



# Yemen

Population <sup>1</sup>	28,498,687
Area (km <sup>2</sup> ) <sup>1</sup>	527,970
GDP per capita (USD) <sup>1</sup>	824.11
TES (Mtoe) <sup>2</sup>	3.30
Energy intensity (toe/10 <sup>3</sup> 2015 USD) <sup>2</sup>	0.10
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>2</sup>	8.0

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO<sub>2</sub> Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

Yemen’s overall risk level against the assessed areas is **moderate**.

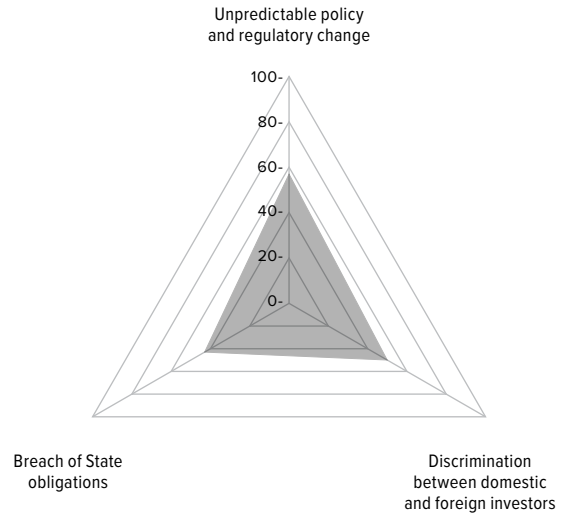
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Yemen’s performance is moderate on three indicators, and it is low on one indicator. It has a score of 57 on the indicator *rule of law*, 47 on *regulatory environment and investment conditions* and 46 on *management of decision-making processes*. Its score on *foresight of policy and regulatory change* is 25.

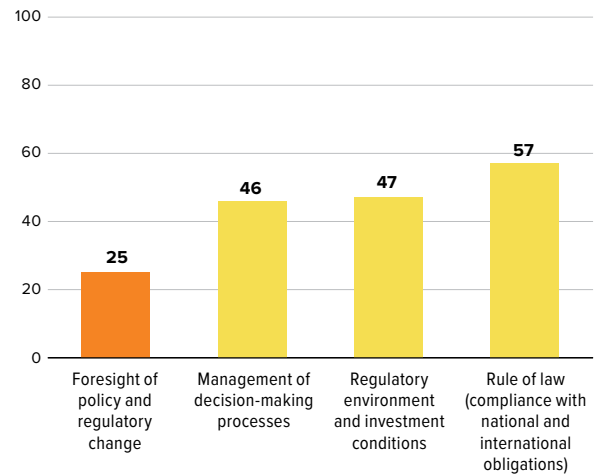
On a more detailed level, Yemen’s overall sub-indicator performance is moderate. The highest-scoring sub-indicator is *respect for property rights* at 58, followed by *management and settlement of investor-State disputes* at 55. The sub-indicators *institutional governance* and *restrictions on FDI* are both at 50. Its score is 44 on *regulatory effectiveness*, 42 on *transparency* and 26 on *robustness of policy goals and commitments*. The lowest-scoring sub-indicator is *communication of vision and policies* at 24.

While some policies and measures are in place, more concrete steps must be taken to strengthen Yemen’s performance across all indicators and underlying sub-indicators. Particular attention should be given to communicating the country’s national vision and energy policies better.

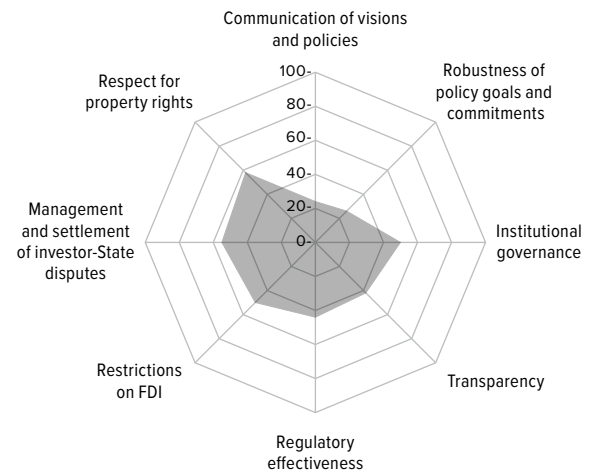
### RISK LEVEL



### INDICATOR PERFORMANCE



### SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The Government of Yemen adopted the National Strategy for Renewable Energy and Energy Efficiency in 2009.

Yemen signed the Paris Agreement on 23 September 2016 but has not ratified it yet.

### STRENGTHS

The Government of Yemen is trying to revitalise the power sector and resolve the energy crisis resulting from the war. In April 2021, it launched a 40 MW power plant at the Shihr port city to improve energy access. Attempts to boost investment and power infrastructure resilience are also being made at local level. In 2021, the Hadhramaut local authority signed a contract with the Jordanian-based Consolidated Consulting Group to construct power line towers and substations for the first phase of a 132 kV power supply line project. The local authorities in the Marib governorate also launched an ambitious campaign in November 2020 to install over 4,400 electricity meters for consumers in its capital and on the outskirts. The project aims to improve the delivery of electricity services, promote energy conservation and increase the governorate's revenue collection.

Yemen's Supreme Energy Council (SEC) monitors the progress made in overcoming the country's key energy challenges. The Prime Minister of Yemen chairs the SEC, which includes the Minister of Electricity and Energy (MoEE), the Minister of Oil and Minerals (MOM), the Minister of Finance and the Minister of Planning and International Cooperation (MPIC). The main tasks of this SEC are to review and draw up national energy strategies, develop action plans and remedies for any gaps in policy implementation, follow up on urgent energy issues, and eliminate barriers that hinder the sector's growth.

### AREAS FOR IMPROVEMENT

With assistance from donor agencies, the Government must develop an energy sector rehabilitation strategy with revised national energy objectives and scenarios for their achievement. This strategy must be accompanied by a matrix that sets performance indicators for the high-level objectives, targets and date of achievement (taken from a baseline year) and lists the implementing entities.

Restoring the on-grid power supply in public services and rehabilitating the grid infrastructure damaged from the war should be the Government's foremost priority. At the same time, it should channel funds into off-grid solar power generation, given Yemen's sunlight abundance, the scalability of photovoltaic systems, and the potential of distributed systems to increase energy access in remote areas. With support from development partners, the Government must draft a renewable energy investment plan to mobilise private investment in distributed power generation. It must also conduct technical studies to determine wind energy potential along the coastal strip and offshore areas.

## Management of decision-making processes

### QUICK FACTS

The MoEE develops strategies, policies and plans to implement electricity activities in the country. The MOM supervises the oil and natural gas sub-sectors.

The MPIC defines the private sector development and investment policies.

Law No. (13) of 2012 on the Right of Access to Information promotes citizens' right to access information.

### STRENGTHS

In February 2021, the Council of Ministers of Yemen approved its annual Action Plan to address some key issues, such as implementing financial reforms to increase the Government's revenues, exercising control over public expenditures and eliminating corruption. During its first meeting, the Council of Ministers discussed, in a collaborative manner, the main requirements, objectives and actions for Yemen's economic recovery. It mandated the Minister of Finance to prepare monthly expenditure plans for the first half of the year, January to June 2021, in cooperation with the Ministers of Civil Service and Insurances, Planning and International Cooperation and Local Administration. In 2021, the Government also reactivated the SEC to identify sustainable solutions for improving electricity services in Yemen. The SEC held its first meeting in March 2021 to address some urgent topics, such as reducing fuel supply shortages and opening investment in the energy sector.

Yemen has a legal framework on the right to information access and anti-corruption. The Law on the Right of Access to Information lists a limited set of circumstances under which citizens can be denied information held by public authorities. It requires public authorities to publish annual reports on the actions taken to achieve the national objectives, the relevant projects and programmes, and the financial accounts. The public authorities must inform the citizens and other stakeholders of how and where they can get this information and request official documents. The Anti-corruption Law No. (39) of 2006 establishes the Supreme National Anti-Corruption Commission with competencies to prevent and investigate corruption cases, raise awareness of corruption, and educate the public on corruption-related issues.

### AREAS FOR IMPROVEMENT

The central Government and international agencies should make efforts to strengthen self-governance in the governorates. Since the ongoing war may make it difficult to amend Law No. (4) of 2000 on the Local Authority, the central Government should establish a regulatory framework that allows the governorates to exploit resources, provide services at local level and utilise the revenues collected for their development. To ensure citizen inclusion on the ground, the approach of the Marib and Hadhramaut governorates, where the community's role in decision-making has increased compared to the pre-war era, can serve as a model.

## Regulatory environment and investment conditions

### QUICK FACTS

Per Law No. (1) of 2009 on Electricity, the MoEE regulates energy and electricity-related activities.

Law No. (15) of 2010 on Investment states that foreign and local investors shall be treated equally without discrimination to their rights and liabilities.

### STRENGTHS

The MoEE is working with the governorates to improve service delivery and implement planned projects. In February 2021, it inaugurated, with the Al-Mahrah Governorate, the construction of a model LPG station. In April 2021, it also signed an agreement under which Saudi Arabia will supply fuel to 80 power stations in different governorates. The total amount of fuel approved under the arrangement is 1,260,895 metric tons, including 909,591 tons of diesel and 351,304 tons of mazut, and the deal's value is USD 422 million. Law No. (19) of 1999 On Competition Promotion, Monopoly, and Commercial Deception Prevention establishes the Anti-Monopoly and Competition Protection Authority that defines the policies to promote market competition and prevent monopolistic practices.

Despite the security challenges, foreign investors present in the country are committed to ongoing projects – and to resume the ones suspended – bearing in mind the safety of personnel and operations. On 20 July 2018, the Yemeni company PetroMasila entered into a Memorandum of Understanding with General Electric to construct a 264 MW power plant in Aden. The project is now in its final stages, and it is expected to commence in 2021. In early 2021, representatives from the MOM and TotalEnergies met to explore options to restart the Yemen LNG project. In January 2021, the Government signed an agreement for the construction of a 40 MW power plant in the district of al-Boreiqqa. The total cost of the project is an estimated USD 3 million.

### AREAS FOR IMPROVEMENT

Guarantees under the Investment Law of 2010 are not available to investors engaged in exploring and exploiting oil and gas. Therefore, it is recommended that the Government should draft an oil and gas law that grants adequate legal protection to domestic and foreign companies engaged in upstream oil and gas activities.

The Government should intensify its efforts to promote and implement PPP projects that can give the country access to private capital, modern technology and skilled human resources. Although the Parliament resumed discussions on the draft PPP law in 2018, its progress stalled due to the war. For the time being, the Government should create a regulatory framework to support the implementation of PPP projects in key infrastructure sectors. It should also collaborate with international agencies and donors to design PPP programmes for financing and developing renewable power generation projects.

## Rule of law

### QUICK FACTS

The ECT entered into force for Yemen on 29 January 2019.

Yemen ratified the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States on 21 October 2004.

The Constitution of the Republic of Yemen with amendments through 2015 grants protection against the expropriation of private property.

### STRENGTHS

The Investment Law of 2010 allows the investor and the State to settle investment disputes amicably, and failing this through arbitration. The parties have the flexibility to undertake arbitration either under the rules and procedures of a nationally or regionally approved arbitration centre or those of UNCITRAL. The Presidential Decree No. (22) of 1992 Issuing the Arbitration Act (as amended in 1997) also permits national and international arbitration in commercial disputes. Mediation (sulh) is another alternative to court litigation that is available under the Arbitration Act. In 1998, an independent and non-profit body, the Yemeni Centre of Conciliation and Arbitration (YCCA), was established in affiliation with the Chamber of Commerce and Industry to promote arbitration. The YCCA has settled disputes in several areas, including trade, finance, construction and industry.

The Constitution of the Republic of Yemen establishes that the State cannot confiscate private property unless it is for a public interest purpose, upon payment of fair consideration and following due process. The Investment Law of 2010 contains more detailed provisions on conditions the State must fulfil before expropriating investors' property. It states that the expropriation of investment projects must be non-discriminatory. The amount of compensation must be mutually agreed upon between the Government and the investor or set by the competent commercial court. It must reflect the market price of the project assets until the day before the expropriation declaration. The compensation must be paid within 180 days from the date the project expropriation is declared. If the payment is delayed, the investor can request a re-evaluation by the competent commercial court.

### AREAS FOR IMPROVEMENT

Along with international stakeholders, the Government must mobilise technical and financial resources to increase the judiciary's institutional capacity, support infrastructure development and undertake programmes to improve judicial integrity and effectiveness. The Government and development agencies must organise capacity-building programmes and initiatives to link the informal justice providers with the formal judicial system at local level.