MP Briefing Notes on Yemen Crisis
Economy, Trade and Food Security
9 Jan 2017

Food security at household level is fundamentally dependent on purchasing power, and hence on two factors:

a) availability and prices of foodstuffs, so ability of food products to reach markets is critical

b) ability to pay for food, so on family income, livelihoods and support networks.

These two issues have been central drivers of Yemen's slow slide towards famine since the conflict began in March 2014. It should also be remembered that Yemen starts from a very low base; pre-crisis Yemen already had large numbers of vulnerable people.

Household incomes (ability to pay for food)

The conflict has resulted in far reaching damage to all key economic sectors, with incomes down by over 50% against a pre-conflict baseline of 2014 (data for Taiz, Ibb, Sa'ada and Mahweit[1]).

Agriculture: Some half Yemen's population is dependent on agriculture (i.e. c. 14m). Some provinces have been heavily affected by insecurity due to the conflict and lack of labour due to displacement (total c.3m IDPs to date). The irrigated sector has been hard hit by fuel scarcity (and higher prices).

Industry: A key employer in some locations. For example, all factories in Taiz, Yemen's industrial centre, have been closed affecting over half the city population (i.e. 350,000) with an employed family member[2], as well as key operations in Hodeidah and elsewhere. Some factories have been targeted by airstrikes.

Civil Servants: Some 1.2m Yemenis on the payroll. Salaries first reduced to basic level and then cut altogether since August due to lack of funds in Central Bank. State pension payments have also been stopped.

Fisheries: Estimated 50,000 directly dependent on artisanal fisheries, concentrated in the poorest coastal regions. Employment now estimated to have declined by 50% with high fuel prices and sporadic availability, reduced access to cold storage and conflict as factors[3].

Social Security, Pensions: Welfare payments to 1.5m households suspended since Mar 2015.

Social Safety Nets: Many, especially IDPs, have been reliant on support from family and tribe (this explains much of Yemen's resilience), but this also is reaching its limits as the conflict extends towards its third year

Availability of food in the market (shipping and road access issues)

Yemen is heavily dependent on outside imports (90% for wheat, 100% for rice). Maintaining the flow of food to markets is therefore critical and dwarfs humanitarian aid, although the latter which is targeted at the most vulnerable has been critical in supporting food security. The major shipping / trading companies (there are four prominent one) are critical for delivering the large quantities that Yemen needs. There may be a certain amount of cross-border trucking / smuggling (not quantified), but this cannot deliver the volumes needed.

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[1] FEWS NET Aug 2016 Rapid Assessment

[2] JFA study on Future of Taiz, Ch6 of 'Rebuilding Yemen, 2015

[3] FEWS NET Food Security Outlook Oct 2016 to May 2017

The earlier Coalition blockade of ports has now been largely lifted, but major delays are experienced at all key steps of the chain - obtaining permits, queuing, docking and unloading at port, road transport to market, and obtaining hard currency payment to allow the next bulk purchase. The decline in foreign reserves and the operational problems caused by the decision to move the Central Bank from Sana'a to Aden have meant that guarantees / letters of credit are no longer available to importers, and it is currently unclear how long this will take to resolve. This has become a critical issue in food security, as there is a three-month delay inherent in the food ordering to delivery cycle, and the extent of food reserves in-country is limited (with little agreement on how large these are)[4].

With difficulties in obtaining data, it is also unclear whether food imports into Aden (under GoY control) are being facilitated, while those to the Red Sea ports of Hodeidah and Salif (both under Houthi / Previous Government control) are facing additional difficulties. Only one crane has been left operational in Hodeidah following airstrikes back in August, and Red Sea ports are facing much longer delays than Aden before unloading (Hodeidah 23 days and Salif 53 days[5]).

Damage to road infrastructure is another major issue - see attached map[6] that shows extent of damage (especially to critical bridges) and the extent of unusable main roads. This position changes with the fluctuations of the war, but large areas are now difficult to supply with food products.

Critically the populated highlands and west of the country (largely still under Houthi / Previous Government control) are easiest supplied from Hodeidah or Salif. Given concerns that food deliveries may again be used as a weapon of war, YSPG is considering ways to highlight any such imbalance, and act as leading indicators for heightened food insecurity ahead.

Prices of key food products and of water

Prices of staples have increased. For example, wheat prices are up some 25% since pre-crisis despite low international prices. The main price increase was during the early part of the conflict, subsequent stabilising is likely to be due to reduced demand, because of reduced household incomes described earlier. This is a phenomenon observed in other pre-famine situations, and food price increases alone as lead indicators for food insecurity need to be treated with some care.

Fuel prices are also up 25% (subsidies removed in 2015) and there have been periods of major disruption when fuel was unavailable or only available after extensive queuing. This in turn impacted the price of flour, as fuel needed for milling.

Most water provision involves pumping, and this has affected availability (for example the water utility in Taiz is entirely out of action), and price (fuel necessary for pumping), with increasing problems of water quality, itself related to infant malnutrition and the recent cholera outbreaks.

What can be done? Need for increased transparency and accountability

UK has been centrally involved in promoting negotiations for a peaceful settlement, and peace is the quickest and surest way for Yemen to emerge from this crisis.

In the meantime, alongside the humanitarian response, there needs to be a fresh focus on the economic side of the crisis. The use of economic levers in the pursuit of war is against International Humanitarian

[4] UN documentation estimates only 2 months, while some GoY sources claim 5 months

[5] Nov 2016 data from WFP

[6] WFP Logistics Cluster, Access Constraints as of 2 Dec 2016

Law[7]. With half of Yemen's governorates (representing some 70% of the population) assessed as entering near- famine status (IPC level 4 out of 5) in the next six months[8], there needs to be early public warning of such abuse, alongside other well-aired concerns of IHL abuse concerning the targeting of civilians and health infrastructure.

James Firebrace, Yemen Safe Passage Group (YSPG), 9 Jan 2017

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[7] The following are most relevant: Rule 53, Starvation as a Method of Warfare; Rule 54, Attacks against Objects Indispensable to the Survival of the Civilian Population; Rule 55, Access for Humanitarian Relief to Civilians in Need

[8] FEWS NET Food security outcomes deteriorate in Al-Hudaydah, Dec 2016