. Civil servants' salaries are likely to remain unpaid for a prolonged period of time, which – compounded with a decreasing purchasing power – results in people being unable to buy food, fuel, and other commodities.



TABLE OF CONTENTS

| | |
|---|----|
| Introduction | 4 |
| Update from April–September 2020 Risk Overview | 4 |
| Risk 1: Depletion of foreign currency reserves drives inflation up | 5 |
| Risk 2: Reduced capacity to deliver assistance impacts millions of people in need | 7 |
| Risk 3: An attempt by Ansar Allah to enter Marib city intensifies the conflict | 9 |
| Risk 4: Decline in public service provision in GoY-held areas leaves millions of people in need | 12 |
| Compounding factors | 13 |
| Watch list risks | 14 |
| Methodology | 15 |

INTRODUCTION

Purpose

The Yemen Risk Overview is a risk identification report published every six months which outlines the main emerging risks in Yemen that might affect the humanitarian situation over the next six months. It aims to inform the humanitarian community of possible changes in context and humanitarian needs in Yemen, in order to facilitate preparedness, risk management, and response. ACAPS regularly tracks the identified risks and monitors previously identified risks that remain a concern (the ‘watch list’), and publishes monthly updates and one-off alerts as contexts change.

Reliability

The report is based on a secondary data review conducted from August–November 2020 and on information shared by experts in a joint analysis workshop. The context of Yemen changes quickly however, and reporting might not always be timely. There are also gaps in information on vulnerable groups, coping strategies, and response.

UPDATE FROM APRIL–SEPTEMBER 2020 RISK OVERVIEW

In March 2020, ACAPS identified five risks, and highlighted seven situations of concern on the risk watch list. Risk 1, ‘Renewed Houthi offensive in Marib causes displacement east/southwards and severely reduced access to essential services’, has in part materialised, with increased fighting in August and September. This risk has been updated and includes the risk of Ansar Allah further advancing towards Marib city (risk 3 in this report).

Risk 2 from ACAPS’ April Risk Overview, ‘Conflict escalates across the southwest causing significant loss of life, mass displacement, and severely reduced access to essential services’, has been updated and included in this report under risk 4.

Risk 1 in this report is an update of the previous report’s risk 4, ‘Rapid depreciation of the Yemeni riyal sparks inflation, reducing households’ ability to purchase basic goods and services’. The previous risk had indicated a threshold of the riyal reaching an exchange rate of 1,000 YER to 1 USD. The exchange rate reached nearly 900 YER at the beginning of December 2020. Although this could be considered a materialisation of the risk, ACAPS has decided to include this risk again in the current report, considering that there are potential triggers that, if they occur, could drive a further depreciation of the currency and have an increased impact on the population.

Risk 3 from the April Risk Overview, ‘De-facto partition results in reduced provision of basic services and reduced operating space for humanitarian actors’, has not materialised. The competing financial and monetary systems have led to two different currencies with divergent exchange rates. Political and military control is still very much divided between north and south, with no indication of the Government of Yemen (GoY) trying to regain control of the north. Humanitarian funding has also decreased, but not as a result of the partition or because of decreased humanitarian needs. No formal peace progress has been announced by either Ansar Allah or the Kingdom of Saudi Arabia (KSA).

Risk 5 from April’s report, ‘COVID-19 epidemic in Yemen’, has materialised, with the first case reported a few days after the publication of the report. COVID-19 is still on the watch risk list to monitor indicators of a second wave of the pandemic in Yemen.

Only the risk ‘Reduced capacity of aid organisations’ has been upgraded to a full risk in this report; the other risks on the watch list are still being monitored by ACAPS’ Yemen Analysis Hub.

Do you see any mistakes? Do you have any comments? Write to us: yahinfo@acaps.org.

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

Risk level | High



Rationale

The level of foreign currency reserves depends on sources that are currently unstable and might change quickly, driving inflation up significantly. Foreign currency is of vital importance to the Yemeni economy, as the country imports around 90% of food and fuel requirements (ACAPS 16/12/2020). As the Yemeni riyal depreciates further, the prices of commodities could reach record rates.

All main **inflows of foreign currency** in Yemen have been hit hard by the conflict, by the global oil price crisis, and by the COVID-19 pandemic. Earnings from Yemen oil exports, which accounted for 70% of Yemen's revenues in 2011 (Chatham House 10/2011), have halved because of the fall in global oil prices and disrupted oil exports. A Saudi deposit of USD 2.2 billion in March 2018 to cover letters of credit for staple food imports is nearly depleted and no additional funding has been confirmed (the letters of credit system helps importers to buy main staple commodities at subsidised exchange rates). Global humanitarian funding has been severely reduced, including funding to the Yemen humanitarian response (UN HC Yemen 23/09/2020; OCHA 07/10/2020). Remittances have also decreased as a result of the effect of COVID-19 on the earnings of Yemenis abroad (World Bank 06/2020). These all combine to reduce the total inflow of foreign currency.

The exchange rate in Yemen differs between the north and the south of the country, mostly because of a divided monetary system enabled by economic warfare. Currently the difference between the exchange rates stands at 45%. The Central Bank of Yemen in Sana'a (CBY Sana'a) has applied rigorous regulations that have contributed to maintaining a more stable exchange rate. It is not clear whether these measures will be sustainable in the long term however. These regulations include a ban on the circulation of new riyal banknotes issued by the Central Bank of Yemen in Aden (CBY Aden) in the north. CBY Sana'a has also prohibited the sale of foreign currency to importers of food, fuel, and construction materials through foreign exchange market offices (World Bank 06/2020). This has resulted in the exchange rate remaining fairly stable in Ansar Allah territories at an average of 600 YER to 1 USD

since April 2020, while it spiralled from less than 700 YER to 880 between April–November in areas under the GoY (Sana'a Center 09/12/2020; Yemen Akhbar 30/11/2020; CCY 11/10/2020). In December, the riyal reached an all-time low in Aden at 922 YER to 1 USD.

These competing monetary policies by CBY branches in Aden and Sana'a have led to **two different local currencies** with different exchange rates. The competing control of and regulations imposed by the GoY and Ansar Allah on fuel import and distribution could also further destabilise the riyal. For example, basic food import companies located in the north face more difficulties than their counterparts in the south in accessing the CBY Aden letters of credit system. With the depletion of the Saudi deposit and no signs of additional funding, even food importers in the south may lose the benefits associated with the letters of credit system currently tied to the Saudi deposit. As importers resort to more expensive formal and informal sources to obtain foreign currency (as usual sources are shrinking), increased demand for foreign currency will further weaken the riyal in both systems and currency speculation will also destabilise the exchange rate.

Triggers/indicators

Economic:

- continued escalation of contradictory monetary and economic policies between the CBY in Aden and Sana'a
- increased competition between the GoY and Ansar Allah, notably over imports of key commodities such as fuel and food
- depletion of CBY Aden foreign currency reserves
- cessation of or severe reduction in Saudi bilateral funding to CBY Aden (in case the Riyadh Agreement fails or the CBY cannot apply transparency and anti-corruption measures requested by stakeholders)
- the GoY's inability to access any financial support from other external actors



- reduction in the inflow of Yemeni migrants' remittances because of COVID-19 and the international oil price crisis, speeding up the expulsion of Yemeni workers from Saudi Arabia under 'Saudization' labour market policies
- shutdown of or crackdown on *hawala* transfers¹ as part of the rivalry between CBY Aden and Sana'a
- the GoY and CBY Aden release increasing amounts of banknotes into circulation
- delays and interference that increase the cost of importing goods, especially fuel

Political:

- KSA policy and engagement towards the Yemen war and crisis decreases .
- failure of the Stockholm Agreement between the GoY and Ansar Allah and re-escalation of the conflict

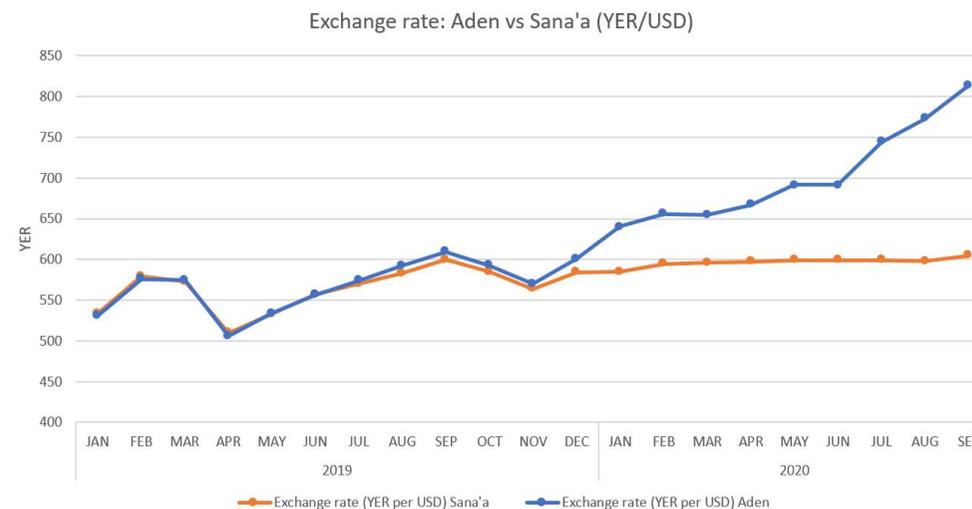
Impact

Reduced foreign currency, increased economic warfare, and increased currency speculation will result in a continued depreciation of the riyal, leading to uncontrolled inflation. More people will experience high levels of food insecurity, as food and basic commodity prices continue to increase, in line with the inflation of the riyal and at varying speeds based on the difference in the exchange rate between the north and south (currently around 45%). IPC analysis projections for the period from January–June 2021 already indicate that 16.2 million people will be in Crisis (IPC Phase 3) levels of food insecurity and above, including 5 million in Emergency (IPC Phase 4) and 47,000 in Catastrophe (IPC Phase 5). These numbers could further increase with uncontrolled inflation and intensified conflict. State and business salaries in the north mostly go unpaid, mainly because of economic warfare, and the severe liquidity shortage is worsened by a continued ban on new riyal banknotes in Ansar Allah-controlled areas. In GoY-controlled areas, erratic payment of civil servant salaries could continue, financed by the issuance of additional riyal banknotes that could drive further currency depreciation and inflation (Sana'a Center 21/01/2020). Although the currency could lose its value at a steady pace, any food price increase, compounded by reduced income, would mean more people are unable to pay for their needs as their purchasing power decreases.

The additional financial stress could increase the adoption of negative coping mechanisms

including skipping meals, child labour, child marriage, crime, illegal migration, and families sending their children to fight on the frontlines. Any significant deterioration of living conditions would lead to mass demonstrations that weaken the GoY's credibility – which, in turn, may lead to renewed conflict in the south, as either the Southern Transitional Council (STC) or the Houthis seek to exploit this weakness (see risk 4).

Unfavourable exchange rates also negatively affect humanitarian programming, with unpredictable under- or overspending and liquidity issues. Inaccurate forecasting of currency exchange rates can cause a shortfall in budgets. Overall, it is challenging to forecast in such an unstable context. Activities can be delayed and implementation affected, including activities that do not include cash or voucher distribution, because of the need to re-adjust programmes following a rapid depreciation of the riyal. High inflation compounded by the funding shortfall will reduce humanitarian operations even more in a time of rising needs and high dependency on food aid (ACAPS 29/01/2020).



Source: WFP VAM

¹Hawala is an informal system for transferring money, which is paid to an agent who then instructs an associate in the relevant country or area to pay the final recipient. It is especially used to channel remittances.



RISKS

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

Risk level | Medium

Rationale

Yemen's humanitarian crisis has traditionally seen a well-funded response. In 2020, funding has dropped significantly however. By the end of December 2020, the UN had received USD 1.69 billion for Yemen – 49.9% of the 3.4 billion it required for aid operations in 2020 and a major drop from the USD 3.6 billion received in 2019 (FTS accessed 14/12/2020). Should the 2021 Humanitarian Response Plan (HRP) see a further decrease in funding, the capacity to deliver assistance would be hampered and the needs of Yemeni people will increase.

Multiple factors have contributed to the decrease in funding towards Yemen. A second wave of COVID-19 worldwide is impacting donor countries' domestic economies and the global economy overall, resulting in a reduction in global humanitarian funding.

The UN reported that the drop in donor funding was in part also because of the restricted operating environment in Yemen that makes it difficult to ensure delivery of aid in accordance with humanitarian principles (HRW 09/2020). The restrictive access environment also results in a lack of reliable data to provide an evidence base for humanitarian decision-making. Authorities often block or delay assessments or limit the scope of questions that organisations are allowed to ask. Lack of reliable information is increasingly raised as a concern by donors and decision makers and could further reduce available funding for the response in 2021. Major donors have reiterated the need for more transparency when carrying out aid operations in Ansar Allah-controlled territories.

The possibility of designating Ansar Allah as a Foreign Terrorist Organization by the US government could further aggravate the response capacity of aid organisations in Yemen (HRW 10/12/2020). The terrorist designation could subject anyone who provides direct or indirect support to the group to criminal penalties. This would risk criminalising the work of humanitarian organisations in the north of Yemen, which need to negotiate access with Ansar Allah – the local de-facto authority – in order to provide aid and protection to civilians (Foreign Policy 16/11/2020).

Triggers/indicators:

Political:

- aid obstruction and diversion increase in Ansar Allah-controlled areas
- US administration's designation of Ansar Allah as a Foreign Terrorist Organization

Economic:

- a new crisis arises, which requires an urgent humanitarian response and the diversion of donors' budgets
- the KSA's economy deteriorates and financial support to the humanitarian response decreases
- other Gulf Cooperation Council country donors decrease humanitarian funding to Yemen's response

Health:

- COVID-19 infection rates increase; funding is allocated to COVID-19 response and decreases for other programmes

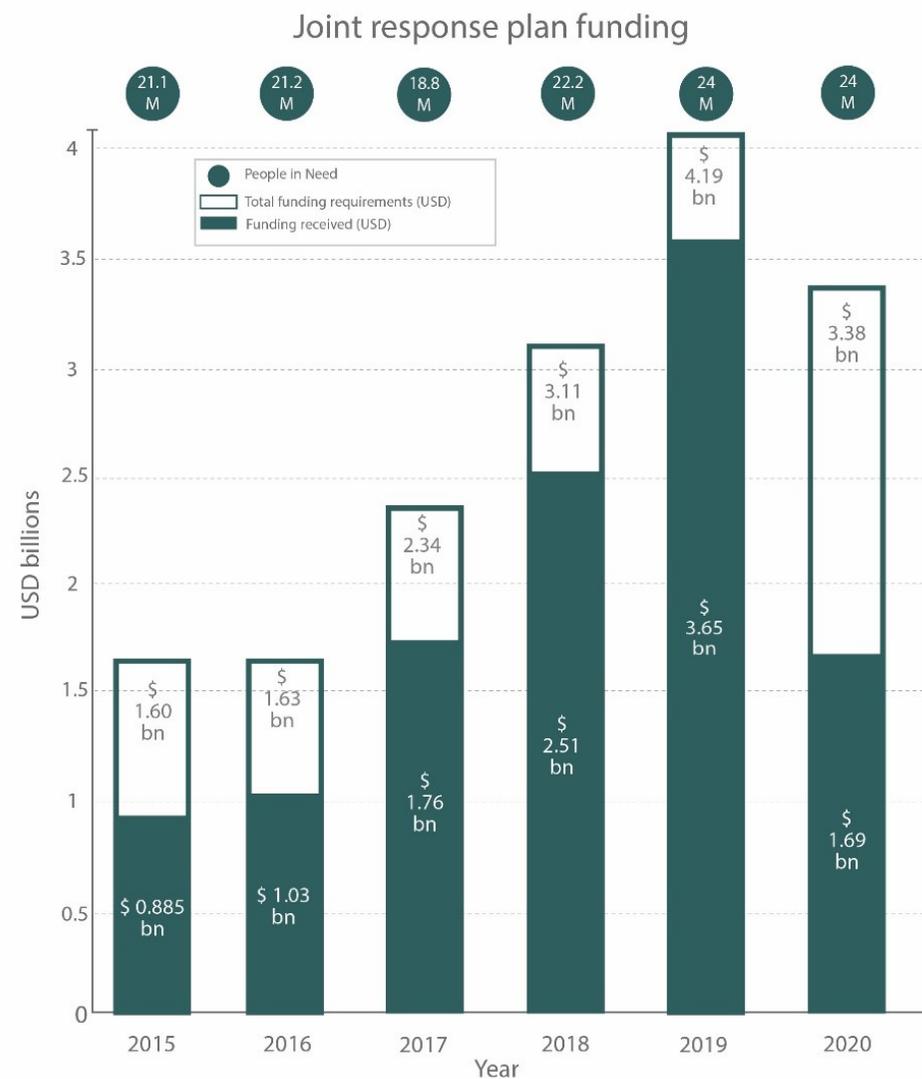
Impact

Further funding shortages for the next HRP – below the USD 1.7 billion received in 2020, which has already led many operations to scale down – will result in significantly reduced response capacity, leaving millions of people relying on humanitarian assistance for food, healthcare, protection, and other needs, and at risk of falling into an increased status of vulnerability. With 16.2 million people estimated to be food insecure from January–June 2021, additional funding cuts will push more people into higher levels of food insecurity (OCHA 09/12/2020; NRC 03/12/2020). As at September 2020, 15 of the UN's 41 major humanitarian programmes in Yemen had already been reduced or shut down (UN HC Yemen 19/09/2020). Since April, agencies have been forced to reduce food distributions and distribute food ra-

tions every two months instead of monthly, cut health services in more than 400 facilities, and halt specialised health services. It is estimated that cuts to healthcare will impact 16 million people, including an estimated 9 million people who will be completely cut off from medical care, and over 250,000 severely malnourished children will no longer receive treatment (OCHA 15/09/2020). Because of funding gaps, the WHO had to stop financial support for 10,000 health workers in November, and additional cuts could affect thousands more people (MEMO 30/11/2020). Because of an overall decline in funding to healthcare, compounded by a lack of supplies and reduced testing and treatment capacity, outbreaks of diseases will likely spread more rapidly.

If Ansar Allah is designated as a terrorist group by the US government, the need to set up compliance units and due diligence processes by humanitarian organisations will likely result in costlier and more time-consuming operations and possible programme suspensions. The extent of the impact would also depend on how widely the US government listing is applied – to all of Ansar Allah or to specific individuals. Similar listings in Palestine and Somalia resulted in programme suspensions and funding reductions (ICG 08/10/2020; NRC 07/2013).

Access to assistance is already hampered by restricted freedom of movement around conflict hotspots and bureaucratic impediments and interference, and by the increased cost of transportation and logistics caused by fuel shortages and price increases.



Source: OCHA Financial Tracking Service

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.

Rationale

Conflict around Marib governorate between Ansar Allah and local tribes supported by the GoY and the Saudi-led coalition has been increasing since early 2020 (ACAPS 19/11/2020). Ansar Allah forces have made steady progress towards Marib city, likely following an encirclement strategy. In the first trimester of 2020, conflict intensified mostly in Majzar and Sirwah, where it continued through the first half of the year, and then surged in Mahliyah from April and Al Abdiyah (south of Marib city) in the following months. Between July–September, fighting increased in Madghal and Raghwan districts, northwest of Marib, and in Al Rahbah in the south of the governorate.

The current situation is favourable to Ansar Allah, which is using controlled advances to create pressure around Marib and surround the city. Advancing further into the valley could expose the group to having to control vast areas of land – often reported as hostile – which local tribal fighters are more familiar with. As reported in March 2020, a successful attempt to capture Marib city would likely give Ansar Allah full control of the north of Yemen, including access to strategic gas reserves and oil fields.

In order to launch an attack to capture Marib city, Ansar Allah would need more troops controlling the area. This could be possible should the Riyadh Agreement negotiations fail, and conflict intensifies on different frontlines in Abyan and Shabwah. The GoY would be forced to shift military resources to the south, leaving local tribes to fight alone in Marib. These tribes have proved to be very resistant towards Ansar Allah, however. Even if Marib falls under control of the de-facto authorities in the north, the tribal dynamics would pose a threat to a long-term occupation of Marib governorate, which in turn would result in outbreaks of conflict,



prolonged displacement, and political uncertainty, affecting the population's access to basic services. The current increased possibility of the US government designating Ansar Allah as a Foreign Terrorist Organization is another factor that could also trigger Ansar Allah to take the decision to launch a final offensive against Marib, as the symbolic last stronghold of the GoY in the north of Yemen.

Triggers/indicators:

Political:

- ceasefire negotiations between Ansar Allah and the KSA break down
- Ansar Allah receives additional military support (such as arms and munitions)
- Riyadh Agreement negotiations fail, and fighting escalates in Shabwah and Abyan, diverting GoY military resources from Marib
- lack of international diplomacy to drive the peace process between the GoY and Ansar Allah in order to prevent further conflict
- UAE/KSA tensions within the coalition favour Ansar Allah advancing in Marib
- increased tensions between local tribesmen and security forces weaken local governance

Economic:

- decreased financial support to the GoY caused by the economic downturn in the KSA as a result of the fall in global oil prices
- depletion of foreign currency reserves in CBY Aden



Impact

Increased fighting and clashes between Ansar Allah and GoY forces, supported by local tribes and Saudi-led coalition forces, could result in:

- mass displacement
- increased humanitarian needs
- restricted humanitarian access
- tensions between host communities and IDPs

Marib governorate is home to 3 million people (1.5 million people are located in Marib city alone), of whom nearly 1 million are IDPs who have fled conflict since the beginning of the war. From January–October 2020, fighting displaced over 98,000 people into the governorate, with 70% of IDPs located in Marib city and Marib Al Wadi. If fighting continues with no significant advances on either side, humanitarian partners have estimated that 3,500 households in locations close to the frontlines could be displaced towards Marib city and Marib Al Wadi. A worst-case scenario could see between 75,000–150,000 households displaced towards Marib Al Wadi and into Hadramaut – a governorate with a vast desert and extremely limited humanitarian services (IOM 03/11/2020). This would require a large-scale humanitarian response. As fighting escalates, humanitarian access may be almost entirely blocked, as major highways into the governorate are cut off (IOM 03/11/2020). Livelihood opportunities will be disrupted, and people will be unable to provide for their families and will resort to negative coping mechanisms. Food security levels are likely to increase. New and renewed displacement will increase demand for WASH services, but a lack of funding and humanitar-

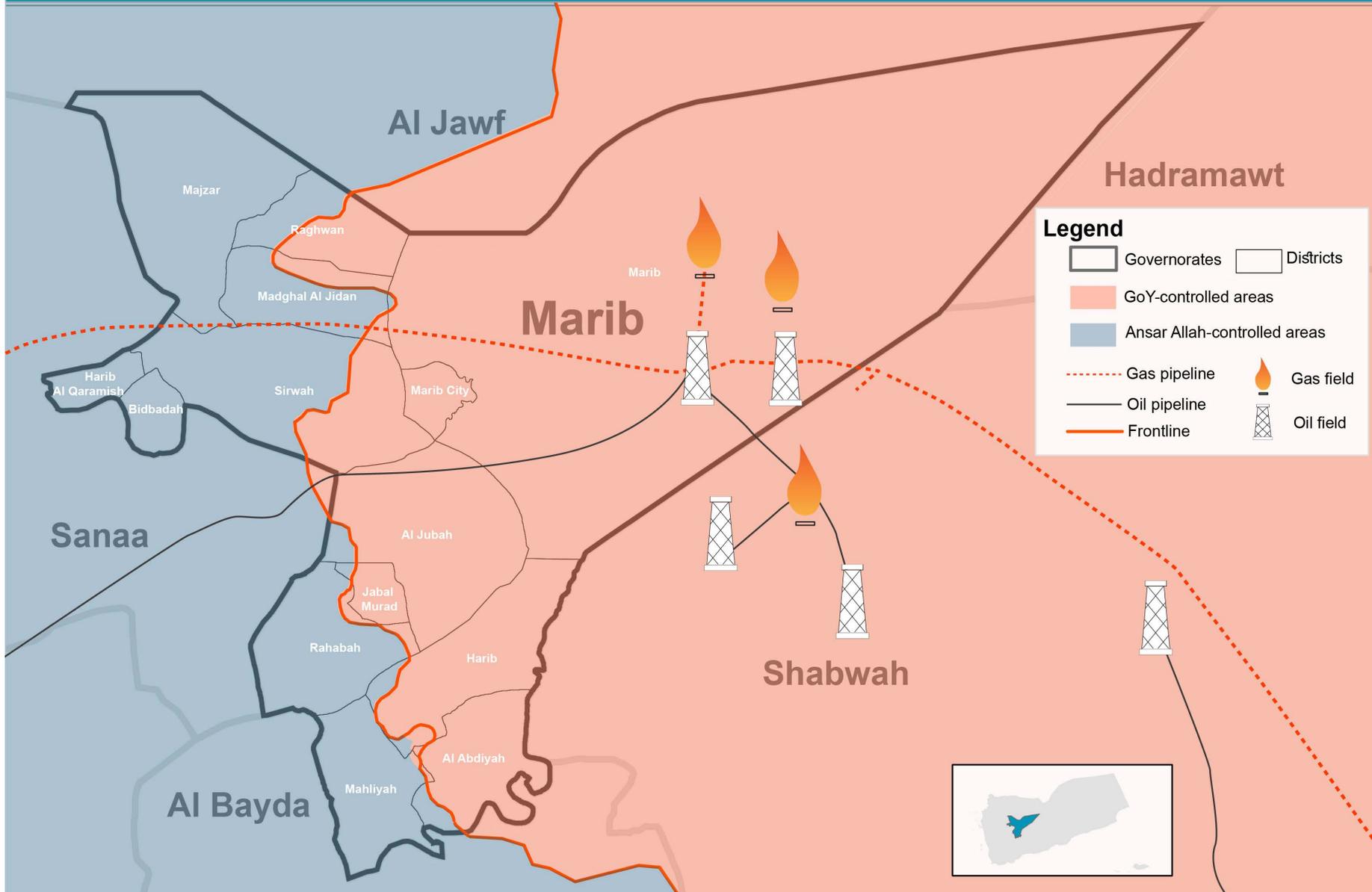
ian access restrictions will result in the spread of diseases such as COVID-19 and cholera.

The large influx of IDPs towards other governorates like Shabwah impacts GoY public institutions' ability to respond to needs and provide services for the population. Tensions between host communities and IDPs are likely to increase protection needs. At the same time, an influx towards less-populated areas might reduce access to assistance and public services. In Marib governorate, tribal affiliation is commonly the most important social tie. As conflict continues to drive displacement, tribal groups may be forced to mix – potentially increasing the risk of conflict between different communities, especially as resources become even more stretched. There is a risk that tribal groups from more southern districts may stop any IDPs perceived as being northerners from entering their region. There are also suggestions that, in an attempt to avoid being displaced into a different tribal community, people are in some instances choosing not to move and instead are staying closer to conflict frontlines, potentially placing themselves at higher risk (ACAPS discussions with operational actors 03/2020).

Marib is the energy centre of the country – if Ansar Allah takes over, the provision of power to the south would be limited (Sana'a Center 22/10/2020). Conflict around oil fields east of Marib, including direct attacks on infrastructure, risks sparking an oil fire, causing an environmental disaster and significant economic losses for the GoY. In late 2016, Marib managed to secure a 20% share of the revenues generated from the governorate's oil and gas resources, which contributed to the expansion of the capital and the provision of public services (Sana'a Center 22/10/2020). If these resources fall under the control of Ansar Allah – should it conquer Marib – public services could be disrupted and, compounded by restricted humanitarian access, could push people into a state of vulnerability and increase humanitarian needs.



YEMEN: Marib governorate map



Legend

- Governorates
- Districts
- GoY-controlled areas
- Ansar Allah-controlled areas
- Gas pipeline
- Oil pipeline
- Frontline
- Gas field
- Oil field

Source: ISWN Middle East Conflict Map

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

Rationale

The capacity of the GoY to provide public services – mostly water, electricity, and fuel, but also the payment of civil servants' salaries – could be negatively impacted by an array of factors.

One of the main factors that could affect the GoY's legitimacy and capacity is losing control of Marib governorate – the only governorate still under GoY authority in the north – as a result of Ansar Allah military advances towards the city (see risk 3). Control of Marib by Ansar Allah would significantly weaken both the GoY's negotiating power and its credibility. Should Ansar Allah take control of the oil facilities east of Marib, the GoY would lose significant revenues generated by the export of the oil from Marib. Once in complete control of the north, Ansar Allah might further advance towards Shabwah and Hadramout governorates.

The future of the Riyadh Agreement could also considerably affect hopes for stability in the south. On 18 December, a new power-sharing government was announced, comprising 24 ministers equally divided between the north and south, including southern separatist members – in accordance with the terms of the Agreement. This progress comes one year after the signing of the Agreement and after the STC had announced self-rule in April 2020. Despite progress in the implementation of the Agreement, it is still unknown how past grievances between the GoY and the STC will play out over the next months.

The GoY is heavily dependent on financial support from the KSA. With a growing domestic budget deficit, reduced revenue because of the dramatic fall in oil prices, and the impact of the COVID-19 pandemic on both its domestic economy and the global economy, the KSA may well seek a swift exit from the Yemen conflict – which, after six years, seems set to continue. Reduced support from the KSA, coupled with any potential ceasefire agreements with



Ansar Allah to secure its southern border – a move that would likely increase tensions with the STC – would significantly weaken the GoY.

A weak GoY, with reduced finances, would likely lead to major political upheaval, undermining effective governance and resulting in a severe reduction in the provision of public services and payment of civil servants.

Triggers/indicators:

Political:

- Ansar Allah takes control of Marib, either by force or through negotiations with the Murad and Abida tribes in strategic areas surrounding Marib city
- a ceasefire agreement between Ansar Allah and the KSA
- Ansar Allah receives additional military support (such as arms and munitions)
- Riyadh Agreement negotiations fail and fighting escalates in Abyan, diverting GoY military resources from Marib and Al Hodeidah to the south
- lack of international diplomacy to drive the peace process between the GoY and Ansar Allah in order to prevent further conflict
- complete withdrawal of coalition forces
- shift in US policy sees reduced support to Saudi Arabia

Economic:

- cessation of or severe reduction in KSA funding to CBY Aden
- the Yemeni riyal depreciates significantly in Aden, and inflation spikes



Impact

As the GoY loses financial capacity and violence increases in the south, disruption to the provision of basic public services could be severe and prolonged. In particular, the capacity of Yemen to provide electricity, fuel, water, food, and transport could be highly affected by a lack of financial bilateral support from the KSA as well as by a drop in revenue generated by the exploitation and export of gas and oil reserves in Marib, if these are taken by Ansar Allah (this would be likely if [risk 2](#) materialises). Civil servants' salaries are likely to remain unpaid for a sustained period of time. Disruption to businesses and other types of livelihoods, compounded with a decreasing purchasing power, could result in people being unable to buy food, fuel, and other commodities. Failure to implement the Riyadh Agreement will likely lead to intensified conflict in Aden and Abyan. The inability of the GoY to maintain control over the economic system, including securing financial support to fund imports through the letters of credit system, could also result in import delays and higher prices of food and fuel (also affecting the distribution of water for agriculture and consumption). Protection issues could arise, and northerners in the south are likely to be deported away from Aden. Retaliations, including targeted killings of top politicians or military figures, might arise in response to protests and overall dissent.

The political turmoil would also affect delivery of humanitarian assistance with organisations not being able to easily gain permission to operate; bureaucratic impediments could prevail and hamper provision of aid in the south. If conflict increases significantly, humanitarian personnel may be withdrawn and aid programmes suspended, even temporarily, affecting assistance to people in need; this already happened when fighting erupted in August 2019 between the GoY and the STC in Aden ([OCHA 22/04/2020](#)). Fuel shortages would also hamper relief activities.

COMPOUNDING FACTORS

Compounding factors are issues and events that could aggravate the risks analysed in this report, and lead to further intensification of humanitarian needs.

Disease outbreaks

Displacement, reduced access to water and to health services, and poor hygiene practices significantly increase the probability of a major outbreak of a waterborne disease, which authorities would struggle to contain if any of the risks outlined in this report become reality. In November, only 15 new cases of COVID-19 were reported in Yemen and there are no reports of healthcare facilities struggling to respond. The case-fatality ratio is the highest in the world at 29% however, suggesting that only the most severe cases seek assistance. Cholera and acute watery diarrhoea (AWD) are ever-present in Yemen. An outbreak in 2017 saw more than 1.3 million people infected and over 2,800 died. Over 400,000 AWD/suspected cholera cases were registered during the first half of 2019, more than during the whole of 2018. In 2020, cholera cases have decreased by 70%, and related cholera deaths by over 90%. Diphtheria, measles, and dengue fever are also endemic. A sharp decline in vaccination coverage of measles and rubella poses a substantial threat to people's health ([UNICEF 2019](#); [Hadramout University 10/10/2018](#)).

Natural disasters (cyclones, earthquakes, and floods)

Yemen is prone to earthquakes, flash floods, floods (coastal storm surges and tsunamis), landslides, rockslides, and volcanic eruptions. The World Bank reported that at least one disaster strikes the country every year ([World Bank 09/2010](#)). Between April–August 2020, flooding affected over 500,000 people, causing extensive damage to civilian infrastructure such as roads, bridges, and electricity and water networks and displacing over 20,000 people. Flooding damaged food supplies at the household level and many shops and local markets reported stock losses. Floods also caused drinking water and sewage to combine in some areas of Sana'a governorate, potentially leading to the spread of waterborne diseases. Fragile makeshift structures and IDP shelters were widely damaged. The most affected areas were Aden, Marib, Sana'a city, Al Mahwit, Al Hodeidah, and Hajjah. The risk of COVID-19 transmission was potentially increased by the floods, as many IDPs and host communities lost shelters, houses, livestock, and livelihoods, making social distancing and hygiene measures harder to observe ([OCHA 28/08/2020](#)).



Water – lack of sustainable response options

Water availability in Yemen is 150 cubic metres (m³) per person per year (the Middle East has an average of 1,250m³). All surface water and groundwater resources are exploited beyond the level of recharge. The agriculture industry uses 93% of Yemen's potable water and does not actively encourage sustainable water-saving techniques. Qat cultivation uses 40% of potable water. The water crisis could be mitigated by reducing qat production and promoting reuse of treated wastewater for irrigation (Almas and Scholz 08/2006). In 2011, the rate of water consumption from the Sana'a Basin exceeded the rate of natural recharge by a factor of five. Much of the country's 68 billion m³ of annual rainwater is wasted because of mismanagement and inadequate dams. Swift adoption of more sustainable water management policies should be prioritised immediately, irrespective of the status of the conflict.

Regulatory constraints

New sanctions or further de-risking² by the international banking sector will hamper humanitarian operations under any scenario. De-risking by the international community in 2010 cut off Yemeni banks from foreign exchange and introduced imbalances which continue to wreak havoc on prices in Yemen today. If the US lists the entire Ansar Allah group as a Foreign Terrorist Organization or expands sanctions, humanitarian actors and traders will face additional challenges in moving money and goods into Yemen.

WATCH LIST: PREVIOUSLY IDENTIFIED RISKS THAT REMAIN OF CONCERN

Fuel shortages

Throughout 2020, the GoY has increasingly sought to tighten control of the flow of fuel into Ansar Allah-controlled areas in the north of Yemen, by imposing measures that reduce fuel imports via Al Hodeidah. No fuel shipments were allowed to dock at Al Hodeidah in June, and only a few ad hoc shipments were permitted until September. During this period, most fuel was imported via Aden and Mukalla ports. Consequently, local traders in Aden are purchasing fuel from the local markets and looking to sell that fuel in Ansar Allah-controlled territories at a higher rate (ACAPS discussions with operational actors, 10/2020). In November, fuel imports through Al Hodeidah port resumed (thanks to efforts by the Office of the Special Envoy of the Secretary-General for Yemen); however, the increased availability has led to a rise in demand which has resulted in renewed shortages of fuel and long lines at petrol stations. The risk that Ansar Allah could ration fuel supplies and sell fuel on the black market for increased revenue persists. Continued fuel shortages would have a wide-ranging impact, affecting hospitals reliant on diesel-powered generators and all main public institutions; the transport of food and non-food items; the availability and cost of public and private transport; the pumping, transport, and subsequent price of water for agriculture and household consumption, especially for villages and people residing in hard-to-reach areas; and humanitarian operations. For this reason, ACAPS continues to closely monitor the situation.

Second wave of COVID-19

When ACAPS reported on the impact of the risk of COVID-19 in Yemen in April, the first case had not yet been announced. The first confirmed case of COVID-19 was diagnosed in Ash Shihr, Hadramawt governorate, on 10 April 2020. Since then and as at 1 December 2020, Yemen has reported a total of 2,081 cases and 606 related deaths. The peak of cases was reported between May–June; however since July cases have been decreasing, with no cases reported on most days in November (WHO accessed 01/12/2020). Despite significant under-reporting, COVID-19 is thought to be widespread in Yemen. Because of current low testing capacity, it is very challenging to determine whether Yemen has been affected by a second wave of infections as has happened in many other countries globally. ACAPS is monitoring the developments of the COVID-19 epidemic in Yemen, and updates on this subject can be found on the [Yemen country page](#).

² "De-risking refers to the removal of bank accounts of customers or the withholding of services from clients or regions associated with a high risk of funding terrorism, money laundering or other forms of financial crime." ODI 02/2018.



FSO Safer oil spill or explosion

An oil spill in the Red Sea – resulting from an attack on an oil tanker in the strategic Bab Al Mandab strait – or an explosion on the FSO Safer oil terminal, a floating storage and offloading unit, could completely wipe out Yemen's Red Sea fishing industry for 25 years. Fishing currently employs 500,000 people who support 1.7 million dependents and brings in USD 60 million per year to Yemen's economy. An oil spill could also block access to Al Hodeidah port, doubling food prices and increasing fuel prices by 800% (LSE 12/2018). More information can be found in [ACAPS' FSO Safer risk report](#).

METHODOLOGY

The objective of ACAPS' risk analysis is to enable humanitarian decision makers to understand potential future changes that could have humanitarian consequences. This risk analysis is based on [ACAPS Risk Methodology report](#), using the chain of plausibility approach. A secondary data review was carried out between September–November 2020. The Yemen Analysis Hub team identified the main variables likely to deteriorate in the next six months, which were then discussed in a joint analysis workshop at the beginning of October. 25 people from the FAO, the IOM, OCHA, Oxfam, REACH, Safer Yemen, Search for Common Ground, the WHO, and World Vision participated in the workshop.

Risk analysis depends on a solid understanding of the context and on investigating the interaction of the variables that cause or resist change. It is a process that should be repeated at regular intervals and the change in risk recorded overtime.

Risk analysis is not an exact science – an event identified by one analyst as a hazard might be identified by another as a trigger for a different event. This is of little consequence; the important issue is that the sequence of events and a hazard are identified.

Risk is a function of severity and probability. The probability of a risk does not need to be high for it to be of concern.

ACAPS provides updates on the risks every six months, in order to take into consideration the dynamism of the crisis developments that might change the chain of events and/or any materialisation of the hazards identified. ACAPS regularly identifies emerging risks as well as monitoring previously identified risk that remain of concern and on the watch list. Newly identified risks, and those deemed to have changed significantly in the past six months are detailed in full, while a brief update is given for those on the watch list.

LIMITATIONS

- Considering the complexity of the humanitarian crisis in Yemen and its regional dynamics, it is very challenging to establish how some of the identified triggers would develop and lead to the identified risk.
- The lack of information on the population's level of resilience, current needs, health status, and coping strategies made it particularly challenging to establish the impact of the risks.
- While efforts were made to ensure that all information was up to date at the time of publishing, the speed with which the situation deteriorates means that significant changes are often observed from one week to the next.

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Do you see any mistakes? Do you have any comments? Write to us: yahinfo@acaps.org.