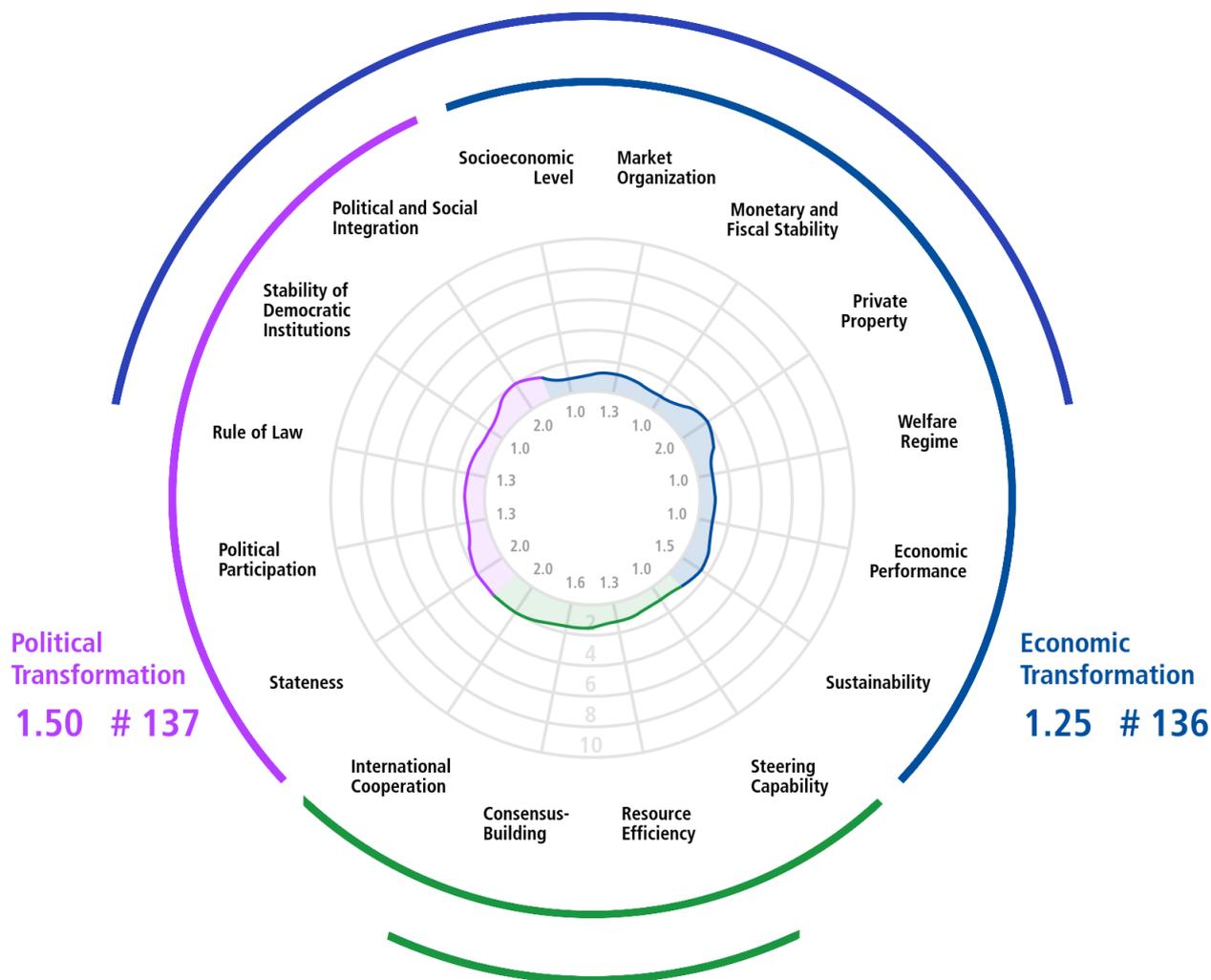


Yemen

Status Index

1.38 # 137

on 1-10 scale out of 137



Governance Index

1.45 # 133

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	40.6	HDI	0.470	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	3.0	HDI rank of 193	184	Gini Index	36.7
Life expectancy	years	69.3	UN Education Index	0.391	Poverty ³	% 54.4
Urban population	%	40.5	Gender inequality ²	0.838	Aid per capita \$	105.3

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Numerous political groups, including militant Islamist organizations and militias, control much of the population of the Republic of Yemen. Some are sponsored by members of the Saudi-led coalition (SLC), which former President Abdrabbuh Mansur Hadi called upon for assistance in 2015 and were later consolidated into the Saudi-sponsored Presidential Leadership Council (PLC) in 2022.

Elite capture and the fragmentation of the state apparatus continue to advance. Institutions – such as the government administration, the parliament, the central bank and even the currency – are duplicated or divided between Iran-supported Ansar Allah (Partisans of God, led by the Houthi family), the internationally recognized government (IRG) and the UAE-sponsored Southern Transitional Council (STC), which entered a fragile alliance with the IRG without disarming its militias.

Lacking access to the country's hydrocarbon resources, Ansar Allah resorts to creative methods of taxation, confiscation and embezzlement of humanitarian aid to finance its operations. Ironically, Ansar Allah implemented several reforms that the international financial institutions (e.g., the World Bank and IMF) had long demanded: subsidy abolition, expansion of the tax base and currency stabilization. While claiming the moral high ground in Yemen and regionally (e.g., regarding Israel's war on Gaza), Ansar Allah's leadership increasingly engages in extortion, kidnapping (including U.N. staff and international vessel crews), human trafficking and sexual violence.

Despite a Saudi-brokered agreement to establish the PLC in April 2022, infighting within the anti-Ansar Allah alliance has continued. Notably, the head of the PLC, Rashad al-Alimi, is organizing yet another military force – the Nation Shield Forces. Meanwhile, Ansar Allah blocked oil exports to choke the IRG economically, and launched missile and drone attacks against Saudi Arabia, the UAE and Israel, as well as commercial and military vessels in the Red Sea.

While the IRG, Ansar Allah and the STC have aligned with various regional powers and engage in mutual recriminations, approximately half of the population remains in urgent need of humanitarian assistance. GDP growth is negative, inflation is high, the Yemeni rial is in free fall and poverty is rampant. Political violence, malnutrition and diseases such as malaria, cholera and dengue fever plague the Yemeni population, with little more than half of the country's health facilities fully operational.

All parties to the conflict are increasingly engaged in the systematic dismantling of organized civil society. Despite substantial civil society engagement and donor-funded NGO trainings prior to 2015, civil society capacity has continued to decline due to the suffocating political and security contexts, and weak cross-regional networks.

On the other hand, some U.N. interventions have produced positive results. Another prisoner exchange was successfully implemented in 2024, the Taizz road has reopened and, although the 2022 truce has expired, large-scale fighting has not resumed. Furthermore, the United Nations coordinated the unloading of one million barrels of crude oil from the ailing Safer oil tanker, preventing an environmental catastrophe in the Red Sea.

History and Characteristics of Transformation

The Republic of Yemen emerged in 1990 from the unification of the former Yemen Arab Republic (North Yemen, 1962 – 1990) and the People's Democratic Republic of Yemen (South Yemen, 1967 – 1990). However, economic pressure and power struggles between the Yemeni Socialist Party – South (YSP), the General People's Congress – North (GPC) and the recently formed conservative-Islamist Yemeni Congregation for Reform (also known as al-Islah) increasingly threatened the Republic of Yemen's nascent democratic framework.

In May 1994, open warfare broke out between the two former state leaders, with the northern leader emerging victorious in July 1994. The postwar coalition government of the GPC and al-Islah immediately amended the constitution, erasing many political and personal freedoms. Meanwhile, in the south, former political elites nurtured growing disappointment with how the Salih regime handled the unification process.

The YSP boycotted the 1997 elections, giving the GPC an absolute majority. Incumbent President Ali Abdullah Salih, who had served as the north's president from 1978, overwhelmingly won the first direct presidential election in 1999. After the GPC further consolidated its absolute power with a sweeping victory in the 2003 (and last) parliamentary elections, the Houthi family in northern Sa'dah launched an on-and-off rebellion. This rebellion was triggered by economic and political marginalization, as well as the spread of Saudi-sponsored Wahhabism. The latter ideology threatened the social status of families claiming descent from the Prophet Muhammad, such as the Houthi family.

Meanwhile, the opposition (al-Islah, YSP and several smaller parties) succeeded in developing a common platform. This limited the regime's ability to play these groups off against one another. The opposition negotiated with the government after Salih's re-election as president in 2006 to

postpone parliamentary elections until April 2011. However, by January 2011, this dialogue had officially failed as the GPC once again submitted wide-ranging constitutional amendments to the parliament.

Sluggish political and economic transformations contributed to the Yemeni youth protests that began in January 2011 and put immense pressure on Salih. His heavy-handed actions toward protesters and his attempts to outmaneuver his opponents and the international community backfired. After the U.N. Security Council passed Resolution 2014, Salih formally accepted the Gulf Cooperation Council initiative and its implementation mechanism, which was intended to steer the transition period but in practice abolished the separation of state powers.

After being granted legal immunity, Salih handed over presidential powers to Vice President Abdrabbuh Mansur Hadi on November 22, 2011. The GPC formed a coalition government with al-Islah, which had joined, manipulated and then hijacked the popular protests. While the first 90-day phase of the transition ran relatively smoothly, the second phase, which was supposed to conclude with elections in February 2014, faced delays. The National Dialogue Conference (NDC), lasting 10 months, generated a total of 1,800 recommendations. However, influential members of the southern Hiraak movement boycotted the NDC and refused to accept a six-region federation – as opposed to a separate southern state or a two-region federal system. The Ansar Allah movement, led by the Houthi family, also rejected the six-region model due to its potential for severing their access to the port of Hudaidah. Without a mandate, the NDC extended President Hadi's term when elections had to be postponed.

In September 2014, aligned with Salih, Ansar Allah, aligned with Salih, invaded Sana'a. In January 2015, Hadi eventually escaped to Saudi Arabia, leaving behind a political mess and inviting the Saudi government to intervene militarily. On March 26, 2015, the Saudi-led and UAE-supported coalition (SLC) launched operation Decisive Storm – renamed Restoring Hope shortly thereafter – with the aim of reinstalling Hadi. The ensuing developments quickly resulted in a humanitarian catastrophe for the population as the Yemeni state, society and economy went into a tailspin. The war also amounted to an economic and reputational disaster for Saudi Arabia, because there were thousands of civilian victims of SLC airstrikes.

Salih's alliance with Ansar Allah was short lived. When Salih allegedly entered negotiations with the SLC in late 2017, Ansar Allah killed him in an ambush.

The UAE's divergent strategy in the south, as well as Iran's growing political and ideological support for Ansar Allah (who joined the so-called Axis of Resistance), added a regional dimension to the conflict.

By the end of 2021, the United Nations estimated that 377,000 Yemenis had been killed by combat operations, and lack of food and health care. Until April 2022, when Hadi was replaced by the Presidential Leadership Council (PLC) and a six-month truce was negotiated, international efforts to resolve the complex set of conflicts had only limited effects, including consultation rounds under the auspices of the U.N. Special Envoy for Yemen in 2015, 2016 and 2018. The 2022 truce, however, brought a measurable decline in hostilities over the following years.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

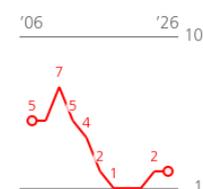
The state has no monopoly on the use of force. Rather, a range of de facto authorities has emerged and several international players are involved. Ansar Allah, rather than the state, exercises authority over most of the population and about one-quarter of the territory, employing force and the “supervision” of the state apparatus. Ansar Allah continues to smuggle arms and materials via the Arabian Sea (even through regions nominally under the control of the IRG), and at times blocks the Red Sea passage and airports under IRG control, attacks and hijacks ships it claims are affiliated with Israeli companies. Furthermore, Ansar Allah launched about 400 missiles and unmanned aerial vehicles at Israeli territory between October 2023 and January 2025. In response, U.S., U.K. (Operation Poseidon Archer) and Israeli militaries (Operation Long Arm) attacked Yemeni infrastructure.

However, the governors of Marib and Hadhramaut, leaders of the Joint Forces (including a relative of former President Salih) in control of the southern part of the Tihamah/west coast, and representatives of the Southern Transitional Council (STC), who used to oppose the internationally recognized government (IRG) and control large parts of the south including the “temporary capital” Aden, have at least formally joined the Presidential Leadership Council (PLC). Therefore, it can be said that, as of early 2025, an anti-Houthi alliance linked to Saudi Arabia and the UAE controls about three-quarters of Yemeni territory – that is, more than the internationally recognized government of ex-President Hadi did after 2015. However, the degree of control is limited. For example, members of the PLC have engaged in territorial disputes and the PLC could not prevent the abduction of U.N. staff in Abyan, which lasted for more than a year (2022/23).

Question
Score

Monopoly on the
use of force

2



Though many northern Yemenis still believe in the national unity of Yemen, the legitimacy of the nation-state is widely challenged. Ansar Allah has built what the Sana'a Center for Strategic Studies (SCSS) in 2022 called a “Zaidi Taliban fiefdom.”

Divisions in the south are often rooted in group grievances stemming from both the colonial and post-independence eras (pre- and post-unification in 1990). Parts of the Southern Movement, from which the STC emerged, continue to push for a return to Yemen’s pre-unification status, that is, two separate Yemeni states (the STC announced self-administration in April 2020 but recalled the announcement a few months later).

However, while the STC is financially potent, very vocal, highly visible, supported by UAE-sponsored militias and represented in the PLC, it is unclear to what extent it actually represents the population. Not all Yemenis in former People’s Democratic Republic of Yemen areas support the Southern Movement (al-Hirak), not all parts of the Southern Movement demand complete separation from the Republic of Yemen or support the STC, and not all regions in the south feel represented by the STC, especially the few governorates rich in natural resources (oil and gas). Several southern governors have rejected STC’s claims, while traditional local elites in Hadhramaut favor the idea of an independent Hadhrami state. With the support of the Saudi government, the Hadhramaut National Council was set up in June 2023 to counterbalance the STC.

While no group denies citizenship to others, the IRG does not accept passports issued by authorities in areas controlled by Ansar Allah.

Religious dogmas have been part of the legal and political spheres for centuries, and Shariah has officially remained the sole source of legislation except in the former People’s Democratic Republic of Yemen and in the Republic of Yemen (until 1994). The draft constitution of 2015 avoids the term “only source of legislation” but still makes Shariah “the source of legislation,” leaving interpretation to the legislative authority. In practice, religious, customary and state laws of varied origin coexist.

The outcome of the National Dialogue, particularly in areas concerning women’s rights, had the potential to introduce civil laws aligned with international standards. However, these outcomes are yet to be implemented. The draft constitution of 2015 had the potential to reduce the influence of religious dogmas on legal and political institutions. But even without the war, its enforcement would have been challenging. While the state could function as a secular order with modern institutions, the combination of Islamist radicalization (Zaidi or Sunni) and Saudi Arabia’s political influence has strengthened the position of religious dogmas.

Islamic scholars have shaped public opinion on crucial questions such as women’s rights, the form of the state (federal or central) and the National Dialogue Conference (NDC), where many religious leaders were among the deputies. Preachers influenced

State identity

2



No interference of religious dogmas

2



by Saudi-type Wahhabism claim that the Quran and Sunna take precedence over the constitution. Initially and unlike Sunni hard-liners, Ansar Allah did not oppose the concept of secularism or federalism. This changed after Ansar Allah gained control of most of northwest Yemen in 2014. According to Human Rights Watch (HRW) in 2024, Ansar Allah arrested dozens or even hundreds of citizens celebrating the anniversary of the 1962 revolution, which marked the end of the Zaidi Imamate in North Yemen. Ansar Allah leaders and affiliated media promote hate speech against Jews and Baha'is, persecute and deport members of those small religious minorities and seize their property. Moreover, Ansar Allah's interpretation of Zakat, their claims that descendants of Prophet Muhammad are superior to other citizens and the changes they introduced to school curricula violate the principle of equality.

Further interference by religious scholars in state affairs came in September 2023. Gender segregation and travel bans on unaccompanied women, including aid workers, are increasingly enforced in regions under the control of Ansar Allah or Sunni Islamists. As a result, a rise in intolerance and exclusion – justified in religious terms – affects the daily lives of people.

Already deficient before the war, basic administrative structures are under severe stress. The constitution does not provide for collective leadership; therefore, the PLC's legal status is debatable and its performance has not met expectations. Moreover, the various militias and other irregular forces operating in PLC territory have not been disarmed and sometimes fight each other.

That said, taxes are still being collected at both the national and local levels, though they do not necessarily reach Yemen's central bank (CBY). The governors of Marib, Hadhramaut and Shabwah keep a percentage of taxes and fees, and at least some of these funds are used to finance basic local administration and investment. Ansar Allah diverts illegal taxes and fees to their own coffers to finance their operations and – ostensibly – to pay some public sector salaries. In spring 2020, Ansar Allah reinterpreted the Zakat law and introduced a new 20% tax on some businesses (seemingly not applied before 2023). The Houthis and other families claiming descent from the Prophet Muhammad are among the beneficiaries of this additional revenue, which is termed “Hashemite tax.” It institutionalizes hereditary discrimination and racism and is an affront to the values of equal citizenship enshrined in the republic's constitution, according to the Sana'a Center for Strategic Studies (2020).

Provision of electricity and water is limited, though the use of solar systems is increasing. Some improvement was observed during the truce (Yemen Policy Center, 2023). According to World Bank data (2022), only 60% of the population has access to some type of water source, and only half the population has access to basic sanitation, with less than 20% having access to safe sanitation. The World Bank also reports that three-quarters of the population have access to electricity.

Basic
administration

2

'06 '26 10



Clinics, hospitals and schools are either closed or operate at a very low level due to import restrictions, logistical challenges, unpaid salaries, internal displacement, lack of electricity, mines, airstrikes and targeted attacks. When they do provide services, they often rely on national and international NGOs, humanitarian organizations or the donor-funded Social Development Fund (SDF). According to UNDP’s Human Development Report 2020, there are seven hospital beds per 10,000 Yemenis. Although about one-quarter of telecommunication assets have been damaged or destroyed, mobile phone and internet services still function at a basic level. However, the sector is becoming increasingly fragile, not least because of double taxation and import restrictions.

Remarkably, public institutions such as ministries or local administrations continue to function to some extent – despite war and irregular salaries paid to public servants, regardless of the government in power (or those who claim authority, such as Ansar Allah-appointed “supervisors” or STC representatives).

2 | Political Participation

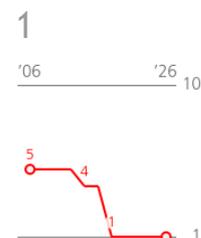
Parliamentary elections were last held in 2003, local council elections in 2006 and presidential elections in 2012, when former Vice President Abdrabbuh Mansur Hadi was the only candidate. The NDC decision to extend his two-year term was never ratified by the electorate or the legislature. The manner in which the eight-member Presidential Leadership Council (PLC) was “created” in April 2022 supports Ansar Allah’s position that the PLC has no legitimacy – President Hadi delegated powers to the PLC and the members were hand-picked by the regional patron, Saudi Arabia, while Hadi himself had no say in the overall process.

Voter registers were manipulated in the past and have not been updated for years; the Supreme Commission for Elections and Referendum is controlled by Ansar Allah; the administrative infrastructure is in decay; and the country is increasingly fragmented in terms of territory and institutions. Hence, free and fair elections are unlikely to be held any time soon.

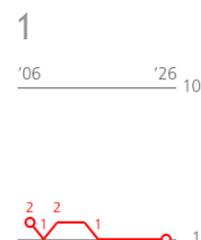
Political decision-makers have not been elected for more than a decade. Nevertheless, parties in conflict still fight for control over institutions, especially parliament and the central bank. In 2015, Ansar Allah announced parliament’s dissolution. However, like the Hadi government, it has gathered members of parliament under its sphere of influence, claiming to have parliament’s backing. In March 2020, the Ansar Allah-controlled Specialized Criminal Court in Sana’a sentenced 35 parliamentarians to death in absentia for siding with the Hadi government.

Non-elected bodies like the Supreme Political Council (Ansar Allah) and the STC strive to fill the void. Ansar Allah set up its own government in Sana’a (with GPC prime ministers from south Yemen) and appointed its own governors and

Free and fair elections



Effective power to govern



“supervisors” to government entities on the national and local levels. While the main function of the PLC is to provide a formal framework to members of the anti-Ansar Allah coalition, the STC appears to copy Ansar Allah’s strategy, and claims “shares” of revenues from customs and taxes (Arab Center Washington, 2024).

State and non-state actors throughout the country use violence against demonstrators, civil society organizations and local and international media, including looting, beatings, kidnapping or arrests, enforced disappearances and torture. Exercising assembly rights has become more dangerous than ever.

Ansar Allah killed and arrested members of the GPC and al-Islah and seeks to control civil society, forcing NGOs to request permission before conducting activities or requiring them to host members of the security apparatus at their events. Demonstrators are arrested and defamed as “mercenaries,” unless the demonstration is organized in support of Ansar Allah or militant anti-Israeli regional organizations such as Hamas or Hezbollah.

Until 2022, the SLC repeatedly bombed large gatherings, including markets, weddings and funeral halls. UAE-supported forces arrested and tortured Yemeni citizens in “secret prisons” set up in 2016. In Aden, female security forcibly dispersed demonstrations by the detainees’ female relatives, and STC forces arrested and forcibly disappeared journalists and activists, according to Human Rights Watch (HRW). Nevertheless, regions outside the control of Ansar Allah have seen major demonstrations against corruption and mismanagement in recent years, in spite of security forces shooting at protesters.

However, recent reports document further deterioration in Yemen’s civic space. Findings from the United Nations, Amnesty International, Chatham House, HRW and other credible outlets reveal increasingly repressive measures against civil society actors by both the Ansar Allah authorities in the north and the STC in the south.

U.N. reports express growing alarm over the shrinking civic space, calling for technical assistance to restore human rights protections – particularly in the context of Yemen’s Universal Periodic Review and Human Rights Council Resolution 57/37. In Ansar Allah-controlled areas, CSO members face arbitrary detention, surveillance and harassment. In early 2025, the United Nations suspended operations in these regions following the detention of numerous humanitarian staff, reflecting a severe breakdown in cooperation. In STC-held areas, Amnesty International has documented an ongoing crackdown since 2023, including raids on civil society offices, arbitrary arrests and restrictions on operations. Chatham House notes that these crackdowns are part of a broader, strategic dismantling of civil society structures by various factions to suppress independent oversight and dissent. HRW emphasized the long-term impact of these measures on health, education and public trust – core elements of a functioning civil society.

Association /
assembly rights

2

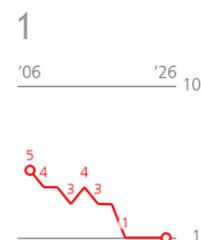
'06 '26 10



Freedom of expression is denied, and the media is controlled and manipulated by the warring parties. Access to many websites is blocked. Thousands of citizens have been arrested and sometimes released for ransom. Local journalists, including citizen journalists and human rights activists, are detained arbitrarily, kidnapped, beaten or killed. As of early 2025, Reporters Without Borders (RSF) reports eight journalists are being held captive, though the real numbers might be higher. Yemen ranked 154th of 180 countries in the RSF’s World Press Freedom Index in 2024.

Radio stations and media offices have been closed, plundered, bombed or placed under the supervision of a legal guardian. International and regional media are almost entirely locked out (no visas) or banned from reporting.

Freedom of expression



3 | Rule of Law

Separation of powers under former President Salih was largely symbolic, with actual authority concentrated in the executive branch. Since the Gulf Cooperation Council’s Implementation Agreement of 2011 bypassed the constitution, the separation of powers has de facto been abolished.

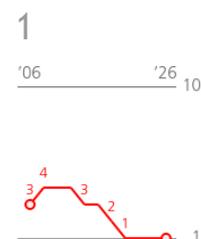
There are no longer any legitimate state powers that could be subject to law. Parliament and the judiciary are split between the warring parties and unable to control the various “executives.”

Ansar Allah – described by Ilham Manea (2024) as being comprised of three “wings”: missionary, military and political – issued a constitutional declaration in early 2015. It has since developed a parallel system consisting of the Supreme Political Council (roughly equivalent to a presidential council and replacing the Supreme Revolutionary Committee, officially abolished in 2019), the National Defense Council, the National Salvation Government (officially dissolved in September 2023, and replaced by the Government of Change and Construction in August 2024) and a network of “supervisors” to control formal local and national state institutions, the private sector, and civil society organizations.

Without the cooperation of the security apparatus developed under former President Salih, achieving such extensive control would be difficult. Ansar Allah’s continued reference to “the aggression” (the SLC) appears to have resonated with the security apparatus. After the end of the SLC air raids in 2022, Israel has assumed the role of the primary external enemy, as Ansar Allah supports the Iran-led Axis of Resistance.

The PLC, on the other hand, is dominated by military and militia leaders and has yet to demonstrate added value, as in IRG areas several de facto authorities have emerged. While this has prevented the rise of a single authoritarian regime in those areas, a separation of powers as defined by the constitution has yet to be established.

Separation of powers



The judiciary is institutionally differentiated but not independent. The sheer number of human rights violations indicates the judiciary cannot fulfill its role. Recent reports about the judiciary in Yemen suggest that, like other state institutions, it has fallen prey to conflict parties. Courts cannot function independently of whichever group holds power in the respective area, and sometimes militias assume the role of the judiciary. Courts and judges are dismissed, bypassed, replaced by loyalists or intimidated, kidnapped and even killed, as in the case of Supreme Court Justice Muhammad Humran in 2022.

While at least some courts in the capital and provincial capitals still function, the extent to which the trials are fair or meet a minimum standard is a completely different matter. Specialized courts are issuing an increasing number of death sentences. The number of known executions almost doubled in 2024, according to Amnesty International (2025).

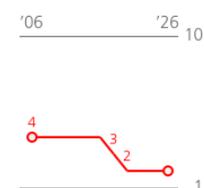
Yemen currently has two parallel, unrecognized judicial systems. Neither system acknowledges the other's legitimacy, reflecting the country's broader political fragmentation. In areas under Ansar Allah's control, the judiciary operates under a parallel authority led by Mohammed Ali al-Houthi, whose role exceeds that of the official Supreme Judicial Council. Ansar Allah's supervisors frequently intervene in legal matters. The Specialized Criminal Court (SCC) has been used to silence dissent, most notably in the 2021 execution of nine men in a trial condemned by international actors as lacking fair trial standards. Courts have enforced measures against female lawyers and media offices or ordered the confiscation of private property and bank accounts.

In areas not under the control of Ansar Allah, the judiciary has been weakened by internal rivalries and is considered "weak, dysfunctional and mostly ignored by the security forces" (U.N. Panel of Experts, 2022). Judges have repeatedly gone on strike to protest intimidation and interference by various militias and security forces. In 2021, the STC opposed President Hadi's unilateral appointment of a new attorney general, prompting the STC-affiliated Southern Judges Club to declare a general strike, and close courts in Aden and Hadramawt. The establishment of the PLC in 2022 helped ease tensions through new judicial appointments. However, this did not lead to a full institutional recovery or independence.

Overall, both judicial systems remain deeply politicized, and lack independence and coherence. If any law and order is upheld, it occurs at the local level or in governorates not overrun by Ansar Allah or STC militias.

Independent
judiciary

2



“Impunity is the norm rather than the exception,” wrote the Panel of Experts in 2022 regarding power abuses, an observation that also applies to the issue of corruption. Nevertheless, at least the IRG has acknowledged the problem.

Abd al-Wali Abduh Hasan Sa’d al-Jabri, a formally independent parliamentarian from Maqbana in Taizz and major-general in the Houthi militia, made headlines in 2024/25. Under the pretext of contracting Yemenis for civilian jobs in Russia, he sold at least 150 of his fellow countrymen as cannon fodder to Russia to fight in Putin’s war against Ukraine. It appears that al-Jabri has not been brought to account.

Civil rights are codified by the constitution. Adequate laws were issued in the 1990s but are systematically violated. However, according to the criminal code, homosexuals face flogging or the death penalty under specific circumstances. In October 2024, the U.N. Panel of Experts reported dozens of cases in which men had been sentenced to death – stoning or crucifixion – flogging or imprisonment on homosexuality-related charges. These charges may have been fabricated to blackmail, punish or displace whole families, as homosexuality is highly stigmatized.

The Houthi family and its followers, who belong to the Zaidi minority in Yemen, persecute Jewish Yemenis as well as members of the Baha’i and Ismaili faiths. They systematically restrict women’s presence in public spaces – for example, by eliminating public administration departments established in line with the U.N. Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), limiting women’s movement, harassing female lawyers and threatening politically active women.

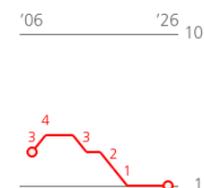
In 2022, the U.N. Panel of Experts reported to the U.N. Security Council, “The Houthi policy of sexual violence and repression against politically active and professional women continued.” Since 2016 at least, Ansar Allah has had a female militia inspired by the Women’s Basij organization in Iran, exerting social control over female gatherings and perpetrating violence against female protesters.

Throughout 2024, all parties to the conflict continued to commit unlawful killings, arbitrary arrests and enforced disappearances with impunity. According to Amnesty International and Human Rights Watch, civil society actors were increasingly targeted, with Ansar Allah intensifying its crackdown through mass detentions of human rights defenders, journalists and personnel from international organizations, including U.N. and (I)NGO staff.

National and international mechanisms to protect civilians are inadequate. No institution can protect citizens or redress violations they suffer because of gender, sexual orientation or belief (or lack thereof).

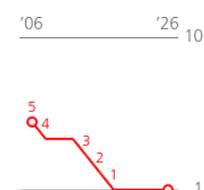
Prosecution of office abuse

1



Civil rights

1



4 | Stability of Democratic Institutions

Remnants of institutions elected in the 2000s – for example, the parliament and local councils at the governorate and district levels – still exist. In cooperation with line ministry staff, local councils – which were last elected in 2006 – are responsible for education, health care, water and sewage provision, waste collection, roads, electricity and tax collection at the local level; they also have the authority and ability to allocate resources and initiate development projects. However, they are subject to sometimes extensive intervention and manipulation and have several shortcomings, including expired terms, inadequate funding and a lack of qualified personnel.

At the national level, democratic institutions have deteriorated into mere tools for the conflict parties.

The parliament was rendered completely powerless by the Gulf Cooperation Council (GCC) initiative, which provided that – unless the parliament and cabinet reach a consensus – decisions rest with the president; and with the split of the General People’s Congress (GPC) after Salih was killed by Ansar Allah in December 2017, the parliament is unlikely to reach a quorum. Still, Ansar Allah and the IRG both orchestrate parliamentary sessions – without ever announcing the number of parliamentarians still alive and present.

Military and tribal strongmen in the north and south have treated political office as a personal fiefdom that can be passed to their offspring – including party officials, parliamentarians and presidents – for decades. Acceptance of the executive’s democratic legitimacy has further declined and is openly challenged in nearly all areas of the country. Remaining institutions, including local councils, must contend with interference from armed groups, either directly or through the institutions those groups control.

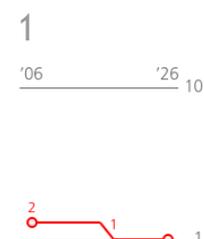
While the constitution submitted to referendum in 1991 provided for a presidential council, neither the constitution (after the 1994 and 2001 amendments) nor the draft constitution of 2015 recognizes the Presidential Leadership Council, to which Hadi transferred his powers in April 2022.

5 | Political and Social Integration

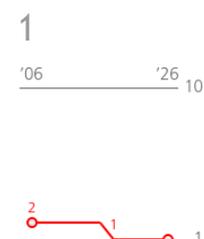
As the political process is dominated by violent conflict, there is no longer a forum for political parties and the party system is unable to articulate and aggregate societal interests. Party membership often depends on clientelist networks, party programs have not been reformed or even discussed for years and some parties are aligned with regional powers.

The once-powerful General People’s Congress (GPC) has dissolved into several factions since 2014. It split when Ali Abdullah Salih sided with Ansar Allah against Hadi, and then again when some GPC leaders stayed loyal to Ansar Allah even after

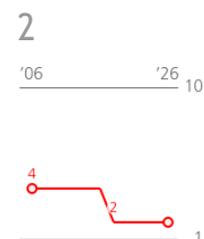
Performance of democratic institutions



Commitment to democratic institutions



Party system



the deaths of Salih and other PGC leaders. Members of the moderate Islamist/conservative al-Islah are persecuted by Ansar Allah and UAE mercenaries alike; many Islah leaders have emigrated to Türkiye. It has also established its own militias in areas controlled by its members (in Taiz and in Marib, for example) and resorts to violence, intimidation and persecution of its adversaries. Meanwhile, the Yemeni Socialist Party had to give way to the Southern Movement – in particular, the Southern Transitional Council.

Despite some positive developments in the past, the landscape of interest groups remains limited, and important social interests are not represented. Since 2015, many NGOs have shifted their focus from governance to humanitarian aid, often acting on behalf of international donors. There are very few human rights organizations that have been able to move beyond their ties to the conflict parties, such as offering legal aid to detainees. Those that have are subject to harassment – most notably prominent U.N.-supported initiatives, such as those supporting Yemeni women and representing civil society and political parties. Unions are generally weak, mainly due to successful co-optation under previous regimes, the small and shrinking size of the formal sector and political polarization within organizations in recent years.

However, civil society continues to play a vital role in resisting discriminatory religious laws and fundamentalist preaching. This role has been more prominent in areas controlled by the IRG, whereas it has been systematically undermined in regions controlled by Ansar Allah. The Southern Movement (al-Hirak) is fragmented in terms of objectives, leadership and means. Objectives range from demands for a two-region federal system to separation from the north.

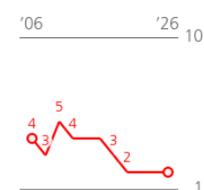
Civilian initiatives such as the Tihama Movement, which originally sought to highlight local grievances, have transformed into militias and struggle to maintain independence from various regional de facto authorities – either Ansar Allah, Tarik Salih (nephew of former President Salih, commander of the Republican Guards, a leader of the West Coast forces with political ambitions and member of the PLC) or the STC.

After a decade of violent conflict, an entire generation has been socialized by narratives and ideologies that are far from conducive to democracy. According to the Arab Barometer (latest report on Yemen 2019), approval of democracy decreased from 83% in 2011 to 73% in 2013 and 52% in 2018. It may be reasonable to assume that by 2025, the proportion of those who prefer democracy over any other system will have fallen below 50%.

When asked about the essentials of democracy in 2018, 36% chose “law and order,” 28% “fair elections” and 24% “create jobs,” while only 9% saw “free media” as an essential element. From the perspective of many Yemenis, democracy thus appears closely linked to political stability and economic development.

Interest groups

2



Approval of democracy

n/a



n/a

In the past, there was a heterogeneous and fragmented set of autonomous, self-organized groups, associations and organizations. However, self-organization was rarely formalized and usually restricted to members of the same family, village, tribe or region. In recent decades, increasing numbers of Yemenis have migrated from rural areas to the cities or from Aden, Taiz or Marib to Sana'a. Over the last decade, thousands of internally displaced persons (IDPs) have settled in the governorate of Marib. Nevertheless, many IDPs have found refuge with their relatives or friends in other regions. This can be taken as an indicator of solidarity – at least on the level of the extended family.

Given the deteriorating security situation, citizens' self-reliance has become a necessity, and future governments will find it extremely difficult to gain acceptance.

More concerning, however, is the rising political polarization and the growing tendency of conflict parties to frame political antagonisms in religious terms and sectarian narratives. The longer the war lasts, the more difficult it will be to overcome such divisions. In addition, the fault line between north and south continues to deepen. The apparent decrease in attacks on “northerners” living in the south, first reported in 2010, is likely the result of many people of northern origin having left the south.

On the positive side, some NGOs remain active and local communities are increasingly making use of social capital that can be generated in rural areas and urban neighborhoods. Supported by SDF, UNDP, the European Union and bilateral development partners, hundreds of local communities have established often elected committees of male and female members and have planned and implemented their own projects.

II. Economic Transformation

6 | Level of Socioeconomic Development

Social exclusion is widespread in Yemen and deeply embedded in the structure of society. This exclusion is primarily caused by factors such as poverty, lack of education, income inequality based on gender and various other social barriers faced by marginalized groups such as the Muhammashin. Meanwhile, Ansar Allah promotes a revival of the societal structure that existed before the 1962 revolution – a structure characterized by inequality.

Life expectancy at birth is 65 years. The fertility rate, though declining, is still high (3.84 births per woman) and the population is estimated to grow annually by 3% (World Bank), having reached between 35 and 40 million (World Population Review, IMF).

Social capital

2



Question

Score

Socioeconomic barriers

1



Yemen ranked 186th out of 193 countries in the Human Development Index 2024, with the overall loss due to inequality reaching 32.8%. On the Gender Inequality Index, Yemen consistently ranks last (scoring 0.820 in 2024). It should be noted, though, that such data is almost exclusively based on projections and estimates, and data provided by international organizations is inconsistent.

Half of those who had jobs lived below the poverty line in 2024 (ILOSTAT estimate). According to U.N. organizations, about half the population needed humanitarian aid, with some districts reaching Integrated Food Security Phase Classification (IPC) Phase 5 – which is extremely critical – in 2024. A staggering 4.5 million Yemenis remained internally displaced in 2024, as reported by United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

Yemen's Gini coefficient was 36.7 in 2014 (with no more recent data available). While much of the population has long been excluded from market-based socioeconomic development, no meaningful development can be expected as long as public sector salaries remain unpaid and the formal economy continues to deteriorate. The crisis in the banking sector, rising global prices due to Russia's war in Ukraine and Ansar Allah's attacks on vessels in the Red Sea have further increased food prices.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	-	-	-	-
GDP growth	%	-	-	-	-
Inflation (CPI)	%	-	-	-	-
Unemployment	%	18.3	17.4	17.1	17.1
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	75.9	65.3	77.9	70.9
External debt	\$ M	7601.6	7351.1	7283.0	-
Total debt service	\$ M	123.4	116.1	138.9	-

Economic indicators		2021	2022	2023	2024
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	0.3	0.3	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

While large parts of the public sector are paralyzed by the war and the private sector is suffering, the regulatory framework in place before the war remains unchanged – on paper. Decree 19 of 1999 regulates market competition, monopoly prevention and commercial deception. Law 1/2008 abolished the legal requirement for a foreign business to have a Yemeni partner, as well as other legal constraints. Investment capital and profits could be transferred without limitations on amount or currency – as long as banks could provide such services. The investment law (2010) allowed any investor to own up to 100% of an investment project, as well as freedom to transfer foreign currency and employ foreign nationals (in principle).

In theory, private companies can operate freely. In practice, however, the private sector – dominated by a few large family businesses – must contend with interference from various political factions and the emergence of two different types of economies. Ansar Allah introduced price caps on basic commodities and openly blackmails companies, including banks. Smaller businesses often barely survive because 40% of households purchase food or medicine on credit, according to Oxfam. Nevertheless, private companies have shown remarkable resilience, qualifying as partner organizations for international donors.

The large informal sector, which employed about three-quarters of the workforce in 2014 (ILO), has likely grown further. Goods transported from Aden to Sana’a, for example, are likely to be “taxed” several times and therefore become exorbitantly expensive.

Market organization

2

'06 '26 10



Due to the absence of functioning state institutions, existing legal stipulations and safeguards for competition have become irrelevant. The regulatory framework is outdated and profitable enterprises, particularly in the telecommunications sector, are controlled by Ansar Allah.

Smuggling has become a highly lucrative business given that import and export licenses are reportedly only granted to those considered “loyal” to the respective powerholders, enabling certain companies to dominate their respective markets.

After nearly 15 years of negotiations, Yemen officially joined the World Trade Organization as its 160th member in June 2014. Despite this, Yemen continued to boycott goods and services originating in Israel. Until at least 2013, importing goods was restricted to Yemeni nationals. The import of alcohol, explosives, hazardous waste – Yemen became a signatory to the Basel Convention in 1996 – and specific food items such as pork is prohibited.

Between 2015 and 2022, the SLC, not the Yemeni state, controlled foreign trade. It blocked commercial flights and controlled – and sometimes delayed and prevented – imports such as fuel, equipment for the telecommunication sector or solar energy systems. These measures isolated Yemen’s formal economy from the world market and provided fertile ground for smuggling.

Import conditions improved in 2022 (Yemen imports 100% of its medicine, 90% of its wheat and rice and 70% of its fuel) after the Saudi-led coalition eased its air, land and maritime blockade. Yet, the IRG has no capacity to further liberalize or even control foreign trade. Other priorities dominate the agenda of the various “de facto governments.” The Ansar Allah-controlled government in Sana’a is attempting to mitigate the shortage of food imports by seeking ways to enhance self-reliance, and the Omani Mazunah Free Trade Zone, located in the Oman–Yemen border area, has acquired importance for all Yemeni merchants and investors.

The regulatory system is weak, fragmented and outdated, and credit risk management is insufficient. Split between Sana’a and Aden, the two CBY branches – neither of them independent of the respective powerholders – operate with competing regulations. Most of the competent CBY staff and many files have remained in Sana’a, where most banks have their headquarters. When the IRG ordered banks to relocate their headquarters to Aden in April 2024, Ansar Allah threatened to confiscate bank assets and arrest the staff. The crisis was resolved only in July, after the IRG had already withdrawn the licenses of at least six banks, as the U.N. Panel of Experts reported in October 2024.

As a result, the sector is highly fragmented and fragile. Yemen is classified as a high-risk area, and private exchange companies have taken over banking sector tasks. The Yemeni NGO Studies and Economic Media Center (SEMC) counted 1,350 exchange offices in 2018, most of them operating without a license from the CBY.

Competition policy



Liberalization of foreign trade



Banking system



Ansar Allah openly engaged in extorting banks in Sana'a and threatening their bank staff before 2024, and the STC – sometimes forcefully – seized public funds. However, the number of banks operating in Yemen, including state-run, Islamic and microfinance institutions, has remained relatively stable, totaling 18 in 2022 (according to ACAPS/YAT). This situation might change, as Ansar Allah again banned interest-based banking transactions in 2023, according to a 2024 World Bank analysis.

Establishing a stock exchange had been under discussion for some time but has not occurred. The introduction of e-riyal in Ansar Allah-controlled territories in 2020 was intended to address the liquidity crisis but has not had a measurable impact.

The ongoing liquidity crisis, the increasing amount of currency in circulation outside banks and a population that mostly has no access to or refuses to use e-payment mechanisms all indicate that trust in the banking sector is low. Private bank accounts are the exception; almost all private sector companies pay their staff and suppliers in cash or via cash transfer. Moreover, transferring money between areas controlled by different parties to the conflict has become very difficult due to Ansar Allah's ban on newly printed banknotes from Aden, extremely high transfer fees and the risk posed by checkpoints staffed with various militias looking for funds.

Importers turn to the informal currency market to acquire hard currency, particularly for fuel and food imports. According to the World Bank's initial Yemen Economic Brief for 2019, currency circulating outside banks has surged by more than 100% since 2014.

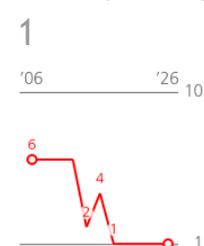
8 | Monetary and fiscal stability

Throughout Yemen, there is a severe shortage of foreign currency, so currency speculation has become a lucrative business. Exchange and inflation rates are extremely volatile. The riyal's value in January 2015 was YER 215 to \$1. However, in early December 2021, \$1 traded for up to YER 1,700 in IRG-controlled territory. In Ansar Allah-controlled areas, where the newly printed IRG banknotes were banned in 2020, the exchange rate is considerably lower and more stable. In summer 2022, \$1 cost over YER 1,000 in Aden but only half that much in Sana'a. In November 2024, the exchange reached YER 2,100 per \$1 in Aden.

Food prices rose by 20% to 30% in 2021, while the overall inflation rate was estimated at more than 40% in 2021 and 2022, with higher rates in IRG-controlled territories (IMF, U.N. Panel of Experts 2022, World Bank YEM 2022/21).

Overall, the Ansar Allah-controlled government, which established the Payments and Foreign Currency Committee in 2017, more effectively controls inflation and exchange rates than the IRG.

Monetary stability



In late 2021, the IRG appointed new CBY management and established a new mechanism to control the exchange rate. A few months later, in April 2022, Saudi Arabia and the UAE announced their intention to provide an additional \$3 billion. However, although this measure helped stabilize the riyal, food prices remained high due to international developments. Yemen relies on imports from Ukraine and Russia for approximately half its wheat supply.

After failing to print new banknotes, Ansar Allah began distributing newly minted 100 YER coins in late March 2024, ostensibly to replace worn-out 100 YER notes.

Some observers have already noted that the bifurcation of institutions now extends to the Yemeni currency, as old and distinguishable new banknotes are treated as two separate currencies.

Expenditures, mainly salaries and interest payments, clearly exceed revenues. “Monetizing the fiscal deficit” – printing and distributing new banknotes – was an option for the IRG but not for Ansar Allah, because the CBY Aden had a “monopoly on cash creation,” according to the World Bank. Both the IRG and Ansar Allah occasionally present draft budgets to cabinets and rump parliaments, but no budget has been published since 2015. According to the Open Budget Survey (2023), there is no transparency at all (0 points).

The IMF estimates public debt at more than 80% of GDP for 2023, which appears to be a relatively low percentage given the economic decline and shrinking GDP. According to the World Bank, foreign debt ranges between \$7 billion and \$7.5 billion. These figures might not include grants from GCC states – for example, Saudi Arabia granted \$1.2 billion, paid in installments, in August 2023.

In summer 2022, the IMF praised the IRG for introducing a foreign exchange auction system, replacing the administered budget exchange rates that the U.N. Panel of Experts had seemingly wrongly criticized in 2021. The U.N. Panel of Experts had equated the preferential exchange rates of the CBY to money-laundering in 2021 but later revised the report. Nevertheless, the IRG subsequently ordered an international audit, and the CBY amended its exchange mechanisms.

In January 2025, the IMF stated, “The authorities have demonstrated a commitment to maintaining macroeconomic stability and advancing structural reforms ... Progress has been made in containing government spending to partly offset the revenue shortfall in 2024, despite ongoing tax and customs administration efforts. These efforts have also limited the monetary financing of the budget and inflationary pressures.”

Fiscal stability



9 | Private Property

The government cannot protect private property. Militias confiscate private property and bank deposits, raid banks and impose “taxes” at will.

Prior to the war, the system was already deficient. Although the law defined property rights and regulated the acquisition and registration of property, both of which were relatively easy, there were severe problems with lack of documentation, fraud and constant struggles over land ownership. The absence of a transparent and comprehensive land registry system added to the challenge. This not only harmed the country’s investment climate but also had significant political implications. One issue that contributed to the rise of the southern al-Hirak movement was the arbitrary confiscation of land by Salih loyalists. This primarily occurred in the south, but there were also poorly publicized cases in Sana’a and al-Hudaidah, for example. The problem is compounded by judicial corruption, which often renders efforts to settle disputes over property rights futile. The concept of intellectual property rights (Investment Law No. 15/2010 and Intellectual Property Rights Law No. 19/1994) is generally unknown.

Apart from Ansar Allah’s demands directed at Saudi Arabia, there are no strategies detailing whether and how citizens will be compensated for the loss of family members or injuries and for their homes, farms, shops or factories destroyed by shelling or airstrikes.

However, Yemen has signed several international and bilateral agreements on settling commercial and investment disputes that in peacetime might substitute for shortcomings of the judiciary.

De jure, private companies can act largely freely, and enterprises in the public and mixed sectors such as the Yemeni Economic Corporation are estimated to constitute approximately one-fourth of the country’s large firms. However, even before the war, there were massive economic, political and social barriers to business development. Key issues included deficiencies in infrastructure, corruption and a shortage of qualified workers. Established private businesses are not protected from blackmail by various “officials,” must pay extra fees, cope with dysfunctional financial and judicial systems, are subject to a volatile exchange rate in the financial (money exchange) and real estate sectors and must compete with militias engaged in importing oil derivatives, medicine or food.

International contracts in the hydrocarbon sector are managed by the Yemen General Corporation for Oil and Minerals, which reports to the Ministry of Oil and Mineral Resources. However, in 2015, production stopped due to the security situation. The Austrian company OMV was the first international oil company to restart exports in 2018. Cal Valley, with shareholders Medco Energi and Hood Oil, followed in 2019 but declared force majeure after Ansar Allah’s attacks on its facilities in 2022. As of early 2025, production has not resumed.

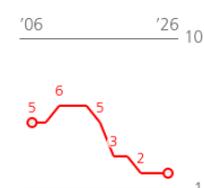
Property rights

2



Private enterprise

2



Gas liquefaction operated by Yemen LNG, with shareholders Total, Hunt Oil and others, in Belhaf (Shabwah) has been suspended since 2015. In 2017, UAE forces occupied parts of the facilities and used them as a military base and detention center.

10 | Welfare Regime

Support for the elderly, the ill, the unemployed and the internally displaced is primarily provided by family, tribe and village structures, private welfare organizations and other NGOs – if and where they exist. However, the severe hardship the population has endured since 2015 limits people’s ability to provide for themselves, let alone for others. Remittances, another lifeline for many families, have been declining since summer 2020, according to Oxfam. Fees for transferring remittances to Yemen have risen, sometimes up to 50% of the transfer amount, leading to a further reduction in funds. Additionally, social structures have weakened in certain areas due to internal displacement and migration. For example, Marib, a city of less than 20,000 inhabitants before the war, hosted over one million IDPs in 2024, according to Norwegian Refugee Council estimates.

Since 2016, about 1.2 million Yemenis employed in the public sector have not received their full salaries, which – including dependents – has affected at least six million people. Yet the only public institutions that continue to provide a minimum level of welfare throughout the war are the largely donor-funded Social Development Fund (SDF) and Public Works Projects (PWP).

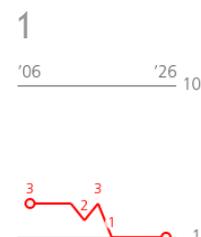
Though the population in need continues to grow, donors are becoming increasingly reluctant to fund the Humanitarian Response Plan (HRP). This reluctance arises primarily from the institutional weaknesses of implementation partners on both sides, restrictions imposed by local power holders, high operational costs and rising violence against local and international aid workers. As of January 2025, the 2024 HRP faced a funding gap of almost 50% (OCHA 2025).

Nevertheless, international donor organizations – often in cooperation with local NGOs and the private sector – play a major role in staving off the worst consequences of the war for the civilian population. Moreover, local private sector companies often provide food for free and even operate their own charities.

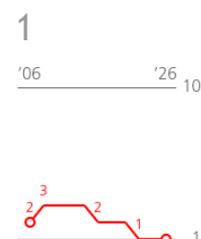
Violent conflicts, destruction of educational facilities, politicization of curricula by Ansar Allah, internal displacement and widespread poverty have further reduced both the quality of and access to education for all.

Half of Yemen’s population aged 15 to 24 was not in education, employment or training in 2014, according to the World Bank. However, girls and women, especially those who belong to marginalized groups or have no identity papers, are most in need of improved access to opportunities. Estimated GNI per capita in 2022 was \$150 for women and \$2,042 for men, according to the Gender Development Index (GDI).

Social safety nets



Equal opportunity



Women are under-represented in all sectors, particularly in high government offices. While a female quota was included in the draft constitution of 2015, the Presidential Leadership Council of 2022 is entirely male and there are only five women among the 50 members of the Consultation and Reconciliation Commission.

Overall, patriarchal structures and informal decision-making, combined with gender segregation, often exclude women from decision-making and the labor market and sometimes even prevent them from traveling. This is unlikely to change as a result of Articles 76 and 128 of the 2015 draft constitution or Decree 75/2019, which outlines a National Action Plan to implement U.N. Security Council Resolution 1325 on Women, Peace and Security.

The Muhammashin, a marginalized group, primarily work in menial jobs and have extremely limited access to essential public services.

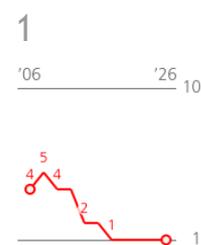
11 | Economic Performance

Hydrocarbon production and exports from IRG territory increased temporarily before Ansar Allah, demanding a share, attacked oil installations there in late 2022. Officially, the attack served as a warning to national and international companies to stop “looting” Yemeni crude oil, as the revenues “do not reach the Yemeni people [and are] not listed in any local bank” (Sabanet). In reality, according to SCSS in 2022, the revenues were paid to the al-Ahli Bank in Riyadh and were, therefore, beyond Ansar Allah’s reach.

In any case, Ansar Allah’s attacks ensured that the IRG remains highly dependent on funding from members of the SLC. Saudi Arabia announced it would deposit more than \$2 billion in the CBY in 2018, of which the final installment of \$174 million was only paid in 2022 (Reuters 2022). However, the CBY in Aden may have “lost” a large amount on foreign exchange transactions (U.N. Panel of Experts, 2021).

In April 2022, Saudi Arabia, which had extended its 2018 installment, and the UAE announced another \$3 billion aid package to stabilize the economy and fund the IRG. Disbursement was tied to substantial reforms of the CBY. The Saudi pledge for 2023 amounted to \$1.2 billion, and is administered by the Saudi Development and Reconstruction Program for Yemen, set up in 2018. Almost half of this amount was earmarked in 2024 to cover the IRG budget deficit and to bolster CBY reserves. Since 2019, CBY reserves have dropped to approximately \$1.5 billion – equivalent to less than a few months of imports (World Bank, 2025).

Output strength



Nevertheless, Yemen's trade balance and foreign direct investment (FDI) continue to be negative. Public debt rose from 45.7% to 69.7% between 2011 and 2021, and to more than 80% in 2023, according to the IMF. The IMF forecasts the inflation rate at 15% and the current account deficit at 25% of GDP in 2025. GNI per capita shrank by two-thirds between 2012 and 2022 (HDR 2024).

The World Bank (2024) calculated the unemployment rate at 17.2% in 2023. It is unclear, however, whether this figure includes or excludes casual laborers.

12 | Sustainability

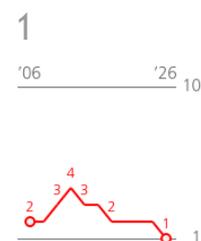
Yemen issued its first environmental protection law in 1995, signed the U.N. Framework Convention on Climate Change in 1996, ratified the Kyoto Protocol in 2004 and issued a National Adaptation Program of Action (NAPA) in 2009. In late 2012, the government renewed its efforts to at least provide a framework for environmental protection. Laws 21 and 22 ratified the International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC) as well as the OPRC–Hazardous and Noxious Substances (HNS) Protocol. Yemen set up an environmental protection strategy and an Environmental Protection Agency.

On the ground, mismanagement of resources and land-grabbing prevail across the country – from Sana'a (Ansar Allah) to the World Heritage Site Socotra Archipelago, known for its unique biodiversity, where the UAE has established control via the STC. The Yemen Polling Center reported in 2021 that the UAE even sells land located in protected areas of Socotra.

Awareness of the fundamental problem of water scarcity has been overshadowed by the need to provide clean drinking water to as many people as possible. There have been instances of shortages of diesel and spare parts for water pumps. Conflict parties have targeted desalination plants, water pipelines and other relevant infrastructure. Despite these challenges, qat, a leaf with stimulant effects, is still produced and marketed while only half the population has access to clean drinking water.

Apart from environmental and health issues resulting from locust infestations, floods, garbage, illegal water extraction, leaking sewage and oil pipelines, deforestation, poaching, hazardous waste (ammunition), and hazardous pesticides and fertilizers, Yemen's most urgent environmental problem has been the 45-year-old Safer oil tanker, moored near the port of Hudaidah. Despite the potentially devastating ecological and economic impacts for all states bordering the Red Sea, Ansar Allah blocked the unloading of the tanker for several years. Only in 2024 was the oil finally transferred to another tanker. As of early 2025, the Safer itself had not been salvaged; however, it is rumored that Ansar Allah is using the Safer as a platform for Iranian fuel shipments.

Environmental
policy



Yemen is not prepared for the impacts of climate change. While government agencies are largely defunct or unable to coordinate their activities, some CSOs remain active across several governorates and attempt to address the myriad problems contributing to local distribution conflicts. These conflicts are likely to worsen as water resources are further depleted and as climate change advances. Nevertheless, Ansar Allah's recent crackdown on CSOs has not spared those addressing environmental problems.

Because public power grids are unreliable and diesel for generators is scarce, there has been increased use of solar power. In December 2022, the IRG signed an agreement with Masdar (Abu Dhabi) to construct a solar power plant in Aden. Any progress from such positive developments is overshadowed by a general lack of concern for environmental issues such as Ansar Allah's attacks on oil facilities in 2022, including a terminal in Hadhramaut as an oil tanker was offloading. According to the Sanaa Center (2024), Ali al-Mashad, chairman of Ansar Allah's Supreme Political Council, decided that "Yemen has no ozone layer problem and no global warming."

Educational institutions are hopelessly overburdened at all levels. For 2016, the World Bank reported enrollment rates of 92.5% at the primary level and 51% at the secondary level; for tertiary education, the rate was almost 10% in 2011 (latest available data). According to the Gender Parity Index (GPI), the ratio of female to male enrollment is 0.9 at the primary level, 0.7 at the secondary level and 0.4 at the tertiary level. According to the 2016 Gender Development Index (GDI), the mean years of schooling is 3.6 years for boys and 1.8 for girls (2.8 in total).

UNICEF reported that the number of children unable to attend school had risen to two million by March 2018, with approximately 2,500 schools damaged, occupied by IDPs or combatants, or lacking teachers due to unpaid salaries. According to the Ministry of Planning, in 2020, one-third of Yemeni girls and one-quarter of Yemeni boys did not attend school regularly. Parents are concerned about the security situation or are unable to afford school supplies for all their children. At school, children are not safe, as schools under the supervision of Ansar Allah are used for recruitment and indoctrination – teaching social and gender inequality – and girls might face forced marriage.

Yemen has scored a low 0.313 in the U.N. Education Index since 2020. According to the HDR 2015, only 4.6% of GDP was allocated to education, a decrease from the previous year. It is reasonable to assume that expenditures have further decreased since then, as recent data is unavailable. According to Yemen's Ministry of Planning and International Cooperation, only 4.4% of aid was allocated to the education sector in 2021.

While there is statistically one teacher per 27 students (HDI 2020), salaries for teachers are low or unpaid and many teachers need a second job to support their families. In certain instances, parents may bear the cost of schooling. Donors fund

Education policy /
R&D

2

'06 '26 10



specific groups of public servants in the health and education sector. By late 2019, the conflict parties had attacked 380 schools or their vicinities. In 2020, the World Bank estimated that approximately \$500 million would be needed to recover and reconstruct only the schools in the 16 cities it surveyed.

Prior to the war, the number of private education institutions was rising. In 2014, there were 101 private universities and colleges, with 83,177 out of a total 310,340 tertiary-level students enrolled in private institutions. Out of 16,730 total primary and secondary schools, 899 were private in 2016. Nevertheless, research and development facilities are almost nonexistent. Data on public research and technology expenditures is unavailable.

Governance

I. Level of Difficulty

The violent conflicts that have plagued the country for years have worsened the significant structural constraints on governance. Air raids and landmines further damage the country's already poor infrastructure: power stations and grids, airports, harbors, roads, bridges, hospitals, schools, and factories. Harbors have been blocked (Hudaidah) and Sana'a airport, closed by the SLC from 2015 to 2022, was attacked by Israel in 2024. Until September 2024, when Starlink became accessible in Yemen, Ansar Allah-controlled access to the internet via Yemen Net, with the IRG unable to entirely replace Yemen Net.

Suffering from a shortage of water and energy – and already the poorest Arab country before the war – Yemen's population has been pushed into extreme poverty. The high rate of malnutrition is accompanied by the prevalence of infectious diseases such as cholera, malaria, diphtheria, measles, dengue fever and even a polio outbreak (in Saada in August 2020).

Leadership struggles, widespread corruption, lack of strategy and funding shortages have drained the public sector.

According to UNICEF (2018), only 17% of Yemenis have a birth certificate and the lack of reliable data makes policy planning difficult. UNICEF estimated in 2025 that more than 18 million people need some kind of humanitarian assistance. More than four million people have been internally displaced and up to 4.5 million children were out of school (Save the Children, 2025).

Moreover, about one million Yemenis have left the country during the war. With many well-educated, middle-class Yemenis among them, this brain drain affects state institutions as well as the private sector and civil society. Meanwhile – and in spite of severe abuses – the migration of Africans through Yemen to the wealthy Arab Gulf states continues unabated. IOM registered more than 90,000 in 2023.

As the state has long been largely absent in many areas of Yemen, most Yemenis are quite capable of organizing their lives without a functioning government. Yemen has civil society traditions dating to labor migrants' self-help organizations in the 1940s or to a 1970s cooperative movement that was later absorbed into the local administration and the GPC in the early 1980s. Still, tribal councils convene at times, usually during periods of heightened political tension. Some tribal mediators have the ability to broker local cease-fires or arrange prisoner exchanges. According to the NGO Mwatana for Human Rights, local mediators played a role in the reopening of roads in Taizz in 2024, for example.

Structural
constraints

10



1

Civil society
traditions

7



1

Most of the several thousand registered NGOs are charities with a limited geographical scope and low appeal to the general public, weak networks and a lack of funding. Some NGOs should be considered enterprises, are subject to manipulation by powerful individuals and political parties or were founded to communicate human rights violations by their sponsors' political opponents to the international community.

The war has further exposed the weakness of civil society. Caught between a rock and a hard place, very few NGOs were able to maintain independence and remain operational without in-country donors. Under the current circumstances, many NGOs have either become dormant or shifted their activities toward distributing humanitarian aid on behalf of the donor community. Especially in Ansar Allah-controlled areas, activists have been arrested or have emigrated to escape persecution. Several NGOs have relocated and continue their work from Egypt, for example.

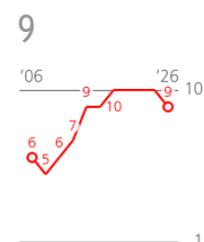
Nevertheless, civil society has the potential to promote political and economic development. Unlike in political parties, women are well represented in both leadership and activist roles in NGOs. Moreover, networks of local mediators and Yemeni academics and professionals have been established.

Though the civil war is based on social and political differences and fueled by regional powers, some conflict parties – AQAP, Ansar Allah – frame it as a religious or sectarian conflict. In any case, untangling the different conflict lines at the regional, national and local levels seems almost impossible. For too long, elites have manipulated ethnic, tribal and regional identities to maintain power. There have been hundreds of assassinations and attempted assassinations of members of the security forces, high-ranking politicians, political activists, journalists and intellectuals. SLC air raids between March 2015 and April 2022, and fighting among various military units and militias have killed tens of thousands and displaced millions. In late 2021, the United Nations estimated the number of direct and indirect victims of the war at 377,000.

Conflict intensity peaked in 2011 with the ouster of Ali Abdullah Salih and again in 2014, when Ansar Allah launched an offensive against those they blamed for spreading Saudi-sponsored Salafism and for the six wars in Sa'dah between 2004 and 2010. Ansar Allah took control of the capital, Sana'a, in summer 2014, looted or destroyed property belonging to its enemies, persecuted members of al-Islah (affiliated with the Muslim Brotherhood and with close links to Türkiye) and directly attacked AQAP and its affiliates in several governorates.

Ansar Allah's temporary occupation of Aden in 2015 was followed by years of fighting between Ansar Allah militias and forces fighting in the name of the "legitimate government" (without necessarily supporting it) – particularly in and around Taiz and al-Hudaidah.

Conflict intensity



The Southern Movement has gained strength but is divided between UAE-supported groups demanding independence and activists who reject external intervention and would accept a “southern state in Yemen.” UAE-trained militias, fighting AQAP and Ansar Allah, serve as the military arm of the Southern Transitional Council. Meanwhile, AQAP bombed civilian and military targets, at times controlling villages and cities in the south, and attempted to establish a base among some southern tribes but was pushed back.

In 2021, the level of conflict peaked again as Ansar Allah intensified drone attacks on Saudi Arabia and attempted to advance into the oil-rich governorate of Marib. The IRG responded by designating Ansar Allah as a terrorist organization, hoping other states would follow suit. (The United States designated Ansar Allah a specially designated global terrorist in January 2024).

In April 2022, the United Nations brokered a two-month truce that was officially extended until October 2022. Hostilities declined, imports via the Hudaidah seaport increased and Sana’a’s airport reopened. Though the truce has expired, hostilities have remained subdued. After nine years, Ansar Allah even reopened the Taizz road in summer 2024. However, since October 2022, Ansar Allah has prevented oil exports by attacking oil facilities in the south. While the situation in Yemen is rather calm as of January 2025, Ansar Allah continues to recruit and train thousands of volunteers ostensibly for the liberation of Palestine and has reportedly reached an agreement with its arch enemy, al-Qaeda.

II. Governance Performance

14 | Steering Capability

Even though the country’s technocrats have developed plans and strategies, at the top level there are no strategic priorities beyond raising funds to buy loyalty and finance military operations. Ansar Allah’s leadership does not appear to feel responsible for developing the country, and the PLC is dominated by military and militia leaders rather than civilian politicians with expertise in administration and development.

The Recovery and Reconstruction Plan that the IRG circulated among the donor community in summer 2016 was clearly beyond the capacity of domestic and international institutions. Government agencies suffer from “limited capacity for good planning,” the Ministry of Planning testified in June 2022.

This notwithstanding, the new government in Aden began in January 2021 to prepare a semiannual plan and several strategies. The aid package pledged by Saudi Arabia and the UAE in April 2022 included \$900,000 in oil derivatives, \$2 million in CBY deposits tied to reforms of CBY regulations and \$400,000 for development projects in specified areas (SEMC).

Question
Score

Prioritization

1

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By contrast, the Ansar Allah-controlled government in Sana'a presented its first plan in 2017, followed by its National Vision for the Modern Yemeni State (2019 – 2030), the Economic Revival and Recovery Strategy (2019 – 2020), and the National Vision (2021 – 2026).

Taken together, these plans might have served as a starting point for reconstruction, as they included vital input from Yemeni technocrats with various political affiliations. As of January 2025, these plans can be considered outdated and setting priorities will be more challenging than ever.

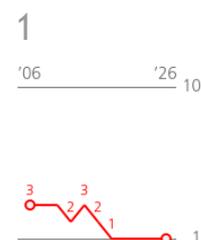
Details regarding the implementation of the General Framework for the Political Vision for the Comprehensive Peace Process, and the Principles of Reconciliation between the Legitimate Political Forces and Components, developed by the Consultation and Reconciliation Commission of the PLC in 2023, have not been published. The program submitted by the Ansar Allah-appointed cabinet in Sana'a in 2024 is a list of declarations of intent, with enhancing military capacities as the top priority.

In short, policy measures serve narrow political interests rather than comprehensive social progress.

Governments have not been able to implement their policies at the national level to a measurable degree. Indeed, it is debatable whether there are any policies beyond those related to military victory or simply maintaining regional allies and their financial resources. The parties to the conflict have been unable or unwilling to sacrifice their political ambitions for the sake of the Yemeni population. A small light at the end of the tunnel was the agreement reached by ex-President Hadi and the STC in Riyadh in late 2020. However, most elements of the agreement – forming a 50:50 government, redeploying regular forces and militias, reorganizing the security apparatus, enhancing transparency and strengthening public institutions, including the central bank – are linked to security issues and still await implementation.

The PLC, with Rashad al-Alimi as chairman, has not performed better than its predecessor due to persistent infighting and entrenched corruption. As a Yemeni analyst said, “The entrenched rivalry between PLC factions makes it nearly impossible to forge a clear vision for Yemen’s future or to implement coordinated strategies” (Arab Center Washington). In addition, with limited financial resources and most technical staff still in Sana'a, implementation remains challenging in any case.

Implementation



Given its dependence on Saudi Arabia and, to a lesser degree, other Gulf states, the IRG has very limited freedom to act. Hence, in general, the possibility of policy learning is extremely limited. Hadi failed to understand that he would not regain Sana'a by simply insisting on the GCC initiative, the National Dialogue Conference outcomes or U.N. Security Council Resolution 2216, especially while the SLC kept bombing northern Yemen, where most of the population lives. In addition, the patterns by which Hadi appointed high-ranking politicians showed no indication of policy learning. Whether the PLC of April 2022 will follow a different course is yet to be seen.

In contrast, Ansar Allah has learned a great deal. Although its progress can also be attributed to its regional allies – Iran's Revolutionary Guards, Hezbollah, Hamas and Iraqi Shi'ite militias – Ansar Allah has evolved from a protest movement in a remote part of the poorest Arab country to an organization that controls major parts of state institutions, disrupts international trade routes and has yet to be defeated by a coalition of the wealthiest Arab states armed with the most advanced weapons. This, however, does not equate to “striving for democracy and a market economy.”

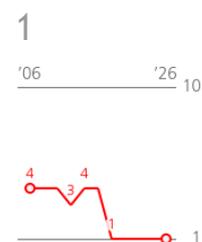
15 | Resource Efficiency

There is no efficient use of budget resources. Recruitment of government administrative personnel is often based on political considerations and nepotism. Budget resources cannot be audited, as no official national budget was made public until 2022, when the state budget was presented to and approved by the rump parliament in Aden.

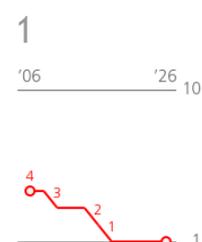
Already before the war, 30% of the budget was spent on public sector salaries. By 2016, public debt services, salaries and wages had used up the remaining reserves, leaving nothing for much-needed capital investment. While Yemen's GDP is shrinking, parties to the conflict have added more civilian personnel, militias and regular forces to the public payroll (though not necessarily paying their salaries). In 2017, Ansar Allah began systematically diverting part of the religious Zakat tax to Sana'a, further crippling the budgets of local councils. From a macroeconomic perspective, the only positive development has been the de facto abolishment of fuel subsidies, which consumed about 30% of the national budget.

Public administration, traditionally not very efficient, was further hampered by air raids and fighting in many areas, as well as unpaid salaries and a lack of electricity and fuel. Some essential institutions like the central bank were damaged by short-sighted political decision-making. Therefore, it is remarkable that ministries and local councils have shown resilience and continue to function, although with limited efficiency.

Policy learning



Efficient use of assets



While the PLC is busy with infighting, Ansar Allah wastes money on arms, military parades and mass weddings – demanding the IRG pay public servants and soldiers across the entire country, including those fighting for Ansar Allah. On the other hand, the number of ministries in Sana’a was reduced to 19 in 2024, which might enhance policy coordination.

The two or more parallel governments pursue no nationwide policy coordination, and even within their apparatuses, horizontal and vertical cooperation are deficient. Clearly defined mandates between different state institutions, such as ministries and others, are often lacking. Various armed political interest groups as well as external actors intermingle in national policymaking, contributing to the fragmentation of the state.

While the IRG cabinet that took office in December 2020 and the Presidential Leadership Council of 2022 represent all major domestic armed political forces except Ansar Allah, they have not increased the capacity of the internationally recognized government to fulfill its role.

Yemen signed the U.N. Convention against Corruption (UNCAC) in 2003 and ratified it in 2005. Nevertheless, there has been no attempt to recover the assets former President Salih diverted, which were estimated to be \$30 billion to \$60 billion by the U.N. Panel of Experts in 2015 (AWTAD, UNCAC Chapters II & V, 2022).

After the National Anti-Corruption Strategy expired in 2014, and the Supreme National Authority for Combating Corruption (SNACC) increasingly lost relevance, the Ansar Allah-controlled government officially made “improving the degree of integrity, transparency and combating corruption” a strategic goal in its National Vision in 2019. In recent years Ansar Allah resumed implementation of anti-corruption policies – at least formally. The SNACC in Sana’a processes the financial disclosure files of high-ranking public officeholders. It also implemented its new anti-corruption strategy (2022 – 2026) and submitted an annual report in January 2023. Moreover, the SNACC branch controlled by Ansar Allah referred dozens of suspects for prosecution in 2024. Given Ansar Allah’s track record of property confiscation and lack of judicial independence, such cases might be “political” rather than aimed at genuinely fighting corruption, however. Of the 11 members of the SNACC board, four are based in Aden (U4) but no activities have been reported from there. However, an IRG cabinet reshuffle in July 2022 might have been linked to corruption and mismanagement, and in December 2022 the chairman of the PLC openly addressed the issues of nepotism and corruption.

Other relevant public institutions like the Central Authority for Control and Auditing (COCA) and the High Authority for Tender Control (HATC) managed to continue operating at reduced capacity despite war damage and supervision by representatives of Ansar Allah. The latest COCA report was published in March 2022.

Policy coordination



Anti-corruption policy



No matter how good the initial intentions are, under the current circumstances the above organizations are likely to be used to cover up illicit property confiscations and serve as political weapons. There is no auditing of public spending. The U.N. Panel of Experts concluded in 2021 that “those in the top political leadership compete to enrich themselves from limited state and public resources.” Consequently, the World Bank scored Yemen 1.9 out of 100 for “control of corruption” in 2023.

However, Ansar Allah began introducing e-payment for government transactions and to modernize the central bank’s digital infrastructure in 2019 (World Bank, 2020). This move might at least reduce privatization of public offices in Ansar Allah-controlled regions and could indicate contradictory objectives and strategies within Ansar Allah’s leadership.

16 | Consensus-Building

Prior to 2015, there was some consensus at the formal level – between government parties and NGOs – on the value of a market economy and democracy. The final documents of the National Dialog Conference (NDC), especially those of the working groups on state-building, good governance, independent institutions, rights and freedoms as well as transitional justice and sustainable development, clearly reflect the ambitions of the 565 delegates.

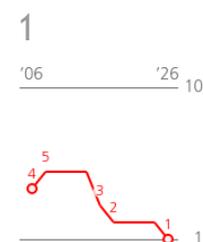
The IRG continues to refer to the NDC recommendations as one of three core documents – the others are U.N. Security Council Resolution 2216 and the GCC initiative with its implementation mechanism. Initially, the Ansar Allah-controlled government also acknowledged NDC outcomes in documents such as the National Vision for the Modern Yemen (2019). In the latest government program (2024), however, the NDC is not mentioned.

According to the draft constitution, “the national economy is a free social economy.” Other available documents suggest that the IRG aims to diversify the economy, strengthen the role of the private sector and improve the business environment while at the same time ensuring justice, employment, sustainability and social welfare. The programmatic documents of the government in Sana’a address similar issues but are more focused on creating revenue and reducing dependence on external funds and imports.

The two regions are developing different characteristics. While Ansar Allah finances its version of governance mainly through taxes and fees, the IRG remains dependent on oil and political rents.

On the ground, supporters of all conflict parties are among the beneficiaries of the war economy, which has become an additional obstacle to (re-)establishing a formal market economy.

Consensus on goals



Reformers – regardless of where they are located – can at best try to influence anti-democratic actors. Unless supported by the international community, even reformers in IRG-controlled territory, including ministers and parliamentarians, have no clout compared to actors with veto powers who are backed by influential military or tribal figures, and leaders with assets abroad and good relations with regional powers, most notably Saudi Arabia, the UAE and Iran, though also Türkiye.

For decades, Yemeni democrats have had to cope with political interventions by powerful undemocratic neighboring states competing for regional hegemony. Now, they also face the challenge of finding support among a young generation socialized by war, violence and militant ideologies.

Political parties cannot bridge regional cleavages, civil society has very limited scope for action and political leaders contribute to deepening regional and political cleavages.

Former President Hadi missed several opportunities to bridge political and regional cleavages. Although including STC representatives in the government in December 2020 constituted major progress, Hadi missed the chance to appoint a cabinet balanced by region and gender. The eight-member Presidential Leadership Council that followed Hadi's rule in April 2022 shows similar characteristics, although its members represent different regions. Infighting continues to affect political camps, though little is known about the struggles within Ansar Allah. For ruling elites from the military and militias, changing the status quo to bridge gaps risks losing power and access to funds. Political leaders cannot be expected to bridge political cleavages; rather, they exacerbate existing cleavages for populist or separatist purposes, further deepening the fragmentation of Yemen's political landscape.

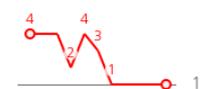
The GCC Implementation Mechanism required the government to consider input from civil society actors. NGOs were represented in the National Dialogue Conference (40 out of 565 seats), and influential civil society actors played significant roles before, during and after the NDC. With several civil society activists appointed as ministers in the 2014 government, civil society was poised to gain a strong position in agenda-setting as well as monitoring NDC outcomes. This was not the case in subsequent governments, and – as during the Salih era – civil society remained in a constant state of alert and became increasingly restricted.

The presidential declaration transferring power to the PLC in April 2022 provided for the Commission for Reconciliation and Consultation (CRC), composed of well-known members of Yemeni civil society, predominantly men, with five women among the 50 members. The CRC approved its internal regulations as well as the General Framework for the Political Vision for the Comprehensive Peace Process, and the Principles of Reconciliation between the Legitimate Political Forces and Components in March 2023. Reports on the status of implementation of these documents are not available.

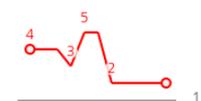
Anti-democratic actors



Cleavage / conflict management



Public consultation



Even before the current war, many political and social groups claimed to be victims of past injustice, with most demanding compensation or at least recognition. These include Ansar Allah (“Sa’dah issue”), the Southern Movement Hirak (“southern issue”), the victims of 2011 and their families, and former elites who spent recent decades in exile. The government, bound by the GCC Implementation Mechanism, at least officially recognized the need to address these claims. While the Sa’dah issue, the southern issue and the victims of 2011 have been officially acknowledged, the transitional justice law recommended by the NDC has not been issued because there was no consensus regarding the period to be covered and, hence, which victims would be eligible for compensation.

The transitional justice and looted funds draft laws were presented to the cabinet in June/July 2014 but were never issued. In 2013, a fund was to be set up, with Qatar allegedly promising \$350 million of the required \$1.2 billion. The Commission on the Forcibly Retired in the Southern Governorates and the Commission on Land-Related Disputes, established with UNDP support in 2014, suspended work in 2015. According to a CARPO report (2016), about \$1 billion would be required to compensate only those who lost their jobs in the public sector or their property in the southern part of the country between 1994 and 2011. In Aden, a Committee of Dismissed Southerner Employees had registered 126,000 applications by 2018.

However, fighting in recent years has produced even more victims of injustice, adding another layer to an already complicated issue. The fact that war crimes might involve governments of other states makes reconciliation particularly difficult. As OCHA put it in 2020, “There are no clean hands in this conflict...violations have been committed by the government of Yemen, the Houthis, the Southern Transitional Council as well as members of the Coalition” (led by the KSA and UAE).

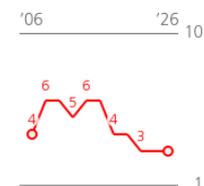
Ansar Allah generally ignores the IRG and instead directs its demands, including those for compensation, to the Saudi leadership, which has publicly begun direct negotiations. In contrast, the STC cites past injustices to justify its demands for an independent southern state.

As a result, the mechanisms so far set up by the Saudi- and UAE-led coalition, the internationally recognized government of Yemen and the Ansar Allah (Houthi) armed group are wholly inadequate to accomplish the task of ensuring reparations to civilian victims (Mwatana for Human Rights, 2022).

If national reconciliation is addressed again, the overall situation will require careful consideration, since attempts to compensate for historic injustices could trigger further conflict and more corruption.

Reconciliation

3



17 | International Cooperation

The IRG and Ansar Allah seek international support to finance immediate needs such as public sector salaries, military assistance and humanitarian aid. However, for long-term development strategies, the Ansar Allah-controlled government can clearly draw on more technical expertise than the IRG.

Overall, efforts to seek international assistance to end the conflict have been limited. The U.N.-sponsored peace talks in Geneva/Biel (2015), Kuwait (2016) and Stockholm (2018), but the meeting in Stockholm in December 2018, facilitated by U.N. Special Envoy Martin Griffith, was the first to yield results. Several elements of the Stockholm Agreements have been implemented, though incompletely and with delays. For example, several prisoner exchanges took place between 2020 and 2023, and the Taizz road was reopened in 2024. A truce, brokered by the United Nations in 2022, proved to be effective. As of January 2025, fighting has not returned to previous levels.

However, at the same time, Ansar Allah turned humanitarian dependency into political capital. Through detentions, institutional manipulation and aid diversion, the group has constrained civic space, intimidated international partners, and restructured the aid economy in line with its political and ideological goals. This approach is not a long-term development strategy; rather, it has undermined international development principles while keeping donor funds flowing.

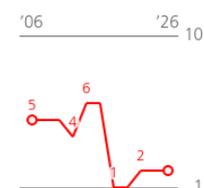
Moreover, Ansar Allah and the Saudi government are simultaneously pursuing a separate settlement, which could derail the U.N. process.

The conflict parties show no respect for Yemen's international human rights obligations – most seriously, children's rights – and little enthusiasm for international cooperation efforts, especially during the tenure of the first two U.N. special envoys. Beginning in 2018, the main conflict parties adopted a slightly more cooperative attitude toward the United Nations. However, they claim the United Nations is biased, disrespect U.N. staff, ignore agreements concerning registering the redeployment of troops, withhold or withdraw money from CBY branches at will (Ansar Allah and Joint Forces/Tihama), impede international humanitarian support for the Yemeni people, attack vessels and kidnap their crews, and are neither credible nor reliable. Ansar Allah members repeatedly threatened, intimidated and abducted U.N. and embassy staff, and try to sideline U.N. mediation efforts. The apparent long-term objective is to replace qualified Yemenis employed by international organizations with Ansar Allah clients by intimidating those who refuse to be coopted into Ansar Allah's networks.

In areas controlled by Ansar Allah, the United Nations and international donors have suspended most of their operations – except for life-saving activities – and have either relocated offices, staff and resources to Aden or halted their work entirely.

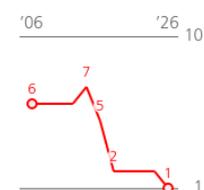
Effective use of support

2



Credibility

1



Ansar Allah frames the conflict as external aggression by Saudi Arabia, the UAE, the United States, the United Kingdom, Israel and other actors, and has launched drone and rocket attacks on Saudi, UAE and Israeli territory. It was consequently designated a foreign terrorist organization (FTO) by the outgoing first Trump administration in January 2021. The Biden administration rescinded the designation a month later because it would have blocked humanitarian aid. In January 2025, President Trump once again initiated the FTO-designation process.

The STC finally signed the Riyadh Agreement in November 2019, joined the cabinet in December 2020 and the PLC in April 2022. This may reflect pressure from regional allies and an increasing need among the main sponsors of the anti-Ansar Allah alliance to develop an exit strategy. However, the Riyadh Agreement was never fully implemented and the STC prefers not to participate in PLC meetings with representatives of the Saudi government.

The Yemeni government stopped servicing its international debts – except debts owed to the IMF and the International Development Association – in 2016. However, in August 2022, the IMF allocated Special Drawing Rights worth \$650 billion to the IRG, and in January 2025 the IMF mission to Yemen announced that “the IMF will continue to help Yemen strengthen its policies and institutions.”

North Yemen was a founding member of the League of Arab States (LAS), which signed a new transportation agreement with the IRG in 2024. However, the situation in Yemen will not be among the priorities discussed at the upcoming Arab League summit in May 2025.

Yemen is a member of the Greater Arab Free Trade Area (GAFTA) and a signatory to the Djibouti Code of Conduct, a regional initiative to combat piracy around the Horn of Africa. Efforts to join the Gulf Cooperation Council (GCC) as a dominant regional free trade area began in 2005 but stalled. Currently, there is no coherent approach to cooperation with neighboring countries, and each conflict party criticizes others for their connections with regional allies.

For Saudi Arabia, poor and populous Yemen is primarily a security issue. After years marked by a combination of providing and withholding financial and in-kind support to the Yemeni government, the Saudi government launched Operation Decisive Storm in 2015. This action not only further destabilized Yemen but also provoked retaliation in the form of border skirmishes and attacks on Saudi and UAE territory.

Ansar Allah has a record of being unreliable and uncooperative. Having failed to find supporters among Western states, Ansar Allah turned to Iran and Russia for political and military support. Ansar Allah’s activities, such as attacking international vessels and Saudi Arabian, UAE and Israeli territory, at times serve to create the image of Ansar Allah as promoting the Palestinian cause, which resonates with Yemenis even in IRG territory and beyond. However, these actions also harm Iran’s position in

Regional cooperation

3



international negotiations. Consequently, the Iranian government distances itself from Ansar Allah officially, as expressed in a letter to the U.N. Security Council in January 2025. Despite Iran serving as a role model and the involvement of Iranian and Lebanese Hezbollah military experts and hardware, Iranian influence on Ansar Allah's decisions seems limited when compared with the dependence of the IRG on its regional allies. The IRG's dependence is not restricted to financial and military aid. It also includes political aspects, such as Saudi Arabia's successful campaign at the Human Rights Council not to extend the Group of Eminent Experts' mandate in 2021.

Strategic Outlook

Yemen's political factions have so far failed to recognize the need for cooperation to build a viable Yemeni state. None of the regions they control possess all the necessary elements – financial and natural resources (e.g., oil and gas), infrastructure (e.g., harbors), and human capital (e.g., technical expertise) – to function as a state.

Even if the international community supported a separation of the country along the current frontlines – which would represent a concession to STC demands, and leave Ansar Allah without access to the country's oil and gas resources – this would not achieve peace. The more populous northern region is not economically viable unless it includes Marib, and receives a share of the oil rents from Shabwa and Hadhramaut. Ansar Allah has made it clear that it strives to rule all Yemen, and will not allow international companies to “loot” Yemen's oil and gas resources. Meanwhile, the southern region might fragment even further if left to govern its future alone.

Thus, over the long run, a federal state or at least a confederation is the most promising option. The removal of structural barriers to economic development does not inevitably require political reunification of the fragmented state. It does, however, require a great degree of pragmatism from a growing number of political and military elites – and a more constructive attitude from their respective regional allies. The Saudi government is already trying to disentangle itself from its client, the IRG. The UAE, Iran and Türkiye need to re-evaluate their approaches as well. Significant investment is needed to fund the recovery of Yemen's infrastructure, including schools, hospitals, water and sewage systems, power grids, the oil and gas sector, and telecommunications. Some of the necessary funds could be secured by supporting the UNCAC asset recovery process.

The increasing popularity of solar power in Yemen offers a promising foundation for further development, particularly in rural areas. However, logistical and security concerns are stifling the private sector, and urgently needed investment in Yemen is unlikely unless companies adopt a long-term strategy, such as that of several state-owned UAE firms.

A decade of violent conflict has left young people in Yemen without knowledge of alternative political settings, with children and young people subject to widespread manipulation through state and social media, and, more worryingly, at school. The sooner Yemen's young people are able to compare the narratives imposed by the respective de facto authorities with realities beyond these propagandistic bubbles, the greater the prospects for civil society to coordinate effectively in pursuit of sustainable peace. Initiatives by the international community could create space for communication among young people from different regions. More high-level international mechanisms – such as panels for the documentation of human rights violations and activities to support judicial independence – are also needed.

With the international community focusing on violent conflicts and the humanitarian situation, attention to environmental issues – including illegal land seizure in environmentally protected areas – and support for civil society engagement to build networks that crosscut various conflict lines is largely lacking. Both topics deserve more consideration due to their role in peacebuilding at the local, regional and national levels. However, donors face a dilemma. Limiting activities to the very basics is a logical step to protect staff and partner organizations from arrest and abduction, especially in the north. Yet, limiting activities turns development partners into service providers, which is what Ansar Allah aims to achieve. Hence, members of the international community should broaden their view to include the two pressure points that are most promising: regional allies and access to funds.