Yemen is experiencing a severe electricity crisis that has left millions without affordable and reliable power. The public grid collapsed in northern areas controlled by the Houthis and is very weak in most of the areas controlled by the Internationally Recognized Government of Yemen (IRG). In the absence of direction from the state, the sector has fragmented. The lack of electricity exacerbates humanitarian emergencies, heightens inequalities, and stifles economic recovery.

**KEY POINTS**

- Donors have not supported the reconstruction of Yemen’s central power infrastructure due to fears of ongoing instability.
- With fuel shortages and a lack of state power, many Yemeni households have invested in solar panels.
- Donors have funded some renewable energy systems for critical infrastructure, such as hospitals and schools, but have mostly avoided larger renewable projects.
- Advancing the spread of local renewable projects would help avoid the entrenchment of corruption in the electricity sector, as it would reduce reliance on lucrative fuel imports and frustrate the emergence of monopolies.
- No major spoilers could block these projects. Neither the Houthis nor the IRG have an economic or political interest in slowing the spread of renewable energy.
- A window of opportunity exists for donors to improve the resilience and governance of Yemen’s electricity sector, while also accelerating its transition to sustainability.

**RECOMMENDATIONS**

- Bolster the resilience of critical humanitarian infrastructure with renewable energy.
- Support feasibility studies for utility-scale wind and solar installations in more stable areas of Yemen.
- Experiment with larger community-scale renewable and hybrid projects for off-grid populations.
- Incentivize owners of private minigrids to hybridize their systems with solar panels.
- Boost private investment in the sector—identify capital subsidies, engage with green funds, and explore the feasibility of providing guarantees to investors.

For more information about the report, please contact Will Todman at wtodman@csis.org.

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