

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

YEMEN

Middle East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Sana'a (Houthi-controlled capital)	Seat of Houthi (Ansar Allah) administration over much of northern and western Yemen; outside internationally recognised government control and outside any conventional investment framework	Not viable for conventional investment
Taiz	Epicentre of the government offensive against Houthi forces that intensified from July 2026; government forces claim territorial gains (Jabal Bazel, ash-Shamaytayn) but fighting is active and over 146,000 people have been newly displaced	Not viable for conventional investment; active front line
Hodeidah / Red Sea coast	Houthi-controlled Red Sea port infrastructure, historically central to both the conflict and to Yemen's import-dependent food supply	Not viable for conventional investment
Bab al-Mandeb Strait / Mocha	Critical global shipping chokepoint; Houthi forces seized the Red Sea city of Mocha in 2026 and have resumed attacks on commercial shipping transiting the strait, including a fatal strike that killed six in August 2026	Not viable for conventional investment; active maritime conflict zone
Aden (interim capital, Presidential Leadership Council seat)	Seat of the internationally recognised government under PLC head Rashad al-Alimi; relatively more institutionally functional than the front-line north, but the central bank has a history of severe reserve depletion and currency volatility	Government and donor-coordination-linked activity only; not a conventional investment destination at present
Hadramaut (eastern oil/gas basin)	Government-controlled eastern governorate holding the bulk of Yemen's oil and gas resources, suspended from export since 2022 due to Houthi attacks; relatively more insulated from active front-line fighting than Taiz or the Red Sea coast	Oil and gas (currently suspended); any resumption would depend on a durable ceasefire
Socotra Island	UAE-backed, geographically isolated from mainland fighting, with longstanding (if politically contested) interest in tourism and logistics development	Tourism, logistics (longer-horizon, contingent on political-status clarity)

INVESTOR ENTRY ROUTES

- No conventional private-investment entry route currently exists given the active, widening civil war and the near-total absence of functioning national investment institutions
- Donor and multilateral-agency channels (World Bank, IMF Article IV engagement resumed April 2026 after an 11-year gap, UN agencies) remain the primary avenue for any Yemen-linked financial engagement
- Government-to-government humanitarian and stabilisation funding, chiefly from Saudi Arabia and the UAE, continues alongside the conflict

- Any future private investment would most plausibly re-emerge first in relatively insulated, government-controlled geographies (Hadramaut oil/gas, Socotra) contingent on a durable ceasefire
- Monitoring-only engagement via the IMF's resumed Article IV consultation process and World Bank Yemen economic updates is the appropriate current posture for prospective investors
- No conventional banking, trade-finance or market-entry licensing pathway can be recommended under current conditions

MARKET-ENTRY OBSERVATION

Yemen in October 2026 is not a conventional investment destination, and this briefing departs from this series' usual market-entry framing accordingly. A 2022 UN-brokered ceasefire that had held for several years broke down in mid-2026: fighting erupted in July and has intensified since, with the internationally recognised government under Presidential Leadership Council head Rashad al-Alimi launching a declared offensive to retake Houthi-held territory, concentrated most visibly around Taiz, where government forces report territorial gains but more than 146,000 people have been newly displaced in weeks. The Iran-backed Houthis, for their part, have expanded their own position - seizing the Red Sea city of Mocha, extending control over the strategically vital Bab al-Mandeb Strait, and resuming lethal attacks on commercial shipping transiting the Red Sea, including an August 2026 strike that killed six. Saudi Arabia, backing the government, has faced renewed Houthi missile and drone attacks on Riyadh and Khams Mushait, and France has deployed troops specifically to guard the Yanbu oil terminal (while stating it is not joining the conflict directly) - a measure of how seriously external powers now treat the renewed threat to Gulf energy infrastructure.

Against this, the IMF's resumption of Article IV consultations with Yemen in April 2026, after an eleven-year gap, is a genuine and notable institutional milestone - the Fund cited "enhanced institutional capacity and data production" and described an economy gradually, if fragilely, emerging from the deep recession that followed the Houthis' 2022 suspension of oil exports. But the IMF's own near-term outlook is explicit that the renewed regional war will weigh on Yemen's economy this year, citing inflation, exchange-rate volatility, rising import costs and continuing "institutional fragmentation" - diplomatic language for a country still split between a Houthi-controlled north and west and an internationally recognised but fiscally and institutionally fragile government in the south and east. Consistent with this series' treatment of North Korea, Myanmar, Afghanistan, Iran and Lebanon, Yemen's current conditions do not support a conventional investment case, and this guide is oriented toward situational monitoring rather than market entry.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Active, widening civil war	2022 ceasefire collapsed in mid-2026; government offensive against Houthi territory intensifying around Taiz since July, with unverified but credible reports of hundreds of casualties and 146,000+ newly displaced	None; this is the central, overriding barrier to any conventional investment activity
Houthi control of Bab al-Mandeb and renewed Red Sea shipping attacks	Houthi forces seized Mocha and have resumed lethal attacks on commercial vessels transiting one of the world's most important shipping chokepoints, with direct implications for maritime insurance, freight costs and regional trade well beyond Yemen itself	None; this is a global shipping-security issue, not a Yemen market-access issue to be mitigated
Institutional fragmentation	IMF explicitly cites ongoing institutional fragmentation between Houthi-controlled and internationally recognised government areas as a core structural risk, compounded by a 2022 oil-export suspension still in effect	None available under current conditions; resolution depends on a durable political settlement
Currency and banking volatility	Yemen operates with effectively separate monetary conditions in Houthi- and government-controlled areas; the Aden-based central bank has a history of severe reserve depletion and exchange-rate instability, and the IMF flags continuing exchange-rate volatility and rising import costs	None; any future banking-sector engagement would need to await a verified, durable stabilisation
Suspended oil and gas exports	Oil exports have been suspended since 2022 due to Houthi attacks, removing the government's principal pre-war revenue source and deepening fiscal dependence on external support	None in the near term; Hadramaut's resources remain a longer-horizon prospect contingent on a ceasefire
Humanitarian crisis scale	Yemen has been among the world's most severe humanitarian crises for years; the 2026 fighting has added fresh, large-scale displacement on top of pre-existing need	None from an investment perspective; this is a determinant of the overall operating environment, not a mitigable project risk

Issue	Potential Impact	Possible Mitigation
Unresolved legacy sovereign debt	The IMF has called for government engagement with creditors on comprehensive debt treatment as part of any credible recovery path	A precondition for broader multilateral financing access, not something a private investor can address independently

INVESTOR RISK NOTE

Yemen sits, alongside North Korea, Myanmar, Afghanistan, Iran and Lebanon, in this series' most severe risk tier, and for substantially the same reason: active armed conflict across significant national territory makes conventional investment risk genuinely unquantifiable rather than merely elevated. The renewed 2026 fighting is a clear deterioration from the relative calm the 2022 UN-brokered ceasefire had provided, not a continuation of a stable status quo - the government's own declared offensive to retake Houthi territory, the Houthis' seizure of Mocha and renewed lethal attacks on Red Sea shipping, and direct French military deployment to protect Gulf-adjacent oil infrastructure all point to an active and widening conflict rather than a frozen one. The IMF's resumption of Article IV consultations after eleven years is a genuine, positive institutional signal worth tracking, but the Fund's own assessment - continuing institutional fragmentation, exchange-rate volatility, and an expectation that the regional war will weigh on the economy through 2026 - does not support reading this as a market-entry signal. Waverley's consistent position across this tier of country is that situational monitoring, not conventional investment planning, is the responsible posture until a durable ceasefire and verified institutional stabilisation are in place.

MARKET ACCESS

There is no conventional foreign-investment market-access framework currently operative in Yemen. The internationally recognised government in Aden retains nominal authority over licensing and regulation in government-controlled areas, but institutional capacity, currency stability and security conditions do not support standard due-diligence or market-entry processes. Engagement, where it occurs, runs through donor and multilateral channels (World Bank, IMF, UN agencies) or direct government-to-government support from Saudi Arabia and the UAE rather than through conventional private capital markets.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Presidential Leadership Council (Rashad al-Alimi)	Head of the internationally recognised government, based in Aden, currently leading the declared offensive against Houthi territory	Relevant for monitoring political and military developments; not a conventional investment counterpart at present
Houthi (Ansar Allah) administration	De facto authority over Sana'a and much of northern/western Yemen, including the Red Sea coast and now Bab al-Mandeb-adjacent territory	Outside any conventional engagement framework; relevant only for conflict and shipping-security monitoring
IMF	Resumed Article IV consultations with Yemen in April 2026 after an 11-year gap; tracks fiscal, exchange-rate and institutional-capacity indicators	Primary source for credible macro-level monitoring of Yemen's trajectory
World Bank	Publishes regular Yemen economic updates and reconstruction-needs assessments; a key reference point for any future recovery planning	Relevant for longer-horizon monitoring and eventual reconstruction-sector engagement
Saudi Arabia / UAE government coordination	Principal external backers of the internationally recognised government, providing humanitarian, fiscal and (Saudi) military support amid Houthi cross-border attacks	Relevant for understanding the external-support dimension of any Yemen-linked engagement
France (Yanbu oil terminal deployment)	Deployed troops specifically to guard Saudi Arabia's Yanbu oil terminal amid the conflict, while stating it is not a direct party to the Yemen war	Illustrative of the conflict's regional energy-security stakes rather than a Yemen-specific counterpart
UN agencies / humanitarian coordination bodies	Coordinate the humanitarian response to Yemen's crisis, including the 2026 Taiz-linked displacement	Relevant for understanding the humanitarian dimension; not an investment channel

CURRENT INTERNATIONAL BUSINESS CHANNELS

Yemen's international engagement in 2026 runs almost entirely through humanitarian, diplomatic and security channels rather than commercial ones: IMF and World Bank monitoring, Saudi- and UAE-backed support for the internationally recognised government,

UN-coordinated humanitarian response, and the broader regional security architecture now extending to direct French military deployment to protect adjacent Saudi oil infrastructure. There is no meaningful independent commercial business-development channel to describe under current conditions.

INVESTOR PROFILE BEST SUITED

No conventional investor profile is appropriate for Yemen under current conditions. This briefing is intended for situational monitoring by investors and institutions tracking regional Gulf and Red Sea developments, including those with exposure to Red Sea shipping, Gulf energy infrastructure, or humanitarian/development mandates, rather than as a market-entry guide.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Treat Yemen as a monitoring-only exposure

Exclude Yemen from conventional investment pipelines; track developments for their regional spillover implications (Red Sea shipping, Saudi border security, Gulf energy infrastructure).

STEP 2: Follow IMF/World Bank institutional signals

Monitor the IMF's resumed Article IV process and World Bank economic updates as the most credible indicators of any genuine stabilisation.

STEP 3: Track the Taiz offensive and ceasefire prospects

A durable ceasefire, rather than battlefield gains by either side, would be the relevant trigger for revisiting Yemen's investment case.

STEP 4: Monitor Red Sea shipping-security implications separately

Any mandate with Red Sea or Suez-linked shipping exposure should track Houthi activity around Bab al-Mandeb independently of Yemen's domestic investment status.

STEP 5: Reassess if Hadramaut or Socotra stabilise independently

Should either region demonstrate durable insulation from the wider conflict, a narrower, geography-specific reassessment could be warranted - not before.

WAVERLEY'S ROLE

- Provide situational monitoring of Yemen's conflict trajectory and its implications for Gulf and Red Sea-exposed mandates
- Track IMF/World Bank institutional-stabilisation signals as potential inflection points
- Advise on Red Sea shipping-security exposure for clients with relevant logistics or trade-finance interests
- Flag any genuine, durable ceasefire or geography-specific stabilisation (Hadramaut, Socotra) that could warrant a narrower reassessment

INVESTOR CALL TO ACTION

Yemen in October 2026 does not present a conventional investment opportunity - a collapsed ceasefire, an active government offensive, renewed Houthi attacks on Red Sea shipping, and a regional energy-security response (including French troops guarding Saudi oil infrastructure) place it alongside this series' most severe-risk countries.

Waverley's role here is situational monitoring on behalf of clients with Gulf or Red Sea-adjacent exposure, not market-entry facilitation.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

There is no active conventional investment pipeline. The longer-horizon prospect remains Yemen's substantial but currently suspended oil and gas resources (chiefly in Hadramaut), eventual reconstruction financing tracked by the World Bank, and narrowly, Socotra's longstanding UAE-backed tourism and logistics interest - all contingent on a durable ceasefire and verified institutional stabilisation that have not yet materialised.

POSITIONING

Yemen's position in this series is explicitly a monitoring one: a country where a multi-year ceasefire has broken down in 2026 into active, widening conflict with direct implications not just for Yemen itself but for global Red Sea shipping and Gulf energy security, and where the IMF's own institutional re-engagement is explicitly paired with a warning that the renewed regional war will weigh on the economy this year.

For investors, Yemen's relevance in 2026 is almost entirely as a risk factor for adjacent Gulf and shipping-sector exposure rather than as a direct investment destination.

SELECTED SOURCES

- Al Jazeera (September 27, 2026): "Yemen government forces widen attacks against Houthis: what we know" - Taiz offensive, displacement, Saudi/French involvement
- Asharq Al-Awsat (April 5, 2026): "IMF Hails Yemen's Reforms, Supports its Recovery Path" - Article IV resumption after 11 years, institutional fragmentation
- Al Jazeera (August 12, 2026): "Six killed in Houthi attack on Bab al-Mandeb ship, Yemen's government says"
- Gulf News (2026): Yemen coastguard reporting on Houthi Red Sea shipping strikes
- Times of Israel / regional wire coverage (2026): Yemen presidency announces military offensive to retake Houthi territory