



# An Analysis of the Investment Climate and Prospects in Marib Governorate

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## Executive Summary

This Bulletin aims to pinpoint investment prospects in Marib Governorate by highlighting the local outline of the Governorate, its geographical location, and its administrative division. As well highlighting its terrain and demographic developments, especially after the recent internal displacement to Marib in 2015. It addresses the economic context of the Governorate and its distinct features in terms of various natural resources, including oil, gas, different minerals, building and decorative stones. As Marib includes numerous important economic facilities in the country. Also, Marib is considered a major gas producer, whether consumed locally or exported abroad. It is also known for its agricultural wealth due to its fertile agricultural lands, surface and groundwater resources, among which is Marib Dam. Marib is famed for its cultivation of fruits, vegetables, cash crops, fodder, and grains, as well as its archaeological sites and tourist landmarks.

The Bulletin also included the most important factors that contributed to the expansion of business and investment activity in Marib after 2015, and the further expansion of small, medium and large investment enterprises in the Governorate. It also noted the economic and investment importance, and the advantage of Marib compared to Yemen's governorates currently.

The Bulletin described in detail the most important priority investment opportunities to bring about a qualitative shift in the investment climate, and to achieve sustainable development in the Governorate, which has a positive impact on the lives of citizens, investors, local authority and the economic and development aspect. The Bulletin focused on Marib's competitive investment opportunities in the near, medium and long term, as well as supplementary investment op-

portunities. It also highlighting other key building factors to achieve positive results in moving investment in the Governorate over a short, medium and long period.

The Bulletin mentioned some of the difficulties facing investors, most notably the precarious security situation resulting from the war, as well as the absence of the legal and administrative framework for the partnership between the private sector and the local authority.

Finally, the Bulletin touched on some solutions and recommendations that will help the local authority to support and encourage the investment environment to expand its business and investment projects in the Governorate.

## Methodology

The methodology used in the Bulletin combined research into information and secondary sources (desk study), represented by studies, reports, and published statistical data related to the Governorate, as well as relevant government office records and websites, along with primary sources (field study) represented by in-depth interviews and discussion sessions with specialists from government agencies and the private sector in the Governorate. This was done to enrich the findings of the bulletin based on the secondary information and sources.

## The local Outline of the Governorate

Marib Governorate is located in the northeast of the Yemen's capital, Sana'a, approximately 173 kilometers away. It covers an area of about 17,405 square kilometers and consists of 14 districts, at an elevation of 944 meters above sea level. It is bordered to the north by Al Jawf Governorate, to the south by Shabwah and Al Bayda Governorates, to the east by Shabwah and Hadhramaut Governorates, and to the west by Sana'a Governorate. Marib Governorate comprises 14 districts, within which there are 59 sub-districts, 477 villages, and 1,943 wards.

The combination of Marib's oil wealth, first discovered in the country in 1986, and its role in the national electricity generation and distribution system, as well as its strong tribal alliances, have increased Marib's position and influence during the current conflict in Yemen.

The western part of the Governorate predominantly features a mountainous terrain, where a number of medium-altitude mountains with steep slopes are spread out. Most of the eastern surface of the Governorate consists of flat and desert areas, which make up more than half of the Governorate's surface. This area includes the city of Marib, which is part of a vast desert extending northward towards Al-Jawf governorate, eastward towards Al-Abr District in Hadhramaut governorate, and southward towards the northern parts of Shabwah governorate. Many valleys are scattered across the districts of the province, including Wadi Dhana, Habis, Al-Dhiq, Harim, Al-Sadr, Al-Ashtab, Al-Khanq, Ma'in, Harib, Thamad, Al-Barabar, and Talbas.

The Governorate's climate varies based on elevation. The mountainous and elevated regions, which make up the western half of the governorate, are dominated by a moderate climate with hot summers and relatively cold winters. In the low-lying and plain regions, the climate is hot in the summers and moderate in the winters. The desert regions are characterized by a dry climate: hot in the summers, and cold and dry in the winters.

Regarding Governorate's population, estimates before 2015 indicated that Marib's population did not exceed 360,000 people, comprises 1.2% of the Yemen's total population. However, the population is estimated to be around 3 million people in 2023, making up 9.2% of the country's total population. This significant increase is due to the Governorate becoming a refuge for approximately 2.2 million internally displaced people, some of whom are distributed across about 200 displacement camps (with the majority living in residential neighborhoods and among the host community). Estimates also indicate that Marib is the preferred destination for more than 57% of all internally displaced persons in Yemen.

Despite the significant population pressure on the limited essential services in the city of Marib, the capital of the Governorate, after 2015, there are many political, economic, and social circumstances that helped the province overcome its crisis and embark on the path of development and expanding essential services for both its residents and the displaced people.

This is evident from the increase in the number of schools, healthcare centers, and roads, as well as the establishment of the University of Saba Region in 2016, which became the first public university in Marib, providing higher education programs to the residents of the Governorate. The number of students at the university for the academic year 2021-2022 was approximately 15,000 students. In this regard, some studies indicate that more than 60% of the housing, facilities, and infrastructure in Marib were built after 2015. This was by several reasons, the most prominent of which are the political and social harmony between the local authority and the political and tribal components in the Governorate. Marib has emerged as a thriving economic, social, political, and military center, along with its ability to collect and grow financial resources at the branch of the CBY in Marib, in addition to receiving 20% of the value of the oil extracted from the Governorate since 2017.

Marib Governorate is rich in natural resources and possesses significant economic potential. It is the leader in oil discoveries in Yemen and is abundant in various minerals, building stones, and ornamental stones. The Governorate is the main producer of natural gas, both for local consumption and for exporting abroad. And it is also a primary producer of crude oil. Additionally, it hosts many important economic facilities in the country, such as the oil refinery and the main gas-powered electricity Plant in Yemen (Marib Power Plant).



It is also distinguished by its agricultural wealth due to its vast fertile lands. Agriculture is the main activity for the residents of the Governorate, ranking third among the country's governorates in agricultural crop production, accounting for 7.6% of the total agricultural output, following the governorates of Hudeidah and Sana'a. Its main agricultural crops are fruits, grains, and vegetables. Agricultural statistics indicate that the Governorate contributes about 8.63% of Yemen's fruit production, such as oranges and watermelons, with a 13% increase over the previous year's production in 2020. It is noteworthy that Marib produces about 70% of Yemen's orange crop. Additionally, its production of vegetables such as potatoes, tomatoes, onions, and zucchini constitutes about 6.64% of the total vegetable production in Yemen, with a 22% increase over the production in 2020.

The Governorate also contributes approximately 3.08% and 5.92% to the production of cash crops and fodder, respectively. In terms of grains, the Governorate produces sorghum, maize, millet, wheat, barley, and sesame, which are used for local consumption, contributing 1.6% of Yemen's total grain production.

This agricultural productivity is supported by the abundance of surface and groundwater resources, most notably the Marib Dam, which primarily irrigates agricultural lands. Additionally, the Governorate is renowned for its historical sites and tourist attractions, remnants of the ancient Sabaean civilization (Kingdom of Saba), including the Throne of Bilqis, the Barran Temple, and the old Marib Dam.

The events following 2015 have contributed to the expansion of commercial and investment activities in Marib, due to several factors, the most important of which are:

- 1- The influx of more than two million displaced people, including wealthy individuals, traders, investors, and businessmen, who have significantly increased commercial and investment activity in the governorate.
- 2- The presence of various State institutions (civil, military, security, and judicial) in the Governorate, which has played a vital role in increasing stability and security of Marib, encouraging investment activities.

These factors, among others, have enabled the private sector to play an active role by providing various goods and services to citizens and establishing the investments and infrastructure needed by the population. This includes commercial schools, health units, transportation, commercial and industrial facilities, as well as creating numerous job opportunities. This has led to a significant shift in investments, particularly in real estate, wholesale, and retail outlets, which have grown to nearly 16,000 shops in the city of Marib. Most of these are small businesses, such as grocery stores (wholesale and retail), clothing stores, building materials shops, and pharmacies. Before 2015, there were only about 1,500 commercial shops in the city of Marib.

Also, the Governorate has experienced opening of many branches of banks and commercial institutions, as well as transportation services, hotels, and malls. Many factories and hospitals have also opened branches in Marib.

## Key Investment Prospects

The local outline of Marib Governorate appears promising, especially regarding the economic aspect. The undeveloped governorate has many features that give it an advantage for investment in various sectors compared to other governorates. This necessitates exploring priority investment opportunities to create a qualitative shift in the investment environment, ultimately achieving sustainable development in Marib.

And there is a golden opportunity to bring about a real and urgent transformation in the investment environment in Marib Governorate, which would positively impact the lives of citizens, investors, and the local authorities, as well as the economic and developmental situation in the governorate.

Marib possesses promising sectors with strategically competitive investment opportunities, with key elements that can be leveraged to achieve positive results in driving investment in the governorate over the short, medium, and long term.

### Short-term investment opportunities:

When reviewing short-term investment opportunities in Marib Governorate, the agricultural sector holds significant importance. Potential projects include:

- Establishing a central agricultural market that serves as a major hub for agricultural and animal products in the governorate, as well as those imported from other governorates.
- Creating factories to process agricultural products into marketable manufactured goods.

- Setting up plant nurseries, protected agricultural, and greenhouses for year-round production of crops, vegetables, and fruits.
- Investing in the cultivation and production of dates.
- Producing high-quality oranges and marketing them, as well as manufacturing juices and jams.
- Investing in livestock farms.

In the oil and gas sector, investment opportunities include:

- Increasing the production capacity of the Marib refinery plant.
- Manufacturing and packaging specialized industrial gases.
- Establishing a plant for filling natural gas for household use and for vehicles.

These investments would enhance the efficiency and output of the oil and gas sector, contributing to economic growth and meeting local demands. Additionally, opportunities include:

- Establishing a company for manufacturing industries to convert raw materials into industrial products.
- Investing in stone mining and the production of local building materials.
- Manufacturing ceramics and bricks using desert sand as the primary raw material.
- Investing in paving and improving internal roads, as well as constructing and enhancing roads that connect the governorate with other governorates.

These projects would further develop the infrastructure and industrial capabilities of Marib, fostering economic growth

and improving connectivity and accessibility within and beyond the governorate.

In the tourism and Leisure sector, short-term investments could include:

- Creating parks and recreational centers with various games and activities.
- Manufacturing decorative products and souvenirs.

Additionally, investing in the maintenance and technological development of the Marib Dam, using modern technology and electronic systems, would be highly beneficial for an agricultural governorate like Marib. Projects to equip and operate a concrete mold factory for irrigation channels.

## Medium-term investment opportunities

There are promising medium-term investment opportunities in the agricultural and animal husbandry sectors, aligned with current trends and covering all the areas mentioned for short-term investments. Here are some suggestions for these investment prospects:

- Establishment of a Modern Dairy Factory to produce high-quality dairy products such as milk, yogurt, cheese, and butter. And to utilizing modern processing and packaging technologies to ensure safety and quality.
- Poultry Farms (Broilers, Layer chicken), by investing in specialized farms for producing broiler and Layer chickens to meet the market.
- Sesame Cultivation and Sesame Oil Production, by cultivating sesame using modern agricultural techniques to achieve high yields, and to produce high-quality sesame oil for local use and export.

- Establishment of a Veterinary Medical Center to providing comprehensive medical services for animals, including regular check-ups and advanced treatments.
- Center for Improved Seed Production and Propagation to producing improved seeds for wheat and vegetables using tissue culture techniques.
- Establishment of Central Refrigeration Units for preparing, canning, and preserving agricultural and animal products.
- Enhancing research and development in sustainable agriculture to increase productivity and reduce costs.

These investments will contribute to sustainable economic growth, create new job opportunities, improve food security, and achieve self-sufficiency in many agricultural and animal products.

Also, the Governorate needs investment in the development and expansion of oil technology, drilling, and extraction, as well as in the manufacturing and installation of environmental protection systems. Additionally, there is an opportunity to establish a station for converting cars and vehicles to operate on natural gas as well as developing a free industrial zone in the Governorate. Efforts should also be made to exploit the availability of energy availability in the governorate and invest in the manufacturing of non-metallic minerals such as granite, marble, phosphorus, and sulfur.

It is crucial to complete the development of Marib International Airport, invest in improving and maintaining the governorate's rural roads, restore archaeological sites, and develop tourism facilities and establishments. Additionally, establishing a national museum, expanding the gas-powered electricity station, and selling electricity to neighboring provinces are vital. Investing in hydroelectric power generation by utilizing the Marib Dam's water is also beneficial. Ac-

According to the needs, investing in the construction of sewage networks for the city of Marib will save the city from an environmental and health disaster. In the medium term, Marib needs to establish a large commercial complex and open many retail and wholesale stores.

## Long-term investment opportunities

A rich and promising governorate like Marib offers numerous future potentials for long-term investments with a broad impact on the local and national context. Long-term investments in Marib include establishing an agricultural cooperative or limited liability company (LLC) or establishing a public joint-stock company for agricultural production and marketing with contributions from businessmen, citizens, and the local authority, with the private sector's share being more than 50 %. There are also opportunities to invest in the development of farms and agricultural land with modern and diverse systems, and to invest in the production of organic fertilizers using agricultural and animal waste.

Marib can be considered an oil-producing governorate, and working on significant investments can make a big difference in the future of Marib and the country. This could include establishing a petrochemical company and converting raw materials into final products. It could start with the production of urea fertilizers and gas for vehicles, followed by the production of plastics, cleaning materials, polymers, lubricants, paints, and the establishment of a specialized oil center to provide technical support, consulting, research, and training for oil and gas companies. This would also involve developing technologies and innovations, investing in the manufacturing of oil equipment, and meeting the local needs of the oil and gas sector with locally produced equipment.

## As a future goal, an industrial complex can be established in Marib, focusing on:

- Cement production, relying on the availability of raw materials, by establishing a modern, high-quality cement factory.
- Glass production, leveraging the extensive sand resources, by setting up a glass factory to meet local demand and for export.
- Salt production, based on the vast rock salt reserves in the Governorate, by creating a modern factory to produce high-quality salt for local consumption and export.
- Investment in the extraction, manufacturing, and forming of metals.

Establishing a transportation company in Marib will contribute to improving the movement of goods and people, reducing costs for businesses, and connecting citizens to their internal and regional destinations. Additionally, investing in the development of residential units and cities, and creating and developing industrial and commercial properties will be beneficial. Establishing the Marib Electricity and Renewable Energy Company will help govern the electricity production sector and increase promising investments. Investments should also be made to develop tourism infrastructure, such as hotels, restaurants, cafes, and resorts.

The current situation in Marib paves the way for future investments in the establishment and construction of a wastewater treatment plant. This plant could be used for agriculture and irrigation, thereby reducing the depletion of groundwater. Additionally, a factory for producing organic fertilizers from organic waste in wastewater could be established, reducing the use of chemical fertilizers. Investing in a solid waste management and recycling plant would allow the use of waste in various industries instead of burning it, causing air pollution. The private sector can also invest in a plant to produce thermal energy from biogas for electricity generation and industrial purposes, reducing reliance on fossil fuel sources.



## Other Investment opportunities

On the healthcare level, hospitals and specialized medical centers can be established for heart diseases, cancer, kidney and urinary tract diseases, burns and cosmetic surgery, and mental and psychological illnesses. Additionally, pharmaceutical companies and drug production facilities can be set up, along with a center for consulting and technology, developing of drugs, and medical research. There can also be a center for childcare (medical, psychological, and nutritional).

Educationally, investment can be made in establishing private schools that offer innovative and specialized educational systems, such as international education, with a focus on science and technology and teaching in foreign languages. A specialized academy for children can also be established, providing active and interactive care and education for children under the age of seven. Additionally, a specialized school for students with special needs can be created, offering tailored educational and rehabilitation programs for those with physical or mental disabilities.

Also, giving innovative youth their opportunities will add value to Marib by investing in the creation of business incubators targeting women and youth, fulfilling their aspirations in various economic empowerment projects that meet labor market demands. Training centers can be established to train young people in commerce and e-marketing, financial technology, and provide them with spaces for work and creative thinking. Additionally, fitness and exercise centers can be created, offering specialized consultations and lessons such as yoga, Pilates, weight loss, and healthy nutrition. Moreover, microfinance institutions can be set up to facilitate projects and emerging youth companies, linking them to sustainable development

## Key Challenges

As a result of the ongoing conflict, since 2015, that has weakened the central authority, Yemen has experienced an almost complete collapse of the state system and infrastructure due to the lack of security and stability, along with an increase in political divisions among political factions and community components. Marib Governorate has become an important center for the Yemeni internationally recognized government. This position has been supported by the availability of financial resources that have facilitated the establishment of infrastructure and various government projects that encourage an investment-friendly environment. However, the war on the Governorate, the Houthi group's attempts to control it, and the weak control over all districts of the governorate have affected investment and deterred some investors from starting permanent projects in the Governorate due to security concerns for their ventures.

On the other hand, the emerging private sector in the governorate has played an active role in the economic and investment aspects by establishing small projects. These include shops, clothing stores, grocery stores, and tailoring shops. Some businessmen have invested in medium-sized ventures such as hotels, malls, wholesale trade, workshops, private schools, private health centers, and more. Others have established large companies, such as private hospitals and factories for producing bottled water and plastic materials.

### **Here are the main difficulties and challenges facing investors in the governorate:**

- The devaluation of the local currency value against foreign currencies.
- Unfair levies imposed on goods during transportation between governorates to the markets of the governorate.

- Ongoing increases in rent for shops and properties, along with numerous eviction lawsuits in the courts.
- The absence of a legal and administrative framework for partnerships between the private sector and local authorities.
- Investment law not keeping pace with changes on the ground.
- Difficulty in access and mobility due to the continuous deterioration of roads and lack of regular maintenance, especially those connecting the governorate with districts and other governorates.
- Delays in completing the opening of Marib airport to facilitate the movement of investors, goods, and commodities.
- Lack of cooperation and encouragement from some government offices to the private sector, and weak enforcement of laws and regulations that facilitate the investment environment for businesses.
- The absence of urban planning for the city of Marib in terms of sewage, which threatens to cause an environmental health disaster.
- The scarcity of state-owned lands that could be granted to investors.
- Difficulty in obtaining spare parts for equipment and machinery from the local market of the city, forcing people to buy them from other governorates, which increases costs.
- Weak coordination between local authorities and the judiciary, accumulation of cases in courts, and the absence of a commercial court in the governorate.
- The lack of effort by local authorities to seek alternatives for providing lands and properties to investors.
- Weak coordination between official offices related to economic and investment matters and the private sector.

## Solutions and Recommendations

- The Yemeni government should enhance the economic, political, and security stability of the Governorate, review and update the current investment law to respond to current conditions or issue a presidential decree granting the local authority the legal basis to facilitate investment and partnerships with the private sector.
- The local authority should form an economic committee from the public and private sectors to outline plans and visions for economic development and investment opportunities in the Governorate.
- Develop vocational education and training programs, focusing on professional and technical training aligned with market demands and the industrial, oil, and agricultural requirements of the local authority and investors.
- The local authority should conduct feasibility studies for projects and investment opportunities in the Governorate and create promotional programs to attract major traders and high-impact economic investments.
- Encourage research and studies on the investment environment in the Governorate in industrial, agricultural, and mineral fields, providing proposals and projects, overcoming obstacles, reducing risks, and offering incentives to promote investment.
- Establish a central agricultural market equipped with infrastructure and essential services for the exchange and display of agricultural products.
- Create community business incubators, markets, workshops, and economic empowerment projects targeting women, youth, and people with special needs, providing financial and technical support to women to start innovative small projects.

- Analysis by the local authority of cases and complaints, such as real estate and rents problems, in courts and police stations facing traders, investors, and to provide necessary solutions.
- Activate economic media in the Governorate.
- Encourage the establishment of commercial arbitration companies.
- The local authority should create an investment guide for Marib Governorate supported by feasibility studies, pay-back periods, and investment returns, and set up an electronic portal for this guide.
- Enhance the capabilities of offices specialized in preparing, monitoring, and following up on investment studies, providing them with human and material resources and infrastructure.
- Work on establishing a spinning and weaving factory to employ trained women in the field of tailoring.
- The local authority should hold regular meetings with the private sector and investors to listen to their challenges.

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