# YEMEN QUARTERLY FOOD SECURITY UPDATE

June 2023

## KEY HIGHLIGHTS

- There was an increase in food insecurity in June 2023 compared to the previous two months, a seasonal deterioration post Ramadhan period as the lean season sets in. Food insecurity has, however, reduced in magnitude and severity compared to the same period in 2022 mainly because of the truce and peace dividends.
- Despite heavy rainfall and floods during the first rainy season (March-May), agricultural activities benefited from continued rainfall and had sufficient water for irrigation in the main wadies, with most farmers reportedly planted their crops. The rains also improved vegetation conditions and green fodder availability for livestock. The seasonal outlook is positive, expected to be normal and will boost both crop and livestock productivity.
- The exchange rate between the YER and the US $ has been relatively stable in SBA areas but volatile and depreciated in GoY areas, the latter linked to reduced government foreign exchange earnings from oil, and high seasonal demand for dollars during Hajj festivities.
- Diesel prices have relatively been stable in GoY areas while declined in SBA in recent months, supported partly by declining global crude oil prices. During June 2023, diesel prices decreased by 6 percent on average in SBA while remained unchanged in GoY controlled areas. Fuel prices are, however, slightly more expensive in dollar terms in SBA areas than in GoY areas in recent months because of currency stability in the former.
- The average per capita monthly cost of the Minimum Food Basket (MFB) reached YER. 109,123 in GoY areas and 47,680 in SBA areas equivalent to about USD 82.3 and USD 89.7, respectively. This was at the same level in GoY areas while declined by 4 percent in SBA areas month-on-month. The June 2023 prices of the commodities in the MFB (rice, beans, cooking oil and wheat flour) increased by 5 – 26 percent on average in GoY areas reduced by 2-17 percent in SBA areas year on year, the former largely by the depreciation of the YER while the latter is because of price controls.
- The food security situation is expected to deteriorate from July through early September in Yemen just before harvests, in line with seasonality, expected increases in food prices, limited access to income/ reduced purchasing power, impacts of recent floods, reduced humanitarian food assistance, and continued conflict in front-line districts. The lingering impact of the war in Ukraine will likely aggravate the food insecurity situation further in the country because of expected severe wheat flour shortages and sky-rocketing prices of bread in response to reduced imports flows following Russia's withdrawal from the Black Sea Grain Initiative.

## FOOD SECURITY OVERVIEW

All the food security monitoring systems in Yemen indicate that the situation has improved over the last one year both in terms of severity and magnitude. However, in June 2023, there was an increase in food insecurity compared to the previous two months, which reflects seasonal deterioration post Ramadhan period as the lean season sets in, normally from June through early September. April coincided with Ramadan period, normally associated with improved food consumption by households given increased food assistance from various sources.

The Integrated Food Security Phase Classification (IPC) analysis conducted in areas under the control of the Government of Yemen (GoY) showed a slight reduction (6 percent) in the number of people facing acute food insecurity during Jan-May 2023 period compared to the same season in 2022. Accordingly, approximately 3.2 million people, or one-third of the population in GoY-controlled areas, were still in IPC Phase 3 and above, of which 781,000 people were in IPC Phase 4 (Emergency).

FIGURE 1a: Food Insecurity Trends (Source: FAO High Frequency Monitoring in Yemen)

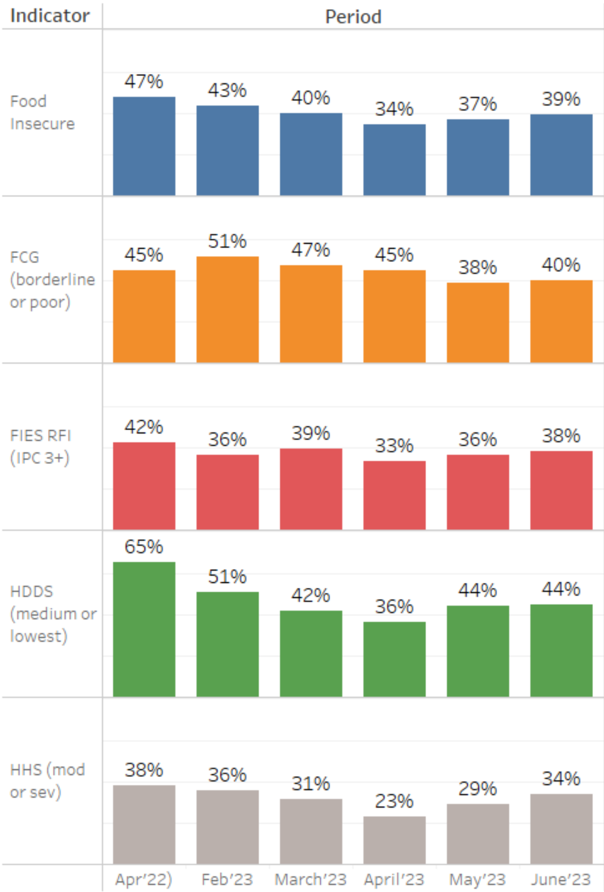
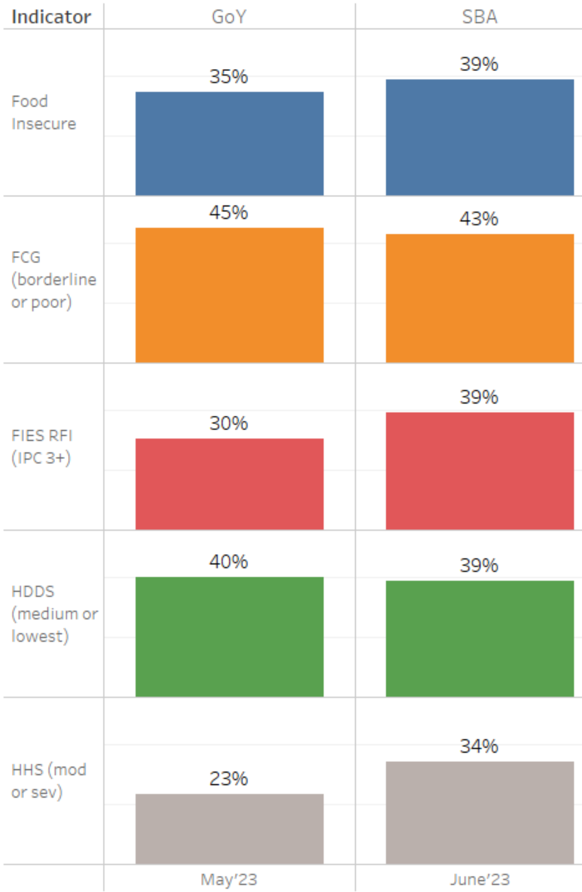



FIGURE 1b: Food Insecurity Trends by area (Source: FAO High Frequency Monitoring in Yemen)



The FAO high-frequency monitoring (HFM) conducted in late May 2023 revealed that food security improved remarkably compared to the same period last year with all the key outcome indicators all converging to reduced food insecurity situation compared to April 2023. Nearly four in every ten surveyed households experienced food insecurity equivalent to IPC Phase 3/Crisis and worse (36 percent) while the Household Hunger Scale (HHS) produced a similar result, with around 30 percent of moderate or severe hunger; the same with Household Dietary Diversity Score (HDDS) in which 44 percent of the surveyed households reported consuming poor-quality diet. In terms of geographical distribution, prevalence of food insecurity (equivalent to IPC Phase 3 or worse) is higher in SBA-controlled areas the (38 percent) compared to 31 percent in Government of Yemen (GoY) controlled areas with Al Jawf, Al Hudaidah, Hajjah, and Taizz governorates having persistently higher prevalence of severe food insecurity (equivalent to IPC Phase 3 or worse) than the national average.

The FAO HFM conducted between 14 – 24 June 2023 reported a further deterioration of food security from May period with nearly 40 percent of the population food insecure although the food security situation improved when compared to the same month last year. Food insecurity was comparatively higher in SBA-controlled areas food insecure than in GoY controlled areas where with about four in every 10 people (39 percent) and 35 percent facing acute hunger respectively. Most of food security outcome indicators converged to deterioration in the situation during the reporting month compared to May 2023. Hajjah, Al Hudaydah, Al Bayda, Al Dhale'e and Taizz Governorates had the highest prevalence of food insecurity in June. Overall, 54 percent of the households experienced shocks in the past one month, predominantly sickness of a household member (33 percent) and loss of income (60 percent), the former indicative of high disease burden in the country. Coincidentally, food and fuel prices did not emerge as predominant shocks as was the case in 2022, which is in line with comparatively reduced commodity prices over the last one year.

Overall, while food security situation continues to deteriorate post Ramadan/ Idd festivities, hunger has however gone down in the country relative to 2022 although Yemen remains one of the countries global with the worst food crisis with an estimated 40 percent of the population food insecure. The reduction in food insecurity situation over the last one year is attributable mainly to the 2022 UN-brokered truce that brought some stability, reduced conflict incidents and access constraints, increased fuel imports, led to the re-opening of Hodeida port, increased economic activities, improved market functioning and access to humanitarian assistance.

# DRIVERS OF FOOD SECURITY

## I. Agro-climatic Shocks with Implications on Crop and Livestock Production and Access to Food

During the reporting period (March – May), several shocks were recorded impacting livelihoods and infrastructure. Scattered immature Desert Locusts (DL) have continued to appear across the country with sightings in April confirmed in localized and limited areas in the Red Sea Coast and Gulf of coast Aden from Bayt Al Faqil to Abs in the north, and on one site in Wadi Hadramaut. Forecasts suggest that with continued rains, DL presence is likely to be sustained in the coming weeks in the Red Sea Coast and the Gulf of Aden. Reports also indicate presence of the Fall Armyworms (FAW) in Al Hudaydah, Hajjah, Al Mahwit, Raymah, Ibb, Taiz, Lahj and Dhamar likely to cause damage to coffee and maize crops while fungal diseases have reportedly affected vegetables. Livestock diseases such as brucellosis, scabies, foot-and-mouth disease were reported in parts of the country[1], and will most likely reduce supply of live animals to the markets and reduce incomes of livestock keepers.

Severe rainstorms and torrential rains were reported in much of Yemen following the start of the Saif rainy season resulting in severe and flash floods in late April and May in the highlands as well as in lowlands (of Hajjah Hodiedah, Al Mahwit and Ibb governorates) causing significant damage to irrigation infrastructure, dams, crop fields, and roads while mudslides and landslides caused displacements and crop damage across the country[2]. Transport and movement in urban areas were affected by storms floods in streets of the cities in Sana'a, Al-Mahwit, Dhamar, Amran, Hajjah, Raymah, Ibb, Sa'adah, Taizz, Hadramaut, and Marib governorates. The rainy season was also accompanied with increased human morbidity especially respiratory infections, flu, cholera, and acute diarrhoea.

### Seasonal Rainfall performance (March – May 2023, *Saif* rainy season) and vegetation conditions

The timing and intensity of seasonal rainfall are one of the most critical modulators of crop yield and livestock production in the country, more so for small scale-farmers that heavily rely on rainfed agriculture. The spatial-temporal distribution of seasonal rainfall during the 2023 Saif season (March – May) reveals abnormally wet conditions across the whole country (Fig. 1). Overall, apart from the desert areas of north-eastern Hadramaut and coastal portions of Al Maharah governorates, the whole country experienced over 50 percent more rainfall than the 1981 – 2010 long-term average. This has resulted in improved soil moisture conditions across much of the country also evidenced in the suppression of drought conditions . Consequently, vegetation conditions have improved in much of the cropped areas

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[1] FSTS (Sana'a) Food Security Update, April 2023
[2] FAO/FSTS Focused Group Discussions

highlands (Fig. 2), enhancing green fodder availability for livestock. The greenery triggered by the above-normal rains is therefore contributing to better availability of natural vegetation which is advantageous to forage producers and livestock keepers, improving animal body conditions and production and enhance livestock keepers, incomes through higher market prices.

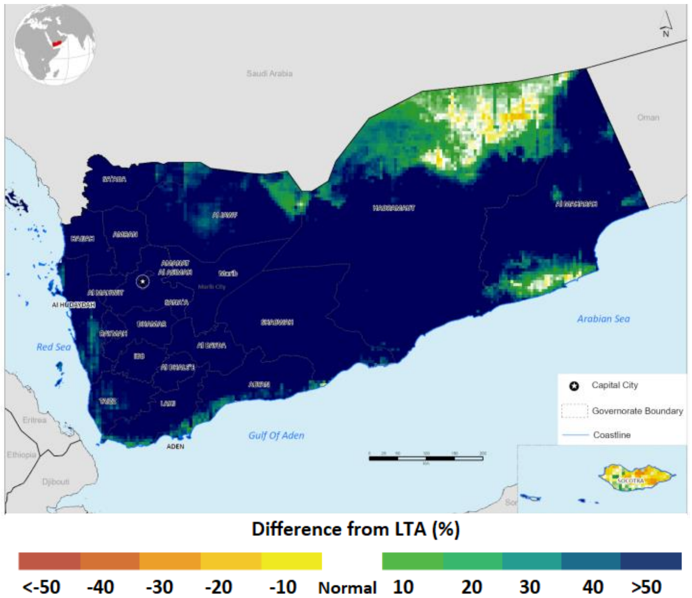



**Fig. 1:** Mar – May 2023 rainfall anomalies relative to 1981 – 2010

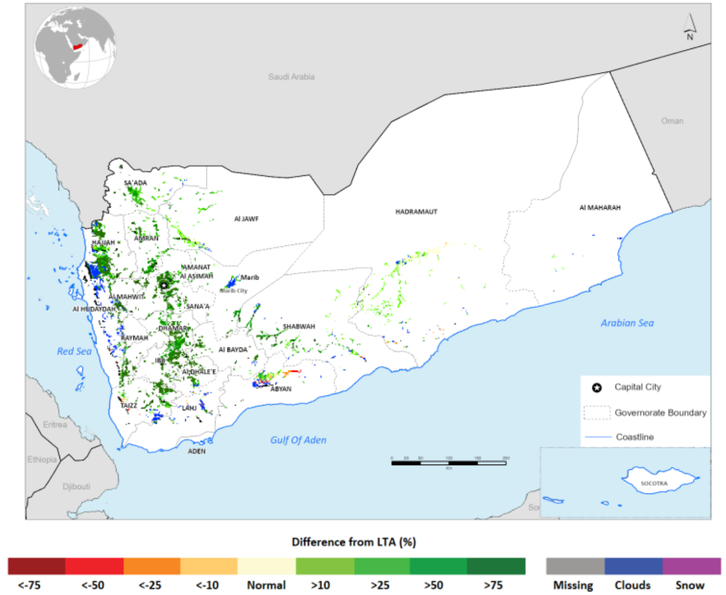



**Fig. 2:** Vegetation anomalies across cropped areas for the period May 21 – 31, relative to the 1984 – 2015 baseline

## Local Crop Production Prospects

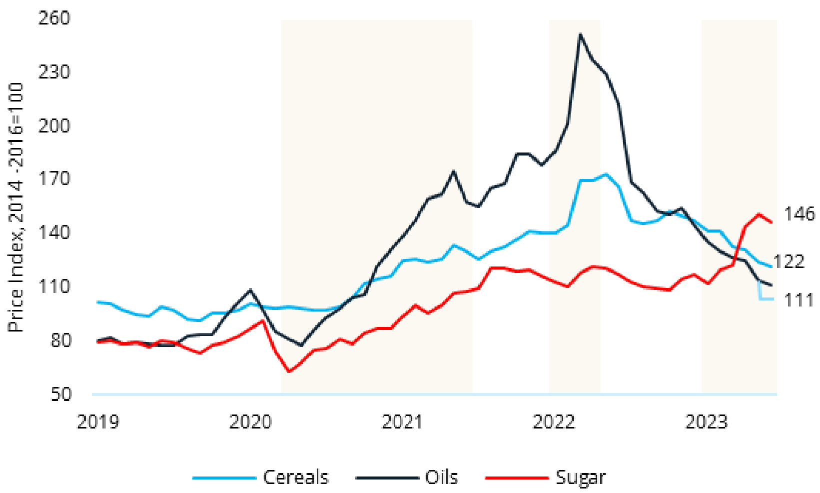
There is a likelihood of improved production and availability of food in the highlands and typical price decrease during the upcoming seasonal harvest of wheat, millet, and sorghum starting September given favourable first seasonal rainfall performance. According to the FAO Agromet Update (May 2023), agricultural activities benefited from continued rainfall and had sufficient water for irrigation in the main wadies, especially in Wadi Bana, Tuban, Rasyan, Zabid, Rema'a, Surdood and others, despite torrential rains and floods during the first rainy season. Most farmers in the highlands and irrigated areas therefore began planting crops despite heavy rains and floods. Ongoing harvests of different fruits and vegetables in the Central and Northern Highlands across the lowlands and coastal areas is contributing to improved availability and temper prices while at the same time enhance incomes of farmers in these areas. At the same time, there were reported flood-related losses of vegetables in the Central and Western Highlands which is likely to lead to keep vegetable prices high in the short-term.

## II. Economic Shocks

### International food and commodity prices trends with implications on local prices (wheat, rice, cooking oil and fuel)

Yemen is net cereal (wheat and rice) importer[3] and so global food price shocks are transmitted to food prices in local markets. Global food prices (cereals, cooking oil, and dairy products) have been on declining in recent months, more than a year for cereals as reflected in the **FAO Food Price Index**, which averaged 122.3 points in June 2023, 23.4 percent below the peak it reached in March 2022 (Fig. 1). Global crude oil prices have been declining from August 2022 trending below the $ 100 mark after having peaked to $ 113 in March last year. The domestic fuel (diesel/ petrol), cooking oil and wheat flour prices have also generally been declining since April/ May 2022 in both SBA and GoY markets following the price easing in the global markets (Fig. 2). However, the rate of decrease was faster in SBA areas than in GoY areas, the latter because of currency depreciation and lack of foreign currency following disruption/ halt of crude oil exports while for the decrease in the former has been supported by stable currency and price controls. Global food and fuel prices are highly positively correlated (correlation coefficient > 0.85) with the corresponding domestic

FIGURE 1- FAO Food Price Indices
Cereal price Index in June lowest since December 2020




[3] Normally 90-95 percent of its wheat and 100 percent of rice requirements met through imports.

prices in Yemen (Fig. 3) with domestic and global fuel and wheat the most highly correlated. Food and fuel prices in Yemen are therefore responsive to global price shocks/ easing in global food and fuel markets which impacts of purchasing power of consumers in the country.

**FIGURE 2: Trends in global & domestic commodity prices**

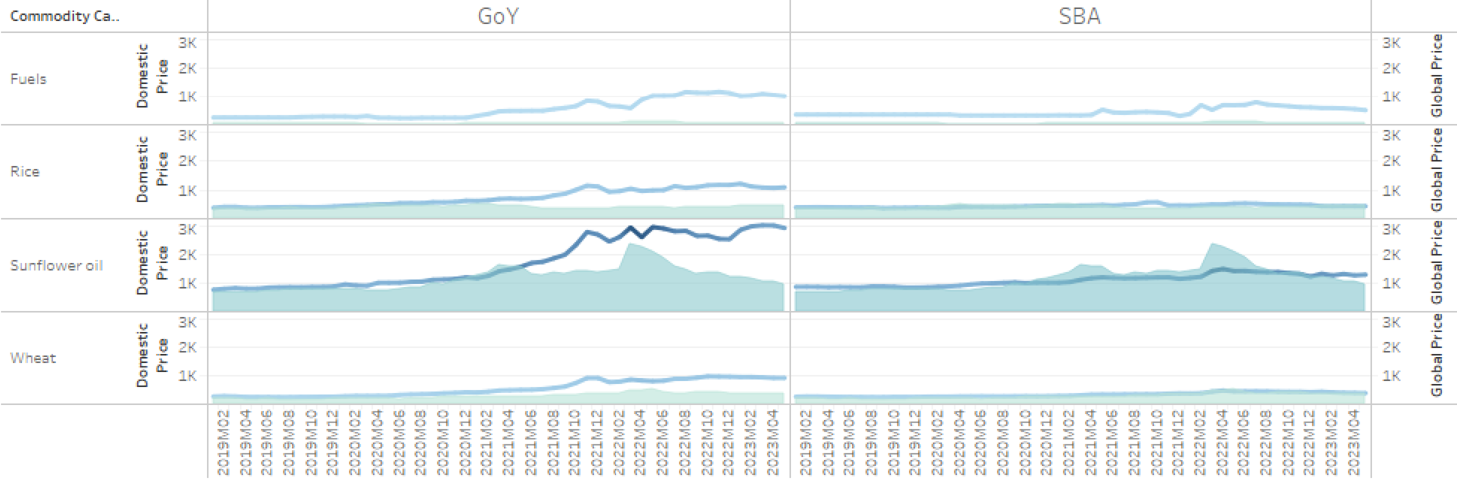
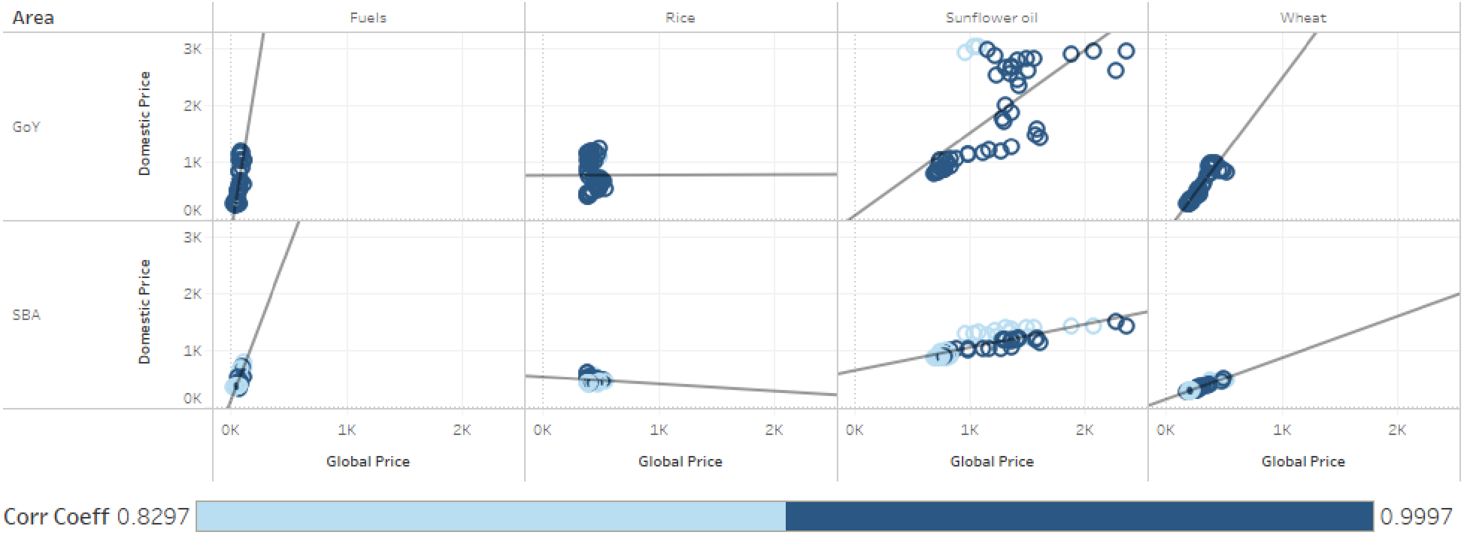



**FIGURE 3: Correlation (global & dometic) prices**



## Fuel prices, exchange rate & inflation risks

Changes in fuel prices are reflected in cost of transporting commodities while exchange rates affect cost of imports, and both are passed to consumers through inflated food prices. The exchange rate between the YER and the US $ has been relatively stable in SBA areas but volatile and depreciated in GoY areas. During the reporting month, the YER was stable m-o-m in SBA areas exchanging at 534 YER/USD but deprecated further in GoY areas after having lost ground in May, the latter development linked to reduced government foreign exchange earnings from oil, and high seasonal demand for dollars during Hajj festivities. When compared to the same period in 2022, the YER depreciated by 17 percent in GoY areas but gained value (6 percent) in SBA areas. Diesel prices have been relatively stable in GoY areas m-o-m and when compared to the same period last year while declined in SBA in recent months, supported partly by declining global crude oil prices.

FIGURE 4: Fuel and Exchange Rates

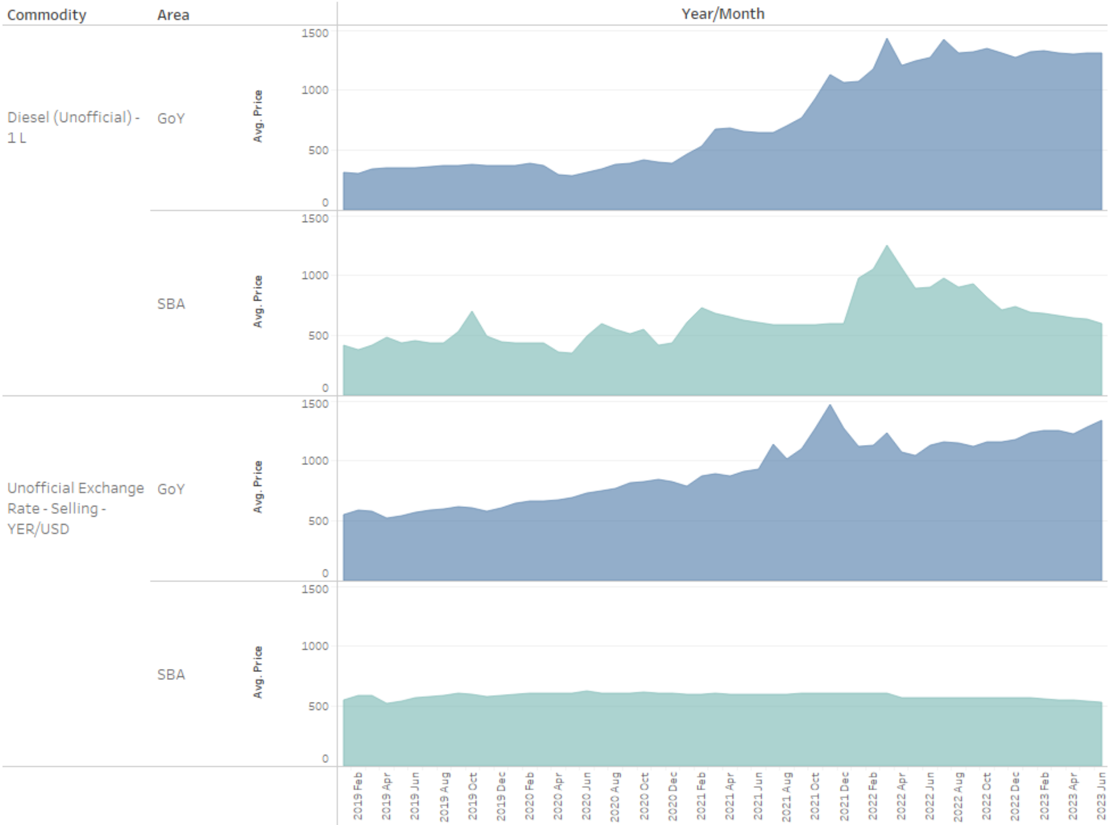



TABLE 1: Diesel and exchange rates

| | | | Price change/ variation | | |
|---|---|---|---|---|---|
| | | Price in June '2023 in USD | m-o-m | y-o-y | 3-year average |
| **GoY** | Diesel (Unofficial) - 1 L | 0.99 | 0% | 3% | 76% |
| **SBA** | Diesel (Unofficial) - 1 L | 1.12 | -6% | -34% | -11% |
| | | **YER/1 USD** | **m-o-m** | **y-o-y** | **3-year average** |
| **GoY** | Unofficial Exchange Rate - Buying | 1,326 | -4% | -17% | -31% |
| **SBA** | Unofficial Exchange Rate - Buying | 531 | 0% | 6% | 12% |

During June 2023, diesel prices decreased by 6 percent on average in SBA wile remained unchanged in GoY. However, over the last one year, diesel prices in GoY areas were 3 percent higher while decreased by 34 percent in SBA areas, the former linked volatile and depreciated currency against the dollar following cessation of crude oil exports. Fuel prices are however slightly more expensive in dollar terms in SBA areas than in GoY areas because of currency stability in the former.

## Minimum Food Basket (MFB) and its components

In June, the average per capita monthly cost of the Minimum Food Basket (MFB) reached an average of YER. 109,123 in GoY areas and 47,680 in SBA areas equivalent to about USD 82.3 and USD 89.7 respectively. This was at the same level in GoY areas while declined by 4 percent in SBA areas month-on-month. The prices of the commodities in the MFB (rice, beans, cooking oil and wheat flour) increased by 5 – 26 percent on average in GoY areas reduced by 2-17 percent in SBA areas, the former largely by the depreciation of the YER while the latter is because of price controls. Diesel prices remain very high in IRG areas when compared to the 3-year average. According to the FEWSNET, the Sana'a-based Ministry of Trade and Industry (MTI) further lowered the price ceilings of staple food commodities in areas under the control of the SBA, following reduced importation costs after easing of importation restrictions. The reduced prices are however minimal to enhance household food access in areas under the control of the SBA given reduced consumer purchasing power.

FIGURE 5: Minimum Food Basket (MFB)

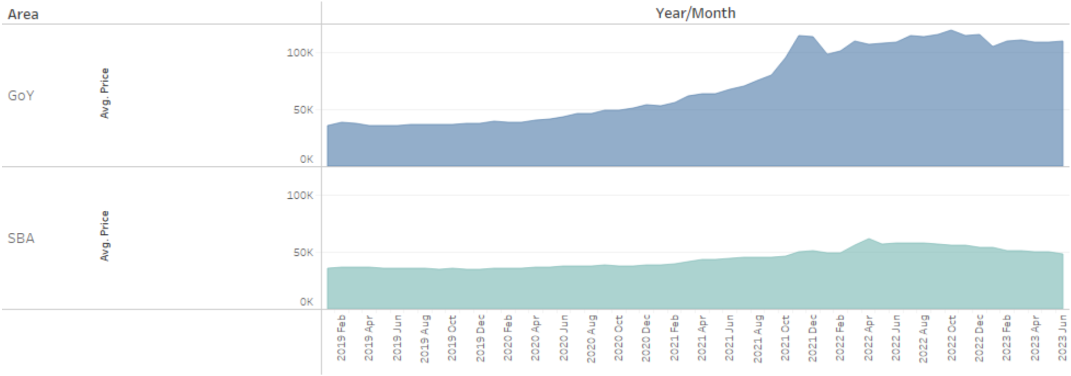



FIGURE 6: MFB Components

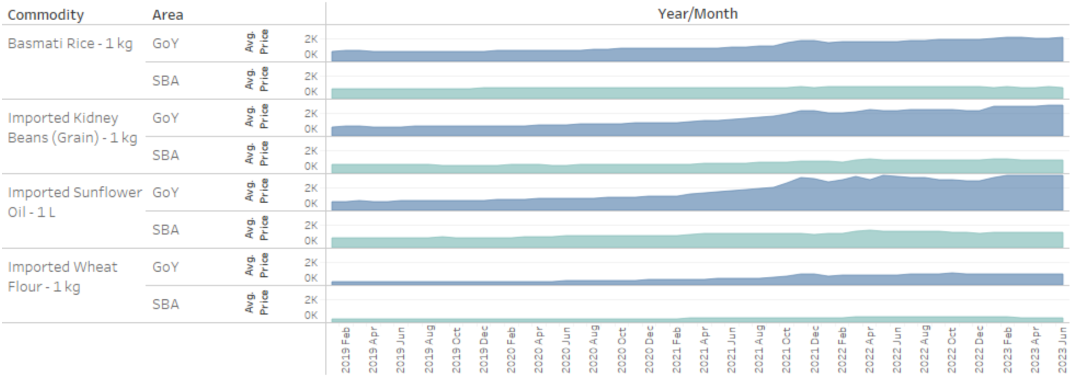



TABLE 2: Minimum Food basket & its components

| | | Price in June '2023 in USD | Price change/ variation m-o-m | y-o-y | 3-year average |
|---|---|---|---|---|---|
| GoY | Minimum Food Basket | 82.3 | 0% | 1% | 50% |
| | Basmati Rice - 1 kg | 1.6 | 4% | 26% | 64% |
| | Imported Kidney Beans (Grain) - 1 kg | 1.9 | 0% | 20% | 70% |
| | Imported Wheat Flour - 1 kg | 0.7 | 0% | 13% | 66% |
| | Imported Sunflower Oil - 1 L | 2.3 | 0% | 5% | 61% |
| SBA | Minimum Food Basket | 89.7 | -4% | -16% | 4% |
| | Basmati Rice - 1 kg | 1.8 | -2% | -6% | 0% |
| | Imported Kidney Beans (Grain) - 1 kg | 2.1 | -1% | -2% | 26% |
| | Imported Wheat Flour - 1 kg | 0.7 | -6% | -17% | 3% |
| | Imported Sunflower Oil - 1 L | 2.5 | 0% | -6% | 11% |

## Income and purchasing power

The consumer purchasing power has been declining in Yemen notwithstanding genral increase in nominal wages. Using January 2019 Minimum Food Basket Prices as the base period for CPI, its notable from Figure … that real casual labour and semi-skilled wage rates have been on a downward trend since 2020 through June this year. During the reporting month, the gap between nominal and real wages was highest in GoY areas (207 percent) compared to 35 percent in SBA controlled areas. Whil e the nominal casual and semi-skilled labour wages had grown 55 -62 percent in GoY araes and between 16-18 percent in SBA areas in the last three years, grown in real incomes declined or remained relatively stable in the former while increased modestly (11 – 12 percent) in the latter, in SBA because relatively stability of the minimum food basket. The decline and minimal growth in real income has implications on food insecurity in Yemen since this affects affordability of food in the markets. According to the World Bank, about 4 in every 10 Yemenis (40 percent) live in urban areas and are therefore market dependent for food. Real incomes of casual labourers, who form a significant vulnerable layer in urban and areas were already on a downward spiral and has now been further impacted on by currency depreciation particularly in GoY araes. As shown in the graph, erosion of real labour income in GoY areas since 2020 was componded by currency depreciation following printing of new notes in 2021 and now remain relatively lower than the pre-2022 period. Even though the real incomes in SBA areas have improved

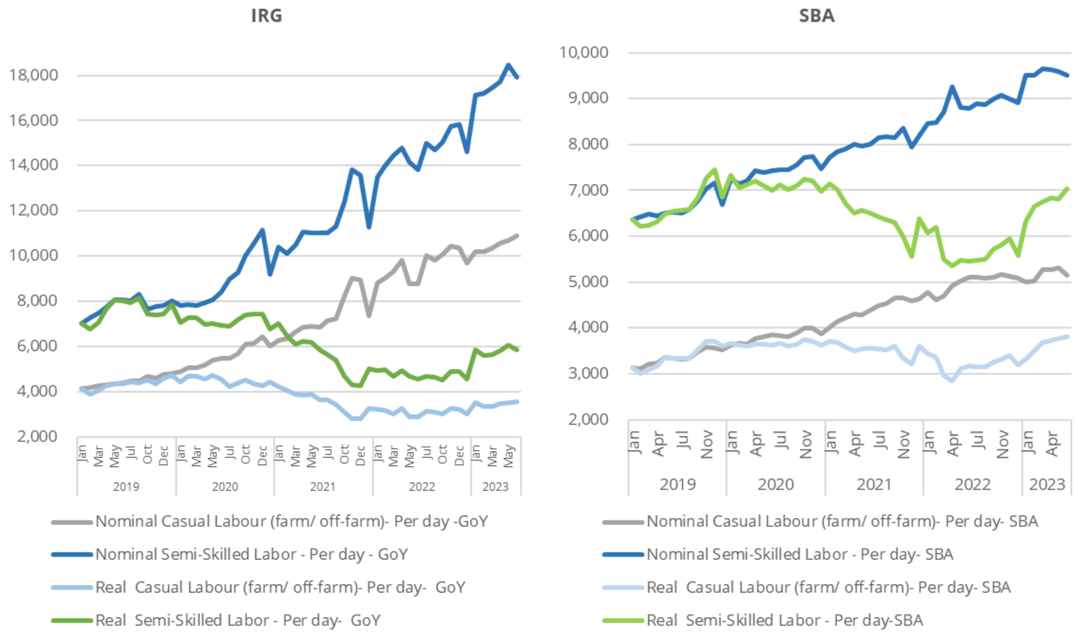



TABLE 3: Casual and semi-skilled labour wage rates

| | | June 2023 Income (YER) | Variation from the 3YA |
|---|---|---|---|
| Nominal | Casual Labour (farm/ off-farm)- Per day -GoY | 10,914 | 55% |
| | Semi-Skilled Labor - Per day - GoY | 17,900 | 62% |
| | Casual Labour (farm/ off-farm)- Per day- SBA | 5,148 | 16% |
| | Semi-Skilled Labor - Per day- SBA | 9,503 | 18% |
| Real | Casual Labour (farm/ off-farm)- Per day- GoY | 3,556 | -4% |
| | Semi-Skilled Labor - Per day- GoY | 5,832 | 1% |
| | Casual Labour (farm/ off-farm)- Per day- SBA | 3,820 | 11% |
| | Semi-Skilled Labor - Per day-SBA | 7,051 | 12% |

modestly in the last one year, the purchasing power of majority of Yemenis will continue to be compromised going forward geven the volatile and ipredicyable economic conditions. Casual and fixed income workers paid in YER, about 33 of whom are government with irregular salary payments will be trapped with lower wages, as their purchasing power continually diminishes. The worst hit are the urban poor and rural low income market-dependent earners as well as government workers without alternative incomes more so in SBA areas where there has been limited or non-payment of public sector salaries.

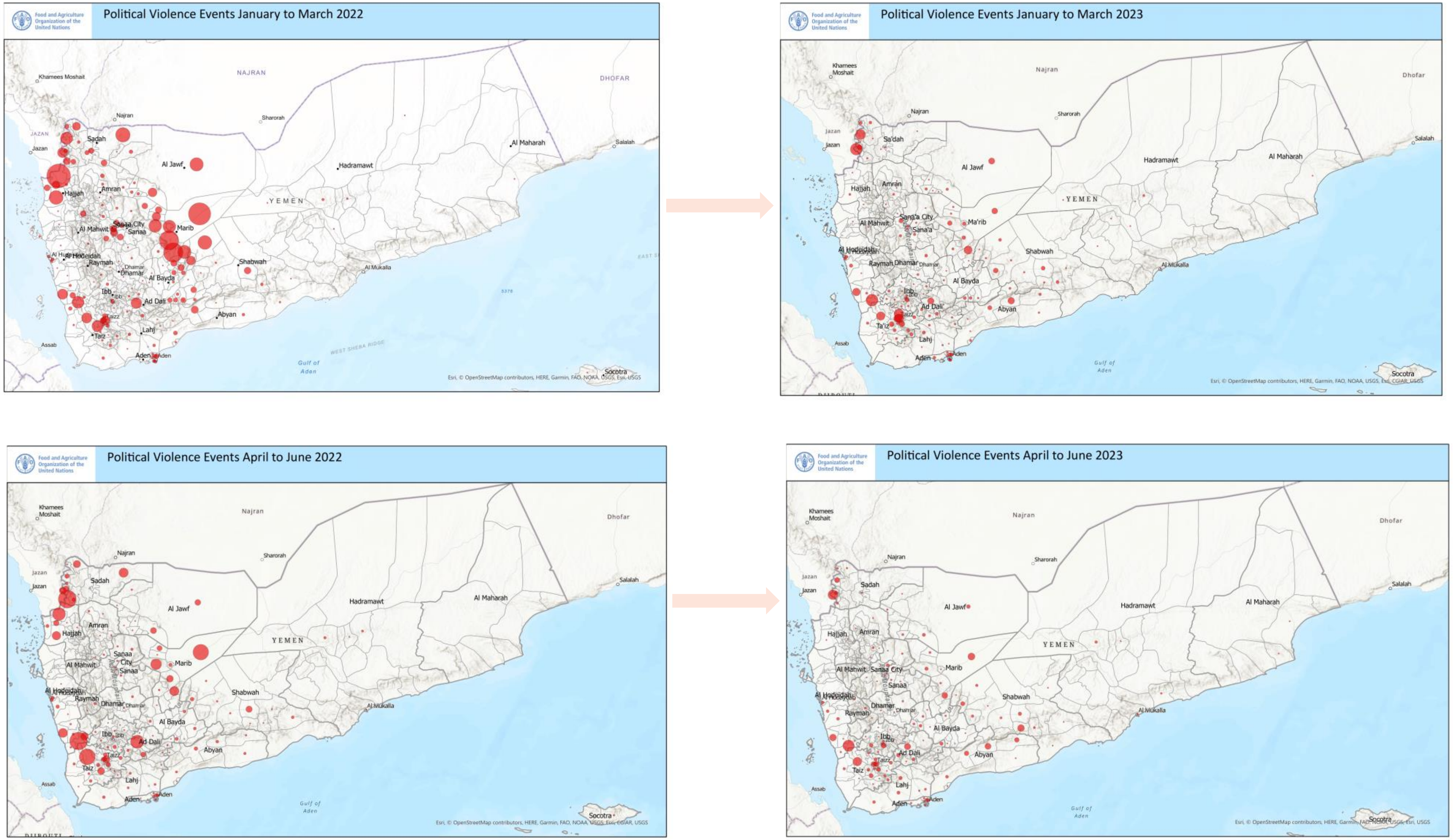
## III. Conflict, Insecurity and Displacement

### Conflict incidences & fatalities drop to lowest levels amid hopes for renewed truce

The security situation in Yemen has improved remarkably since the signing of the truce in April 2022 that lasted through October the same year. Despite the official expiration of the cease-fire in October 2022, no major escalatory actions were reported, and hostility and political violence levels remain low as of June 2023. Accordingly, conflict incidences and associated fatalities during January to June 2023 reduced respectively by 98 and 90 percent compared to the same period last year. An estimated 3,343 and 2,319 reported conflict cases and fatalities from violence between January -June 2023 compared to 23,751 cases and associated 77,894 violence fatalities during the same period in 2022. These violence cases were mainly in the multiple frontline districts in Taiz, Al Jawf, Saa'dah, Al Hudaydah, Marib, Ad Dali.

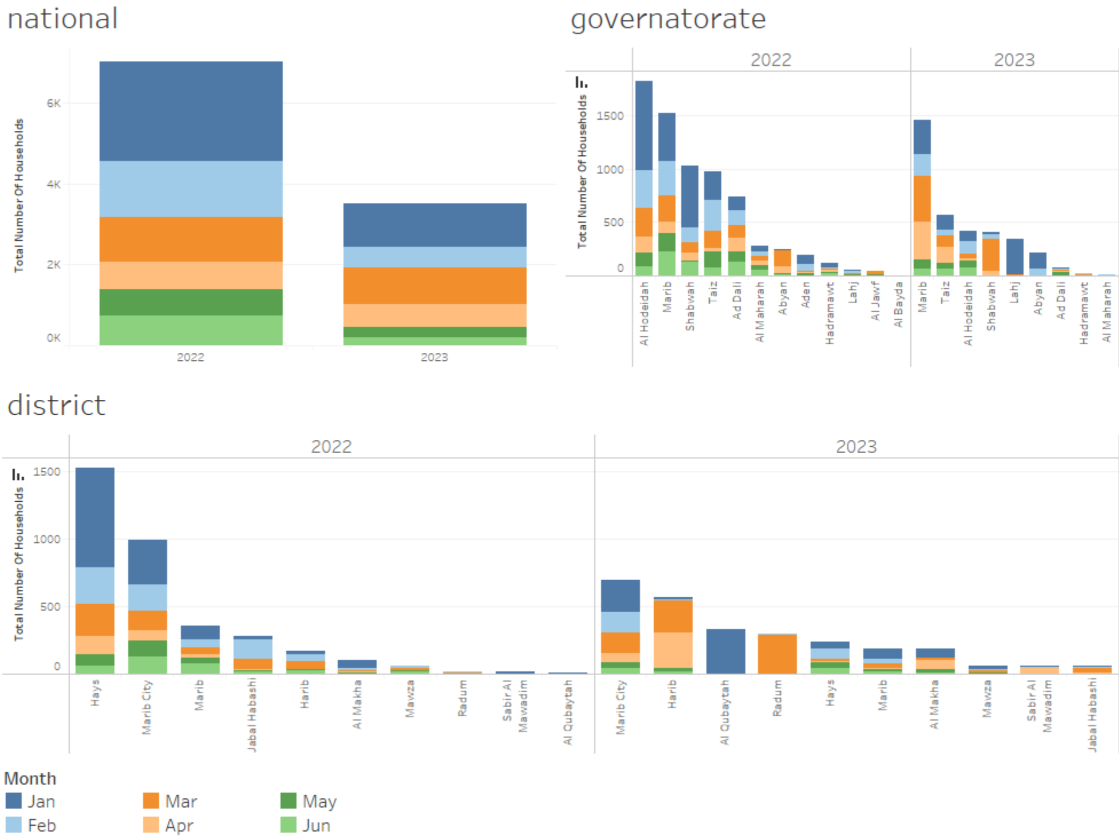
FIGURE 8: Conflict Incidences and fatalities trends

FIGURE 9: Trends in Political Violence events



## New Internally displaced persons (IDPs) decrease in line with reduced conflict and improved security situation

FIGURE 9: IDP Trends

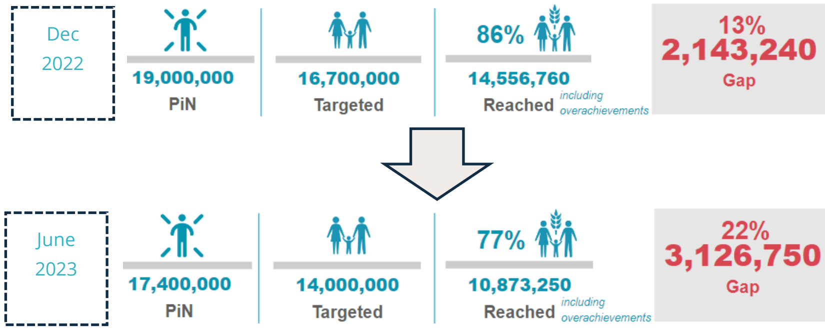



Safety and security concerns because of the conflict has been the main reason for internal displacement in Yemen in recent years. In line with improved security situation following truce, the number of internally displaced persons (IDPs) has reduced remarkably. Between January -June 2023, an estimated 3,511 households were newly internally displaced, which is half the number displaced during the same period last year. Four in every ten newly displaced people during January-June 2023 period were from three districts in Marib Governorate (Marib rural, Harib and Marib City). At district level, Al Qubaytah had the third number of newly internally displaced persons after Marib City and Harib. Weekly trend analysis by IOM show that rate of displacement has gone down in the last three months after peaking at the end of March. Reduced displacement is positive for re-establishment and resumption of livelihoods. However, the food security situation of newly displaced populations without access to humanitarian assistance remains worrisome while areas with high concentration of IDP population like Marib City heightens competition of resources and livelihood opportunities. According to FSAC, Marib Governorate has up to 67% of the people in need (pin) not covered, leaving a gap of 407,208 people without assistance.

# IV. Other drivers

## Humanitarian food assistance

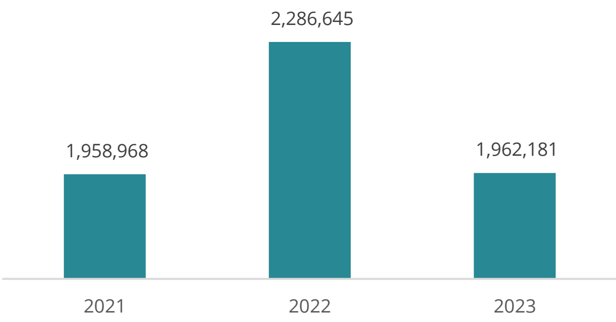
Since the beginning of the current conflict in Yemen, humanitarian assistance has played an important role in supporting food security of the people in need. According to FSAC, emergency humanitarian food assistance in Yemen is currently targeted at 14 million people in need out of which WFP assisted an estimated 13 million people between January – June 2023, which is equivalent 93 percent of the people targeted. However, due to funding shortfalls, WFP, the main pipeline for humanitarian food assistance in Yemen, is providing reduced rations (65 percent of the standard food basket) and has also shifted more than 900,000 beneficiaries from cash-based assistance to in-kind food assistance starting January 2023. The number of beneficiaries receiving assistance has therefore increased by 22 percent up from 13 percent in December, widening the assistance gap by 22 percent in June 2023 from 13 percent in December last year. The increased of uncovered needs through reduced rations and number assisted in likely to lead further deterioration food insecurity given these populations were already vulnerable.




## Food imports

Even though key food staples and fuel products were available in the main monitored markets across the country in June 2023, import volumes for the first half of the year are lower compared to last year. During the first half of the year (Jan-June 2023), an estimated 1.96 million MT of food was imported through Al Hodeidah and As Salif Ports, which is 14 percent lower than the same period in 2022 and slightly higher than the volume imported in 2021. Wheat products (grains & flour) constituted the largest share of the food imports (57 percent). An estimated 1.22 million MT of fuel products were imported through Al Hodeidah and As Salif Ports during January -June 2023 period, record highest, 70% and 304% above 2022 and 2021 percent respectively.

FIGURE 10: Food imports in MT via Hudaydah and As Salief ports (Jan - June



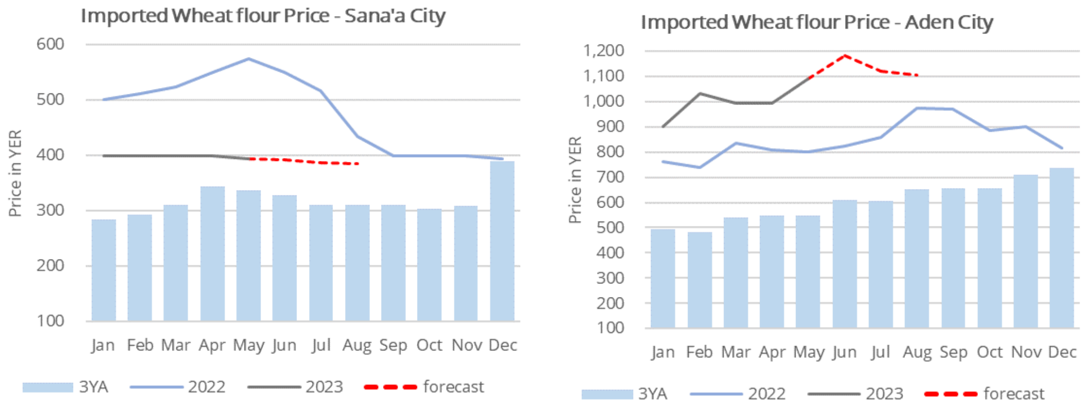
## FOOD SECURITY OUTLOOK & AREAS AND POPULATION OF CONCERN

Overall, in line with seasonality, high food prices, limited access to income/ reduced purchasing power, impacts of recent floods, reduced humanitarian food assistance, and continued conflict in front-line districts, the food security situation is expected to deteriorate through Early September just before harvests but improve somewhat from October especially in the SBA areas where the bulk of crop production comes from. The main areas of concern during July – September period include:

- Districts in the frontline conflict areas without humanitarian access in Taiz, Sadah, Al Hudaydah, Marib, Ad Dali and Abyan;
- Districts with high concentration of IDPs with limited access to humanitarian food assistance in Marib, Taiz, Al Hodeidah, Shabwa, and Lahj in particular, Marib City, Harib, Al Qubaytah, Radum, Hays, Marib, and Al Makha districts;
- Areas that have consistently Urban poor relying on unstable casual labour income sources in main cities;
- Public sector workers especially in the North (SBA) that rely on unpredictable salaries.

**Food prices:** staple food prices are expected to remain above average in the next three months; but trend seasonally above 2022 levels in GoY areas and near last year's levels in most markets in SBA controlled areas . The collapse withdrawal of Russian Federation from the Black Sea Grain initiative is likely to lead to increased prices of wheat and corn in the global markets which will be transmitted to markets in Yemen.

FIGURE 11: wheat flour price projections




**Conflict and displacement:** There is cautious optimism that the conflict and insecurity situation will likely not deteriorate further given the renewed commitments by both parties to long-lasting and sustainable peace. However, localized incidences characterized by limited sporadic clashes in frontline districts are expected to continue at current levels. Renewed diplomatic relations between Iran and Saudi Arabia in April 2023 is positive for peace solution in Yemen.

**Rainfall, floods, and vegetation conditions:** FAO Agromet forecasts points towards near-normal rainfall conditions across much of the country from July through September 2023, increasing the risk flash floods occurring which could potentially lead to destruction of crop lands, roads, and irrigation infrastructure (dams) and household assets leading to livelihood disruptions and localized increased food insecurity. However, the projected favourable rains will bring reprieve to farmers and livestock keepers, supporting crop development, fodder and water availability, pasture regeneration and improved livestock body conditions, milk productivity and income from livestock sales.

For further information reach us on email at YE-FSNIS@fao.org