



**Republic of Yemen**  
Ministry of Planning  
& International Cooperation  
Economic Studies & Forecasting Sector

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# **The Socio-Economic Repercussions of the Russia-Ukraine War on Yemen**

Analytical Paper (3)

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## Introduction

Yemen is gripped by one of the world's largest humanitarian crises. Over 50% of Yemen's population cannot access food necessary for their survival, while poverty, hunger and malnutrition are exacerbating due to recurrent crises, the war and conflict conditions, COVID-19 pandemic and the fallout of the Russia-Ukraine war, with its direct and indirect repercussions on the already dire nutritional and humanitarian situation in the country.

Of greatest concern is the growing food insecurity levels in Yemen and the potential that some pockets in the country may slip into famine. As the world's attention is shifted towards developing situation in Ukraine, apart from what is happening in Yemen now entering into its eighth year of conflict and war that brought a dire humanitarian situation to the country. During March 2022 Pledging Conference, Yemen received financial pledges of about 30% only out of the total humanitarian assistance required for 2022, i.e. less than the amount received during 2020 which witnessed the outbreak of COVID-19 pandemic. This is emphatically far short for addressing the deteriorating humanitarian situation in the country, let alone recovery and economic growth needs. Without further action by the international community to raise funding, the humanitarian situation will become even worse, and likewise the suffering and frustration among people.

Living conditions in Yemen are expected to deteriorate considerably in the wake of the Russia-Ukraine conflict, as food insecurity and malnutrition have already reached alarming levels. This is mainly due in part to deteriorated local food production and agricultural assets, and hiking food prices.

Considering the current situation in Yemen, the Russia-Ukraine war will undoubtedly trigger more severe effects on the poorest and most vulnerable groups. This is mainly due to the fact that Yemen imports 45% of its wheat needs from Russia and Ukraine, and that food commodities account for at least two-thirds of total household expenditure, which puts huge pressures on food insecurity and malnutrition levels, especially among children, with many families being forced to pawn their valuables to buy food, resulting in higher school dropout rates among the children from the poorest households.

This analytical paper explores the socio-economic implications of the Russia-Ukraine war on Yemen, with a particular focus on future trends and prospects; as well as the potential risks and impacts across the social and economic spheres in Yemen. Therefore, support must be ensured to design and implement interventions in line with the humanitarian-development response, and to promote investment in local food production and capacity building, as the best pathway to boost market commodities and contribute to more stabilized environment applying a multi-faceted approach addressing the humanitarian, development and peace building dimensions.





## **Theme I**

# **Regional and international implications of the Russia-Ukraine War**

The Russia-Ukraine war has triggered worrying global implications at a time where the world is preparing to heal from the COVID-19 pandemic, which had affected developing countries most. Key repercussions of the Russia-Ukraine war include volatile energy prices, especially crude oil and natural gas, and the impact would be most severe for food commodities, especially wheat, meaning that a global food crisis is inevitable.



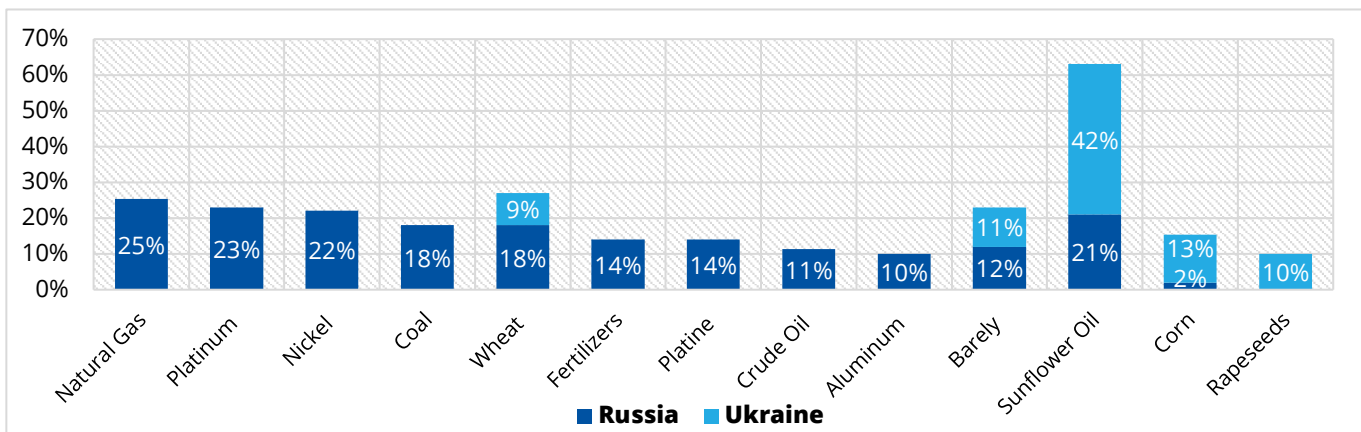
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## Growing pressure on global prices

Both Russia and Ukraine are two major world exporters of many strategic commodities. Russia is also a major exporter of natural gas and the second largest exporter of crude oil. Russia accounts for a quarter of the market for natural gas, 18 percent of the coal market, 14 percent of the market for platinum, and 11 percent for crude oil (Fig 1). A steep drop in the supply of these commodities would hamstring construction, petrochemicals, and transportation. It would also lower economywide growth.

The two countries are also two major forces in the global food markets. Figure (1) shows that Ukraine and Russia are two major producers of wheat, barley and corn, and account for an average combined share of 27, 23, i.e. 15% of world exports. Both account for nearly two-thirds of sunflower oil exports, with Ukraine alone accounting for nearly half of global exports (42 per cent) while Russia produces 21 per cent. So the war will have draconian impact around the world, especially on food security. Wars are synonymous to food crises due to surging food prices, and the conceivable stock shortages in many countries dependent on exports from Russia or Ukraine.

**Figure (1): Ratio of exports by Ukraine and Russia to world exports for average period (2019-2021)**



Source: World Bank, developing economies must act now to dampen the shocks from the Ukraine conflict. MARCH 09, 2022.

<https://blogs.worldbank.org/voices/developing-economies-must-act-now-dampen-shocks-ukraine-conflict?cid=ECR TT worldbank EN EXT>

Our World in Data, How could the war in Ukraine impact global food supplies? March 24, 2022. <https://ourworldindata.org/ukraine-russia-food>

Statista, Why the War in Ukraine Threatens Global Food Security. Apr 11, 2022. <https://www.statista.com/chart/27225/russian-and-ukrainian-share-of-global-crop-exports/>

On the other hand, Russia is the world's largest exporter of fertilizers, accounting for 14% of the world's exports (Figure 1). Thus, any shortage of fertilizers will pose a great danger to agricultural production worldwide. This transfers higher input costs directly to consumers or results in less use of inputs, and less yields. The high costs of fertilizers will negatively affect the potential for food production, and thus food security, in the coming months. World Bank experts also stress that the Russia-Ukraine war will increase market pressures and amplify an already prevalent food crisis in many parts of the world<sup>1</sup>.

Globally, the Russia-Ukraine war that oil and natural gas importing countries, as well as those heavily dependent on imported food commodities from Russia and Ukraine would be under more pressure, and that countries with high levels of hunger and food insecurity rates to suffer the most<sup>2</sup>. So the already very serious consequences come from the risks of surging energy and commodity prices – including wheat and other grains – adding to inflationary pressures from supply

<sup>1</sup> World Bank, The war in Ukraine - amplifying an already prevailing food crisis in West Africa and the Sahel region. APRIL 13, 2022.

<https://blogs.worldbank.org/voices/war-ukraine-amplifying-already-prevailing-food-crisis-west-africa-and-sahel-region>

<sup>2</sup> Ukraine conflict will worsen hunger in world's worst crisis zones, warns IRC. London, UK, March 21, 2022.

<https://www.rescue-uk.org/press-release/ukraine-conflict-will-worsen-hunger-worlds-worst-crisis-zones-warns-irc>

chain disruptions and the recovery from the pandemic-induced contraction. Price shocks will have an impact on the entire world, especially poor households, for whom food and fuel account for a greater proportion of their spending. Further escalation in the Russia-Ukraine war, would only mean greater and even more devastating economic damage. These shocks are multiplied by<sup>3</sup>:

1. Direct impacts triggered by soaring food and energy prices, which are expected to push inflation further up, cause erosion to the value of incomes, and reduce the demand side.
2. Indirect impacts due to losses and damages sustained by European countries, which will cause hikes in world prices.
3. Higher freight costs affect inflation in importing countries more than others, given that freight costs are a key driver of inflation worldwide: when freight rates double, inflation skyrockets<sup>4</sup>. The Russia-Ukraine war led to an increase in the future prices of oil tankers during April and May 2022, by an average of 120% on the main global sea routes.<sup>5</sup>

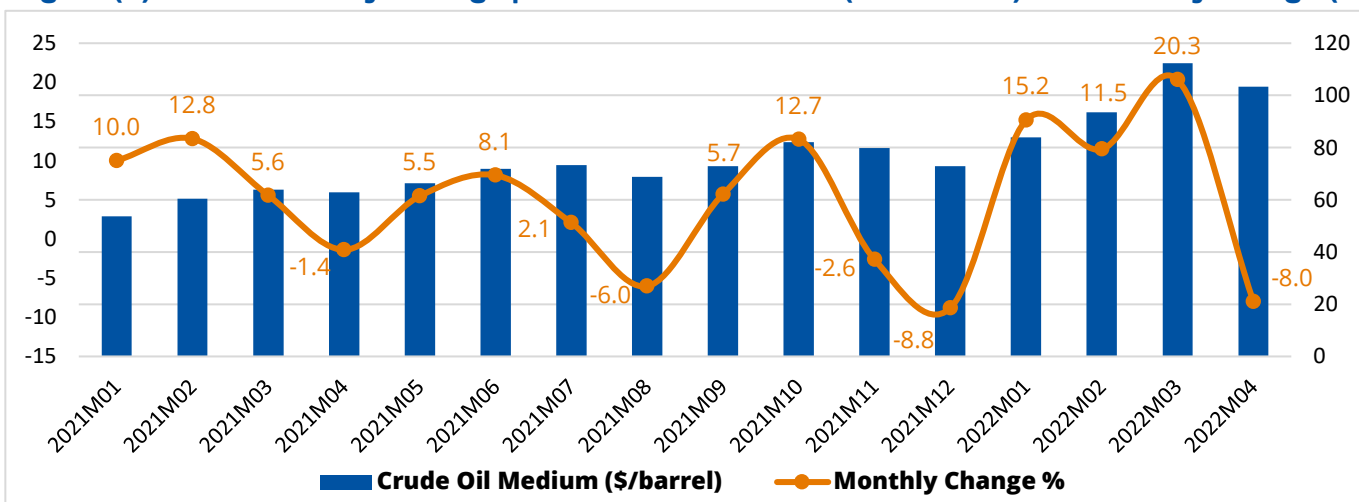
IMF experts point out that the Russia-Ukraine war represents a strong blow to the global economy, hurting growth and raising prices. Looking beyond the suffering and humanitarian crisis caused by the Russia-Ukraine war, with effects of slower growth and faster inflation will be felt across the broader global economy<sup>6</sup>.

## Impact of the Russia-Ukraine war on the global oil and natural gas prices

### Crude oil prices

**Monthly changes in global oil prices:** Crude oil prices continued to rise from their lowest levels since the outbreak of the COVID-19 pandemic, as the monthly change in the global average price of crude oil recorded an increase of 20.3% at the end of March 2022 compared to February 2022, to reach \$116/barrel. It rose by 76.1% compared to March 2021. Latest data published by the “Commodity Price Outlook” of the WB on May 3, 2022, shows that the monthly change in the global average price of crude oil fell by 8% in April 2022 compared to March (See Figure 2).

**Figure (2): Global monthly average price of crude oil Brent (US\$/ barrel) and monthly change (%)**



Source: World Bank Commodity Price Data. May 3, 2022. <https://www.worldbank.org/en/research/commodity-markets>

The crude oil Brent has recorded \$116/barrel, on average, at the end of March 2022, which is much higher than the pre pandemic level. It rose by 20.7% compared to February 2022, i.e. 77.3% increase compared to March 2021. On April 2022, oil price was 8.5% down from the preceding month (Figure 3).

<sup>3</sup> IMF Staff Statement on the Economic Impact of War in Ukraine. March 5, 2022

<https://www.imf.org/en/News/Articles/2022/03/05/pr2261-imf-staff-statement-on-the-economic-impact-of-war-in-ukraine>

<sup>4</sup> IMF, How Soaring Shipping Costs Raise Prices Around the World. MARCH 28, 2022

<https://blogs.imf.org/2022/03/28/how-soaring-shipping-costs-raise-prices-around-the-world/>

<sup>5</sup> Aden News Agency, The Biggest Russian Container Shipping Company Stops Operating starting March 1, 2022.

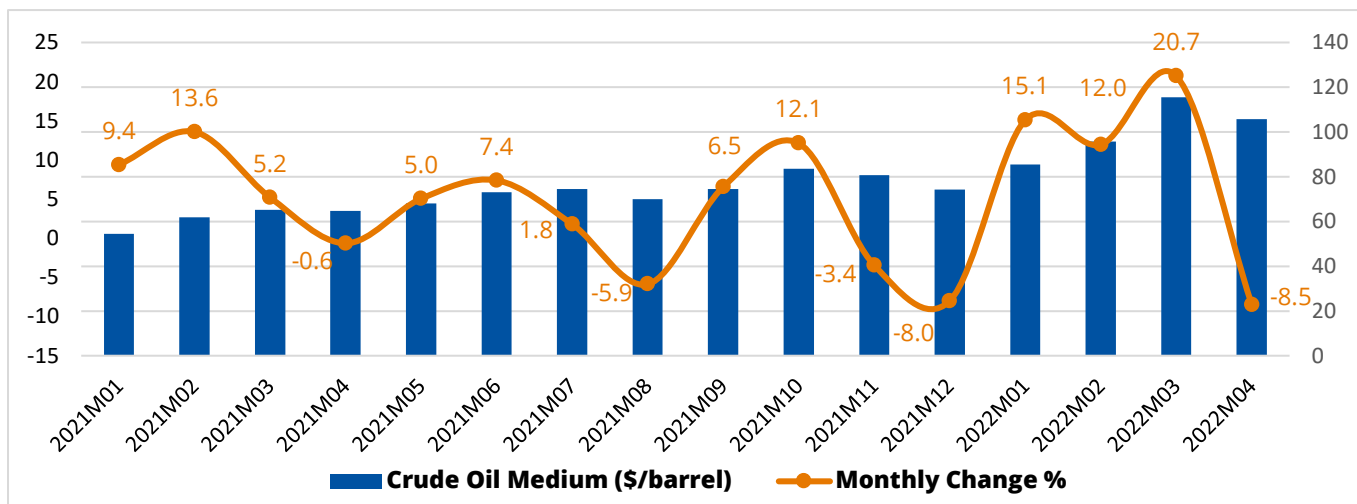
<https://www.adennewsagency.com/135174/#prettyPhoto>

<sup>6</sup> IMF, How War in Ukraine Is Reverberating Across World's Regions. MARCH 15, 2022

<https://blogs.imf.org/2022/03/15/how-war-in-ukraine-is-reverberating-across-worlds-regions/>



**Figure (3): Global monthly average price of crude oil (US\$/ barrel) and monthly change (%)**



Source: World Bank Commodity Price Data. May 3, 2022. <https://www.worldbank.org/en/research/commodity-markets>

**Weekly changes in global oil prices in May:** Crude oil Brent is a major benchmark price for purchases of oil worldwide. It is priced compared to this oil. Based on the daily data released by “Trading Economics” for May 7, 2022<sup>7</sup>, the weekly changes showed fluctuations in the prices of Brent crude futures, as shown in Figure (4). After climbing to \$112.6/barrel on May 7, 2022, a weekly increase of about 6.1%, compared to \$106.1/barrel on April 27, posting its second straight weekly advance. As concerns about tight global supply and an impending EU embargo on Russian oil outweighed concerns about global economic growth. Despite OPEC+’s decision to raise production targets by 432,000 barrels a day for the next month, less global market supplies amid slowing demand from China, the largest importer in the world, the current price of \$112.6 per barrel still shows an annual increase of 65.6% over the price of \$68 per barrel recorded on May 7, 2021<sup>8</sup>. Concerns over the Russia-Ukraine war have caused inflationary surge and decimated economic growth, therefore, IMF has slashed its global growth forecasts by nearly a full percentage point, amid fears about policies by central banks in most parts of the world to curb inflation, which may inhibit global economic growth.

**Figure (4): Price evolution of crude oil Brent (US\$/barrel) between (May 2021- May 2022)**



Source: TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/brent-crude-oil>

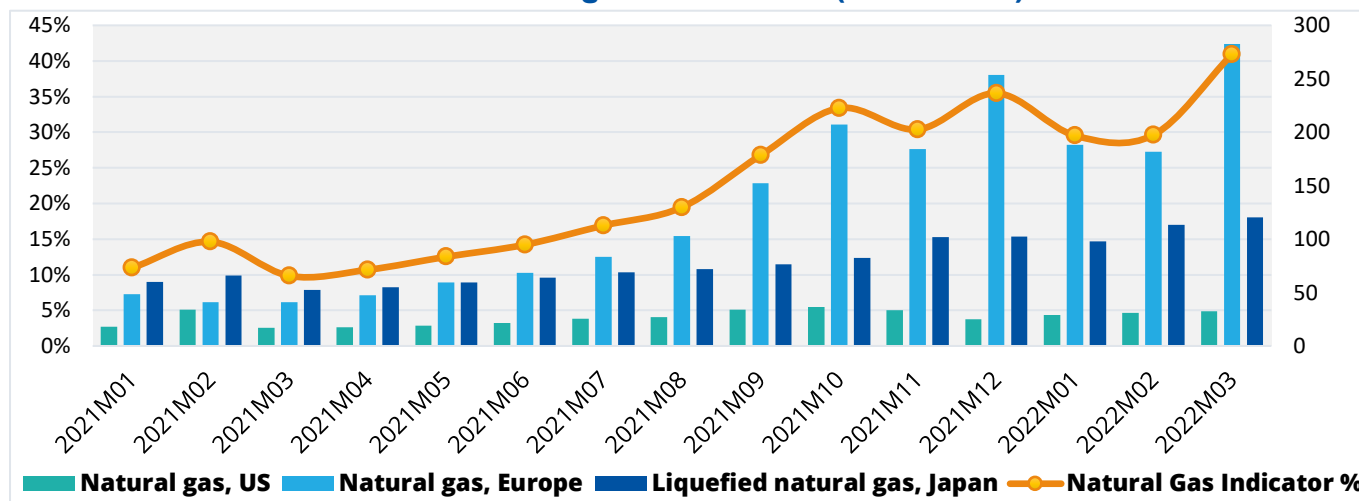
<sup>7</sup> Trading Economics provide accurate data about 196 countries, including historical data for 20 million+ economic indicators and commodity prices from official sources.

<sup>8</sup> TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/brent-crude-oil>

## Natural gas prices

The consequences brought by the Russia-Ukraine war have also pushed oil prices up, amid surging natural gas prices due to restrictions imposed on Russian gas supplies. Energy crisis is the most evident manifestation of the current war, because Russia is a major exporter of oil and natural gas. In addition, the rise in gas prices has turned attention to oil as an alternative for heating and electricity generation. The World Bank showed that the natural gas index rose to 273.1 points in March 2022, with a monthly increase of 38.24%, and an annual increase of 316.1% compared to March 2021. Price of natural gas in Europe rose to 42.4 dollars/MMBtu in March 2022, i.e. a monthly increase of 55.7% compared to the preceding month, about 591.9% annual increase, compared to the corresponding month in 2021 at \$ 6.1/MMBtu (See figure 5).

**Figure (5): The average monthly price of natural gas (\$/MMBtu) and the natural gas index for one (2010 = 100)**



Source: World Bank Commodity Price Data. April 12, 2022. <https://www.worldbank.org/en/research/commodity-markets>

**Weekly changes in natural gas prices:** Data published by “Trading Economics” on May 7, 2022, show that natural gas futures in the United States<sup>9</sup> recorded about \$8.6/MMBtu, a weekly increase of 21.1%, compared to \$7.1/MMBtu a week earlier on April 29, a new highest in 14 years. The current price shows an annual increase of 186.7% compared to \$3.0/MMBtu registered on May 7, 2021 (Figure 6).

**Figure (6): Price evolution of natural gas (\$/MMBtu) between (May 2021 - May 2022)**



Source: TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/natural-gas>

<sup>9</sup> Natural gas accounts for nearly a quarter of energy consumption in the United States. The NYMEX division's natural gas futures is widely used as national benchmark price.

The impending surge in the price of natural gas is likely to trigger a supply shock, cause drop in economic production and push prices up. 40% of Russia's natural gas exports go to European countries, and therefore inflationary surge in 2022 is projected to reach 9.3% in European economies and 5.5% in advanced economies<sup>10</sup>. Inflation is among the most likely risk with potential wide-scale spillover through commodity markets, trade, and financial links. But it's already clear that higher food and energy prices—along with supply shortages—will be the immediate inflictor of pain for low- and middle-income economies.



## Outlook of global oil and natural gas prices

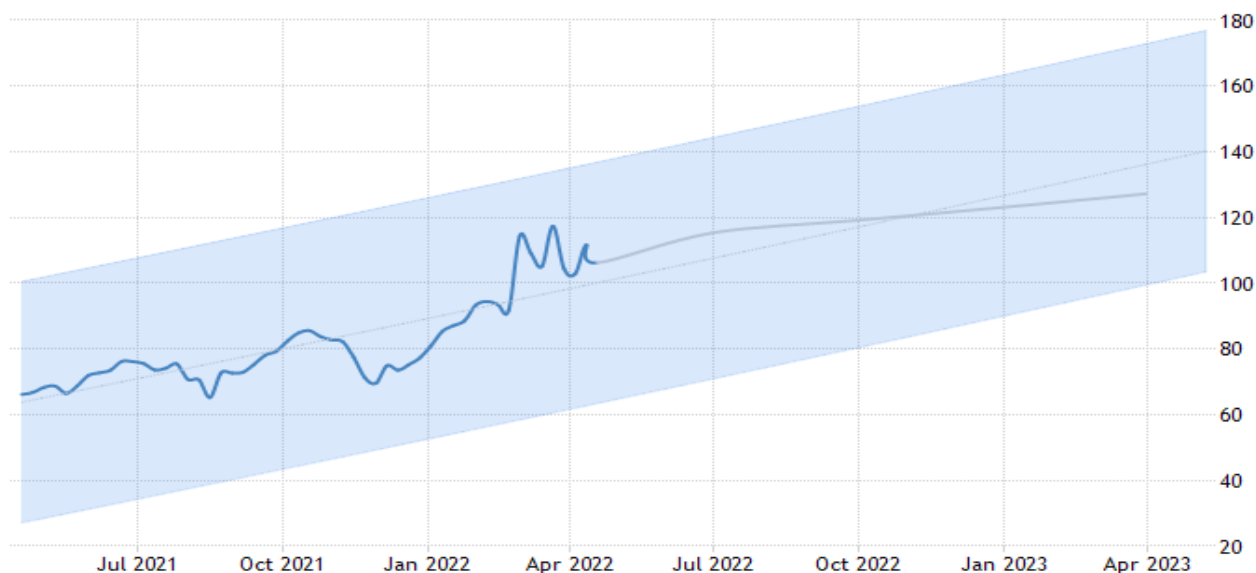
Outlook for oil and natural gas prices is among the tools to understand the fallout of the Russia-Ukraine war on price trends. According to many international bodies such as the International Energy Agency, the World Bank, the Organization for Economic Cooperation and Development, and the Trade Economics website (TRADING ECONOMICS), the short-term outlook for global oil derivatives and natural gas prices indicate an upturn in during 2022. This trend can be elaborated as follows:

### Outlook in trends of global oil prices

Figure (7) shows that crude oil Brent is expected to trade at \$115.31/bbl by end of Q2 of 2022, according to global macro models and analyst forecasts from Trading Economics. In the medium term, trading levels would jump to \$127.18/barrel within 12 months<sup>11</sup>. These forecasts indicate that crude oil Brent prices to hike by 12.9% from the current price of 112.6 dollars/ barrel, this is an increase of 101.9% from 63 dollars/barrel recorded on April 22, 2021.

On the other hand, these projections indicate a rise in future global oil prices at levels ranging between 44.1% by end of the Q2 of 2022, and by 59.1%, compared to the pre Russia-Ukraine war level at about \$80/barrel registered in January 2022.

**Figure (7): Outlook of crude oil Brent prices (\$/barrel)**



Source: TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/brent-crude-oil>

<sup>10</sup> IMF, War Dims Global Economic Outlook as Inflation Accelerates. APRIL 19, 2022.

<https://blogs.imf.org/2022/04/19/war-dims-global-economic-outlook-as-inflation-accelerates/>

<sup>11</sup> TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/brent-crude-oil>

Despite the constantly changing global oil prices, it is not expected that oil prices will fall below \$100, and perhaps \$110 as well, at least as long as the Russia-Ukraine war continues. Estimates by the World Bank suggest that a 10 percent oil-price increase that persists for several years can cut growth in commodity-importing developing economies by a tenth of a percentage point<sup>12</sup>.

In the event that the European Union decides to apply sanctions on Russian oil, crude oil prices are estimated to jump by about 65%, while full and immediate ban may eliminate more than 4 million barrels a day from global supplies, which may push crude oil prices to nearly \$185/barrel<sup>13</sup>.

## Future trends in natural gas prices

Natural gas is expected to trade at \$7.68/MMBtu by the end of Q2 2022, according to global macro models and analyst forecasts from Trading Economics. In the medium term, it is estimated to be traded at \$8.88 within 12 months<sup>14</sup>. These forecasts indicate an increase in natural gas prices by 3.3% over the current price of 8.6 \$/MMBtu, or 286.1% up from 2.3 \$/MMBtu recorded on April 22, 2021.

**Figure (8): Future trends of natural gas prices (\$/MMBtu)**



Source: TRADING ECONOMICS, May 7 2022. <https://tradingeconomics.com/commodity/natural-gas>

No doubt that these expected hikes in the oil and gas prices will yield significant returns to oil producing and exporter countries; yet they will surely have implications, including slowdown of global economic growth as already pointed out.



1-4

## Impact of the Russia-Ukraine war on global wheat prices

This analysis focuses on the extent of impact the Russia-Ukraine war could have on wheat prices considering latest outcomes of key indices representing international sources on developments in wheat prices based on FAO's Food Price Index for May 6, 2022, and analysis of the latest grain market report issued on April 21, 2022, by the International Grain Council, in addition to the weekly changes as indicated in the daily updates for "Trading Economics" dated May 7, 2022.

<sup>12</sup> Developing economies must act now to dampen the shocks from the Ukraine conflict. MARCH 09, 2022.

[https://blogs.worldbank.org/voices/developing-economies-must-act-now-dampen-shocks-ukraine-conflict?cid=ECR TT worldbank EN\\_EXT](https://blogs.worldbank.org/voices/developing-economies-must-act-now-dampen-shocks-ukraine-conflict?cid=ECR TT worldbank EN_EXT)

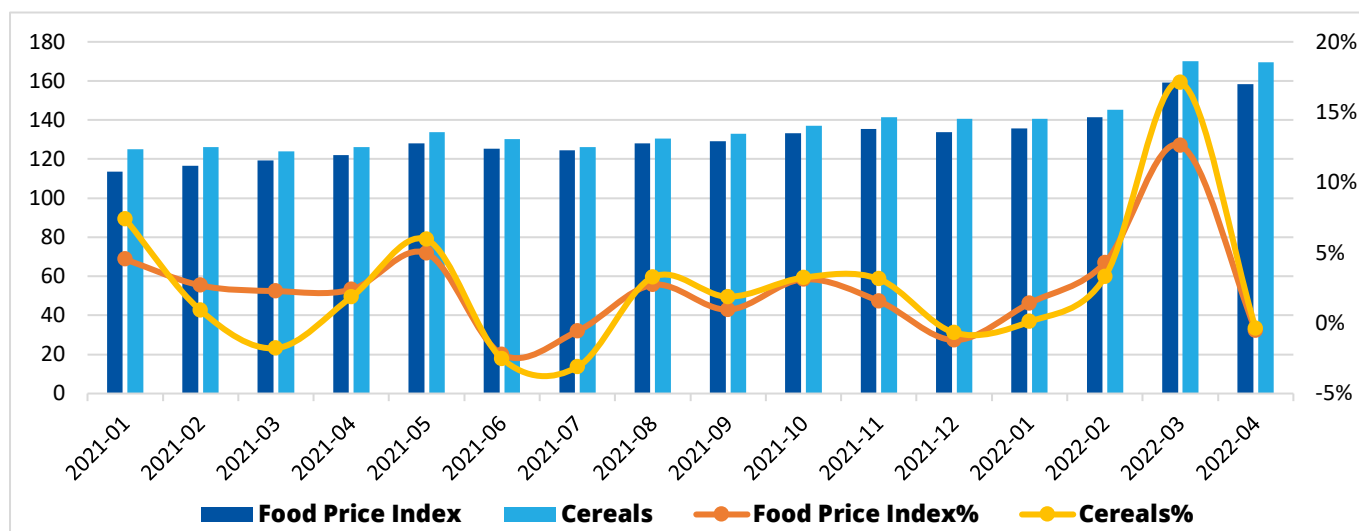
<sup>13</sup> Fusion Media Ltd. April 21, 2022. <https://sa.investing.com/news/commodities-news/article-2265736>

<sup>14</sup> TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/natural-gas>

## FAO Food Price Index (FFPI)<sup>15</sup>

The Russia-Ukraine war pushed the index to the highest level ever during March 2022. The FFPI averaged 159.3 points in March 2022, up 17.9 points (12.6 per cent) from February, that is 40.1 points (33.6%) higher than its level a year ago. According to the latest release of the FAO Food Price Index issued on May 6, 2022, the average FAO Food Price Index fell by about one point in April 2022, that is 0.5% less than its highest level recorded last March (See figure 9).

Figure (9): FAO Food and Cereals Price Index (points), and monthly change (%)



Source: the FAO Food Price Index makes a giant leap to another all-time high in March. Release date: 06/05/2022.  
<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

The FAO Cereal Price Index averaged 170.1 points in March, up 24.9 points (17.1 per cent) from February, i.e. 46.2 points (37.3%) higher than its level a year ago, a new record high since 1990. This month's increase reflected a surge in world prices of wheat and coarse grains, largely driven by conflict-induced export disruptions from Ukraine and, to a lesser extent, the Russian Federation. At the end of April 2022, the FAO Cereal Price Index fell slightly by 0.7 points, a 0.4% down compared to the preceding month (Figure 9).

## The Grain Market Report 21 April 2022

Global wheat prices hiked in April 2022 to greatly reflect a worldwide supply bottlenecks, amid potential export disruptions from Ukraine and the Russian Federation. According to the IGC Grain Market Report on April 21, 2022, the Grain Price Index increased by 33.2% on an annual basis, i.e. 357 points up. Meanwhile, the Wheat Price Index recorded an annual increase of 62.0% or 360 points up. For maize prices, they rose by an annual increase of 32.0 per cent, and barley prices by 61.6 per cent (Table 1).

Table (1): IGC Grains and Oilseeds Prices Index, April 2022

Jan2000=100	GMR 531	m/m change	y/y change
IGC GOI	357	+1.0%	+33.2%
Wheat sub-Index	360	+2.4%	+62.0%
Maize sub-Index	367	-2.0%	+32.0%
Barley sub-Index	399	+1.3%	+61.6%
Rice sub-Index	171	+0.4%	-9.4%
Soya beans sub-Index	346	+0.8%	+26.1%

Source: IGC Grain Market Report – 21 April 2022. [https://www.igc.int/en/gmr\\_summary.aspx#](https://www.igc.int/en/gmr_summary.aspx#)

<sup>15</sup> The FAO Food Price Index makes a giant leap to another all-time high in March. Release date: 06/05/2022.  
<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>



Direct risks and threats are more evident in freight costs. The IGC Grains Freight Index for April 19 surged by 13 per cent on a weekly basis, i.e. 34 per cent annual increase. The rise in Grains Freight Sub-Indices, however, varied by region, with Europe Sub-Index recorded an annual increase of 46 per cent, followed by Canada (44 per cent), and Argentina (37 per cent). Thus, if additional exports from other sources, including India, the United States, the European Union and Brazil, can partly offset the drop in Black Sea shipments, then higher grain freight prices may push prices drastically (see table 2).

**Table (2): IGC Grains Freight Costs Index, April 2022**

	19 Apr/point	Weekly Change%	Annual Change%
<b>IGC Grains and Oilseeds Freight Index</b>	232	+13	34 %
<b>Argentina Sub-Index</b>	295	+13	37 %
<b>Australia Sub-Index</b>	164	+14	25 %
<b>Brazil Sub-Index</b>	311	+17	32 %
<b>Black Sea Sub-Index</b>	229	+11	31 %
<b>Canada Sub-Index</b>	174	+11	44 %
<b>Europe Sub-Index</b>	197	+10	46 %
<b>USA Sub-Index</b>	182	+11	34 %

Source: International Grains Council, Freight Rates. 19 Apr 2022. <https://www.igc.int/en/markets/marketinfo-freight.aspx>

In table (3) we see Grains Freight Index as of 19 April 2022, where freight prices rose by about 4% on a weekly basis, and between 22% to 45% (year-on-year), indicating serious concerns about the potential risks and impacts of further hikes in the food prices.

**Table (3): IGC Grains Freight Index, April 2022 (\$/ton) and Change (%)**

	19 Apr	Weekly Change%	Annual Change%
<b>Australia - Iran</b>	\$37	+4	22 %
<b>Brazil - EU</b>	\$47	+4	45 %
<b>USA (Gulf) - Japan</b>	\$74	+4	24 %

Source: International Grains Council, Freight Rates. 19 Apr 2022. <https://www.igc.int/en/markets/marketinfo-freight.aspx>

## Weekly Evolution in Wheat Prices May 7, 2022

During the first week of May 2022, Chicago wheat futures<sup>16</sup> recorded \$11.07 per bushel on May 6, a weekly increase of about 5.4% compared to the price of \$ 10.5 / bushel in the week before, April 29. This weekly leap comes as India is weighing export curbs after extreme heat hurt harvest. The move threatens to further tighten wheat supplies in the world markets, raising concerns of a looming food crisis, especially since Indian shipments have been booming in the wake of the Russia-Ukraine war<sup>17</sup>.

The current price of wheat @ \$11.07 is 36.7% up than it was before the Russia-Ukraine war (\$8.1/bushel) registered on February 15, 2022, and 70.3% higher compared to the price of \$6.5 on May 27, 2021. See Figure (10).

<sup>16</sup> Wheat futures contracts are available for trading on the Chicago Board of Trade (CBOT), Euronext, the Kansas City Board of Trade (KCBT) and the Minneapolis Grain Exchange (MGEX). The standard contract unit is 5,000 bushels. One bushel of wheat equals 27.2 kilograms

<sup>17</sup> Bloomberg, Wheat Climbs as Damaged U.S. and Indian Crops Threaten Supplies. May 5, 2022

<https://www.bloomberg.com/news/articles/2022-05-05/wheat-extends-best-jump-in-3-weeks-as-india-weighs-export-curbs>

Figure (10): Evolution in wheat price (USd/bu) between (May 2021- May 2022)



Source: TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/wheat>



### 1-5 Future trends of global wheat prices

The outlook suggests considerable uncertainties regarding global wheat supplies due to disruptions of supplies from the Black Sea region, and exports from Ukraine and the Russian Federation, two major wheat exporters. Continued war and concerns about trend-ups in the price of agricultural commodities have triggered a potential food insecurity risks. Wheat is expected to trade at \$ 11.4/Bu by the end of the second quarter of 2022, according Trading Economics global macro models and analysts expectations. A medium-term look forward estimates it to trade at \$ 12.5 in 12 months (See Figure 11).

Figure (11): Outlook of global wheat prices (\$ cents/BU)



Source: TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodity/wheat>

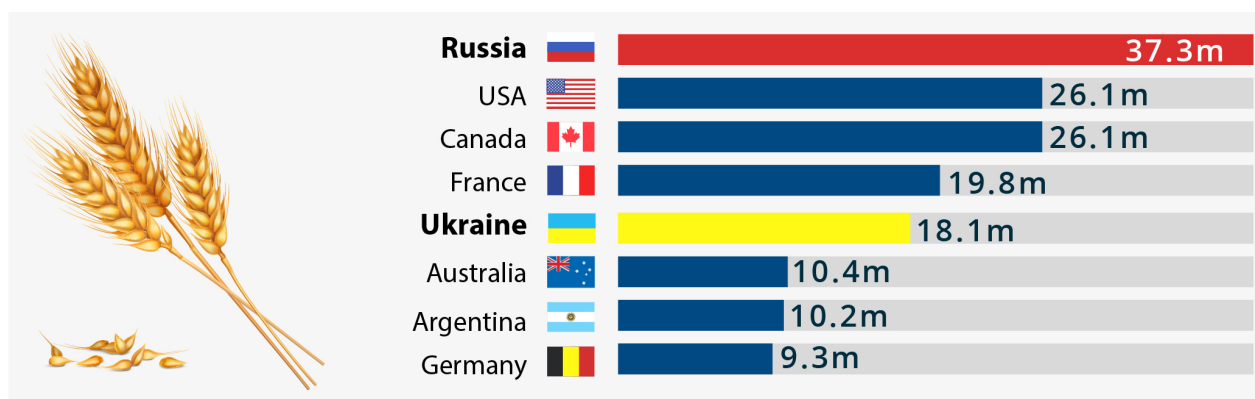
These forecasts shows an increase of 54.3% from the previous price (\$8.1/BU) recorded prior to the Russia – Ukraine war began on February 15, 2021. This would have deep impacts on global food supplies, and more visibly the price inflationary surges, with far-reaching consequences for hunger and food security around the world.

## Impacts and risks of rising wheat prices

Wheat is a staple food used in most nations around the globe. It has good nutrients and is accessible for both the poor and the rich. It is known worldwide of being among the most important food crops. Hundreds of millions of people worldwide depend on foods in which wheat is a key ingredient including food industries such as baking, pasta, pastries, confectionaries and others. Thus, fallout of this crisis and COVID-19 outbreak, now in its third year, would add woes and risks in food prices, especially wheat.

Government controls are already having a toll on food prices. The surge in trade interventions in March could be a sign of supply disruptions ahead. Food export restrictions imposed in March 2022 were nearly double of the number in the two preceding months. Restrictive export measures reduce global supply, causing higher prices. That triggers new export restrictions to contain domestic price pressures, generating a “multiplier effect” on international prices. If any of the top five exporters of wheat (Fig 12) were to ban exports, the cumulative effect of these measures would be to increase the world price by at least 13% - and much more if others react. Russia and Ukraine are among the top 5 wheat exporters<sup>18</sup>, which feed fears that the crisis may exacerbate inflation in the food sector.

**Figure (12): Top wheat exporters in the world in 2020; (million tons)**



Source: Ukraine Crisis Likely to Push Up Wheat Prices, Mar 9, 2022.

<https://www.statista.com/chart/26928/largest-wheat-exporters/#:~:text=Making%20things%20worse,%20both%20China,wheat%20by%20a%20significant%20margin.>

Rising prices pose a major threat and may significantly increase the number of malnourished children<sup>19</sup>. Higher global food prices will directly translate as higher inflation in domestic food prices, especially food- importing countries, which would limit the people’s affordability to access food, and drive food security level up in the months to come<sup>20</sup>.

On April 13, 2022, the Heads of the World Bank Group, IMF, WFP and WTO issued a joint statement on the war on Ukraine pointing out that sharply higher prices for staples and supply shortages are increasing pressure on households worldwide and pushing millions more into poverty. The threat is highest for the poorest countries with a large share of consumption from food imports. Estimates by the World Bank warn that for each one percentage point increase in food prices, 10 million people are thrown into extreme poverty worldwide.”<sup>21</sup>

After all; energy prices, especially natural oil, natural gas, food prices, especially wheat and fertilizers are expected to remain high. This calls on the international community to support the most vulnerable countries by providing grants to cover urgent funding needs to address the aggravating food security and nutritional status.

<sup>18</sup> World Bank Group , A new global food crisis is building. APRIL 08, 2022., <https://blogs.worldbank.org/voices/new-global-food-crisis-building>

<sup>19</sup> UNICEF, As the war in Ukraine continues, millions of children in the Middle East and North Africa at increased risk of malnutrition amid food price hikes. 07 April 2022.

[https://www.unicef.org/mena/press-releases/war-ukraine-continues-millions-children-middle-east-and-north-africa-increased-risk#\\_ftn1](https://www.unicef.org/mena/press-releases/war-ukraine-continues-millions-children-middle-east-and-north-africa-increased-risk#_ftn1)

<sup>20</sup> World Bank, The war in Ukraine - amplifying an already prevailing food crisis in West Africa and the Sahel region. APRIL 13, 2022.

<https://blogs.worldbank.org/voices/war-ukraine-amplifying-already-prevailing-food-crisis-west-africa-and-sahel-region>

<sup>21</sup> Joint Statement: The Heads of the World Bank Group, IMF, WFP and WTO Call for Urgent Coordinated Action on Food Security. April 13, 2022.

<https://www.imf.org/en/News/Articles/2022/04/13/pr22117-joint-statement-wbg-imf-wfp-and-wto-call-for-urgent-coordinated-action-on-food-security>





## **Theme II**

# **The Economic Implications of Russia-Ukraine War on Yemen**

This section highlights the fallout of the Russia-Ukraine war on local oil prices, future trends in the prices of oil derivatives and gas, including the potential impacts on wheat and MFB prices and future trends.



2-1

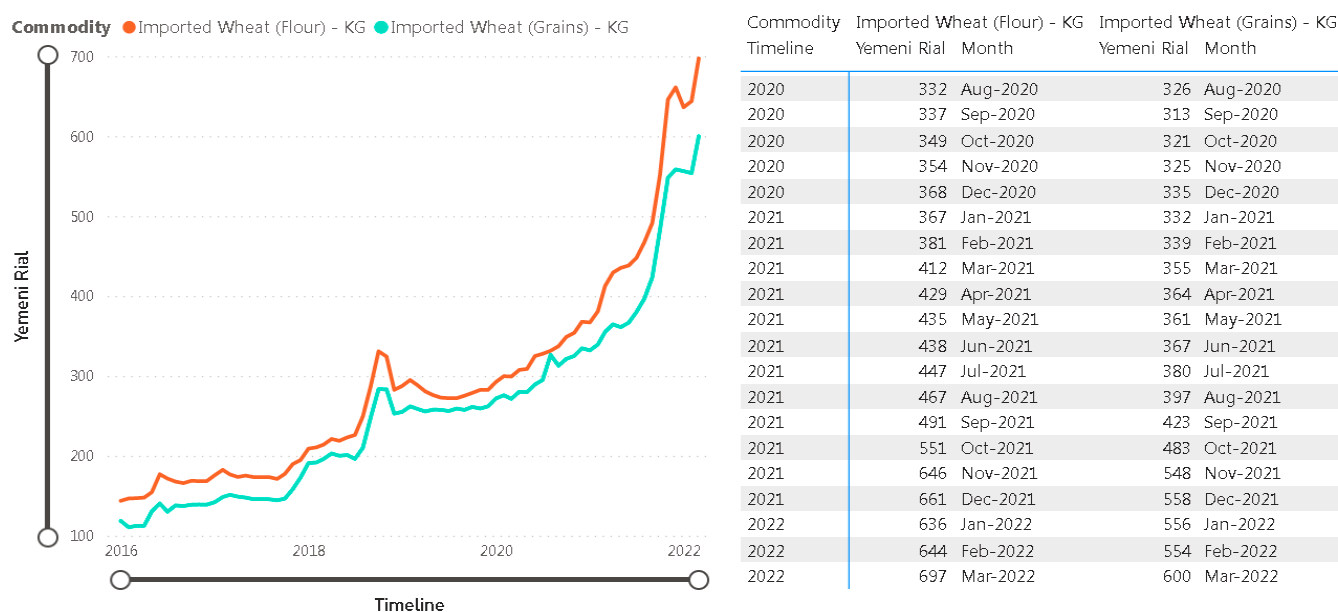
## Impact on wheat and MFB prices in Yemen

The fallout of the Russia-Ukraine war is expected to deepen exacerbate the humanitarian and nutritional situation in Yemen compounded by climate change which negatively affect local food production.

### Impact on the prices of imported wheat and flour

The national average price of wheat in Yemen spiked in March 2022, reflecting the severe pressures surrounding global supplies triggered by the war between Ukraine and the Russian Federation. The national average price of imported wheat grains jumped to YER 600/kg, up from YER 554/kg level registered end of February 2022, an increase of about 8.3%, and nearly 7.53% higher than it was at the end of December 2021, prior to the war in Ukraine. Meanwhile, the national average price of imported wheat flour rose to YER 697/kg by end of March 2022, up from YER 644/kg end of February, i.e. 8.23% increase. This means about 5.4% up from December 2021, prior to the war. Figure (13) below shows the uptrends in the price of wheat and flour imports.

**Figure (13): Average national price of imported wheat and flour (Rials/Kg)**



Source: FAO Market Dashboard Feedback. Last Update, 4 Apr 2022.

<https://app.powerbi.com/view?r=eyJrIjoiMmMwYzE0OWEtMDFKYS00ZGM4LTgwYmItMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMC04MWZkLW05ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

Yemen imports much of its wheat needs for from Ukraine and the Russian Federation. In 2020/2021, total imports amounted to 4,043,000 metric tons (MT), including 1,038,000 MT from Russian Federation (25.7%), and nearly 793,000 MT from Ukraine (19.6%). Wheat imports from Russia and Ukraine combined account for nearly 45.3% of all wheat imported by Yemen.

Total supplies imported in in 2021/2022 estimated at about 4,170,000 MT, i.e. 575,000 MT less than 2020/2021 as shown in table (4). This implies serious risk to Yemen because wheat is a staple food to most population, and any price hike due to higher global demand of this commodity.

Table (4): Wheat indicators in Yemen during 2020/2021 and 2021/2022 (000 metric ton)

Attribute	20/21	21/22	Change
Production	138	125	-13 (-9.42%)
Beginning Stocks	564	645	+81 (+14.36%)
Imports	4,043	3,400	-643 (-15.90%)
Imp. from Ukraine Jul-Jun	793	-	-
Imp. from Russia Jul-Jun	1,038	-	-
TY Imp. from U.S.	766	-	-
Total Supply	4,745	4,170	-575 (-12.11%)
Domestic Consumption	4,100	3,800	-300 (-7.31%)
Total Distribution	4,745	4,170	-575 (-12.11%)
Ending Stocks	645	370	-275 (-42.63%)
Area Harvested	95	90	-5 (-5.26%)

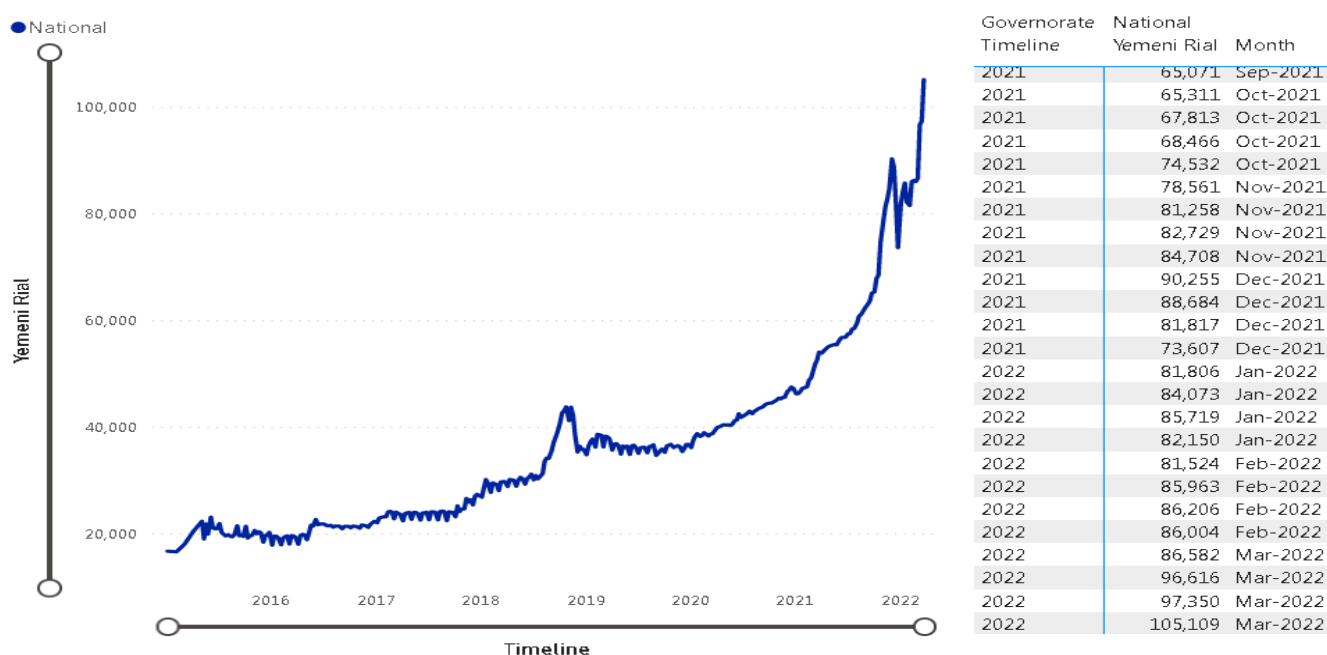
Source: Agro Chart, 2022, Last Update, 23 Apr 2022.

<https://www.agrochart.com/en/usda/section/37/grains/country/243/yemen/commodity/1/wheat/attribute/12/domestic-consumption/>

## Impact on the Price of MFB in Yemen

The fallout of Russia-Ukraine war is quite evident given the sharp rise in agricultural commodity prices, raising concerns about food security risks in Yemen. The average national price of the Minimum Food Basket (MFB) has witnessed progressive hikes, reaching its peak during the fourth week of March 2022 at YER 105,109, that is 21.4% up compared to the first week of March. This is about 42.8% compared to the end of December 2021, prior to the Russia Ukraine war. This shows how this war reversed the gains made after recovery from the COVID-19 pandemic (Fig 14).

Figure (14): Average national price of the survival MFB (YER)



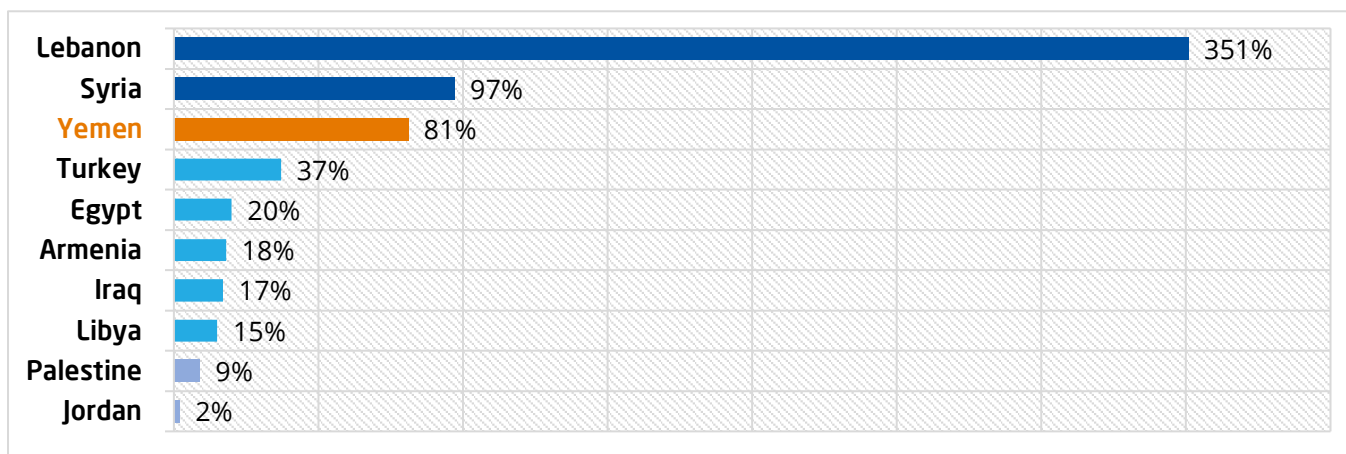
Source: FAO Market Dashboard Feedback. Last Update, 4 Apr 2022.

<https://app.powerbi.com/view?r=eyJrIjo1MmMwYzE0OWEtMDFlkYS00ZGM4LTgwYmltMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMC04MWZkLWQ5ZGIxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

The Russia-Ukraine war risks adding more pressure on import-dependent Yemen amid surging prices of wheat flour and vegetable oil, both of which are two essential items of the diet for most families throughout Yemen.

According to WFP (figure 15), the cost of the MFB - minimum food needs for one month - recorded an annual increase of 351% in Lebanon, followed by Syria (97%), and then Yemen (81%). The three food import-dependent countries have also recorded a sharp decline in the value of their currencies. In addition, countries with economic stability, such as Turkey and Egypt, also recorded increase in the cost of MFB by 37% and 20%, respectively. At the same time, the drought wave in Yemen has also affected annual wheat production in the country.

Figure (15): Annual change rate MFB cost in Yemen vs. the region, December 2021; (%)



Source: WFP, Ukraine Conflict, Impact on RBC operations and MENA economies. RBC RAM | March 2022.



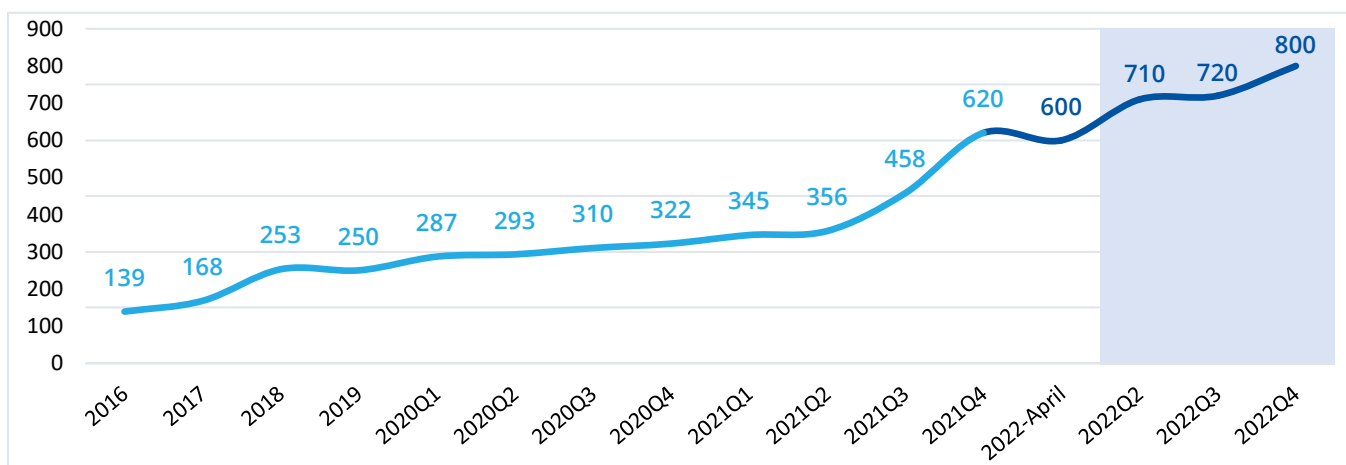
## 2-2 Future trends in wheat and MFB prices in Yemen

**Prices of imported wheat at the national level in Yemen:** Estimating the impact and potential risks of the Russia Ukraine war on future wheat prices in Yemen is determined by the following factors:

- 45% of Yemen’s wheat supplies are imported from the Russian Federation and Ukraine.
- 70.3% increase in the global wheat prices on May 7, 2022, from \$ 6.5 price recorded on May 27, 2021, amid concerns of possible export restrictions by India.
- 62% annual increase in the global wheat prices in April 2022, according to the IGC.
- Prices of agricultural inputs, pesticides and fertilizers rose by 20%, on average<sup>22</sup>.
- 22% - 45%, the increase in grain freight cost.
- 54%, the estimated hike in global wheat prices, as already explained.

As such, these risks would trigger disastrous on impacts wheat prices in Yemen, which are expected to surge between 40%-50% compared to current levels (44% increase in the future global prices & 20% increase in domestic supplies). This is still an optimistic scenario considering a 73.9% increase in April 2022, compared to the compared to Q1 of 2021.

Figure (16): Outlook of imported wheat national price in Yemen 2022 (Rial/kg)



Source: FAO Market Dashboard Feedback. Last Update, 4 Apr 2022.

<https://app.powerbi.com/view?r=eyJrIjoiMmMwYzE0OWEtMDFKYS00ZGM4LTgwYmItMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMCO4MWZkLW05ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

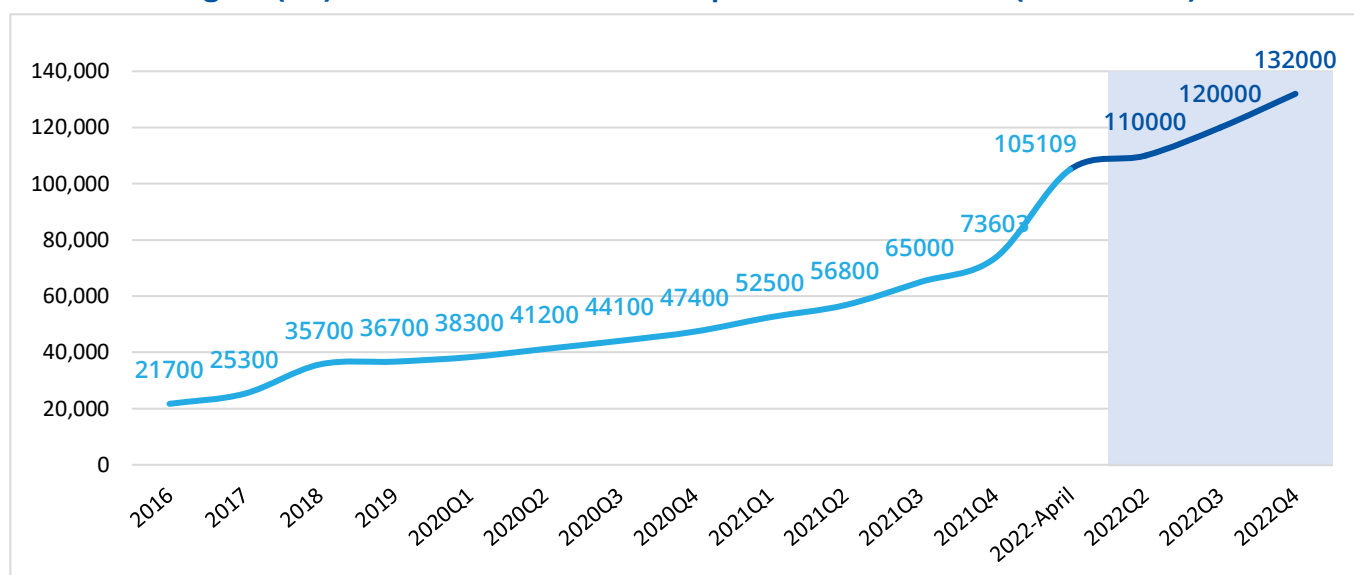
<sup>22</sup> FAO, The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the current conflict. 25March 2022 Update. <https://www.fao.org/3/cb9236en/cb9236en.pdf>

**Price trends of MFB national in Yemen:** Understanding the true impact and potential risks of the Russia Ukraine war on future prices of MFB in Yemen has to do with the following factors:

- Continuous rise in cereal prices in the Q1 and Q2 of 2022.
- By May 7, 2022, global palm oil price<sup>23</sup> rose nearly 74.5% on YoY basis, and a monthly jump of 13.8 per cent, according to Trading Economics daily update for May 7, 2022<sup>24</sup>.
- Global wheat prices increased rose on May 7, 2022 by 70.3% compared to US\$ 6.5 on May 27, 2021, amid concerns of possible export restrictions by India, and a 54% potential price hike in the future.
- FAO's World Dairy Prices Index rose by 2.6% in March 2022, from level registered in February, a consecutive hike for the seventh month running, and 23.6% up than a year ago. The constant price uptrend of dairy products, supported mainly by declining supply in global markets as a result of insufficient milk production in Western Europe<sup>25</sup>.
- FAO's global sugar prices rose by 6.7% in March 2022 from the level registered in February, an annual increase of 22.6% compared to the levels in the corresponding month last year. The surge in international sugar prices in March can be attributed to the global rise in crude oil price, which raised expectations of a potential shift to sugar canes to produce ethanol in Brazil in the upcoming season<sup>26</sup>.

Consequently, the projected direct and indirect ramifications of the Russia-Ukraine war on the prices of MFB in Yemen would be disastrous, with the price to soar between 50%- 60%, compared to current prices (In April 2022, the price was 100.2% up compared to the Q1 of 2021).

**Figure (17): Outlook for national MFB price in Yemen 2022 (YER/basket)**



Source: FAO Market Dashboard Feedback. Last Update, 4 Apr 2022.

<https://app.powerbi.com/view?r=eyJrIjojMmMwYzE0OWEtMDFKYS00ZGM4LTgwYmItMjBiN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMC04MWZkLWQ5ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

The MFB is crucial for most Yemeni households to survive, especially poor and vulnerable groups. As such, future trends show a potential averaged increase in its price, with significant negative impact on these groups and food security in Yemen.

<sup>23</sup> TRADING ECONOMICS, May 7, 2022. <https://tradingeconomics.com/commodities>

<sup>24</sup> Crude palm oil is a vegetable oil and is primarily used in processed foods

<sup>25</sup> FAO Food Price Index. Release date: 08/04/2022. <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

<sup>26</sup> Ibid



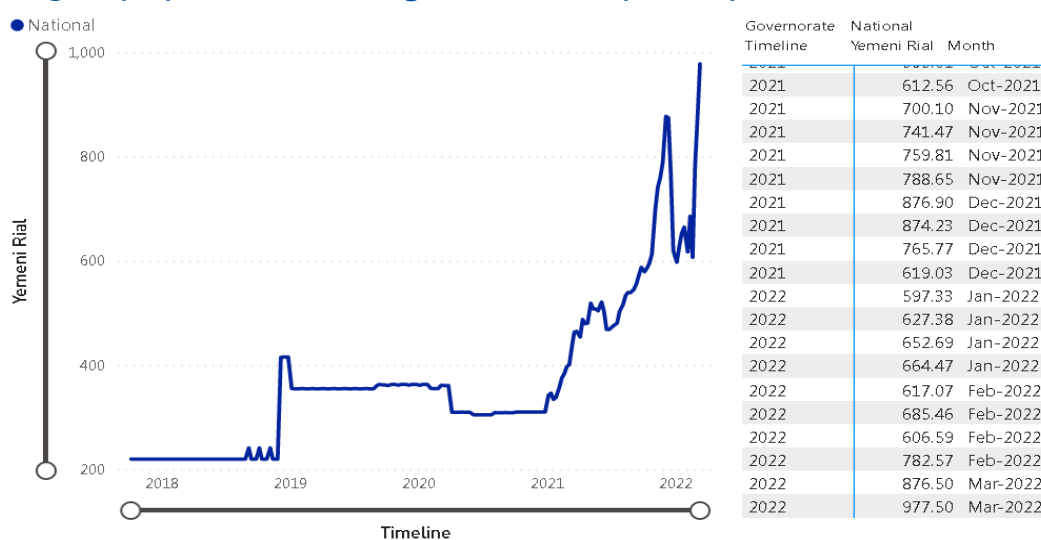
## Impact on oil derivatives and home gas prices in Yemen

Fuel prices in the local market may be influenced by imported inflation and repercussions of the Russia- Ukraine war.

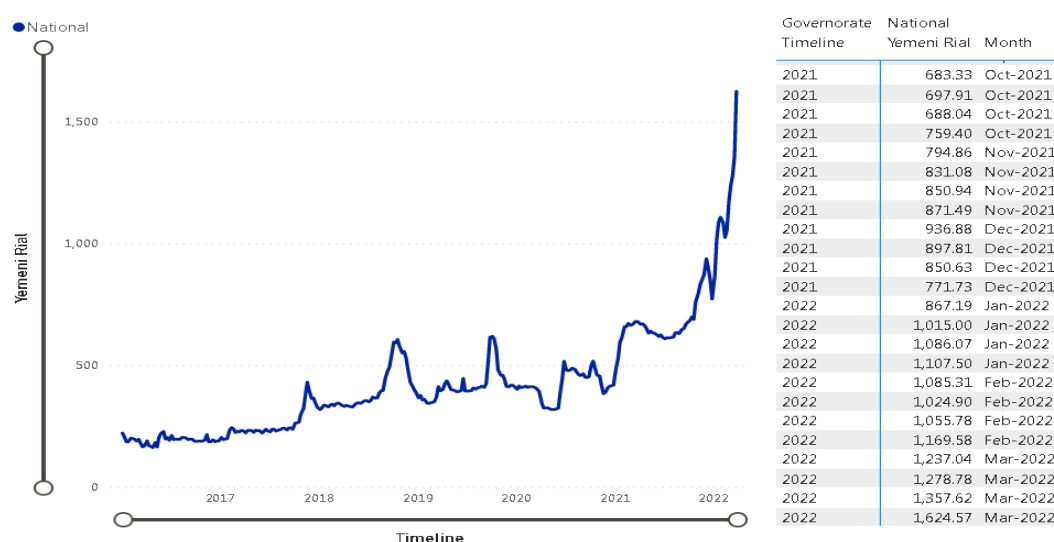
### Implications on domestic diesel prices

According to FAO’s Market Dashboard Feedback last update for April 4, 2022, the average national price of diesel rose to YER 977/Lit by end of March 2022, up from YER 782.5/Lit end of February 2022, an increase of about 24.9 per cent; and about 57.9% up compared to end of December 2021, i.e. before the Russia-Ukraine war broke out. In the parallel market, the price spiked to YER 1624.6/Lit end of March 2022, about 38.9% increase, compared to YER 1169.6/Lit end of February 2022. This is 110.6% up compared to the pre Russia – Ukraine war, dating back to the end of December 2021.

**Figure (18): National Average Diesel Price (Official), YER/Lit in March 2022**



**Figure (19): National Average Diesel Price (Unofficial), YER/Lit in March 2022**



Source: FAO Market Dashboard Feedback. Last Update, 22 Mar 2022.

<https://app.powerbi.com/view?r=eyJrjoiMmMwYzE0QWVtMDFKyS00ZGM4LTgwYmltMjBjN2M5OVM5ZDAzIiwidCI6IjE2MzFjNDY4LWFiYjgtNDRkMC04MWZkLW05ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

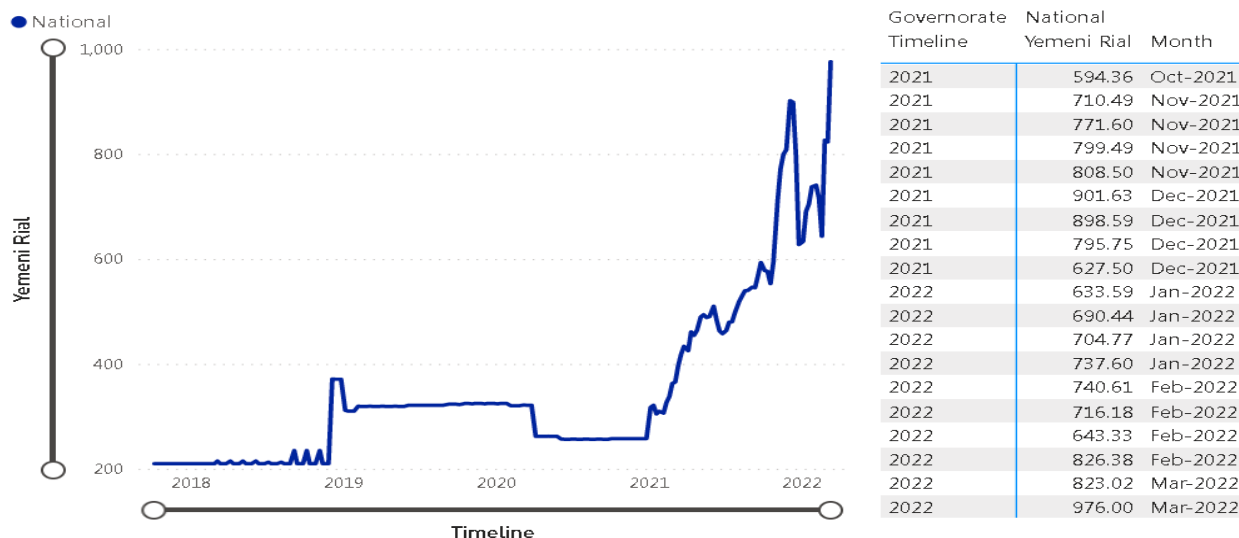
Of concern is that this war would bring additional woes to the people of Yemen already enduring a severe humanitarian crisis. Diesel commodity is a key component and primary driver under Dimension 1 “Food Security”,

i.e. Food Production. Food prices are directly/positively correlated to the cost of food production, transportation and accessibility.

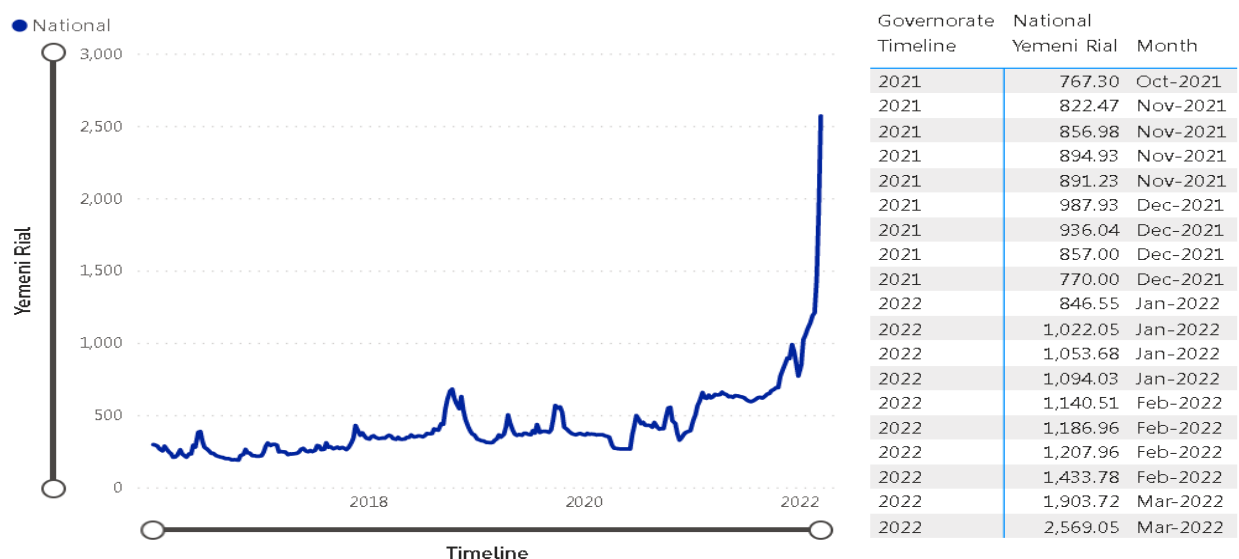
## Impact on petroleum prices

The average official national price per Liter rose to YER 976 end of March 2022, up from YER 826.38 registered at the end of February 2022, an increase of 18.1 per cent. This is about 55.5% up compared to December 2021 levels, before the Russia-Ukraine war. In the parallel market, it has risen to YER 2,569/Liter by end of March, up from YER 1,433 at the end of February, about 79.2% increase. This is still 233.6% up from December 2021.

**Figure (20): Average national price of petroleum (Official), YER/ Liter March 2022**



**Figure (21): Average national price of petroleum (unofficial), YER/ Liter March 2022**



Source: FAO Market Dashboard Feedback. Last Update, 22 Mar 2022.

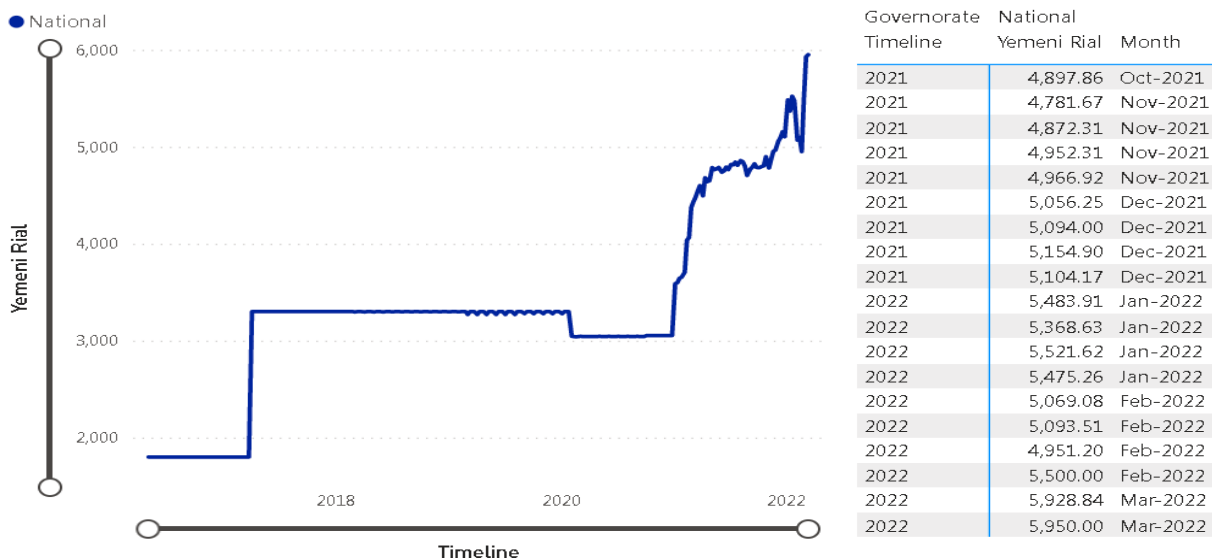
<https://app.powerbi.com/view?r=eyJrIjoiaMmMwYzE0OWEtMDFKYS00ZGM4LTgwYmItMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMC04MWZkLW05ZGlxNWUzYWY5NiIsimMiOj9&pageName=ReportSectionc5e63b280e6b753062d2>

## Impact on home gas prices

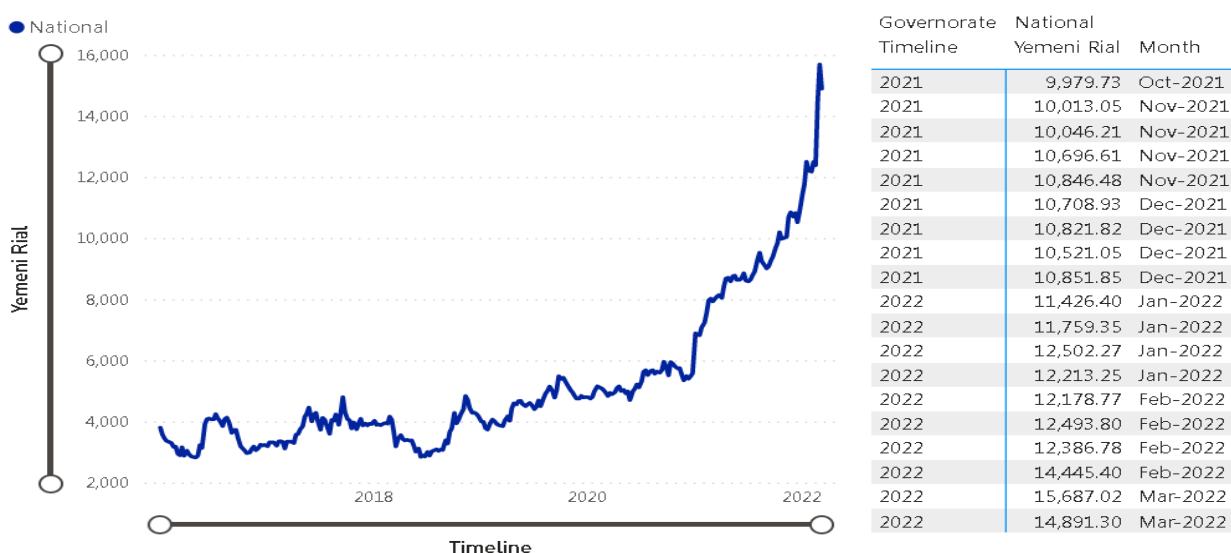
Although the Russia-Ukraine war would potentially have no direct impact on gas supply and gas prices in Yemen that it is produced locally, yet the average national official price of gas cylinder rose to YER 5,950 end of March 2022, nearly 8.2% up from February 2022. In the parallel market, it rose to YER 14,891 in March 2022, a monthly increase of 3.1%, compared to the level registered at the end of February 2022.



**Figure (22): Average National Price of Gas (Official) YER/Cylinder March 2022**



**Figure (23): Average National Price of Gas (Unofficial) YER/Cylinder March 2022**



Source: FAO Market Dashboard Feedback. Last Update, 22 Mar 2022.

<https://app.powerbi.com/view?r=eyJrjoiMmMwYzE0OWEtMDFKyS00ZGM4LTgwYmltMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FNDY4LWFiYgtNDRkMC04MWZkLW05ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

Home gas is essential for the day-to-day home chores in Yemen, cooking and food security. Surging prices of gas means people would no longer be able to buy it, and therefore, turn to other sources that can be harmful health-wise such as firewood, plastic bags and charcoal, which have serious health issues and increase their suffering amid very low spending on health.



## 2-4 Future trends of fuel prices in Yemen

If the current global oil price upturn continues, this would have significant impacts on the price of oil derivatives in Yemen. While the situation is still in constant change; domestic price estimation of oil derivatives has much to do with global price trends. Apart from the external factor, the local factor is no less important, especially that of exchange rate volatility. Given recent hikes in the price of petroleum and diesel commodities due to war in Ukraine, and COVID-19 pandemic, Yemen is likely to bear a ripple effect, since they may go up by nearly 60 per cent (44% Globally and 20% for locally). This is in addition to the already high local oil prices at the present, which has nothing



to do with the Russia-Ukraine war. Overall, this development will create additional internal challenges, including devaluation of the Yemeni Riyal and declining purchasing power.

Unfortunately, the fallout of Russia-Ukraine war would be much tougher. Official diesel price has jumped to YER 977 by end of March 2022, i.e. 57.9% increase, compared to the end of December 2021, before the war, as previously indicated in page (22).

However, since the truce entered into force in April 2022, given that fuel shipments to Hodeida were re-allowed and improved exchange rate – which has much to do with fuel prices – the overall prices of oil derivatives have generally drooped with the price of diesel recorded YER 630/liter in the first week of April <sup>27</sup>. Therefore, supporting efforts to sustain the truce to enhance peace and stability, and eventually reach out a comprehensive solution in Yemen is highly important.

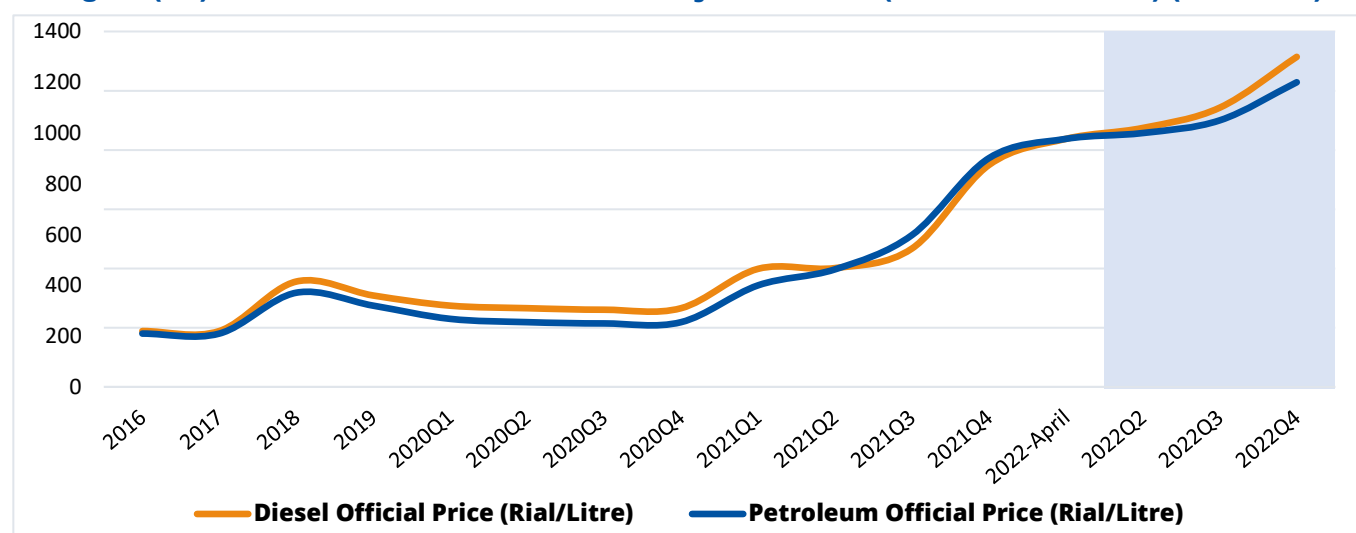
Based on the initial estimation that oil derivatives prices will rise by 60%, and taking into consideration these positive developments, future trends in diesel and petroleum prices indicate an increase of up to 40%. The Russia-Ukraine war is expected to drag during 2022, i.e. assumptions supported by the fact that oil prices in Yemen are liberalized and depend on global prices, whose prices are expected to rise in the future at levels ranging between 44.1% and 59.1%, compared to prewar prices, as previously mentioned in Theme I. (Page 11).

By and large, the prices of oil derivatives in Yemen to remain high, which suggest the deep and negative impact of the Russia-Ukraine war on commodity prices and other services using petroleum and diesel as inputs. This, in turn, will aggravate the suffering of vulnerable groups, and risk millions of Yemenis slipping into hunger, food insecurity and malnutrition. The overall economic activity will also be affected by the potential hike in oil prices.

Therefore, supporting efforts to create an enabling environment for a political process to end the conflict and war in Yemen and reach permanent peace to bring things back to normal. Meanwhile, concrete measures to improve the humanitarian and economic situation have to be taken, as best means to address the potential economic implications of the Russia-Ukraine war on the country.

Despite all these expected negative impacts on Yemen; however, given that Yemen is a producer of oil and gas and with potential of their export, efforts should be stepped up to capitalize on the expected rise in oil and gas prices to support the State revenues, and promote economic growth in general so to bring country back to the development track. Of course, speeding up moves to bring peace and end the war and conflict remains the top priority. In the meantime, the regional and international communities shall continue their efforts in this direction, in order to mitigate the burden of the Yemen crisis now and in the future.

**Figure (24): Future Outlook of Official Monthly Fuel Prices (Diesel - Petroleum) (YER/Litre)**



Source: FAO Market Dashboard Feedback. Last Update, 4 April 2022.

<https://app.powerbi.com/view?r=eyJrjoiMmMwYzE0QWEtMDFkYS00ZGM4LTgwYmltMjBjN2M5OWM5ZDAzIiwidCI6IjE2M2FjNDY4LWFiYjgtNDRkMC04MwZkLW05ZGlxNWUzYWY5NiIsImMiOiJh9&pageName=ReportSectionc5e63b280e6b753062d2>

<sup>27</sup> Global Petrol Prices, 11 April 2022. [https://ar.globalpetrolprices.com/Yemen/diesel\\_prices/](https://ar.globalpetrolprices.com/Yemen/diesel_prices/)



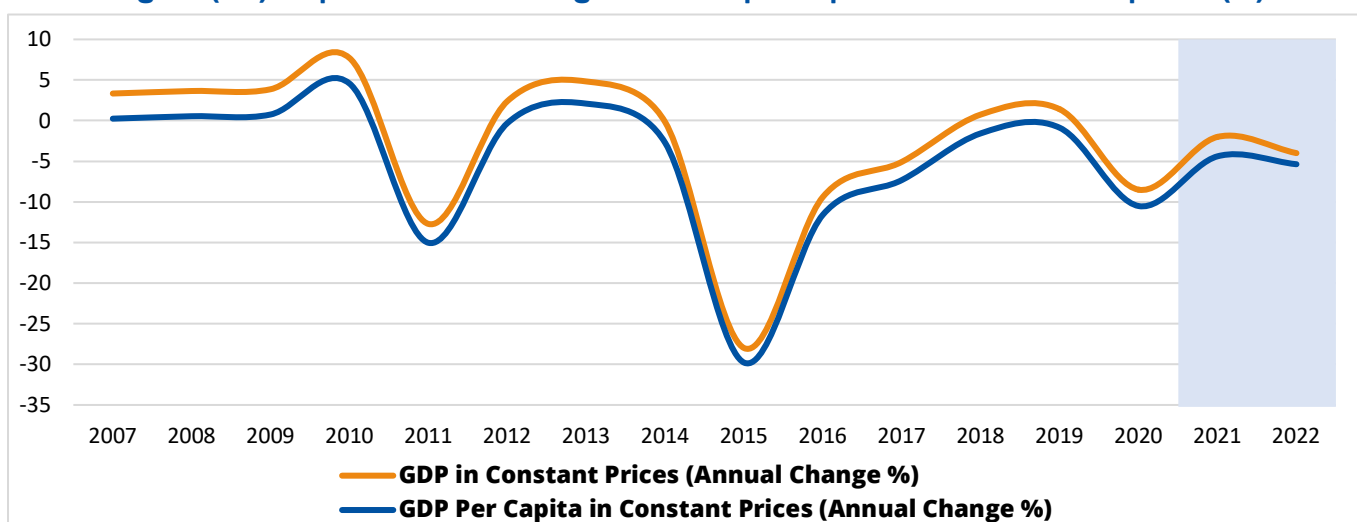
## Impact on economic growth, GDP per capita and inflation rate in Yemen

At the macroeconomic level, the war Between Russia and Ukraine is expected to slow down the poor economic activity in Yemen due to global oil and food price hikes coupled with increased prices of agricultural and industrial production inputs, and therefore further deteriorating output for the agricultural, industrial and service sectors. This fallout will have significant negative impact on GDP and per capita share of GDP. Data released by IMF's International Economic Outlook Database on April 19, 2022, showed that the Yemen economy was shrunk by -8.5% in 2020, and deflation fell to -2.0% in 2021. Initial projections for 2022 pointed out to a 3% growth rate.

In addition, preliminary estimates indicate that the Russia-Ukraine war and current conditions in Yemen would cause Yemen's economy to shrink further, and consequently, the per capita GDP at constant prices. The annual change recorded about -5.4% in 2022 (See Figure 25).

However, it is worth noting that the current projections by MoPIC indicate that economic growth is likely to reach 2%, considering the recent support declared by KSA and UAE amounting to US \$ 3 billion.

**Figure (25): Impact on economic growth and per capita GDP at constant prices (%)**

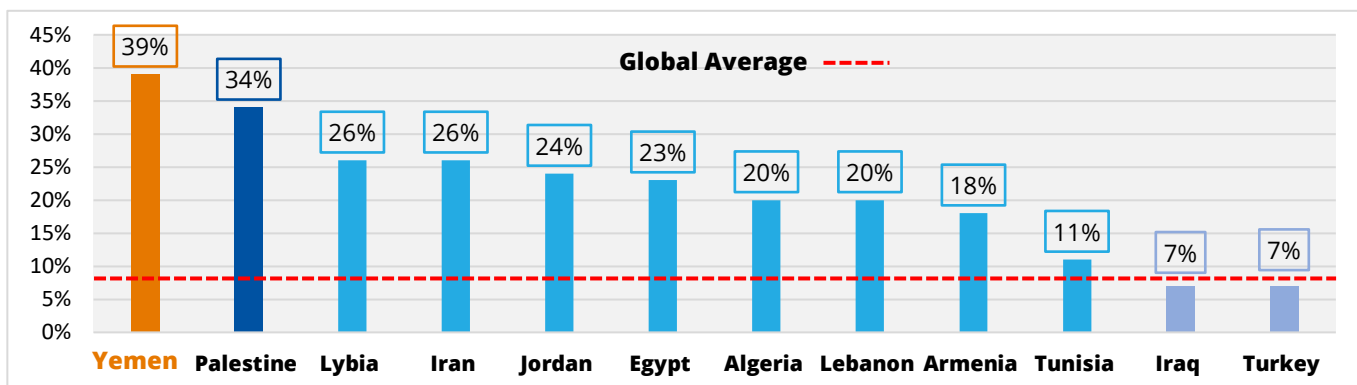


Source: IMF, World Economic Outlook Database. 19 April 2022 Edition. <https://www.imf.org/en/Publications/WEO/weo-database/2022/April>

## The knock out effects of high share of food imports on Yemen

With share of food imports 4 times above the global average, this poses a serious risk to the national economy of Yemen<sup>28</sup>. Figure 26 shows that Yemen's food imports account for 39% of total commodity imports, which is high compared to other MENA countries.

**Figure (26): Yemen food imports to total commodity imports vs. countries in the region 2020; (%)**



Source: WFP, Ukraine Conflict, Impact on RBC operations and MENA economies. RBC RAM | March 2022. <https://reliefweb.int/report/world/ukraine-conflict-impact-rbc-operations-and-mena-economies-march-2022>

<sup>28</sup> War in Ukraine pushes Middle East and North Africa deeper into hunger as food prices reach alarming highs. Posted:31 Mar 2022. <https://reliefweb.int/report/lebanon/war-ukraine-pushes-middle-east-and-north-africa-deeper-hunger-food-prices-reach>

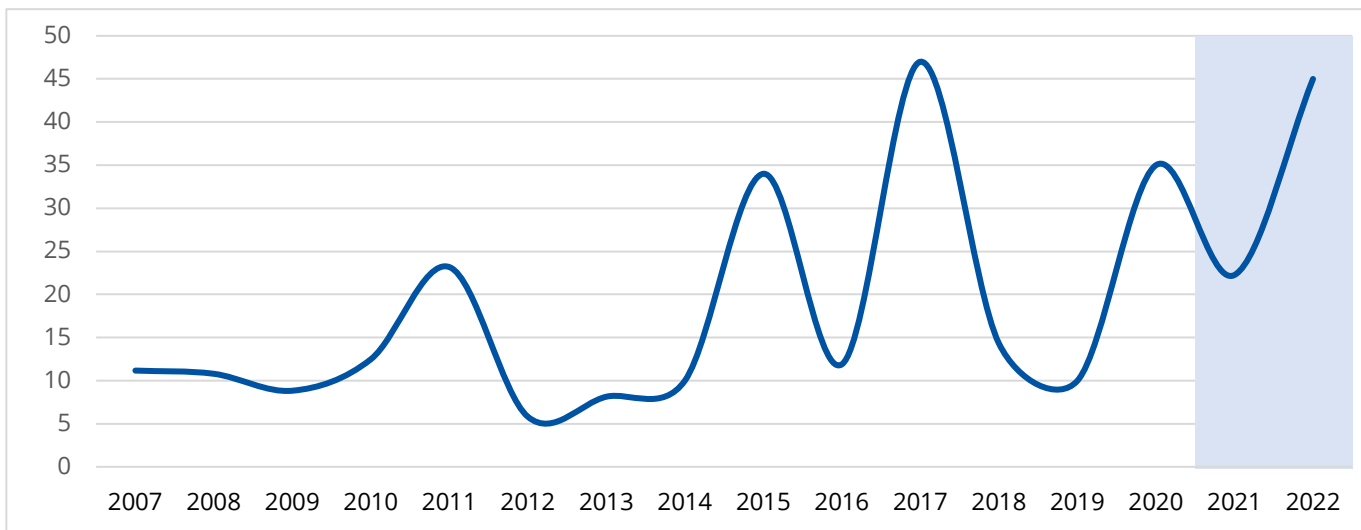
Moreover, the potential decline in GDP will affect the domestic demand and total income of the country, and negative consequences on the standard of living, in a country heavily dependent on imports to meet its food and non-food needs. Meanwhile, volatile exchange rate would strongly impact consumer prices and erode their purchasing power, while pushing up poverty and hunger levels, all of which are factors contributing to reduced productivity, low income and widespread poverty.

## Impact on the Consumer Price Index (Inflation) in Yemen

The Russia-Ukraine war has exacerbated inflationary surge that COVID-pandemic has caused, with countries in the region dependent heavily on food imports, including wheat from Russia and Ukraine. The World Bank report of 14 April 2022 expects that soaring food prices and higher food insecurity levels would likely inflict greater damage to poor HHs, since the poor do usually spend most of their income on food and energy than for rich households<sup>29</sup>.

According to IMF data on 19 April 2022, that end-of-period average inflation, CPI neared 22.3% in 2021, after a slight recovery from COVID-19 pandemic and its impacts. The Russia-Ukraine war is expected to push inflation up by 45% in 2022. This is mainly due to hiking global oil and food prices, given the fact that Yemen is largely dependent on food and non-food imports.

**Figure (27): Inflation in Yemen (CPI End-of-Period); annual change (%)**



Source: IMF, World Economic Outlook Database. 19 April 2022 Edition. <https://www.imf.org/en/Publications/WEO/weo-database/2022/April>  
World Bank, Bulletin d'information économique pour la région MENA (avril 2022) - Confrontation avec la réalité : prévisions de croissance dans la région Moyen-Orient et Afrique du Nord en période d'incertitude. Posted:17 APR 2022. <https://reliefweb.int/report/yemen/bulletin-d-information-conomique-pour-la-r-gion-mena-avril-2022-confrontation-avec-la-r>

Major risks include inflationary pressures on the income available to Yemeni households, especially the poor, as spending on food accounts for nearly 90% of total living expenses, considering that Yemen imports 99% of its wheat, 95% of cooking oil, 100% of rice and sugar, and 70% of dairy products<sup>30</sup>. The World Bank's Report published on April 17, 2022, therefore confirms that surging food and energy prices are damaging the poor in Yemen, meaning over 24 million Yemenis (83% of the population) will suffer food insecurity, while the Russia-Ukraine war may push more people into extreme poverty<sup>31</sup>. Higher inflation could also increase in the number of poor in Yemen by 6 percentage points<sup>32</sup>.

Hence, preventive and rapid response by the international community to address the economic implications of the Russia-Ukraine war is critical for averting the worst humanitarian outcomes and reducing the potential catastrophic effects of inflationary surge. Moreover, protection of the most vulnerable groups must be prioritized as it contributes to fostering peace and stability efforts in Yemen.

<sup>29</sup> World Bank forecasts uneven recovery in Middle East and North Africa. APRIL 14, 2022. <https://www.worldbank.org/en/news/press-release/2022/04/14/world-bank-forecasts-uneven-recovery-in-middle-east-and-north-africa>

<sup>30</sup> UNICEF, Analysis of Food Commodity Prices in Yemen and Their Economic and Social Impact, March 2022. p. 22.

<sup>31</sup> World Bank, Bulletin d'information économique pour la région MENA (avril 2022) - Confrontation avec la réalité : prévisions de croissance dans la région Moyen-Orient et Afrique du Nord en période d'incertitude. Posted:17 APR 2022.p17.

<sup>32</sup> World Bank, High Food Prices - A Harsh New Reality. [http://web.worldbank.org/archive/website01055/WEB/0\\_C-184.HTM](http://web.worldbank.org/archive/website01055/WEB/0_C-184.HTM)



## Impact on the flow of remittances by Yemeni Workers Abroad

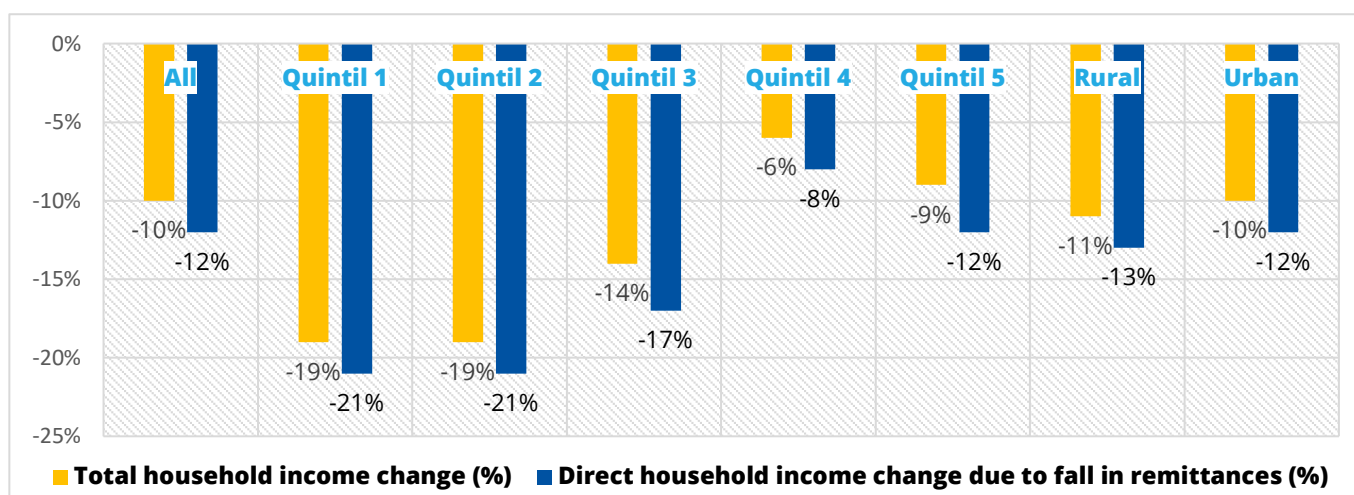
Remittances from Yemenis working outside the country keep many households afloat and became an increasingly important source of income, estimated at \$ 3.77 billion in 2019 – around 13% of GDP<sup>33</sup>. It is reported that the actual volume of remittances to Yemen is far much higher<sup>34</sup>.

A UN assessment in 2016 had shown that 9% of households in Yemen depend on overseas remittances as their income source<sup>35</sup>. This means that millions of Yemenis depend on the funds transferred by their relatives.

But with the spread of Covid-19 in 2020, the flow of remittances shrank by 70%<sup>36</sup>, due to lockdowns and other social distancing measures in host countries.

IFPRI Model: Impact of falling remittances amid COVID-19 on Yemen's economy dated March 2021, has shown that the poorest households, represented by quintiles 1 and 2, suffering a severe income loss of approximately 21% over the year 2020 (Figure 28) due mainly to their high income dependency on remittances. Higher income quintiles experience a less significant share of income loss, while absolute income losses are larger.<sup>37</sup>

**Figure (28): Change in household income in Yemen due to drop in remittances during 2020 (COVID-19) from 2019**



Source: IFPRI , Model: Impact of falling remittances amid COVID-19 on Yemen's war-torn economy. MARCH 4, 2021.  
<https://www.ifpri.org/blog/model-impact-falling-remittances-amid-covid-19-yemens-war-torn-economy>

Rural households experience slightly higher income loss than urban households, as the former are among the poorest segments of Yemeni society, with higher shares of remittance income, as well as having a larger share of earned income from agriculture and services, which were more heavily affected by lower HH consumption nationally. In addition to directly reducing households' disposable income for consumption, the resulting decrease in demand has indirect effects on the wider economy. A comparison of total HH income changes with direct changes resulting from remittances (Figure 28) shows that these indirect effects generally add another 2 to 3 percentage points to income losses - resulting from the contraction of agriculture, industry and services sectors.

<sup>33</sup> IFPRI , Model: Impact of falling remittances amid COVID-19 on Yemen's war-torn economy. MARCH 4, 2021.

<https://www.ifpri.org/blog/model-impact-falling-remittances-amid-covid-19-yemens-war-torn-economy>

<sup>34</sup> Yemen, The impact of remittances on Yemen's economy – ACAPS. 15/10/2021.

[https://www.acaps.org/sites/acaps/files/slides/files/20211015\\_acaps\\_yemen\\_analysis\\_hub\\_impact\\_of\\_remittances\\_on\\_yemens\\_economy.pdf](https://www.acaps.org/sites/acaps/files/slides/files/20211015_acaps_yemen_analysis_hub_impact_of_remittances_on_yemens_economy.pdf)

<sup>35</sup> Emergency Food Security and Nutrition Assessment (EFSNA), YEMEN. Jun 2017.

[https://reliefweb.int/sites/reliefweb.int/files/resources/yemen\\_efsna\\_-\\_full\\_report\\_final\\_2016.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/yemen_efsna_-_full_report_final_2016.pdf)

<sup>36</sup> Sana'a Center for Strategic Studies, War and the Pandemic - The Yemen Review, April 2020.

<sup>37</sup> IFPRI , Model: Impact of falling remittances amid COVID-19 on Yemen's war-torn economy. MARCH 4, 2021.

The Model estimates a drop in remittances to cause<sup>38</sup>:

- 8.5% contraction in Yemen's real GDP for 2020.
- 9.5% shrink in the agro-food system as a whole, while all food sectors were affected, the greatest economic damage occurs in food processing, including grain milling and coffee processing, with estimated loss of 9.7%, explained by lower household family demand – due to falling remittances.

To assess the potential implications of the Russia-Ukraine conflict on remittances by Yemeni expats in the two countries, it is estimated that Yemeni workers in Ukraine or Russia does not exceed few thousands, and therefore, the direct impact would not be substantial.

However, Yemeni expats in other countries around the world may suffer indirect consequences in terms of weak economic activity, global inflation surges and higher energy prices. In this context, the flow of remittances into Yemen, especially from the USA and Europe, may decrease. Remittances by Yemeni workers in countries in North America and Europe account for nearly 35% of total remittances sent to the country<sup>39</sup>. Therefore, economic situation in those countries may affect production and operation levels.<sup>40</sup>

<sup>38</sup> IFPRI , Model: Impact of falling remittances amid COVID-19 on Yemen's war-torn economy. MARCH 4, 2021.

<https://www.ifpri.org/blog/model-impact-falling-remittances-amid-covid-19-yemens-war-torn-economy>

<sup>39</sup> Yemen the impact of remittances on Yemen's economy – ACAPS. 15/10/2021.

[https://www.acaps.org/sites/acaps/files/slides/files/20211015\\_acaps\\_yemen\\_analysis\\_hub\\_impact\\_of\\_remittances\\_on\\_yemens\\_economy.pdf](https://www.acaps.org/sites/acaps/files/slides/files/20211015_acaps_yemen_analysis_hub_impact_of_remittances_on_yemens_economy.pdf)

<sup>40</sup> WFP, Ukraine Conflict, Impact on RBC operations and MENA economies. RBC RAM | March 2022.

<https://reliefweb.int/report/world/ukraine-conflict-impact-rbc-operations-and-mena-economies-march-2022>



### **Theme III**

## **The social and humanitarian Implications of the Russia-Ukraine war on Yemen**

This section addresses the fallout of the Russia- Ukraine war on the social and humanitarian spheres in Yemen, including the flow of donor pledges and food insecurity levels in the country.



3-1

## Impact on the flow of donor pledges into Yemen

The Russia-Ukraine war may have a significant impact on the flow of funding to meet the needs of the humanitarian crisis in Yemen, including funds from the European Commission, European countries, the United States and Canada given the fact that these countries may suffer from an increasing humanitarian needs due to the of refugees from Ukraine, and the reversals of the economic sanctions on Russia, which would affect economic and production activities on European countries and the US.

Table (5) shows that contributions by some Yemen donor countries affected by the Russia-Ukraine war (US, Germany, European Commission, United Kingdom, Canada) make up for 61% of the total funding under the YHRP 2021. Depending on the continuation and evolution of war, there is a risk that some donors may reprioritize their assistance accordingly<sup>41</sup>. The key impact of the war on donor funding to Yemen would be the potential downsizing in funding levels due to their short-term focus on the humanitarian situation unfolding in Ukraine. In the medium term, the same measures may continue to address the repercussions of the Russia-Ukraine war.

**Table (5): Largest funding sources of the response plan/appeal 2021**

Donor	Funding for response plan/appeal (MUS\$)	As a share of overall funding to the response plan/appeal (%)
United States of America, Government of	673.1	28.0%
Saudi Arabia (Kingdom of), Government of	354.5	14.8%
Germany, Government of	265.4	11.0%
United Arab Emirates, Government of	230.0	9.6%
European Commission	166.0	6.9%
World Bank	120.8	5.0%
United Kingdom, Government of	106.5	4.4%
Canada, Government of	62.5	2.6%
Japan, Government of	56	2.3%
Central Emergency Response Fund	54.7	2.3%

Source: OCHA, Yemen Humanitarian Response Plan 2021. Largest sources of response plan/appeal funding. Access date 2022/05/07. <https://fts.unocha.org/appeals/1024/summary>

At the beginning of April 2022, the Kingdom of Saudi Arabia announced the provision of US\$ 3.3 billion support package to the Central Bank of Yemen, including \$ 2 billion dollars, divided equally between KSA and UAE, plus a \$1 billion additional support from KSA, \$ 600 million of it as oil derivatives, and \$400 million for development projects, as well as \$300 million to support the humanitarian response plan<sup>42</sup>. This support is expected to mitigate the current severe crisis, especially in terms of better exchange rate of the local currency, and thus food security and the prices of food commodities. Supporting food production is also important, being crucial in terms of food availability, better income in rural areas, and the livelihoods for the poor.

In March 2022, a Donor Conference on Yemen was convened to pledge support for the humanitarian crisis in Yemen. In the conference, 36 donors pledged nearly \$1.3 billion<sup>43</sup> funding for the humanitarian response in Yemen to cover the total funding requirements for humanitarian needs in Yemen estimated at \$ 4.3 billion, that is the proportion of financial pledges has not exceeded 30 per cent<sup>44</sup>, which is the least compared to previous

<sup>41</sup> Famine Review Committee (FRC), FAMINE REVIEW OF THE IPC ACUTE FOOD INSECURITY AND ACUTE MALNUTRITION ANALYSES. IPC Yemen Famine Review 2022 March.

[https://www.ipcinfo.org/fileadmin/user\\_upload/ipcinfo/docs/IPC\\_Yemen\\_Famine\\_Review\\_2022March.pdf](https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Yemen_Famine_Review_2022March.pdf)

<sup>42</sup> Al-Ain Al-Akhbariya - Aden, Conclusion of the Riyadh consultations...Outputs in the roadmap to save Yemen, 4/7/2022. <https://al-ain.com/article/yemen-consultations-riyadh-outputs>.

<sup>43</sup> Yemen Conference 2022: Financial announcements, Last updated: 16 March 2022.

<https://reliefweb.int/report/yemen/yemen-conference-2022-financial-announcements-last-updated-16-march-2022>

<sup>44</sup> Base on Calculations by the Studies and Economic Forecasting Sector:

- The size of donor pledges, <https://www.unocha.org/>
- Total funding requirements for humanitarian needs, <https://fts.unocha.org/appeals/1077/summary>



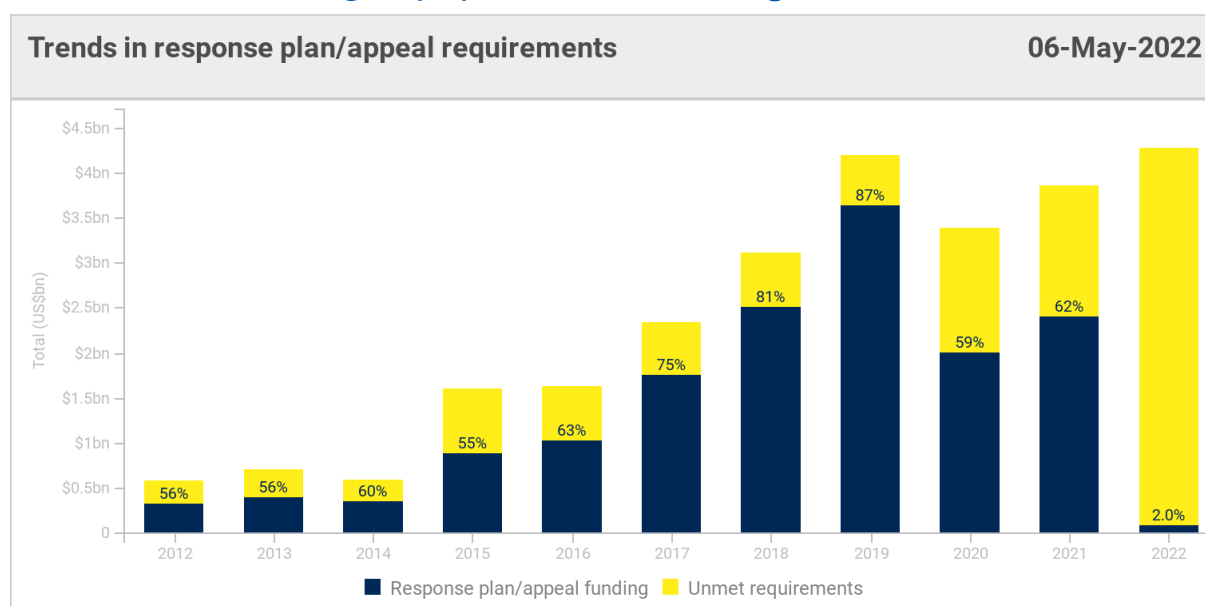
commitments to meet the humanitarian needs for the period 2017-2021. It is even much lower than that of 2020, which has seen the outbreak of COVID-19 pandemic at about 40 per cent.

Furthermore, the Russia-Ukraine war has also affected the flow of donor funding into Yemen, already suffering humanitarian funding shortfall<sup>45</sup>. As the war in Yemen enters its eighth year, the International Rescue Committee stresses that this funding is completely inadequate to address the deteriorating humanitarian conditions in Yemen, and if donors do not increase their pledges, Yemen will witness further cuts in vital and life-saving humanitarian assistance<sup>46</sup>.

Latest data published on April 21, 2022 shows that the total funding reached \$ 415.1 million, and while the funding outside the Humanitarian Response Plan for the year 2022 amounted to about \$ 325.8 million<sup>47</sup>, the funding available through the 2022 Humanitarian Response Plan reached about 89.3 million dollars, equivalent to 2.1% of total funding requirements (\$ 4.3 billion), the lowest funding level for a humanitarian response plans in the world<sup>48</sup>.

The negative effects brought by the COVID-19 pandemic, including lockdowns and social distancing measures, caused a drop in the amount of funds provided to Yemen to meet humanitarian needs during 2020 and 2021, further slashing an already downsized humanitarian support (Figure 29). Meanwhile, the negative impacts of the Russia-Ukraine war will significantly impede the flow of funds to Yemen, thereby affecting food security, nutrition and the catastrophic humanitarian situation on Yemen. Figure 29 shows that the response volume by international community to Yemen's humanitarian needs has declined, from 81% and 87% in 2018 and 2019, respectively, to record a funding gap of 19% and 13% for the two years. This gap has widened in 2020 and 2021 standing at nearly 40%!... a very high gap considering the Yemen humanitarian crisis described as the worst in the world.

**Figure (29): Evolution of Funding for YHRP**



Source: Yemen 2022, FTS publishes all reports of humanitarian funding to affected countries. data as of 6 May, 2022.

<https://fts.unocha.org/countries/248/summary/2022>

Figure (30) shows the top 5 sources of humanitarian funding to Yemen as of May 6, 2022, excluding the recently announced funding by the Kingdom. The United States and European countries are the most important funding sources for the humanitarian crisis in Yemen. It includes 60.3% from USA and 15.6% from the European Commission, 5.9% from Germany, and 6% from the rest of European countries, in addition to Canada.

<sup>45</sup> Ukraine conflict will worsen hunger in world's worst crisis zones, warns IRC. London, UK, March 21, 2022. <https://www.rescue-uk.org/press-release/ukraine-conflict-will-worsen-hunger-worlds-worst-crisis-zones-warns-irc>

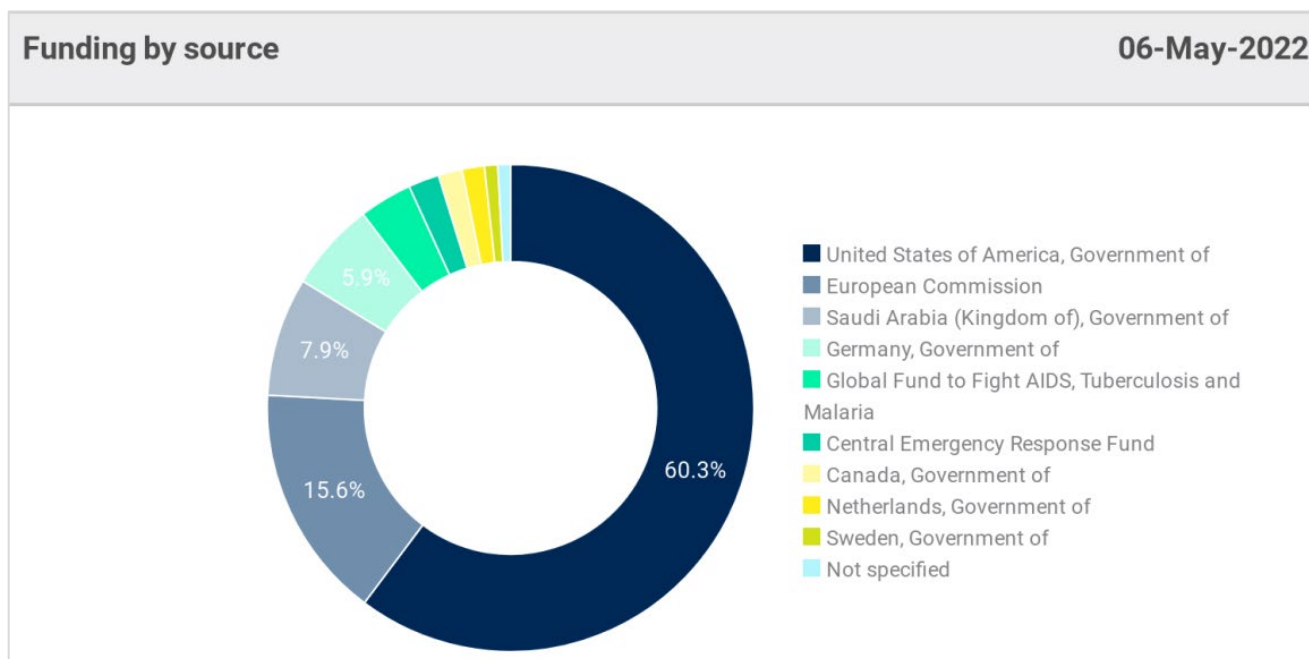
<sup>46</sup> Watch list 2022, Crisis in Yemen: Protracted conflict pushes Yemenis deeper into need. <https://www.rescue.org/article/crisis-yemen-protracted-conflict-pushes-yemenis-deeper-need>

<sup>47</sup> Yemen 2022, FTS publishes all reports of humanitarian funding to affected countries. data as of 6 May 2022. <https://fts.unocha.org/countries/248/summary/2022>

<sup>48</sup> Appeals and response plans 2022. data as of 21 April 2022. <https://fts.unocha.org/appeals/overview/2022/plans>



Figure (30): Funding by Source (%)



Source: Yemen 2022, FTS publishes all reports of humanitarian funding to affected countries. data as of 6 May, 2022.  
<https://fts.unocha.org/countries/248/summary/2022>

According to the Yemen Humanitarian Needs Overview for 2022 issued on April 19 by the Office for the Coordination of Humanitarian Affairs<sup>49</sup>, humanitarian needs in Yemen are expected to increase and intensify in 2022 as the context deteriorates further, at least in the absence of a deescalation of the conflict and significant improvements to the economy as well as funding for humanitarian and development partners, with estimated 23.4 million people in Yemen need humanitarian assistance in 2022. Therefore, a nationwide ceasefire - and in the long-term a political agreement - is urgently needed to create the conditions for recovery and long-term peace. Urgent support to cover immediate financing needs in Yemen is also critical in order to address the repercussions of the Russian-Ukrainian war and prevent further deterioration in food insecurity and acute malnutrition status in Yemen in 2022, due to rising prices of energy products and essential food commodities that can exacerbate the already dire situation in Yemen. These developments are considered extremely dangerous, especially with established expectations of higher inflation rates. This requires serious attention to food security in the short and medium terms. It is necessary also to speed up support and investment in sustainable agricultural food production and food security.



3-2

## Impact on food security in Yemen

The risks associated with the fallout of the Russia-Ukraine war on Yemen will trigger significant negative impacts on food security, nutrition and humanitarian conditions. The war in Ukraine could not have come at a worse time for food security and nutrition in Yemen. Latest IPC Analysis results for March 2022 have shown that food insecurity and acute malnutrition levels in Yemen have deteriorated further in 2022, with 17.4 million people (IPC Phase 3 and above) in need of assistance as of March, and this number jumped to 19 million starting June to the end of the year. Of greatest concern is that 31,000 people (March 2022) face severe hunger levels (IPC 5 "Catastrophe"), and this figure will rise to 161,000 by June 2022. In addition, 2.2 million children under the age of five, including 538,000 severely malnourished, and about 1.3 million pregnant and lactating women are projected to suffer from acute malnutrition over the course of 2022. Severity level increases dramatically in the projection period for both food insecurity and acute malnutrition, with 86 districts moving to higher IPC phases, 82 of which moved from IPC 3 to IPC 4.

<sup>49</sup> OCHA, Yemen Humanitarian Needs Overview 2022 (April 2022). Posted :19 Apr 2022. <https://reliefweb.int/report/yemen/yemen-humanitarian-needs-overview-2022-april-2022>

Latest IPC figures, the global benchmark for measuring food insecurity, Table 6 shows that food insecurity level is projected to rise to 55% of the total population during the first half of 2022, or one percentage point over 2021. A worrying data is that the number of people experiencing catastrophic levels of hunger – IPC Phase 5 – is projected to increase five-fold, from 31,000 currently to 161,000 people – over the second half of 2022<sup>50</sup>.

**Table (6): Food insecurity trends according to IPC**

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 3+
Oct 2020 - Dec 2020	22%	33%	33%	12%	0%	45%
Jan 2021 - Jun 2021	17%	29%	37%	17%	0%	54%
January - May 2022	18%	27%	37%	18%	0%	55%
Jun 2022 - Dec 2022	17%	23%	37%	23%	1%	60%

Source: The IPC Population Tracking Tool. <https://www.ipcinfo.org/ipc-country-analysis/population-tracking-tool/en/>

IPC, Yemen: Acute Food Insecurity Situation January - May 2022 and Projection for June - December 2022.

<https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155479/?iso3=YEM>

IPC, Yemen: Acute Malnutrition Situation January- May 2022 and Projection for June - December 2022.

<https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155480/?iso3=YEM>

YEMEN: Food Security & Nutrition Snapshot | March 2022. Publication date: March 14, 2022.

[https://www.ipcinfo.org/fileadmin/user\\_upload/ipcinfo/docs/IPC\\_Yemen\\_Food\\_Security\\_Nutrition\\_2022March\\_Snapshot\\_English.pdf](https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Yemen_Food_Security_Nutrition_2022March_Snapshot_English.pdf)



## Future trends of food security in Yemen

The Russian War on Ukraine is likely to trigger significant shocks on Yemen, including the underlying causes for deteriorating acute food insecurity and malnutrition, most notably:

- Rising prices of food and energy and thus higher inflation amid low income and employment, which contributes to deteriorating food insecurity.
- Coping among households as many of them will be resorting to selling (their productive assets) for livelihoods and crisis strategies (heavy dependence on assistance).
- Families are increasingly suffering from a vicious debt cycle. They borrow more every month and increase credit levels to cover basic needs. With higher levels of negative coping strategies, many households become at risk.
- Despite the continuing volatility in global and local oil prices, oil is not expected to fell to \$ 100, and perhaps \$ 110, if the Russian-Ukrainian war drags on. This pushes the price of fertilizers and transportation costs further up, affecting agricultural products in Yemen.
- Direct and indirect repercussions caused by Russian-Ukrainian war include higher price of the MFB in Yemen at rates ranging from 50% to 60% compared to current prices (121.7% up in April 2022 compared to the same month in 2021).

The Russian-Ukrainian war may trigger disastrous consequences on Yemen should human and development assistance is not leveraged in 2022.

A report by the Yemen Acute Food Security and Acute Malnutrition Forecasting Review Experts Panel shows the severity of food security levels for projected period ending December 2022 may increase by 60 per cent<sup>51</sup>. On this basis, food insecurity is expected to rise 3 to 5 percentage points to 63% during the second quarter of 2022. This rate is expected to rise to nearly 65% by the end of 2022.

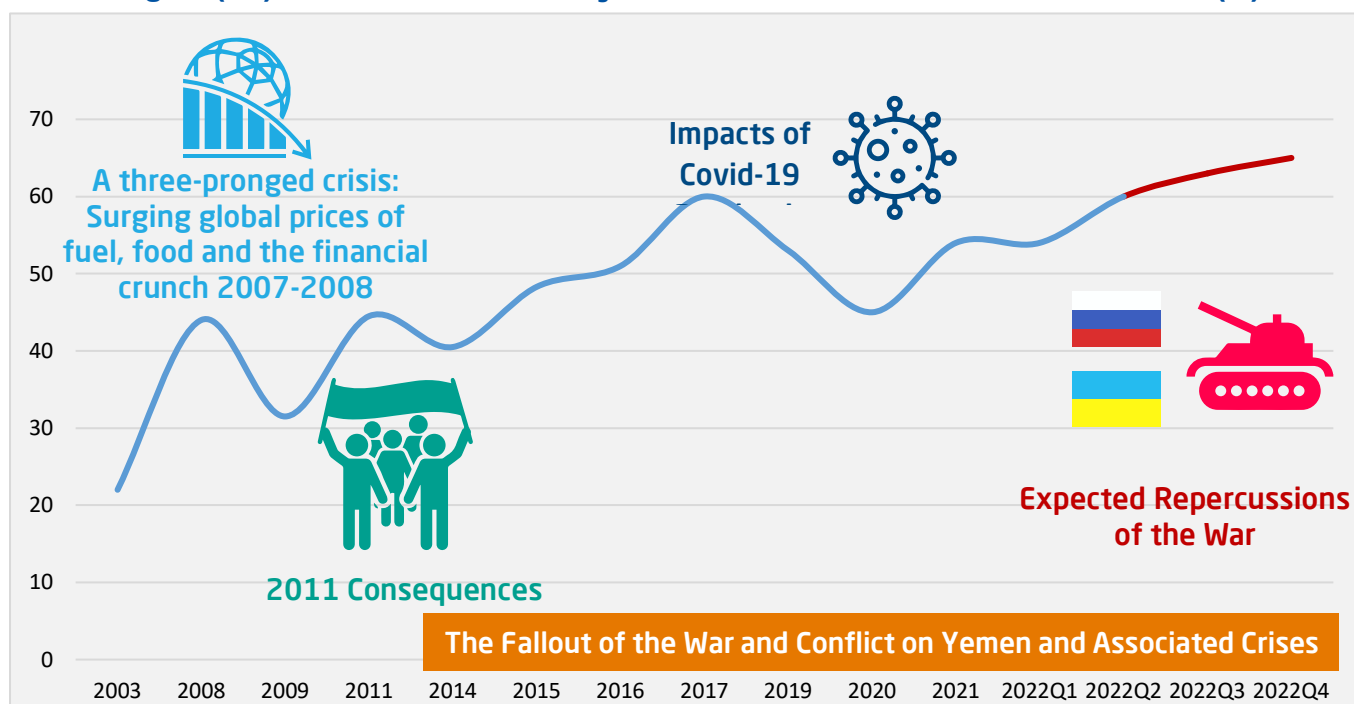
<sup>50</sup> Brutal War on Yemen: Dire Hunger Crisis Teetering on the Edge of Catastrophe. 18 Mar 2022

<https://reliefweb.int/report/yemen/brutal-war-yemen-dire-hunger-crisis-teetering-edge-catastrophe>

<sup>51</sup> Famine Review Committee (FRC), FAMINE REVIEW OF THE IPC ACUTE FOOD INSECURITY AND ACUTE MALNUTRITION ANALYSES. IPC Yemen Famine Review 2022March.

[https://www.ipcinfo.org/fileadmin/user\\_upload/ipcinfo/docs/IPC\\_Yemen\\_Famine\\_Review\\_2022March.pdf](https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Yemen_Famine_Review_2022March.pdf)

Figure (31): Yemen Food Insecurity Forecasts Amid the Russia-Ukraine Crisis; (%)



Projections for 2022 based on FRC Forecasts, where the intensity of food security exceeds 60%.

Source: Yemen: Acute Malnutrition Situation January- May 2022 and Projection for June - December 2022. <https://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1155480?iso3=YEM>

Humanitarian assistance has been crucial in alleviating the effects of high food prices and other problems facing Yemeni households. Approximately 12% of Yemen's grain imports come in the form of humanitarian food assistance. More than 50% of Yemeni families reported receiving some type of in-kind food assistance in 2020, according to phone survey data. WFP's assistance to Yemen alone aims to reach 13 million people, or 43% of the population<sup>52</sup>.

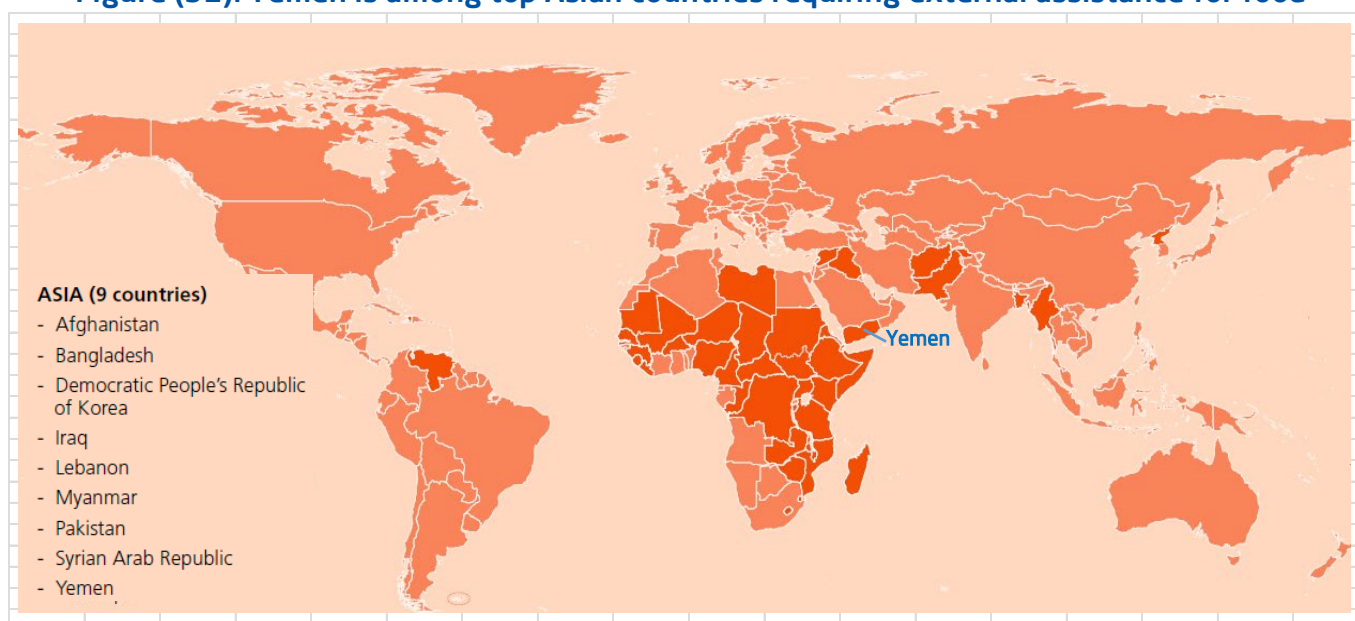
In its 2022 Emergency Watchlist Report, the International Rescue Committee warns that the Russian-Ukrainian war will exacerbate hunger. Yemen ranked 3<sup>rd</sup> out of the top 10 crises the world can't ignore in 2022<sup>53</sup>. The Russia-Ukraine war will slash global grain supplies and raise fuel prices, leading to increasing humanitarian needs in countries such as Yemen, Afghanistan, Syria and Somalia, with global grain exports, food and fuel prices are increasing amid shifted focus to Ukraine<sup>54</sup>.

The Global Food and Early Warning System (GIEWS) Report predicted that countries with crisis requiring external assistance for food are expected to lack the resources to deal with reported critical problems of food insecurity. Yemen is one of 44 countries, including 9 countries in Asia, requiring external assistance for food (See figure 32).

<sup>52</sup> Ghorpade, Yashodhan; Ammar, Ali. 2021. Social Protection at the Humanitarian-Development Nexus: Insights from Yemen. Social Protection and Jobs Discussion Paper; No. 2104. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35421> License: CC BY 3.0 IGO." <https://openknowledge.worldbank.org/handle/10986/35421>

<sup>53</sup> Watch list 2022, The top 10 crises the world can't ignore in 2022. Last updated March, 2022. <https://www.rescue.org/article/top-10-crises-world-cant-ignore-2022>

<sup>54</sup> Ukraine conflict will worsen hunger in world's worst crisis zones, warns IRC. Posted: 21 Mar 2022. <https://reliefweb.int/report/ukraine/ukraine-conflict-will-worsen-hunger-world-s-worst-crisis-zones-warns-irc>

**Figure (32): Yemen is among top Asian countries requiring external assistance for food**

Source: Source: FAO, Countries requiring external assistance for food. GIEWS - Global Information and Early Warning System on Food and Agriculture. March 2022. <https://www.fao.org/giews/country-analysis/external-assistance/en/>

The GIEWS report published in April 2022 shows that Yemen is on top of countries most affected by the fallout of the Russia-Ukraine war, with overall size and severity of acute food insecurity among those received no assistance whatsoever throughout the country plagued by a large-scale crisis (IPC Phase 3). The situation could be even worse for households in IPC 4.

**Table (7): Food insecure population estimates by country according to FEWs Net till October 2022**

Country	Pop-in IPC Phase 2		Pop. in IPC Phase 3 or higher		Total Acutely food insecure population	
	#	% of pop.	#	% of pop.	#	% of pop.
<b>Yemen</b>	5.0 – 9.99 million	20-40%	>15.0 million	>60%	>15.0 million	>60%
<b>Ethiopia</b>	5.0 – 9.99 million	5-20%	> 10.0 million	5-20%	>15.0 million	5-20%
<b>Nigeria</b>	> 15.0 million	5-20%	> 10.0 million	< 5%	>15.0 million	5-20%
<b>DRC</b>	5.0 – 9.99 million	5-20%	5.0 – 9.99 million	5-20%	>15.0 million	20-40%
<b>South Sudan</b>	2.5 – 4.99 million	20-40%	5.0 – 9.99 million	> 60%	> 10.0 million	>60%
<b>Afghanistan</b>	> 15.0 million	40-60%	5.0 – 9.99 million	20-40%	>15.0 million	> 60%
<b>Sudan</b>	5.0 – 9.99 million	5-20%	5.0 – 9.99 million	5-20%	>15.0 million	20-40%
<b>Somalia</b>	2.5 – 4.99 million	20-40%	5.0 – 9.99 million	20-40%	5.0 – 9.99 million	> 60%
<b>Kenya</b>	5.0 – 9.99 million	5-20%	2.5 – 4.99 million	5-20%	> 10.0 million	5-20%

Source: FEWS NET, Food Assistance Outlook Brief, April 2022. <https://fews.net/global/food-assistance-outlook-brief/april-2022>

Another factual risk is that of increased food insecurity and soaring food and energy prices due to the Russian-Ukrainian war could threaten peace-building and undermining the truce and efforts to bring back stability in Yemen. History has repeatedly shown that political stability is affected by the extent to which people are able to buy food. There is a nuanced relationship between food insecurity and violence: acute food insecurity can exacerbate conflict, and violent conflict itself is a major driver of acute food insecurity<sup>55</sup>. In Yemen, food security interventions and investment support could be channeled towards local food production and local capacity development by integrating peace-building approaches to respond to the protracted crisis, by maximizing peace gains, reducing conflict motives and promote social cohesion. This helps to promote national peace and reconciliation in Yemen.

<sup>55</sup> Hendrix, C. and Brinkman, H.-J., 2013. Food Insecurity and Conflict Dynamics: Causal Linkages and Complex Feedbacks. Stability: International Journal of Security and Development, 2(2), p.Art. 26. DOI: <http://doi.org/10.5334/sta.bm>

War in the breadbasket: The ripple effects on food insecurity and conflict risk beyond Ukraine. STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE. 1 April 2022. <https://www.sipri.org/commentary/blog/2022/war-breadbasket-ripple-effects-food-insecurity-and-conflict-risk-beyond-ukraine>



**Theme IV**  
**Recommendations and  
Policy Options**





## 4 Recommendations and policy options

### First: Scale up and expand support for the promotion of agricultural production, agro livelihoods and food security

- Focus on developing interventions that promote local agricultural production as protection against potential shocks in fuel supplies and long-distance transport. Examples include agricultural projects in Yemen, drip irrigation and renewal of traditional flood irrigation systems, terrace systems, and less-water intensive crops driven by local markets and solar pumping systems. Solar-powered water pumps is a lifeline for Yemeni farmers.
- Support leveraging food and livestock production, and diversify income of vulnerable groups through cash activities, including cash for work, cash transfers and cash assistance.
- Support for agricultural inputs, animal feed, beekeeping supplies, livestock vaccination and treatment, raising small ruminants, household poultry production and dairy processing equipment.
- Rehabilitate agricultural infrastructure and irrigation schemes through the restoration of facilities and sites, including drip irrigation systems, green houses and solar pumps.
- Support in the production of food crops, contributing to the availability of food, improving rural income, and livelihoods for the poor.

### Second: Strengthening social protection across the humanitarian-development nexus in Yemen

The commodity shock that Yemen has experienced shifts focus to the humanitarian- development – peace nexus in view of the potential severe consequences that the Russian-Ukrainian war could have on Yemen, which requires the international community to respond to the current emergency situation and exacerbated long-standing problems in order to reduce the likelihood of famine and mitigate the pressure on Yemeni households due to rising food and fuel prices through:

- Provide and design support that ensures transition from humanitarian assistance to development, including by strengthening linkages with social protection systems that can be used to respond to shocks and crises.
- Support and scale up responses to expand cash transfers and vouchers, which are more cost-effective than the in-kind food distribution. General and administrative costs for in-kind distributions account 77% compared to 11% to 17% for cash and vouchers<sup>56</sup>. This approach also benefits from robust local wheat trade, which was amazingly effective in adapting to conflict environment. In addition, research conducted by the International Food Policy Research and other organizations showed that cash transfers allow families to increase the consumption of non-essential food items and are effective in protecting children against malnutrition.
- Channel more support for unconditional cash transfers, which are an effective tool to reduce the growing child malnutrition in complex emergencies. Studies confirm that cash transfers reduce food impact by 35.8% for WHZ and 20.4% for MUAC<sup>57</sup>.

<sup>56</sup> IFPRI, The Russian invasion of Ukraine threatens to further exacerbate the food insecurity emergency in Yemen. MARCH 23, 2022.

<https://www.ifpri.org/blog/russian-invasion-ukraine-threatens-further-exacerbate-food-insecurity-emergency-yemen>

<sup>57</sup> World Bank, Social Protection at the Humanitarian-Development Nexus: Insights from Yemen. 2021 International Bank for Reconstruction and Development / The World Bank.

WHZ is the standard deviation in (Weight for Height Z-Score). Child malnutrition index based on WHZ and/or oedema.

MUAC is an indicator of child malnutrition based on MUAC measurements.



- Strengthen livelihoods to stand to future shocks, increase agricultural production and thus improve food security and nutrition. This supports transition from humanitarian assistance to development, including by strengthening linkages with social protection systems that can be used to respond to shocks and crises.
- Prioritize livelihood programs that promote community resilience, increase food production and diversification of income, provide families with the tools they need to earn a living even in the face of these serious implications. Support and promotion of agricultural livelihoods is the greatest defense against hunger and malnutrition.
- Provide the necessary support for small farmers and other men and women at risk, who are particularly exposed to the economic repercussions of the Ukraine-Russia war and protracted crises such as climate changes and natural disasters.

### **Third: Support and promote development and sustainable peace-building process in Yemen**

Sustainable Peacebuilding in Yemen is one of the most important opportunities that can contribute to mitigating the impacts and effects of global crises, including the Russia-Ukraine war by:

- Strengthening and boosting the ongoing efforts to keep the temporary truce and to shift from a temporary to a permanent truce paving the way for sustainable peace.
- Promoting a more proactive role by the United Nations and response to peace-building challenges and the continued international support for national efforts.
- Provide adequate financial support to Yemen by a wide array of partners, including the World Bank, regional and international financial institutions, as well as donors.
- Design and implement results-driven initiatives in critical areas with the potential to contribute to recovery, reconstruction and peace building.



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