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PRELIMINARY BACKGROUND PAPERS FOR THE WORKSHOP TO PRODUCE AN INTER- AGENCY CONFLICT ASSESSMENT OF YEMEN

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Yemen Desktop Interagency Conflict Assessment

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MAP OF YEMEN WITH GOVERNORATES



CONTEXT: LONG STANDING CONDITIONS RESISTANT TO CHANGE

SUMMARY

Yemen is the poorest country in the Arab world. Located on the southwestern corner of the Arabian Peninsula, its socio-economic indicators bear greater resemblance to those of its African neighbors than to the oil rich countries of the Gulf Cooperation Council (GCC). Yemen has an unemployment rate of 35% and over 45% of its population lives below the poverty line. The country is rapidly depleting critical oil reserves and water resources while its population of 23.8 million grows at a rate of 3.5% and doubles every 20 years.¹ Oil revenues provide over 70% of the central government's budget, yet by conservative estimates, these reserves will be entirely exhausted in 10-15 years.² If the status quo persists, the government will be unable to meet the expanding service, employment, and resource demands of its burgeoning population. These trends are even more alarming in light of Yemen's youth bulge. Over 46% of the population is under the age of 15.³

In addition to a festering socio-economic crisis, the country also faces several pockets of domestic unrest, including the Huthi rebellion in north Yemen, a secessionist movement in the former South Yemen, and intermittent tribal conflicts. These areas of domestic conflict have their roots in Yemeni history and are all in some way fueled by the socio-economic grievances. Adding to the deteriorating security situation is a resurgent al-Qaeda (AQ), which has proven capable of launching attacks against foreign embassies, tourists, and the Yemeni government in recent years.

Yemen's "neighborhood" in many ways fuels and facilitates domestic tensions. To the West, Yemen's fortunes are linked to the Horn of Africa through Somali refugee flows; the arms trade; piracy; diesel smuggling; and potentially, expanding al-Qaeda networks. Yemen's ties with the GCC states are both a source of stability and instability domestically. Aid and investments from GCC countries are a critical life-line for Yemen's struggling economy. Yet, dynamics in the Gulf can also have a destabilizing impact. In particular, Saudi Arabia has a long and duplicitous history of meddling in domestic Yemeni affairs, bearing a great deal of responsibility for the spread of Wahhabism, and with it, sectarian tension in Yemen. Most recently, the Kingdom's successful efforts to eliminate AQ on its soil has created incentives for the organization to regroup inside of Yemen. Aggressive counter-terrorism efforts in Pakistan and Afghanistan may also fuel AQ resurgence in Yemen. Currently, it is unclear what role Saudi Arabia and other GCC states are playing vis-à-vis the southern secessionist movement.

SOCIO-ECONOMIC CONTEXT⁴

Yemen is rapidly depleting its oil and water resources while its population of 23.8 million is growing at a rate of 3.5% and doubling every 20 years. The national economy is inadequately diversified, dangerously dependent on limited oil reserves, and crippled by rampant corruption. The real GDP growth rate was 3.2% in 2008, 3.5% in 2007, and 3.2% in 2006; this barely equals population growth. In addition, growth is heavily dependent on the oil sector, which is trending downward. Currently, industry comprises 52.4% of GDP growth (due to oil); agriculture 9.4%; and services 38.1% (2008 est). Agriculture is a critical sector of the economy, employing more than half of the labor force and contributing the second-largest amount of export earnings (after oil exports). However, Yemen is still a net importer of food and livestock. Environmental

¹ CIA World Fact Book, 2009. Additional data is provided in Annex A.

² Economist Intelligence Unit, "Country Report: Yemen," (August 2009).

³ CIA World Fact Book, 2009.

⁴ Unless otherwise specified, statistics in this section were provided by the CIA World Fact Book, 2009.

constraints including climate, soil erosion, desertification, and water shortages, limit the potential for economic growth in the agriculture sector.⁵

In 2008, Yemen ranked 138 out of 182 countries on UNDP's Human Development Index. Thirty-five percent of its population is unemployed and 45.2% live below the poverty line (2003 est.). Economic disparities are widening. Relative deprivation is particularly obvious and inflammatory in large urban centers where the newly rich, who often benefit from networks of corruption and nepotism, live in extravagant walled villas in close proximity to sprawling cinderblock slums. Households with the highest 10% of income account for 25.9% of consumption, while households with the lowest 10% of income account for only 3% (2003 est.). The annualized inflation rate for consumer goods in 2008 was 18% (10% in 2007), dramatically undermining the purchasing power of an already impoverished population. The Economist Intelligence Unit (EIU) estimates that inflation will fall sharply in 2009, to 3.8%, as a result of declining global commodity prices. However, it is expected to return to a trend rate of 12% in 2010.⁶

Across the board, government services are woefully inadequate. Yemenis lack adequate healthcare and those who can afford it travel outside the country for services. Yemen has one of the lowest rates of electrification in the Middle East; it is estimated that less than 20% of the rural population has access to electrical service.⁷ Literacy rates are low, with only 50.2% of the total population able to read and write (2005 estimates), and the gender gap is significant. Only 30% of females are literate compared to 70% for males (2005 estimates). The youth bulge is pronounced, with 46% of the population below the age of 15.

Oil and Natural Gas

The Yemeni economy is dangerously dependent on dwindling oil resources. Yemen is a small oil producer, yet oil revenues comprise 90% percent of the country's export revenues, and provide 75% of the central government's budget.⁸ By conservative estimates, Yemen will entirely deplete its proven oil reserves in 10-12 years.⁹ The World Bank predicts a sharp decline in state revenues from oil and gas sales in 2009-10, and it suggests that reserves will be entirely exhausted by 2017.¹⁰ Yet, the point of depletion is not the critical turning point for the economy. The impact of declining revenues will be felt over time and are already having an impact on national budgets.

Precise data on the oil sector is scant, as grand corruption provides disincentives for transparency. However, it is clear that crude oil production has declined from a peak of 460,000 barrels per day in 2002- falling by 12% in 2007- to the current [2008] rate of 300-350,000 barrels per day.¹¹ Extraction will likely continue to trend downward as the country's two main oil fields approach the end of their lifecycle. Yemen's dependence on export revenues from oil make it vulnerable to fluctuations in the international price of crude. Moreover, the country's vulnerability to price fluctuation cuts both ways. While Yemen is a net exporter of crude, it has limited refining capacity and is a net importer of refined diesel. Approximately half of the diesel required for domestic consumption is imported and then subsidized on the local market. In 2008, the World Bank estimated that diesel subsidies would cost Yemen approximately \$3.5 billion or 12% of GDP for that year.¹² The political cost of lifting the hugely expensive diesel subsidy is high. The diesel subsidy funds the operation of many, if not all, of the water pumps/wells in Yemen. In July 2005, reduced fuel subsidies sparked several days of rioting in the capital and beyond, resulting in at least 33 deaths.¹³

⁵ *Yemen Desk Report*, 6. (From the Background Readings)

⁶ Economist Intelligence Unit, "Country Report: Yemen," (August 2009).

⁷ *Yemen Rural Energy Access Program: Background and Summary of Activities*, NRECA International, Ltd. (December 2008), 3.

⁸ Franz Gerner and Silvana Tordo, *Republic of Yemen: A Natural Gas Incentive Framework* (Formal Report 327/07. Energy Sector Management Assistance Program, World Bank, 2008).

⁹ Economist Intelligence Unit, "Country Report: Yemen," (August 2009).

¹⁰ Gerner and Tordo, *Republic of Yemen: A Natural Gas Incentive Framework*.

¹¹ Ginny Hill, "Yemen: Fear of Failure," Chatham House Briefing Paper, (November 2008).

¹² Yemen Economic Update, World Bank, Summer 2008, <http://siteresources.worldbank.org/INTYEMEN/Resources/310077-1098870168865/YEU-Summer08.pdf>.

¹³ "Dozens dead in Yemen fuel riots," BBC News Online, (22 July 2005), http://news.bbc.co.uk/2/hi/middle_east/4707145.stm

Yemen urgently needs to diversify its economy to prepare for falling oil revenues. According to the World Bank, “it will be difficult for the economy to maintain its modest 3-5% growth rate, which is barely keeping ahead of population growth, as oil exports fall.”¹⁴ It is possible that Yemen could avoid the impending fiscal crisis by discovering new reserves. Currently only 12 of Yemen’s 87 oil blocks are under production, and less than a dozen are under active exploration.¹⁵ Yet, hoping for new finds is a risky gamble, especially in light of time pressures; Yemen’s deteriorating security situation (which inhibits exploration and investment); and environmental constraints (extraction in Yemen is more costly and technologically challenging in comparison to its Gulf neighbors). Yemen’s liquefied natural gas (LNG) project will provide a welcome infusion of revenue, an estimated \$10.9 billion over the course of a 20-year production agreement, but it will not be enough to compensate for losses in oil exports.¹⁶

Water and Qat

Yemen is also rapidly depleting its water resources. According to the United Nations Food and Agricultural Organization, “Yemen’s total renewable water resource per inhabitant is equivalent to 100 cubic meters/year, but its total water withdrawal per inhabitant is 187 cubic meters/year, almost double the rate of replenishment.” In Sana’a, water usage is estimated to be 400% above the replenishment rate.¹⁷ Sana’a (population approximately 2 million) is predicted to be the first Arab capital to exhaust groundwater reserves, although the exact date at which the water table will fall below a viable level of human use is unclear.¹⁸ While the National Water Resource Authority (NWRA) is legally responsible for licensing new wells and enforcement water laws, it is ineffective and the sector is poorly regulated. “Decades of unregulated drilling have depleted Yemen’s aquifers, extracting groundwater faster than rainfall can replenish supplies. Rigs are now boring well shafts to mine fossil water that was capped and sealed in the rocks during eons of prehistoric geological change.”¹⁹ Desalinization is one possible solution for Yemen’s water scarcity problem, but the process is costly and would likely require outside funding and support.²⁰

Agriculture accounts for over 90% of water usage, and much of this is dedicated to the production the high-value, water intensive crop, *qat*. *Qat* is a mildly narcotic leaf chewed by Yemenis in the context of a social gathering. An estimated 72% of the male population and 33% of the female population chew *qat*, and more than half of users chew the plant daily. *Qat* accounts for 6% of GDP, its production and trade employ one in every seven employed Yemenis, and it comprises a full 33% of the agricultural sector.²¹ While *qat* contributes to a number of health, societal, and economic problems, combating its use is riddled with unintended consequences including: increased unemployment, reduced wages for those employed in its production and trade, increased urbanization, and potentially a rise in domestic instability as chewers have more time to mobilize around grievances.²²

Demographic Trends

Yemen has the seventh highest fertility rate in the world, with an average of 6.3 children born to each woman (2009 est). Rapid population growth has created a significant youth bulge. Forty-six percent of Yemen’s population is now under the age of 15, 51% percent is between 15-64 years of age, and only 2.5% is over 65. The median age in the country is 16.8. In addition to being young, the population is also rapidly urbanizing. Yemen remains a predominantly rural society; with only 31% of the population living in cities, yet the urbanization rate is nearly 5% annually (2005-2010 estimate). The bulk of the population resides in what

¹⁴ Yemen Economic Update, World Bank, Summer 2008.

¹⁵ Ginny Hill, “Yemen: Fear of Failure,” 7.

¹⁶ Gerner and Tordo, *Republic of Yemen: A Natural Gas Incentive Framework*.

¹⁷ Economist Intelligence Unit, “Country Report: Yemen,” (August 2009).

¹⁸ Yemen Economic Update, World Bank, Summer 2008.

¹⁹ Yemen Economic Update, World Bank, Summer 2008.

²⁰ Note: Yemen has at least one desalinization facility located in the Aden Free Zone. The plant was built during the Socialist era. It is ill-maintained and functions far below capacity.

²¹ World Bank, “Yemen: Towards Qat Demand Reduction,” Sustainable Development Department, 2007.

²² See “Khat Policy” in the background readings.

Yemenis term “middle Yemen,” which includes the governorates of Ta’iz and Ibb. Approximately 10.5% of the population resides in Ta’iz; 9.7% in al-Hodeida; 8.1% in Sana’a City; and 2.6% in Aden. For political reasons, it is also important to note that there is a significant population differential between the former South Yemen, the People’s Democratic Republic of Yemen (PDRY), and the former North, the Yemen Arab Republic (YAR). At unification in 1990, the PDRY accounted for approximately 20% of the total population. The balance has not shifted significantly and today, “northerners” still far out-number the “southern” population.

Finally, several migratory patterns are important for understanding demographic trends. Yemen absorbs thousands of Somali refugees annually, with approximately 92,000 seeking refuge in 2007 alone. Yemen’s recent history, however, has been one of net emigration. In the 1970s and 1980s, hundreds of thousands of Yemenis traveled to the Gulf for work, a boon for the economy and for state stability. When the Yemeni government backed Saddam Hussein in the First Gulf War, nearly one million Yemenis were forced home. Since then, Yemen has failed to regain preferential status for its workers, thus closing an important safety valve for population growth and economic pressures. While historical linkages of emigration exist between the Yemeni population of Hadramout and Southeast Asia, the Hadramout is not a significant population center and these linkages are significant mostly from an identity formation perspective.

Food Security

According to World Bank estimates, Yemen imports more than two million metric tons of wheat annually. As such, the country is vulnerable to shifts in the price of non-oil commodities. In fact, gains in poverty reduction can be quickly reversed by shifts in the commodity markets. “While Yemen had achieved a significant reduction in poverty from 42% in 1998 to 35% in 2006, it is estimated that these gains were lost in 2008 due to higher international commodity prices.”²³ Yemen also relies heavily on poultry for its protein needs. The country lies along migratory routes that are most susceptible to avian influenza and could be devastated by an unexpected H1N1 pandemic.

RECENT HISTORY OF CONFLICT

The Yemeni government faces two main pockets of domestic unrest: the Huthi rebellion in the North and the Southern secessionist movement. The Huthi rebellion is concentrated in the northwestern governorate of Sa’dah, but it has also reached the adjoining governorates of Hajjah and Amran, as well as the outskirts of the capital, Sana’a. The Southern secessionist movement is centered in the territories of the former South Yemen, especially Dalia, Abyan, Lahj, Abyan, Aden, and Hadramaut. In addition to these two main pockets of domestic strife, the regime also faces intermittent tribal conflicts, particularly in the Northern highlands, and a resurgent al-Qaeda. This section will briefly explore the historical roots of each and their complex relationships to each other.

The Huthi Rebellion

The Huthi rebellion began in the summer of 2004 when fighting broke out in the Northwestern governorate of Sa’dah between the central government and a militia known as the Believing Youth. Since then, the conflict has continued intermittently and has been punctuated by periods of negotiation and ceasefire. At times fighting has spilled over into the adjoining governorates of Hajjah and Amran, and in 2008, it reached the outskirts of the Sana’a in an area called Beni Hushaysh. This month (August 2009) fighting flared again, initiating the sixth round of confrontation. This round appears to be intense, with the government claiming that it will crush the Huthis “with an iron fist” and naming its campaign “operation scorched earth.”²⁴ The five-year conflict has taken a heavy toll on the civilian population, press freedoms, and the legitimacy of the central government. Reliable data from the warfront is scarce, in part because of a virtual media blackout enforced by the government. While exact figures are unknown, thousands of civilians have been killed or

²³ Carolyn Kirchhoff and Marialyce Mutchler, *Yemen Desk Study*, p. 5.

²⁴ Hamida Ghafour, “Rebel without a clear cause,” *The National*, Abu Dabi (August 21, 2009).

injured, and tens of thousands have been displaced. According to UNICEF's chief communications and information officer in Yemen, Nasim Ur-Rehan, and the latest estimates of the total number of people displaced by fighting is between 120,000 and 150,000.²⁵

Before addressing the reasons for conflict, it is important to introduce a number of key actors. The founder of the Believing Youth was Hussein al-Huthi, a prominent Zaydi scholar and former Member of Parliament for the al-Haqq party. When Hussein was killed in fighting in September of 2004, leadership briefly passed to his elderly father, Imam Badr al-Din al-Huthi. Then, sometime in 2005/2006, leadership transferred to the current leader, Badr's son, Abdul Malik al-Huthi. The Huthis are a prominent Zaydi family from the area of al-Huth on the road between Sa'dah and Sana'a, and they are members of the *sayyid* (or *Hashemite*) class. (Zaydisim is a branch of Shi'a Islam that follows the fifth Imam. It is distinct from the 12er Shiism practiced in Iran. *Sayyids* are those who claim direct descent from the Prophet Mohammed through his daughter Fatima and her husband Ali). Under the Zaydi Imamate, which organized political life in Yemen for a millennium before the Republican Revolution of 1962, *sayyids* were the only group eligible to rule. The second group of actors is the President and his family. The President has played many sides of political/religious conflict in Sa'dah, sometimes supporting the Zaydi religious establishment and at other times supporting their rivals, the Wahhabis. The President's relative, Ali Muhsin al-Ahmar, is a Wahhabi sympathizer who also benefits economically from the conflict. He is the commander of the Northwest military region, which includes Sa'dah, and is responsible for prosecuting the war. The tribes in and around Sa'dah are also an important part of the conflict equation. The government pays tribes to fight on their side; the Huthis also maintain their own tribal support base. Tribal alliances are often fluid and difficult to trace, however, several factors likely impact the strategic calculus of sheikh as they decide which side to support: 1) how much the government is willing to pay them for support; 2) any history of grievances with the central government (for example, if the government has marginalized a tribe relative to others, the Huthi conflict may provide an opportunity for revenge and/or bargaining); and 3) grievances that have developed during the course of conflict, especially the loss of property or the death of a family member or fellow tribesman. Over the course of conflict, bombing and shelling of civilian areas by the Yemeni military has turned much of the population against the central government and lent tacit, and sometimes direct, support to the Huthis.

The official reasons driving the conflict are the following: First and foremost, the regime accuses the Huthis of attempting to revive the Zaydi Imamate. They also accuse them of taking direct financial and political support of Iran, although support for the Iranian connection is tenuously at best. Hussein al-Huthi allegedly met with the Iranian President in 1993 and then his father, Badr, supposedly visited Iran in 2003 and then took refuge there when hostilities first erupted in 2004.²⁶ Other more serious accusations include claims by the Yemeni army to have found Iranian-made weapons in the Huthi areas. Throughout the conflict, the Yemeni government has persistently tried to frame the Huthis as a domestic terrorist organization. To their disappointment, the United States has repeatedly classified the conflict as a domestic insurgency.

While there is some ambiguity surrounding the Huthis' goals, they generally avoid public comments on the Imamate and they deny accepting assistance from Iran. According to the Huthi narrative, they are fighting to defend their communities against an unjust, corrupt government that has aggravated sectarian tensions in their region, neglected the socio-economic needs of the people, and brought devastation through indiscriminate bombings and shelling. The Huthis have been consistent in their demands to practice and promote the Zaydi sect, particularly in the face of Wahhabi encroachment. Based on previous negotiation attempts, their primary demands appear to be: freedom to practice their religion; release of their supporters from prison; compensation for property damaged; and reconstruction of the war-torn, and severely impoverished governorate of Sa'dah.

The current conflict has its roots at the intersection of local sectarian tensions and a complex web of shifting elite alliances at the national level. There is a sectarian component of the crisis, but it is important to specify

²⁵ IRIN, "Yemen: Thousands flee as fighting escalates in North Yemen," *Reuters AlertNet*, 20 August 2009, <http://www.alertnet.org/thenews/newsdesk/IRIN/11da3d4bce2f7fcb10e793085e77edab.htm>

²⁶ J.E. Peterson, "The al-Huthi Conflict in Yemen," *Arabian Peninsula Background Note*, No. APBN-006. Published on www.JEPeterson.net, August 2008, 2.

where it applies and where it does not apply. Zaydis make up roughly 20-25 percent (some estimates go as high as 35%) of Yemen's total population and they are a majority in Northwest Yemen. The President is Zaydi, as are many powerful members of his regime. As such, the fighting between the government and the Huthis is not truly sectarian in nature. The threat of a revived Imamate poses an existential threat to the Saleh regime and it is a fear that resonates deeply within the revolutionary generation (of which Saleh is a member). But, this is a religious/political threat that arises from within Saleh's own religious tradition.

On the local level, however, sectarianism is an important driver of conflict. In the 1980s, Wahhabi scholars and supporters began to spread their puritanical interpretations of Islam in the Zaydi heartland of Sa'dah. Wahhabis built schools and mosques in the area, challenging Zaydi teachings and practice. Much of this activity was funded by Saudi Arabia and it was facilitated by patterns of emigration, specifically Yemenis working in Saudi and returning as Wahhabi converts. It is also critical to note that the message of equality preached by Wahhabis found fertile soil in Sa'dah, where many resented the privileged status of the *sayyid* class.²⁷ During this period, the regime supported the Wahhabi trend through the establishment of schools known as Scientific Institutes, which taught a puritanical version of Sunni Islam. At a national level, the origins of this alliance can be traced to the government's efforts to counterbalance the socialist threat emanating from the South Yemen. .

In the 1990s, political alliances shifted and the regime found it expedient to support the Zaydi religious establishment against growing Saudi and Wahhabi influence. Particularly after the 1994 civil war, Saleh had incentives to support the Zaydis in Sa'dah. Following the defeat of the Socialist party, the proximate domestic challenger to the Saleh regime was the Islamist party, Islah, which has deep connections to the Wahhabi movement and was closely associated with the Scientific Institutes.²⁸ In this domestic context, Saleh supported the establishment of the Believing Youth under the command of Hussein al-Huthi.²⁹

Yet, support for the Huthis was short lived. As the group gained strength and aggressively expressed dissatisfaction with the regime's support for the "US war on terror," they became a domestic liability. Although the precise reasons for armed confrontation are murky, the fighting began shortly after a televised sermon in Sana'a's Grand Mosque in which the Huthis chanted their trademark slogan (borrowed from the Iranian revolution and used to critique Saleh's ties with the US), "death to American, death to Israel."³⁰ Fighting also occurred in close proximity to a Huthi attempt to free some of its supporters from a political security (national intelligence) prison in Sa'dah. These proximate causes were however only triggers masking a more nuanced history of domestic balancing and shifting alliances.

A prevailing narrative among Yemenis in Sana'a suggests that the conflict was a result of a combination of factors, including the regime's genuine suspicion that the Huthis' goal is to revive the Imamate. It is also widely believed that Ali Muhsin had a hand in encouraging conflict, as his powerbase lies with the Wahhabi tendency and he benefits financially from monies flowing into the conflict zone. Finally, there is a perception that the regime tried to use the war in Sa'dah to reduce U.S. pressures to crack down on AQ elements in the country. In other words, if the regime could make the argument that they were fighting their own domestic terrorists, they could not be expected to act aggressively against other extremist elements in Yemen.

Regardless of the original reasons for conflict, the Huthi rebellion has become a serious liability for the central government. Images and news of civilian suffering in Sa'dah fuel opposition to the war and further undermine the regime's legitimacy. More importantly, failure to end the conflict militarily sends a signal to

²⁷ For a discussion of the origins of sectarian tensions in Sa'dah, see: Shelagh Weir, "A Clash of Fundamentalisms: Wahhabism in Yemen," *Middle East Report*, 204 (July-September, 1997).

²⁸ This is a generalization in order to reveal patterns of alliances. Islah is a diverse party with tribal, Muslim Brother, and Wahhabi and Salafi components. Parts of Islah can be considered as much part of the status quo as they are "opposition."

²⁹ See: Sarah Phillips, "Cracks in the Yemeni System," *Middle East Report Online*, (July 28, 2005). <http://www.merip.org/mero/mero072805.html>, and Human Rights Watch, "Disappearances and Arbitrary Arrests in the Armed Conflict with Huthi Rebels in Yemen," (October 24, 2008) for a discussion of the relationship between the Believing Youth and the Saleh regime.

³⁰ Sarah Phillips, "Cracks in the Yemeni System," and Human Rights Watch, "Disappearances and Arbitrary Arrests in the Armed Conflict with Huthi Rebels in Yemen."

other domestic dissidents, including the Southern opposition that the regime is weak and can be opposed militarily. Overtime, the war has produced a lucrative war economy which benefits a handful of tribesmen, military men and government officials at the expense of national interests.³¹ These benefactors of conflict are powerful spoilers who pose significant obstacles to reconciliation and peaceful resolution. Despite several attempts at peacemaking, including a Qatari mediation in 2007 and 2008, the conflict continues.

The Southern Secessionist Movement³²

The Southern movement began in the spring of 2007. It started with a group of disgruntled military men from the former South Yemen who organized in order to demand payment of pensions and equal access to military employment. Mobilization quickly gained traction among disaffected southerners who organized rallies, sit-ins, and protests demanding among other things: equal access to government jobs, services, and benefits; establishment of the rule of law; a degree of political and economic decentralization; and improved stewardship of the national economy (including anti-corruption measures). Throughout 2007 and most of 2008, the Southern protest movement was overwhelmingly peaceful while the government response was characterized by repression. Protestors faced tear gas, rubber bullets, and at times live rounds. Mass arrests became common, and as time progressed, the military moved heavy artillery and tanks into parts of the South to prevent mobilization.³³

Then, in late 2008 and early 2009, a shift began to occur within the movement. While the majority of southerners had originally called for political and economic reform within the context of national unity, after two years of mobilization with little substantive gain, the movement shifted to calls for separation. As the movement underwent this rhetorical turn, there was also an escalation in the level of violence and repression. Protests and skirmishes were particularly intense on April 27, 2009, the anniversary of the 1994 civil war, resulting in a number of deaths and hundreds arrested. In May 2009, the government illegally suspended publication of seven opposition newspapers, one of which (*al-Ayyam*) remains closed.³⁴ Small confrontations continued through the spring and summer. Then, in July 2009, a confrontation between supporters of the Southern movement in Abyan (led by the former regime insider and associate of Osama bin Laden, Tarek al-Fadli) and the central government resulted in approximately 23 dead and over 40 injured. While the number of killed and injured in the South is far fewer than those killed in the Huthi conflict, tensions are rapidly escalating as more southerners are “martyred” for their cause.

A couple of points are critical for understanding the dynamics of the Southern movement. First, the movement encompasses governorates that were once part of the Socialist PDRY.³⁵ As such, the geographic distinction of “southern” can be a bit misleading since parts of the former PDRY are actually in the east of the country. Second, the movement is highly decentralized and there is no clear leadership hierarchy. It is useful to conceptualize the nebulous leadership structure on two main levels. First, there is an “outside leadership,” consisting of former Yemeni Socialist Party leaders who fled the country following the 1994 civil war. Most prominent among them are Ali Salim al-Bid, the former President of South Yemen, who claims the title of President of the new South Yemen. Other important figures include Haydar al-Attas, who lives in Saudi Arabia, and Ali Nassar Muhammad, who claims solidarity with the southern cause, but has waffled on the issue of separation. At the grassroots level, there are several prominent figures that compete for

³¹ International Crisis Group, “Yemen: Defusing the Saada Time Bomb,” (May 27, 2009).

³² This section has been based primarily on the following two articles: April Longley and Abdul Ghani al-Iryani, “Fighting Brushfires with Batons: An Analysis of the Political Crisis in South Yemen,” *The Middle East Institute: Policy Brief*, (February 2008), and April Longley Alley and Abdul Ghani al-Iryani, “Southern Aspirations and Salih’s Exasperation: The Looming Threat of Secession in South Yemen,” in “Viewpoints: Discerning Yemen’s Political Future,” *The Middle East Institute: Viewpoints*, Number. 11 (June 2009). It was also based on fieldwork conducted by the author in August 2009 in Sana’a, Yemen.

³³ April Longley and Abdul Ghani al-Iryani, “Fighting Brushfires with Batons.”

³⁴ April Longley Alley and Abdul Ghani al-Iryani, “Southern Aspirations and Salih’s Exasperation.” See also Shelia Carapico, “Kill the Messengers: Yemen’s 2009 Clampdown on the Press,” in “Viewpoints: Discerning Yemen’s Political Future,” *The Middle East Institute: Viewpoints*, Number. 11 (June 2009).

³⁵ The former PDRY constitutes roughly two-thirds of the territory of unified Yemen and about one-fifth of the population. It includes the governorate of: Abyan, Aden, Dalia, Hadramout, Lahj, Mahra, and Shabwa.

dominance, they include among others: Hassan Ba'um in the Hadramout, Nasser al-Noubah in Dalia, and the newest addition to the southern movement, Tarik al-Fadli, in Abyan.

The decentralized nature of the Southern opposition reflects a history of intra-regional conflict in the South. The areas of Dalia and Abyan, for example, have a history of animosity. Tensions between the tribes of these two areas played prominently in the brief but bloody 1986 civil war that left thousands of civilians dead and led to the expulsion of Ali Nasser Muhammad and his supporters from the South. In an attempt to heal old wounds, southerners have organized conferences for “reconciliation and forgiveness” (*tasalah wa tasamul*), however, it is unclear how far these efforts have gone in alleviating historical tensions. What is certain is that these various factions are united in their antipathy for the Saleh regime and increasingly in their demands for independence. It is also important to note that Saleh’s intentional marginalization of the Yemeni Socialist Party (YSP) at the national level has facilitated the rise of a new grassroots leadership in the south. Currently the YSP has little grassroots support. As such, Saleh is left to bargain with a group of radicalized, pro-secession grassroots leaders, as opposed to the pro-unity leadership of the YSP in the capital.³⁶

The historical origins of the current conflict can be traced to Yemeni unity in 1990 and the subsequent civil war of 1994. In 1990 the Yemen Arab Republic (YAR, North Yemen), led by Ali Abdullah Saleh, and the Socialist PDRY (South Yemen), led by Ali Salim al-Bid, merged to form the Republic of Yemen. The hast unity agreement soon soured, particularly as the Southern regime was marginalized by an informal coalition between Saleh’s General People Congress Party and the Islamist party, Hizb al-Islah, in the 1993 elections. In 1994, war ensued, resulting in the overwhelming defeat of the Southern army. Throughout the unification process, the overwhelming proportion of the population in both north and south supported unity. In fact, the war was primarily a conflict between two regimes, or two elite groups, fighting for political and economic authority. However, following the war, a series of events sparked tensions at a popular level and initiated a narrative of marginalization within the former South Yemen. Following the conflict, the Saleh regime appropriated large tracks of government land in the South and then distributed these lands to loyal clients, mostly northern military men and tribal elites. In addition, the regime allowed radical Islamists to terrorize and plunder parts of the South. Among other acts, these groups decimated the tombs of Sufi saints and destroyed the beer factory in Aden. In addition to these immediate events, over time political and economic power were centralized in the capital, marginalizing the strategic port of Aden and other commercial/political centers in the South. Gradually, a narrative of political, economic, and even cultural subordination began to take shape. Southerners began to complain of cultural attacks, claiming that their areas were slowing being “tribalized” by the North and that Islah’s influence was having a regressive impact on gender roles and relations. Another central complaint was deterioration in the rule of law, which southerners perceive as antithetical to the “tribal mentality” of the North. In sum, over time southerners began to view unification as a power grab by the regime in Sana’a, a grab which marginalized them politically and plundered their valuable resources (specifically the port of Aden and the oil wealth of Hadramout). They began to speak of “occupation” and more recently, of a desire for independence.

It is critical to note that many of the grievances animating the Southern movement are in no way unique to the South. Poverty, corruption, a weak judicial system, and land disputes are ubiquitous throughout Yemen. Moreover, while there is a perception of marginalization in the south, immediately following the war, the regime actually spent more per capita on services in the South than in the North. Yet, the South’s history as an independent state, the perceived erosion in its level of development, and the specific grievances surrounding Yemeni unification and the civil war provided a powerful framework for mobilization. The crisis in south Yemen has been long in coming, with numerous opportunities for the regime to pursue substantive reforms, particularly economic and political decentralization measures, which could alleviate tensions.³⁷ Thus far, however, the regime has chosen a path of superficial reforms, co-option, and targeted repression, which

³⁶ April Longley Alley and Abdul Ghani al-Iryani, “Southern Aspirations and Salih’s Exasperation.” See also Sarah Phillips, “Politics in a Vacuum: The Yemeni Opposition’s Dilemma,” in “Viewpoints: Discerning Yemen’s Political Future,” *The Middle East Institute: Viewpoints*, Number. 11 (June 2009).

³⁷ One possible blueprint for reform proposed by the southerners is the Document of Pledge and Accord. This document was signed by a wide cross-section of Yemeni elite in 1994 in an attempt to avert the civil war. It proposes among other things: substantive decentralization, a limited executive, strengthening an independent judiciary, and creating a bi-cameral legislature.

has only aggravated the problem. Now that the crisis has escalated to calls for separation, bargaining with and satisfying the grassroots opposition will be more challenging.³⁸

For Saleh, the Southern separatist movement, like the Huthi rebellion, poses an existential threat to his regime. Saleh's legacy and his legitimacy formula are intimately tied to the ideal of Yemeni unity. Moreover, the South has valuable resources such as oil (over half of the country's oil wealth is located in Hadramout), the port of Aden, land, and fish wealth, which provide a vital life-line for the national economy and for networks of patronage extending from the President. The regime in Sana'a cannot afford to lose the South and Saleh will fight ferociously to prevent secession. Thus far, the crisis has been allowed to fester largely because the Southerners do not have the military strength to threaten the regime. However, militias are forming in Dalia, Abyan, and Lahj and these areas potentially have the capacity to sustain a guerilla style insurrection. The risk for wide-spread violence in the South is intimately tied to other pockets of domestic unrest and conflict in the country. The regime's failure to resolve the Huthi crisis has emboldened southerners and may continue to do so if the conflict in the north persists. Moreover, AQ in Yemen may find strategic advantage in encouraging violence in the South.³⁹

Intermittent Tribal Conflict

Intermittent tribal conflict is a persistent part of political life in the northern highlands of Yemen. Tribal disputes also play a prominent role in areas in the former South, such as Shebwa, and in border regions like al-Baydah. Tribal conflict has a number of negative implications for stability. First, it is an obvious obstacle to socio-economic development and investment. Second, instability and conflict in tribal areas creates a permissive environment for groups like AQ to gain a foothold in society and room for operation. Third, tribal conflict may overlap with other sources of tension, as it has in the Huthi rebellion, to prolong conflict and complicate the peacemaking process.

Tribal conflict in Yemen is almost always driven by socio-economic grievances. Disputes between tribes are generally over access to land and water, or over access to government resources and services. Conflict is often prolonged and perpetuated by a practice called "*th'ar*" or revenge killing. According to tribal traditions, if one member of a tribe is killed by a member of another tribe, the wronged tribe has the right to take the life of a member of the offending tribe. This practice creates a cycle of violence in which subsequent killings are sometimes far removed from the original offense. Tribes have their own system of justice known as *'urf*, or tribal law, for the resolution of conflict. This system has provisions for ending revenge killing, usually by paying blood money, and for resolving other social and economic disputes. A select group of sheikhs are experts in tribal law. However, there is debate as to the strength of tribal law in the face of urbanization and generational shifts. A common perception among the tribes is that the government intentionally encourages tribal disputes to keep the tribes weak and divided. Although this is nearly impossible to verify as "state policy," anecdotal evidence suggests that the regime balances various sheikhs against each other through the distribution of resources.

Conflict also erupts intermittently between various tribes and the central government. These disputes are generally over land, access to services, or tribesmen who are being held in state prisons. A common bargaining tactic for the tribes is to kidnap foreigners to extract concessions from the government. The areas of Marib, Jawf, and Shebwa are particularly problematic for the central government as tribes in these areas are heavily armed and independently control large patches of territory. These three areas are also thought to provide AQ support and room for operation. Historically, tribes in these areas have taken support from a variety of sources -- Marxists, Baathists, royalists, and Islamists -- as long as they offer leverage against the central government. Their motivation for accepting outside support has been colored by local political and economic grievances, not ideological affiliation.⁴⁰

³⁸ April Longley Alley and Abdul Ghani al-Iryani, "Southern Aspirations and Salih's Exasperation."

³⁹ April Longley and Abdul Ghani al-Iryani, "Fighting Brushfires with Batons." And April Longley Alley and Abdul Ghani al-Iryani, "Southern Aspirations and Salih's Exasperation."

⁴⁰ See Mark Katz, "Breaking the Yemen-al Qaeda Connection," *Current History* (January 2003).

Al-Qaeda

Since 2006/2007, AQ in Yemen has been increasingly willing and able to attack both the Yemeni government and foreign interests, including critical oil facilities, the tourism sector, and even the U.S. Embassy in September 2008. The organization seems to be gaining strength while the Yemeni government's commitment and ability to confront AQ is unclear. While Saleh perceives the Huthi rebellion and the Southern secessionist movement as a direct threat to his regime's survival, he does not prioritize AQ or see it as presenting the same level of threat. The regime has a long history of bargaining with a wide variety of Islamist elements (both violent and non-violent) and AQ affiliates have a history of association and at times cooperation with the Saleh regime.⁴¹ Yet, relations between the regime and AQ may be shifting. In 2006, the local press reported on a potential "generation shift" within AQ. The younger generation of leadership is supposedly hardened in Iraq, more militant, and less willing to bargain with the Saleh regime.

Today, under the leadership of Nasser al-Wuhayshi and others, AQ is aggressively expanding its organization inside Yemen and is actively capitalizing on domestic sources of discontent. It remains unclear if there has been a fundamental shift in the organization's "need" for the regime: in other words, is there still room for the government and AQ to co-exist, or does the AQ seek more profound destabilization in Yemen along a Somalia model? On May 13, 2009, AQ announced solidarity with the Southern cause, a possible attempt to both strengthen its leverage domestically over the regime and to utilize southern grievances as a vehicle for AQ recruitment. There is no evidence that the Southern movement has sought or is accepting AQ support, nor is there specific evidence that the AQ announcement of support is winning AQ recruits in the South. However, the announcement is an indication that AQ is aggressively positioning to take advantage of domestic grievances. In the tribal areas of Jawf, Marib, and Shebwa, AQ is expanding its training camps and activities, again taking advantage of tribal antipathy for the central government. While the exact number of AQ recruits in Yemen is unknown, swelling numbers of unemployed, politically disaffected youth create a ready-made pool of potential members. In sum, AQ benefits from and has incentives to encourage a degree of domestic conflict and instability in Yemen. As AQ activities expand and intensify, it remains to be seen whether Saleh's threat perception will evolve to meet this challenge.

THE REGIONAL CONTEXT

Yemen is located between the oil rich Gulf states and the conflict ridden Horn of Africa (HOA). On the peninsula, its neighbors are wealthy, relatively stable monarchies. To the West, across the Red Sea and the Gulf of Aden, its neighbors are economically impoverished and plagued by conflict. Yemen's connections with the HOA produce a number of destabilizing trends. First, refugee flows from the war-torn nation of Somalia create further strains on Yemen's inadequate social services and add to the growing problem of unemployment. Secondly, the problem of Somali piracy in the Gulf of Aden threatens commercial shipping and fishing off Yemen's coast, creating yet another "stability" obstacle to economic growth. Many worry that piracy may interfere with Yemen's new LNG project in Balaf, located on the Southeastern coast of the country near Mukullah. Third, Yemen and the HOA are connected by the illegal arms trade as well as diesel smuggling. Arms from Yemen feed conflict in the HOA and line the pockets of Yemeni merchants who benefit from conflict. As for diesel smuggling, powerful elites close to the President are permitted to purchase diesel at subsidized prices domestically, only to sell it at market price in the HOA. Finally, the nexus of HOA and Yemen offer potential opportunities for AQ to expand communications, coordination, and operations.

Linkages between Yemen and the Gulf also produce a number of other destabilizing trends. First and foremost, a successful effort by the Saudi Government to crack down on AQ inside of the Kingdom has created incentives for AQ to regroup in Yemen. In January of 2009, the Yemen and Saudi branches of AQ announced that they had merged and that the new group, AQ on the Arabian Peninsula (AQAP) would be headquartered in Yemen. In addition to the current AQ resurgence in Yemen, it is also important to note

⁴¹ For example, Ali Muhsin al-Ahmar and Sheikh Abdul Majid al-Zindani were intimately involved in facilitating the movement of Yemeni *mujahdeen* to and from the Afghan jihad in the 1980s. More recently, Zindani issued a fatwa legitimizing the AQ attack on the USS Cole. Tarek al-Fadli, who recently defected from the regime to join the southern cause, was a close affiliate of Osama Bin Laden, a member of the ruling party, and is an in-law of Ali Muhsin al-Ahmar.

that, historically, both the Saudi Government and private Saudi citizens have played a role in spreading Wahhabism in Yemen and beyond. As mentioned in the section on the Huthi conflict, Saudi Arabia's role in northwest Yemen has fueled sectarian tensions and contributed to the current crisis. Finally, it is unclear what role Saudi Arabia and the Gulf states are currently playing in the growing crisis in former South Yemen. While the Saudi Government officially supports Yemeni unity, Saudi Arabia also hosts a number of the Southern movement's external leadership, including Haydar al-Attas. This leadership is active in organizing the Southern cause and lobbying for support from the international community. Saudi Arabia also has close ties with a number of Hadrami businessmen, many of which have Saudi citizenship. These deep social and business connections raise suspicions that if the South were to secede, Saudi Arabia might support an independent, or at least a semi-autonomous state, of Hadramout.

Regional influences are not entirely negative. Aid and investment from GCC countries provide a critical life-line for the Yemeni economy. At the 2006 London Donors Conference, the GCC pledged the lion's share of \$4.7 billion in total pledges, which are to be distributed over a four year period.⁴² (Distribution of funds has been slow due to a number of factors, including Yemen's poor investment climate). Given the growing AQ threat and the potential for state failure in Yemen, the GCC may have stronger incentives to assist the Yemeni Government not only in counter-terrorism measures, but also with economic development in the future. However, Saudi Arabia is currently spending far more on a concrete fence to seal its border with Yemen than it is on investments and aid that could address long-term stability.

YEMEN IDENTITIES

Yemeni society is broken down into a variety of identities which are in constant competition with each other. Different identities are stressed depending on the context. No one individual has a single identity that is paramount at all times; instead, individuals subscribe to a hierarchy of identities that are in constant flux. Certain primary identities, however, often receive primacy. These include tribal, sectarian, class and familial identities. There is a growing concern that some of the more traditional identities (i.e. tribal affiliations) are beginning to break down. This does not mean that tribal identities are no longer important, but merely that they are beginning to face competition from other increasingly relevant identities.

RELIGIOUS IDENTITIES

Modern scholarship has traditionally split Yemen into Zaydi and Shafi'i spheres which generally correspond to the historical north-south division of the pre-unified country.⁴³ While this classification proved both accurate and useful throughout much of the twentieth century, Yemen's contemporary history necessitates a more nuanced and detailed division than this simple bifurcation allows. Zaydi and Shafi'i identities are still important, but they no longer exercise a monopoly over the allegiance of Yemenis.

I. Zaydis

Zaydis, a Shi'a sect, are sometimes referred to as fivers due to their adherence to Shi'a Islam's fifth Imam, Zayd bin Ali. Categorizing Zaydis as followers of Shi'a Islam is problematic in the context of modern Yemen, as this leads to the mistaken assumption, prevalent among western observers, that Zaydis practice a form of Shi'ia Islam similar to that practiced in Iran, Iraq and Lebanon. Zaydis are actually closer to mainstream Sunni Islam than they are to the twelver Shi'ism with which they are associated, and this has led certain Yemeni scholars to refer to these adherents as the "fifth school" of Sunni Islam. This religious proximity is due in large part to the eighteenth century reformer and scholar Muhammad al-Shawkani, who did much to bridge the gap between Zaydi theology and Sunni thought. Relatively few Zaydis in contemporary Yemen identify themselves uniquely as Shi'a. Instead, a key distinction is made between Hashimis, or descendants of the Islamic prophet Mohammed, and non-Hashimis.

⁴² Jeremy Sharp, "Yemen: Background and US Relations," Congressional Research Service, (January 22, 2009).

⁴³ It is worth noting perhaps that the area now referred to by Yemenis as middle Yemen (roughly the Ibb/Ta'iz) area or the southern part of the old north Yemen state is Shafi'i.

The main difference that distinguishes Zaydism from Sunnism pertains to the office of the Imamate, as the Imam serves as both the political and religious ruler in Zaydism. The 1962 revolution which took place in the northern portion of Yemen resulted in the overthrow of the Imamate, which had previously ruled the region for centuries. In its place Yemen established a republic with a President as the political ruler. Every president since the revolution has adhered to Zaydism rather than Hashimi Islam (originating from descendants of Mohammed through the Banu Hashim clan). This division is significant, as Zaydism stipulates that an individual must meet 14 criteria in order to be qualified for appointment as an Imam (which includes descending from the prophet Mohammed through his successor (Ali) and daughter (Fatima). As such, while being a Zaydi (at least nominally) continues to be of significance in Yemen, being a Hashimi (a member of the traditional ruling class) is seen as a political liability resulting from their association with the defunct and often vilified Imamate. In post-revolutionary Yemen, the Hashimis have been largely excluded from power, and many influential figures (such as the late Qadi Isma'il al-'Akwa') were anti-Hashimi.⁴⁴

The more significant contemporary distinction is generally made between Northern and Southern Yemenis, which is often used to denote adherents to Zaydi and Shafi'i respectively and which is considered a more polite reference than religious sect.

Prominent Zaydi Families

Following unification in 1990, prominent self-identified Zaydis established the political party *Hizb al-Haqq* (Party of Truth) as a way to protect their interests in the face of what they believed to be foreign and Wahhabi assaults on Zaydi heritage and preference within Yemeni society. However, the party's charter adhered to the constitution at the expense of traditional Zaydi theology, and in doing so it acknowledged the President as the legitimate ruler of the country - as opposed to an Imam. Several influential Zaydi scholars, such as Badr al-Din al-Huthi, refused to sign the charter as a result; however, some of al-Huthi's sons implicitly accepted the legitimacy of the political system and even served in Yemen's Parliament; these include Husayn Badr al-Din al-Huthi, who was elected in 1993 as a member of *Hizb al-Haqq*. Husayn refused to seek a second term in 1997, deciding instead to dedicate himself to the defense of Zaydism in and around the Sa'dah governorate. This disillusionment with the post-unification political process would soon have repercussions for the entire Yemeni community, as Al-Huthi helped to establish a religious group, *Shabab al-Mu'minin* (The Believing Youth), which would eventually come into open conflict with the Yemeni Government in June 2004.

President Ali Abdullah Salih and other members of his family, who are often referred to as *bayt al-Ahmar* (House of Ahmar, derived from the name of the President's village), are all Zaydis. None, however, identify themselves as primarily Zaydi. Indeed, had they accepted all teachings of traditional Zaydism, they would be deemed unacceptable as rulers. Even Shaykh 'Abd al-Majid al-Zindani, who was named a "specially designated global terrorist" by the U.S. in 2004 for his alleged links to Osama bin Ladin, descends from a Zaydi family.⁴⁵ However, Al-Zindani identifies with Zaydism more culturally and traditionally than through political or religious allegiance, as he is ideologically a Sunni of the Muslim Brotherhood sect. It is nonetheless significant that this identity provides Al-Zindani with a superior status in Yemen's social hierarchy.

Yemen's other prominent *bayt al-ahmar* family, which is unrelated to the President's family, also identifies with Zaydism. Shaykh Abdullah al-Ahmar was the head of this family until his death from cancer in December 2007. He served as the paramount shaykh within the Hashid tribal confederation, the speaker of parliament,

⁴⁴ Qadi Isma'il al-Akwa (1920-2008) was a prominent figure in the struggle against the Imam in North Yemen. Following the revolution he held a number of important posts in different governments and later in life was widely viewed as one of Yemen's great scholars, authoring a number of books on Yemeni history, language, religion and society.

⁴⁵ Al-Zindani is originally from Ibb and is referred to as shaykh (in this instance meaning a religious rather than a tribal leader) by his followers. He gained much of his early following from his association with Muhammad Mahmud al-Zubayri during the civil war in the 1960s. Al-Zubayri was from a Zaydi family of judges and had significant pull among the northern tribes due to his religious credentials.

and leader of the Islah party. His sons have had difficulty inheriting the full responsibility of his leadership, and no one person has been able to consolidate the same amount of power as Shaykh Abdullah. His eldest son, Sadiq, was elected to succeed him as *Shaykh ma-shaykh* (paramount Shaykh) of the Hashid tribal confederation, while Shaykh Abdullah's younger son, Hamid, is the most politically astute and active of his all ten siblings. However, the family derives much of its power and prestige from position within the Hashid and is also a favorite family of Saudi Arabia (which is quite active in supporting the family financially). The members of this family identify themselves more as tribesman from the Hashid than as Zaydis, although it is impossible to consider oneself the former without also being classified as the latter. Yemenis often speak of the contest for power between the President's family and the al-Ahmars as the *bayt al-ahmars*.

Huthis

President Salih has long favored a divide-and-rule approach of governing, playing off different factions against one another as a way of keeping opposition groups divided. This style of ruling has led to numerous difficulties as opposition groups are first encouraged and then subsequently suppressed when they are deemed to have grown too powerful. More specifically, in the governorate of Sa'dah, the government has long encouraged Wahhabi-like groups and has even permitted Saudi Arabia to fund these same organizations against the historical Zaydi power base within the region. However, the government has, at times, also supported Zaydi groups against the Wahhabis. The clashes between these groups continued throughout the 1990s, as Wahhabis destroyed Zaydi tombs, and the Zaydis subsequently retaliated forcefully against the Wahhabis. It should also be noted that these identities overlap with tribal affiliations.

In 2004 the conflict went beyond periodic clashes between paramilitary forces and became an open war between the government and its Wahhabi/Salafi allies on one side, and a group of Zaydis known as the Huthis (after the name of their first leader, Husayn Badr al-Din al-Huthi), on the other. The term Huthi is a pejorative gesture used by the government to imply that the group follows the teachings of a man instead of the teachings of Islam. A significant event took place in late June 2004, when the government attempted to arrest Husayn al-Huthi. Some reports date the beginning of the conflict to January 2003, when members of the Zaydi group *Shabab al-Mu'minin* (Believing Youth) implicitly criticized President Salih.

The Huthis have often concealed their rhetoric in anti-Western and anti-Israeli slogans. For instance, one of the most common slogans is "death to America, death to Israel." This rhetoric should not suggest that the group is actively anti-western, as it has not carried out any anti-western attacks (not even in Sana'a where the movement has support and where attractive Western targets are present). Instead, it appears that the group is drawing upon popular frustration against American and Israeli policies in the Middle East to both mobilize local support and to implicitly criticize President Salih (an ally of the US and by extension, according to the local logic, an ally of Israel as well). Whatever the case, the conflict can be dated to 1962, when fighting first broke out following the failed attempt to arrest Husayn al-Huthi.

Since 1962, six separate rounds of fighting have taken place, pitting government forces and its local allies against the Huthis. The government has alleged that the Huthis have received support from both Iran and Hezbollah in Lebanon, but these allegations have not been proven and many dismiss them as an attempt by the government to link its domestic problems to larger regional and international concerns. The official press has also been active in demonizing the Huthis, claiming the latter want to resurrect the Imamate and return Yemen to the Dark Ages. For their part, the Huthis have denied any interest in establishing an Imamate.

The Huthis identify themselves as a community under attack, and this perception has influenced the group's decision to resort to violence against the Yemeni government, its Salafi allies, and other tribal and paramilitary forces that have become involved in the conflict. In 1995, Bernard Haykel identified the base of the conflict as follows: "The main issue of concern in all of these works was the preservation of the Zaydi-Yemeni heritage from extinction because of the onslaught of a proselytizing Wahhabi movement in such traditional Zaydi provinces as Sa'dah and the Jawf combined with neglect and opposition to Zaydi concerns and issues

by the government in Sana'a.”⁴⁶ These concerns were both religious and cultural in nature, and also concerned physical well-being. The Zaydis believed the government was providing support to their enemy while at the same time ignoring the Zaydi community’s pressing needs. One major complaint was that the government built only one hospital in Sa’dah, and such criticism implies that the Zaydi tribes in and around Sa’dah have not benefited from the revolution and republican style government. Instead, the local view is that other areas of the country thrive while they themselves have suffered.

These historical grievances and anxieties over the extinction of Zaydi culture have evolved as the conflict has expanded since 2004. Initially, Husayn Badr al-Din al-Huthi was wary of expressing opposition to President Salih, directing his anger against the more nebulous “government” (a common practice in Yemen). More recently, however, Yahya al-Huthi, who is currently in exile in Germany, expressed an open desire for the “demise of Ali Abdullah Salih’s regime.”

The Huthis have undoubtedly used religious rhetoric - and particularly the loaded term *keburuj*, which refers to an uprising against an unjust ruler - when discussing the conflict in Sa’dah. This represents the manipulation of theology for political purposes rather than recourse to theology as the driving force in politics. Badr al-Din al-Huthi and other Zaydi scholars balked at signing *Hizb al-Haqq*’s charter, which suggested that the office of the Imamate was a historical artifact that had no place in contemporary Yemeni society. However, even ideological purists did not take a more hard-line stance. They did not voice any direct opposition to the regime or to the office of the president, and it was only after the most recent fighting began in 2004 that Zaydi theology was drawn into the conflict. Even after the death of Husayn, the leader’s father Badr al-Din al-Huthi refused to say that President Salih was an illegitimate ruler. The Huthis have yet to produce a unified message, and at times the statements put out by Abd al-Malik al-Huthi’s office differ from those of his brother, Yahya al-Huthi. Despite some sporadic calls for the end of President Salih’s regime, the movement continues to express its willingness to negotiate with the government to reach a just peace agreement.

The protracted nature of the war has also been marked by evolving justifications for the continued fighting. The war has spread well beyond the core group of Zaydi and Hashimi purists who supported Husayn al-Huthi in 2004 and now includes a number of different tribesmen who are responding to government destruction of crops, land and homes. Much of this destruction was presumably unintentional, but government shelling throughout the war has often been indiscriminate. As a result, the original three-sided conflict between the government, its Salafi allies in the north, and the Huthi militias has become much more complex.

Currently, tribesmen and other interest groups have been brought into the fighting on the side of the Huthis not out of any adherence to Zaydi theology or doctrine, but rather as a response to government overreach and military action being taken against those not originally involved in the conflict. In effect, after five rounds of fighting, the government’s various military campaigns have created more enemies than had existed when the conflict first began. The tentative cease-fire that was declared unilaterally by President Salih in July 2008 recently collapsed in the face of some of the fiercest fighting to date, as the government has flown bombing sorties over the governorate and UN officials currently estimate roughly 35,000 internal refugees to have been created as a result of the recent fighting.

It would be a mistake to suggest that the Huthis are primarily anti-Sunni, even though the vast majority of their opponents adhere to the Salafi branch of Sunni Islam. Although the Huthi movement is not interested in attacking Sunni groups outside of the Sa’dah governorate (who remain uninvolved in the current conflict) the conflict has periodically spread beyond Sa’dah, and on several occasions the Huthis and their tribal allies have attacked Sunni groups outside of the governorate. Nor has the group demonstrated a desire to implicate itself in the current crisis in the south of Yemen over calls for secession. The office of ‘Abd al-Malik al-Huthi, the current military leader of the movement, released a statement in May 2009 distancing the Huthis

⁴⁶ Bernard Haykel, “A Zaydi Revival?” *Yemen Update*, 1995. The works mentioned in the quotation are Zaydi political and religious texts that were published during the 1990s, largely in response to what was believed to be Wahhabi and Salafi encroachment in Sa’dah.

from the “Southern Movement” following comments by Tariq al-Fadhli⁴⁷ suggesting in an interview with *al-Sharq al-Awsat* that the regime was oppressing the people of Sa’dah.

2. Other Shi’a groups

Other Shi’a sects in the country include both Isma’ili and Twelver Shi’a. However, all are numerically and politically negligible. There are also active Sufi communities within the country, particularly in Hadramawt and other areas of the south, but like the Isma’ilis and Twelvers their access to power is severely limited.

3. Shafi’is

Shafi’is are adherents of one of Sunnism’s four major legal schools – Hanafi, Hanbali, Maliki and Shafi’i – and are named after the eponymous founder, Abu Abdullah Muhammad bin Idris al-Shafi’i (commonly referred to as Imam al-Shafi’i). Historically, Shafi’is have outnumbered Zaydis in the country, but numerical superiority has not translated into political power. Shafi’is have traditionally been farmers in the lowlands which have long been treated by the better organized northern Zaydi tribes as a tax base. This socio-economic status and social hierarchy has become less rigid since the 1962 revolution in the north of Lebanon and the war against British occupation in the south of the country, although nominal Zaydis still maintain pride of place within Yemeni society.

Historically, Shafi’i identity has not been as politically powerful as that of the Zaydis. The division here is often referred to as one between upper Yemen (Tribesmen and Zaydi) and lower Yemen (farmers and Shafi’i). However, one should avoid overstating this split, as Paul Dresch notes: “When families moved there (to lower Yemen) from Upper Yemen they often simply became Shafi’i and doctrinal markers such as forms of prayer were seldom a great issue.”⁴⁸

4. Islamists

Following the end of the 1962 revolution and the subsequent eight-year civil war, President Abd al-Rahman al-Iryani established a series of religious institutes designed to convince tribesmen who fought with the Royalists and supported the Imam that republican ideology was consistent with Islam. Shaykh Abd al-Majid al-Zindani was one of the early advisers to this project, and his new position allowed him to channel a great deal of Saudi money to his favorite institutes, which he believed were part of the larger struggle against communism. Al-Zindani was also a major figure in Yemen’s Muslim Brotherhood, which continues to play a large and active role in the Islah party. But the ultimate result of many of these institutes was the production of a type of post-*madhabi* mentality (or one originating from a more generic branch of Sunni Islam).⁴⁹ This is perhaps best described as generic Sunnism, and it continues to be a powerful force and political ideology within the country.

a. Salafis

⁴⁷ Tariq al-Fadhli is a former jihadi who fought with Osama bin Ladin in Afghanistan in the 1980s. Following unification, he returned to Yemen at the behest of President Salih and Shaykh Abdullah al-Ahmar, ostensibly to reclaim his family lands that had been seized in the 1960s. He soon initiated a guerilla war against socialist figures in the period just before the 1994 civil war. During the war he led a group of Afghan Arabs as a paramilitary force supporting the north. Al-Fadhli is related by marriage to Ali Muhsin al-Ahmar, the commander of the 1st Armored Division, who is married to al-Fadhli’s sister. He was also named paramount shaykh of the al-Fadl tribe and its eight sub-clans. In the aftermath of the civil war, he was appointed to Yemen’s upper house of Parliament (Majlis al-Shura) and received a salary as a colonel in the Yemeni army. In recent months he has had a falling out with the government and is currently part of the broad opposition and pro-secession group known as “The Southern Movement.”

⁴⁸ Paul Dresch, *A Modern History of Yemen*, Cambridge University Press: 2000, 15.

⁴⁹ This is a type of generic Sunnism that attempts to bypass the four schools (*madhabs*) of Sunni Islam in favor of a more general version of Islam that is allegedly closer to the how the religion was originally practiced.

A different strand of Wahhabi-influenced Salafism also entered the country in the early 1980s. Shaykh Muqbil al-Wadi'i, a Yemeni, was one of many Salafis arrested in Saudi Arabia in 1979 following the takeover of the Great Mosque by Juhmayn al-Utaybi. After he was expelled from Saudi Arabia, he returned home and established an institute at Dammaj in the northern governorate of Sa'dah. He soon came into conflict with the local Zaydis, who felt he was attempting to destroy their heritage and convert their youth. Al-Wadi'i continued to be active in preaching and combating local Zaydis until his death in 2001. The Zaydis were never Muqbil's primary enemy, they only served as a cover. He also criticized Osama bin Ladin, the Muslim Brotherhood and *Jama'iat al-Tabligh* (a peaceful and purist missionary society that originated in India), among others. Publicly, however, he maintained a stance of non-involvement in local politics and has criticized party politics as a greater disease than HIV/AIDS.

Much like Shaykh Abdullah al-Ahmar, Muqbil's power fragmented after his death. One of his students, the Egyptian-born Abu al-Hasan al-Masri al-Maribi, who established the *Dar al-Hadith* Institute in Marib, has been increasingly involved in politics since Muqbil's death. In 2002, this led to a public dispute between al-Maribi and another of Muqbil's students, Yahya bin Ali al-Hajuri, which was mediated by Saudi Salafis. Al-Hajuri, who was designated by Muqbil to replace him as the head of the Institute in Dammaj, was unable to convince al-Maribi to return to the fold and Muqbil's once strong alliance of followers and former students began to splinter. Al-Maribi even took the provocative step of publicly supporting President Salih's re-election bid in 2006.

Many of these Salafis particularly those born in the region also have a tribal identity, but this identity is subservient to their identity as a Salafi. There are also many foreign students who study at centers such as the one at Dammaj and they may well play a role in Yemeni conflicts in the future.

b. Al-Qaeda

Al-Qaeda (AQ) is also active in Yemen. The Yemeni government partnered with the US in the aftermath of the September 11 attacks, and by late 2003 the terrorist threat was largely eliminated within Yemen. This was mostly due to a combination of arrests and targeted strikes, along with the growing appeal of the war in Iraq for young would-be jihadis. Following a February 2006 prison break by 23 AQ suspects, the organization was able to re-organize and reconstitute itself under the leadership of Nasir al-Wahayshi, a former secretary to Osama bin Ladin. In June 2007 the group announced its presence in Yemen, and a year-and-a-half later it announced that the Saudi and Yemeni branches of al-Qaeda were merging into one organization known as al-Qaeda in the Arabian Peninsula (AQAP), effectively expanding the organization from a local chapter into a regional franchise.

AQ is the most broadly representative organization in Yemen. It transcends class, tribe affiliation, and regional identity in a way that no other organization or political party does. It is far from the largest organization, and most analysts estimate that the number of al-Qaeda operatives in the country is fewer than 300. However, a large number of supporters and sympathizers in Yemen exist alongside the core al-Qaeda members. Many of these individuals are increasingly impoverished or under/unemployed young men. Both of the March 2009 suicide bombers – one who attacked the tourists in Hadramaut, and another who attacked the officials investigating the attack – fall into this category.

Yemen has a very large “youth bulge” and the government is proving incapable of absorbing many of its new university graduates into the economy with any sustainable and substantial success. This, in turn, has led to an increased radicalization among Yemen's youth with regards to both al-Qaeda and the Huthis in the north and has also yielded signs of a growing radicalization and inclination to violence among youth in southern Yemen.

The government's economic difficulties are causing it to cut back on the services provided to citizens. Daily electrical outages and water shortages have forced many to turn to the generosity of religious leaders and tribal shaykhs, which serves to further erode the government's moral legitimacy with many of its citizens. The dire outlook suggests that these problems will become increasingly severe in the near future.

Nasir al-Wahayshi and others within al-Qaeda have proven particularly talented at creating a narrative of events designed to appeal to a Yemeni audience. Al-Qaeda's rhetoric is broadly similar to that of many popular clerics and religious leaders in the country. It supported the release of Shaykh Muhammad al-Mu'ayyad⁵⁰, who was recently returned to Yemen from the US, it calls for renewed support for the Palestinians, it argues against the rampant corruption within the government, and it condemns the government's repression of different groups. These populist notes have allowed the group to construct a message that is increasingly popular in Yemen, particularly among younger generations that have seen their access to financial solvency greatly reduced in recent years. It takes a rather large political and theological leap to carry out an attack in Yemen, but instead of actively opposing those that do take such action, most in Yemen are simply apathetic. There is widespread support for jihad in Afghanistan and Iraq, as the conflicts in these two countries are viewed as falling under the label of defensive jihad, which is largely accepted by most in Yemen. There is silence from major clerics, such as Shaykh Abd al-Majid al-Zindani, Abd al-Wahhab al-Daylami⁵¹ and Shaykh Haza al-Maswari⁵², all of whom could speak out against attacks by al-Qaeda in Yemen. Those shaykhs and clerics that do preach against AQ do not have the intellectual weight or popular following to counter the arguments of AQ. This has essentially ceded the field of debate and discussion within Yemen to AQ.

The murky picture of Islamist politics in Yemen's tribal regions is representative of the country as a whole. There are numerous Islamist subdivisions in Yemen. These groups represent a broad spectrum of Islamist ideas and strategies from politically quietist Salafis to al-Qaeda. The latter is only one such group. Many such groups, in fact, have major problems with al-Qaeda and its leadership. Others have criticized al-Qaeda's leadership and some of its tactics while broadly espousing the same goals (at least in what they consider historically Muslim lands). The Muslim Brotherhood also occupies a place on this spectrum, although most of them are more accurately described as being within Islah.

TRIBAL IDENTITIES

Yemen is often described as operating through a tribal system, and while broadly true, this description is not completely accurate. The tribal structure and what it means to be a tribesman in the south greatly differs from the viewpoint in the north. Following the civil war in 1994, the northern government attempted to "re-tribalize" the south, but this had only varying degrees of success. Following the fighting in the 1960s, various different Socialist governments attempted to repress the tribal structure in the south. In the aftermath of the 1994 civil war, the northern government also attempted to both reverse these steps as well as bring southern tribal structures more in line with those in the north. In the al-Fadhli tribe, headed by the former Islamist and now pro-secessionist figure Tariq al-Fadhli, this was more successful than in other tribes (such as those based in Hadramawt). In this particular case, al-Fadhli's success is largely a result of his historical ties to the al-Fadhli tribe. Tariq's father, Nasir, was the last Sultan of Abyan before he was forced off his lands in 1967.

The tribes in the north are often divided into two large tribal confederations, the Hashid and Bakil. Once again, while this is broadly true, it is not fully accurate. Many tribes such as the 'Abidah in Marib (which are increasingly active in a budding series of alliances with al-Qaeda) and the Murad, are outside of either confederation. The Khawlan bin Amir tribe around Sa'dah is also not a part of either confederation. The

⁵⁰ Al-Mu'ayyad was lured to Germany in a sting operation by the US in 2003. He was then arrested and extradited to the U.S. on charges of supporting al-Qaeda and Hamas. He was cleared of supporting al-Qaeda, but convicted to 75 years in prison for supporting Hamas in 2005. It should be noted that supporting Hamas is widely accepted and officially encouraged in Yemen. His case was later overturned and he was released and returned to Yemen in August 2009.

⁵¹ Al-Daylami is a former Minister of Justice for Islah; he was instrumental in providing religious support for the jihad in Afghanistan during the 1980s (he lost a son in the fighting in Afghanistan) as well as against the Socialists during the 1994 civil war.

⁵² Al-Maswari is a popular Sana'ani cleric, who is often said to be one of the leaders of a younger generation of religious leaders in Yemen. He preaches at the al-Khayr mosque in Sana'a and is married to a daughter of Shaykh Muhammad al-Mu'ayyad.

Bakil are numerically superior but have traditionally been less unified and politically weaker than the Hashid.⁵³ Both tribes are largely located in the area north of Sana'a in what many geographers refer to as Hamdan. This is changing somewhat as tribal shaykhs now own property and businesses throughout the country.

Hashid's power may also be changing somewhat in the aftermath of Shaykh Abdullah al-Ahmar's death. Sadiq al-Ahmar does not have the same reputation as his father, and his father may have been more of an aberration due to his exceptional talent than a workable model of tribal leadership. Neither the Abu Lahum family of Bakil nor Shaykh Abdullah's sons have been able to replicate the example that the latter personified.

In early 2008, Saudi Arabia helped to sponsor a tribal militia led by Husayn al-Ahmar, one of Shaykh Abdullah's sons, to fight the Huthis. Husayn was largely unsuccessful in rallying tribesmen to his banner, but in August 2009 his older brother and the head of Hashid, Sadiq, sent a letter to the president assuring him that Hashid would provide support against the Huthis. This was significant as it followed on the heels of an interview that Hamid al-Ahmar gave to al-Jazeera in July 2009 in which he criticized the president for violating the constitution and called on him to step down. The relationship between the two Bayt al-Ahmars has often been contentious and complicated. While Shaykh Abdullah was alive, the two were bound to and dependent on each other in so many various ways that outright rivalry was precluded. Al-Ahmar and Salih were never rivals in the traditional political sense that they were competing for the same constituency or even had the same political goals. Salih's Sanhan tribe is part of the Hashid confederation of which al-Ahmar was the paramount shaykh, while Salih is president of the republic of which al-Ahmar was a citizen. But this has changed some since al-Ahmar's death in late 2007. There is now an increasing contest for power between the sons of Shaykh Abdullah al-Ahmar and the sons and nephews of President Salih. Sadiq's offer of help illustrates that while both sides continue to jockey for power, neither is willing, at least at the moment, to allow an internal squabble to take precedence over more pressing security concerns.

Indeed, it appears as though Yemen is now entering a period where tribal allegiance is beginning to weaken in the face of other, competing identities. Whether this is merely a temporary dip or the beginning of a new trend is impossible to determine. Tribal identity among many in the north is still paramount but it is no longer without challengers.

POLITICAL IDENTITIES AND PATRONAGE NETWORKS

Throughout the 1990s and especially following the civil war in 1994, Salih and other powerful individuals established and maintained extensive and highly personalized networks of patronage. These networks have been privileged over the building of sustainable institutions. They are at once more elusive and more durable than other structures such as political parties that are more familiar to western observers.

In addition to the ruling General People's Congress (GPC) the other two major political parties are the Yemeni Socialist Party (YSP) and Islah. The YSP ruled the former south and after unification in 1990 it agreed to a system of power sharing with the GPC. The failed attempt at secession in 1994 hurt the party greatly, and it boycotted parliamentary elections in 1997. It did only slightly better in 2003, winning seven seats in the 301-seat parliament. Since then it has entered into an alliance with Islah and four other smaller parties.

Islah, which notably does not use the word *hizb* (party) in its title, was formed in September 1990. It is often referred to as an Islamist party, but this term confuses more than it illuminates. More accurately, it is best described as an alliance of four distinguishable, yet overlapping groups: tribesmen, businessmen, moderate Islamists and radical Islamists. These latter two are primarily, but not solely, the two divisions of the Muslim Brotherhood within the country. This does not mean, of course, that all four groups speak with one voice or that affiliation in one group precludes that in another, especially as many tribesmen have now become

⁵³ As Paul Dresch writes in *Tribes Government and History in Yemen* (24): "The constituent tribes of each are quite numerous and an exhaustive list of them is probably not possible." He does, however, give a partial list of the tribes of both Hashid and Bakil. For a full treatment one must look at *Mu'ajam al-buldan wa al-qaba'il al-yamaniyya*, which is a two-volume 2,000-page encyclopedia of Yemen's tribes.

businessmen as well. It was headed by Shaykh Abdullah al-Ahmar until his death. Since then it has been suffering an identity crisis, as various leaders jockey for power and positions. Muhammad al-Yadumi is the current head of Islah, but his hold on power is far from secure.

It would be a mistake to judge the political scene on either electoral results or political affiliation. Neither is an accurate barometer of the political reality. The personalized networks of patronage are a much more accurate means of deciphering political loyalty. Generally speaking, western observers tend to ascribe more importance to political parties than they actually warrant. Instead, it is best to think in terms of power blocs and patronage networks.

In addition to the president, four other members of his family control substantial patronage networks that carry a great deal of political weight and economic power. Ali Muhsin al-Ahmar, who commands the 1st Armored Division and is responsible for the north-west military quadrant, heads one such network. Al-Ahmar is the most powerful figure in the military. In addition to commanding both the Special Forces and the Republican Guard, the president's son, Ahmad, also heads a powerful network. Two of the president's nephews, Yahya Muhammad, who commands the Central Security Forces, and Ammar Muhammad, who commands the National Security Forces, also have extensive business and patronage networks. Other prominent figures from among Shaykh Abdullah al-Ahmar's sons also command powerful patronage networks.

These networks are often in flux, although it is safe to say that many members from the president's Sanhan tribe are involved in one of the family's many networks, while members of Hashid are active in one of the al-Ahmar family's networks. Other tribes from Hashid as well as those from Bakil are also involved in patronage networks but these networks vary in size and scope and are often subordinated to or subsumed below the major networks listed in the previous paragraph.

NATIONAL IDENTITY

Many Yemenis pay lip service to a national identity, and indeed this is something that Hamid al-Ahmar is now stressing in his opposition to the president. But this is also the identity that is most quickly abandoned when it comes into conflict with another less inclusive and more relevant or useful identity. At a superficial level this can be seen, for example, when Hadramis (those from the Hadramawt in the south) in Sana'a are referred to as *ajnabi* (foreigner.)

REGIONAL IDENTITY

In recent years, the north-south division has once again become a particularly sensitive domestic issue. Increasingly violent and popular calls for secession by many different groups based in the south, and to some extent supported by exiled figures, have put a strain on the country's unity. Southern identity is certainly not an ultimate allegiance for many, but in the face of government oppression and mismanagement following the 1994 civil war it has become a historically valid channel for many in the south and provides them with an avenue to express their grievances. In this way it is the broadest possible allegiance that allows for a variety of different groups to coalesce against the regime in Sana'a. People throughout Yemen share many of these grievances, but due to recent history they have a political and anti-government tone that is missing in the rest of the country. For many this identity is more a way of expressing their opposition to the government than it is as a primary allegiance.

In the south as a whole, a number of different identities take precedence at the local level. In Hadramawt for example an individual might give precedence to his identity as a *habib*, which is the local word used to designate a sayyid, or alternately to a tribal identity. In the coastal region of Tihama, individuals might look first to their identity as Shafi'is or more specifically as members of either the Quhra or Zaraniq tribes.

LINGUISTIC IDENTITY

In addition to these religious divisions, the country also has several linguistic groups. Arabic is, of course, the main language spoken by the majority of Yemen's estimated 23-25 million citizens, but the country also has small populations of Mahari and Suqutri speakers. Both languages are descendants of old South Arabian and as such as are distant cousins to Arabic. Mahari speakers live in Yemen's eastern-most al-Mahara governorate as well as across the border into Oman. They have traditionally been among Yemen's lower classes, and report oppression at the hands of northern soldiers and officials stationed in al-Mahara. Despite some local attempts to save it, the language is also being eroded due to government insistence on Arabic language instruction in schools. Suqutri speakers are largely limited to the island of Suqutra, and also have limited political impact in the country. The island is used as a geological showcase by the government, but its inhabitants are often viewed as an insignificant nuisance.

CLASS IDENTITY

There are many classes of Yemeni identity such as families of scholars and judges as well as farmers and peasants but these are not often the dominant identity. They can serve to further distinguish individuals from one another within a broader, more inclusive identity. There are exceptions, however, such as some of the "decorators" or butchers and barbers that have historically been among the lower classes.

Another of Yemen's lower classes is the *akhdam*, which is the Arabic word for servant. Traditionally, they are set apart from other Arabic-speaking Muslims in the country by their darker skin, and are believed to be of African descent. The *akhdam* have often been persecuted in the country, but in 2009 for the first time a group of *akhdam* organized a rally in support of their rights as Yemeni citizens.

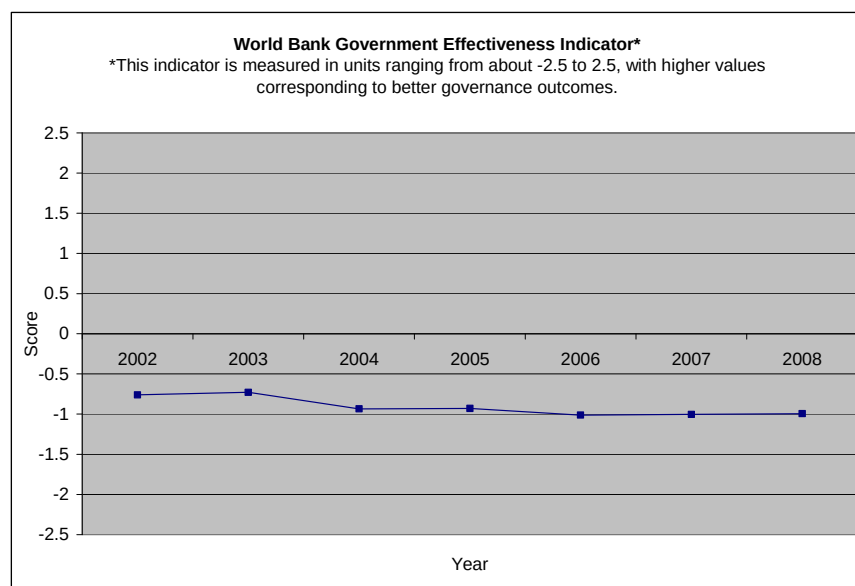
INSTITUTIONAL PERFORMANCE

There is a marked disjunction in Yemen in the ways that the regime and the state are organized. This is not unique in the region but reaches an extreme development in Yemen. While this paper examines the way that the government manages the economy, delivers services and the rule of law, it does so from a political, not a technical point of view, since it is the politics that are important in this setting.

The formal institutions created by the state – political, security and even economic –serve the interests of those leading and working within them rather than those of the population at large. President Ali Abdullah Saleh has built a system of power based on strong defense and security services and supported through networks of alliances with tribal and local leaders and interest groups that are sustained through patronage. This regime controls and manipulates the formal institutions of the state - and many of the less formal ones – to stay in power. Oil revenues, which go to the state directly, have provided the President with the means to sustain patronage, buy off potential opponents and (for the most part) provide sufficient benefits to those excluded from the system to prevent dissatisfaction from turning into movements that threaten the regime's existence. Saleh has been adept at using divide and rule and cooptation techniques. The main opposition political parties have not challenged the system and have often benefited from regime patronage. Even leaders of the secessionist movement in the south remain in indirect contact with Saleh.

Saleh has been in power for over 31 years. He presided over the unification of two very different Yemeni states and successfully defeated attempts by southern leaders to secede in 1994. He has managed Yemen's formidable economic and social problems relatively well, achieving a degree of stability and improvements in state capacity and human development, despite considerable social fragmentation.

The weaknesses of the political system have been exposed in recent years by the persistent rebellion in the Sa'dah district in the North, growing dissidence in the old PDRY (the South) and chronic but containable terrorism. These problems by and large have occurred in regions which have not benefited from state spending and where many of the country's social problems are most evident. The 75 % fall in oil revenues in the first half of 2009 exposes the fragility of policies that have used these revenues to sustain the system and not to invest in or reform other sectors of the economy or to expand services and infrastructure. The regime



will find it increasingly difficult to grease the wheels of the patronage system and finance improvement in human development, or to mitigate some of the effects of Yemen's failings in service delivery. The state is beginning to weaken and citizens sense this. The inadequacies of institutions are being exposed more fully at a time when their capacity to help the regime survive is critical.

Demonstrators in South Yemen are (in the words of its former Prime Minister⁵⁴) asking for "a state." Demonstrations sometimes violent have been

occurring since 2007. The PDRY had many deficiencies but, by the late 1980s, it had developed state institutions which delivered a reasonable level of services, jobs and social security to the people. These

⁵⁴ Haydar al-Attas, interview with author June 2009.

capacities and benefits have disappeared. At the time of unity in 1990, the north had weak government institutions but relatively strong local development organizations, which were sustained by migrant remittances (which equaled about one-third of GDP in the pre-oil period). These local institutions too have largely disappeared, with the decline in remittances, forcing citizens to rely on poorly performing government institutions, fall back on traditional social systems of support, or in some cases to turn to organizations protesting or rebelling against the system.

DEFENSE AND SECURITY

The military parade in Sana'a on Unity Day in May 2009 was probably intended to show that the regime had the capacity to deal with internal opponents tempted to use violence against it. The parade was accompanied by demonstrations in the South that were put down with force by the security services. There are few direct external threats in a country well defended by its geography and geomorphology. As an institution, the defense establishment performs quite well in protecting the regime and feathering the nests of its allies.

The senior ranks of the armed forces are dominated by people from the Sanhan Tribe of the President, other parts of the Hashid tribal confederation and other tribal allies. The armed forces are also part of the patronage system. They should number around 100,000 but there are many ghost soldiers – men who are paid but do not show up or who are notionally recruited but whose expenses and equipment go directly to the pockets of unit commanders. Others benefit, too: many of the southern military personnel were dismissed after the 1994 war but remained for years on the government payroll. The army is a useful source of employment – and its rank and file are mostly non-tribal. The real size of the military budget is well beyond the 6 % in the government budget and there is no parliamentary scrutiny of it. One offshoot is the Yemen Economic Corporation (YECO), which is run by military officers still on the active list. Apart from its economic activities, YECO is heavily involved with senior officers in the northern elite in the abuse of land rights – southern demonstrators, for example, have accused northern defense elites of seizing land in the South (where title registration is complicated by law and history) as part of “northern occupation” of the South.

The President's close relatives control the key security organizations as well as the Republican Guard. These organizations are reasonably good at their main function protecting the regime from internal opponents but they have not been effective in dealing with the rebellion in Sa'dah. There are also serious flaws in their counter-terrorism operations. Terrorism remains a persistent problem. Like the army the security organizations serve the regime well but its service delivery to the ordinary population, its use of arbitrary methods, its abuse of process and human rights and its erosion of freedom inflict long term damage on society.

POLITICAL INSTITUTIONS

The relatively liberal Yemeni constitution established as part of the 1991 unity accords was eroded by amendments after the civil war in 1994 and by a referendum in 2001, which extended the presidential term in office. The effect has been to enfeeble parliament and make it more acquiescent to the wishes of the regime and less responsive to the demands of the electorate. Parliament does not supervise the executive branch or represent the interests of citizens; it exists to permit the regime to gauge the popular mood and to provide a channel for venting popular frustrations. Despite the still significant powers granted to the House of Representatives, which is elected every six years, it is dominated by the General Peoples Congress (GPC) which itself represents the elites that support or have been co-opted by the regime. MPs are free to express their views, even in very strong terms. Influential MPs can lobby successfully for the interests of their tribe or region. Many MPs feel that they are powerless. Parliament and MPs are not held in high esteem by voters to judge by media comments and independent Yemeni polling. Reformers, including a number of MPs, have argued that a few simple steps would enable parliament to use the powers it has got and assert its rights. Donor activity is trying to improve the electoral system and train MPs to use their powers and give them greater resources to enable them to challenge the executive more effectively. There is a long way to go.

POLITICAL PARTIES

The main political parties are the General Peoples Congress (GPC) and the two major components of the opposition Joint Meeting Parties - the Yemeni Congregation for Reform (known as Islah) and the Yemen Socialist Party (YSP), the former ruling party of PDRY. Control over parliament is exercised via the GPC which rarely pretends to have an ideology or political philosophy. MPs are mostly selected through or because of their links to local interest groups: perhaps as many of half the GPCs's MPs are from Shaikhly families or serving and former military officers. Their constituents judge them on their ability to influence the government to meet local and individual wishes and interests. MPs do well by working with the regime and not against it. Ambitious government officials also know they must join the GPC if they hope for career advancement.

Though the 1993 parliamentary election was relatively fair by regional standards, each subsequent election has been much less fair with state resources used to undermine opposition political parties. The YSP suffered badly after the civil war of 1994 and boycotted the 1997 elections. It participated in the 2003 elections but did poorly (it obtained only 11 seats) because of divisions within the party and the ability of the GPC to extend its patronage system in the south. More recently, its continuing commitment to Yemeni unity seems to put it at odds with the changing public mood in the south –even though its call for decentralization may still be what most southerners want and may also be the most that can be obtained from the regime.

It is uncertain if the Islah party is an extension of the patronage system – which it clearly was until the early 2000s – or is a genuine opposition party, drawing on support for Yemen's Islamic traditions and (like the GPC) from leading figures in major tribes. It has a strong presence in Ta'izz/Ibb area and even in the old PDRY. It may now be moving into real opposition and the sons of the late Abdullah al-Ahmar,⁵⁵ especially Hamid, seem to want to go in this direction. It is an odd mixture of the traditional, the relatively moderate Muslim Brotherhood and the radical – though the more extreme elements have lost influence in the party since 9/11 and Yemen's participation in the US-led counter-terrorism campaign. It may also sense that the President' position is weakening. Its current alliance with the YSP and three other small parties is tactical and lacks coherence.

Political party discipline and unity in Yemen are not driven by ideological themes, but rather by proximity to power. This reinforces the centrality of control that underlies Yemen's political structures - it lies with the President. Parliamentary performance is therefore unsurprisingly weak. The elections scheduled for April 2009 were postponed for two years to avoid a boycott of them by the JMP. This dramatically affects the performance of Government and also Yemen's public administration system more broadly.

GOVERNMENT INSTITUTIONS AND ECONOMIC PERFORMANCE

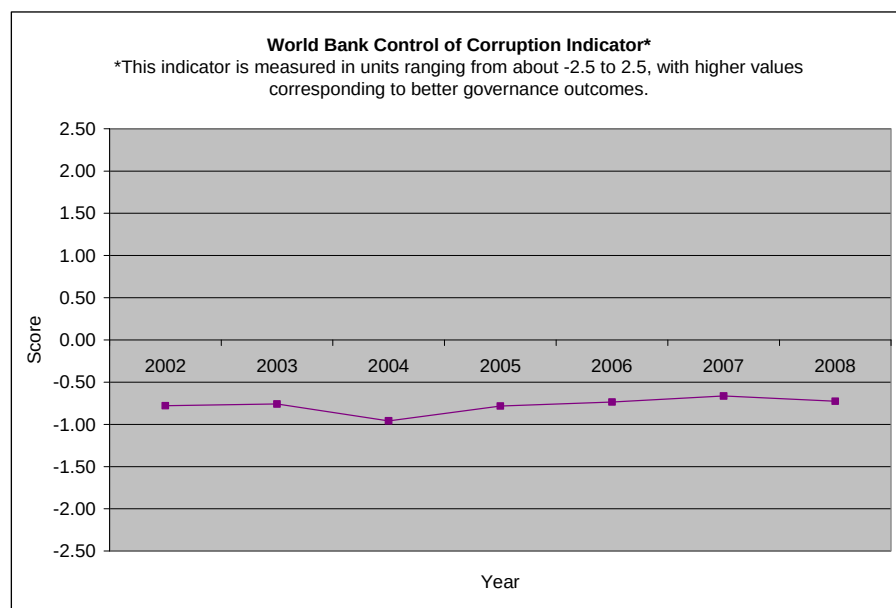
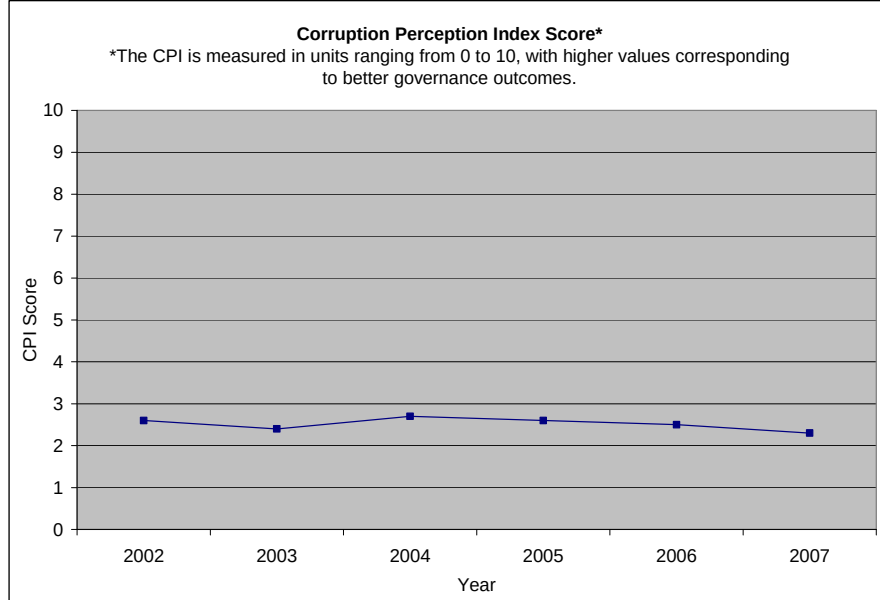
Yemen's government effectiveness is one of the weakest in the region. UNDP⁵⁶ and World Bank assess government effectiveness in Yemen at above half that of the world average and significantly lower in terms of institutional quality. The World Bank's assessment of government effectiveness puts it at the bottom 17% in the world. Its ranking on control of corruption is within the bottom 33%. This rating on government effectiveness is based on an aggregation of different surveys and studies, assessing the quality of public services and the civil service, the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Between 1996 and 2007, Yemen failed to improve either institutional quality or government effectiveness in both absolute terms and compared with peer countries. It was one of three countries in the region with increasing disparity between the richest and poorest. The poverty rate in 2000-6 for Yemen was a median \$2.49 dollars and nearly 60 % of Yemenis (12 million people) were at or below this line.

⁵⁵ Former head of the party and leader of the Hashid tribal confederation.

⁵⁶ UNDP Arab Human Development Report 2009.

The Prime Minister is appointed by the president who also selects ministers. Loyalty, regional and tribal origin and links to the powerful in the patronage networks are the main criteria. There are 30 central ministries, but not all are represented in the 21 governorates. There are said to be 1,107 state organizations. Employment in the civil service is part of

the patronage system and can be seen as a government job creation strategy; the civil service functions as much as a welfare system as a means of delivering services to citizens. There are nearly 500,000 people in the civil service, which many observers feel should be cut by at least half. Despite efforts to reduce the number of “ghost” employees, ministries remain vastly over-manned, and have too many layers of bureaucracy and too much centralization and duplication. Pay and morale are low. There is a lack of an integrated public administration and endemic corruption with very low levels of accountability.⁵⁷ Performance is rarely monitored; processes for promotion are not based on merit, but on nepotism and patronage. Fundamental questions of efficiency, mandate, and strategic direction have not been tackled in any government ministry. Weak capacity is further exacerbated by extremely poor management systems.⁵⁸ Civil servants are there to help themselves, not society. Senior officials in the same ministry often distrust each other. Ministers tend to rely on small groups of staff personally loyal to the Minister. One expert recently commented that one of the Yemen government’s greatest strengths is attracting the wrong people to work for it.⁵⁹



Since the ministries cannot be depended on, the President requires that all important decisions pass through him. But when it comes to implementation, the only governmental body he can rely on is the army. This excessive centralization has become an impediment to organizational effectiveness. Uncoordinated and changeable policy accompanied by disregard for the rule of law can be felt throughout the administrative system. The President ends up being able

to persuade and influence by exercising superior force. In the end, however, excessive centralization limits the real authority of his government.

⁵⁷ World Bank Country Governance Brief (2007).

⁵⁸ DFID Governance Survey 2008

⁵⁹ Enhancing Government Effectiveness in Yemen: A Country Analysis,” Hilton Root and Emil Bolongaita, Management Systems International for USAID, April 2008, pp. 5-10.

Donors have documented these and other weaknesses and much of their activity is directed to trying to enhance government performance. These efforts are often frustrated by the regime itself whose interests lie in survival and not in radically changing employment practices or the political operation of the bureaucracy. There are individuals in both government and the civil service who understand the compelling need for renewed policy direction but they face significant internal barriers to advancing reform. In 2005, three acts by the international community spurred Yemen into action on governance reform: Yemen was suspended from the US Millennium Challenge Corporation; the World Bank cut its program by one third; and an ambassadorial demarche lobbied the President to address the deteriorating security situation. As a result, reform initiatives were undertaken: the Government produced a Development Plan for Poverty Reduction, a Public Investment Plan), and a National Agenda for Reform. An anti-corruption agency was set up. However, as usual in Yemen, the impetus somehow ran out, progress stalled, the reformers were marginalized and external pressure relaxed. Corruption remains a major problem in all sectors of the public administration.

The impact of poor government performance has been mitigated in recent years by the income from oil and gas, but Yemen's oil will run out by 2017; gas will compensate only in part for this loss, though it will significantly boost export income over the next two years. Yemen's security difficulties – compounded by the piracy in the Gulf of Aden and mismanagement of bidding rounds by the oil ministry – have impeded plans to explore oil and gas reserves off the Red Sea coast.⁶⁰

Currently growth *outside* the oil sector is about 5% annually. New sources of revenue will be essential to maintain the political status quo. New sources of employment will be needed to cope with the rapidly growing population, and reduce the costs of the civil service without undermining political stability. The oil sector employs only around 20,000 people. The government accepts the principle that it must use oil revenues to invest in other sectors but has been slow to do so. For example, the Aden port could provide an important hub for transport and transshipment services, but the failure to upgrade facilities in the late 1990s enabled competing ports in Djibouti and Salalah to take much of the potential business. It is unclear how sustainable the expansion of any of these other sectors would be: there is to date no specific Government strategy to promote non-oil growth, and there are no respective sustainability and impact analyses available.

Agriculture accounts for 55% of employment. With rapid population growth, agricultural development is vital for Yemen's long-term growth. The approach to agricultural development is two-fold: a focus on products that can be exported to help off-set the decline in oil exports, and a focus on essential crops for domestic consumption. There are major physical obstacles to development. Only 3% of Yemen's land is arable. Aquifers are being depleted. Productivity is low. Land holdings are small - two thirds are less than one hectare – and land registration and ownership are often unclear. Qat production is thought to occupy 15% of arable land and may generate as much as one-third of agricultural GDP.⁶¹ It is clearly important to Yemen's economy and cultural life but diverts land and water (and diesel subsidies) from the production of crops that could earn foreign exchange. It would take a much braver regime than the current one to tackle Qat consumption, particularly as many connected to the regime have an interest in Qat production and marketing.

There is a new draft national water strategy, which may address some of these issues, though, crucially not the pricing of water. The Ministry of Agriculture and Fishing suffers from the same problems as others ministries and often finds itself obliged to focus on crises generated by floods and droughts rather than on long term development. A recent report on the ministry noted that its ineffectiveness “has arguably been a factor in the country's poor agricultural performance.”⁶² In the Ministry of Agriculture, senior officials admit that 30% of the staff is illiterate.⁶³ Reform in this sector will remain slow and piecemeal. Yemen already imports 75% of its food needs; the high inflation in the mid 2000s was in part caused by the costs of these imports.

⁶⁰ Senior oil company executive to author July 2008

⁶¹ World Bank (2006) Country Assistance Strategy p9

⁶² Hassanein, Adly. 2008. *Enhancing Government Effectiveness in Yemen: An Assessment of the Ministry of Agriculture and Irrigation*. p. 5.

⁶³ *Enhancing Government Effectiveness in Yemen: A Country Analysis*, Hilton Root and Emil Bolongaita, Management Systems International for USAID, April 2008, pp. 5-10.

The development of fisheries faces fewer obstacles. It is already the second largest contributor to exports, and there is potential to tap lucrative markets in Europe. However, it accounts for only 1% of GDP, and expansion in the short-term will not make great inroads into unemployment. There is clear potential for tourism but not in the current security environment. Manufacturing accounts for about 6-7% of GDP mostly made up of small companies involved in basic import substitution.

The traditional panacea to rural poverty has been migration. Remittances will remain an important safety valve for individual families and communities. It is unlikely that remittances will rise substantially above the current level of 6% of GDP or \$1.2 billion annually⁶⁴. Yemen will need to invest heavily in education to provide potential migrants with the skills now demanded in the GCC, which have their own growing local armies of the unskilled and are reluctant to import Yemenis.

The state's capacity for revenue-raising is limited and there is a chronic budget deficit. Tax revenues are only about 7-8% of GDP and little of this is direct income tax. The Ministry of Finance estimates that there is a potential for \$5bn in income tax. Donors have identified major shortcomings in the ministry, particularly in the sectors dealing with taxation and customs, which are perceived as being deeply corrupt. Some impressive reforms in Public Financial Management (PFM) were adopted in 2005, but progress on implementation has been slow. The budget setting process in each ministry remains a fairly ad hoc procedure (though one does take place); budget monitoring hardly occurs at all. While there are some strong areas in PFM, for example the budget timetable, there are important improvements needed in procurement, payroll, accounting and auditing processes, as well as overall control of the budget and linking the budget to strategic priorities. Parliamentary oversight is still not properly executed and comments are not taken into account in budget implementation.

Budget figures tend to be opaque. There are major items of politically essential spending that cannot be touched as they are part of the political settlement: defense and security, government job creation and items directed at individuals, groups and regions whose support the regime requires.

Subsidies are an essential item of government spending in a country with such high poverty levels. The most important and most controversial is the fuel subsidy which in the 2008 budget accounted for nearly 37% of the total⁶⁵. The government has been trying to cut diesel subsidies because of the strains imposed by the very large oil price rises of the 2000s. An attempt was made to remove the subsidy overnight in 2005, without prior warning or explanation to the population, resulting in nationwide rioting. The regime will not make the same mistake again. Yemen has therefore benefited to a far smaller extent than it otherwise might have done from recent high oil prices, as most of the increased revenue is used to subsidize domestic prices.

ECONOMIC INSTITUTIONS AND THE PRIVATE SECTOR

The economy is intimately linked to the interests of the regime and its patronage networks (this also extends to a black economy of unknown size which some suspect is linked to the smuggling of drugs and weapons and possibly piracy in the Gulf of Aden). Many enterprises remain state-owned. The awarding of government contracts is the basis for much of the nominally independent sector. The sector is dominated by a few large monopolies, parastatals and military owned enterprises, which constrain the conditions for development of rivals⁶⁶. Some of the larger business groups are controlled by relatives of the President and leading tribal figures like the Al Ahmars. The big independent companies in Ta'iz and Aden must have good relations with the regime to succeed (often offering "shareholdings to relatives of the President) – or like many Yemeni businessmen move their operations abroad and keep only a small presence in Yemen.

The banking system has been cleaned up and Central Bank supervision improved but the 17 commercial banks lend only 15 % of the total deposits they collect to the private sector – most of this credit goes to companies linked to the regime. The World Bank found in 2005 that only 2.5% of Yemenis had bank

⁶⁴ EU: "Report of the assessment towards a 'whole of EU' approach to state building in Yemen." July 2009.

⁶⁵ Ministry of Finance

⁶⁶ World Bank

accounts. Most of the payment activity is conducted outside the formal banking system. There are more than 300 licensed exchange houses throughout the country. They offer two basic services: cash-based foreign exchange and money transfers, both within and outside Yemen. Some of them are profitable, well-run businesses with branches covering most of the country.

Levels of corporate governance are low. A survey of 200 large and medium-sized companies in five Yemeni governorates found that levels of transparency and disclosure by companies are very low. In over 55%, the board of directors was not independent from the executive administration. Just 17.5% of the targeted companies had independent members on their board of directors.

Yemen has significantly reduced the bureaucratic burden on businesses and has set up a well run organization to promote investment. However, investment - even by Yemeni entrepreneurs who made fortunes abroad - is still held back by corruption, a lack of transparency in decision making and the influence of companies owned or linked to the powerful elites and security factors. Foreign Direct Investment has averaged only 1.5% of GDP in recent years. Yemen is a net exporter of capital. Incentives for investment still require reform: Yemen performs badly on property rights indicators, the tax system is opaque and the commercial court system remains weak. The government has tried to improve commercial justice, most notably through the establishment of two commercial appeals courts. Qat is also a major disincentive to foreign investment: some surveys have found that Qat can cut the working day by up to a half.⁶⁷

Micro credit and other support facilities are already being developed and could be expanded. The Public Investment Program needs to be restructured to respond to job-creating poverty alleviation. Studies by the World Bank show there is a disconnect between the geographical pattern of investment in favored parts of the North where the powerful can influence the direction of government spending and the pattern of poverty in places like Yafa'a in the south.. Vocational training can assist more targeted labor migration.

DELIVERY OF SERVICES

The Yemeni government faces formidable obstacles in service delivery. The population has doubled since 1990 and will double again by 2025 to 38 million. Though urbanization is rapid, around 70% of the population still lives in rural areas, many in small and remote localities difficult of access. Where it exists, service provision is at least minimally effective: facilities are there, and they provide a limited alternative to tribal and local mechanisms. Yemen has done well in some areas. Poverty declined in Yemen between 1998 and 2005 specifically in the urban regions.⁶⁸ The state is likely to remain the key provider of services in Yemen. DFID says that the government does not fulfill its obligations to promote economic and social rights in respect of many of its citizens: for example the right to health, education, water, and decent work. There is little evidence that the state is committed progressively to realizing these rights by allocating resources to those who need them.

Survey after survey has found the ministries and their bureaucracies are failing to deliver. The government has not constructed a bureaucracy competent to implement programs for primary health care, primary education, agricultural research and development, irrigation and rural credit and infrastructure. Donors often work around the system and have in effect produced a parallel bureaucracy under the Social Fund (see below) initiative to carry out their programs.⁶⁹ There is a lack of coordination and consultations among governorates, local authorities, private sector, civil society, and community groups on service delivery.

Despite significant funding and investment in rural electrification projects, Yemen has one of the lowest rates of electrification in the Middle East. The Ministry of Planning said that in 2004 less than 23% of the rural population enjoys electric service. The Ministry of Electricity and Energy is planning to restructure the power

⁶⁷ World Bank figures

⁶⁸ World Bank figures.

⁶⁹ This approach goes outside of the standard administrative machinery and carries the real risk that essential institutional improvements will not take place.

sector through the promulgation of a new Electricity Law, while concurrently pursuing a new rural electrification program that closely follows the recently completed national rural electrification strategy.

Recent studies indicate that Yemen has consumed 900 million m³ in excess of its renewable water resources. The majority of that water (90%) is devoted to irrigation and much of the irrigation is wasteful. Only around 20% of the population (8% in rural areas) has access to safe water.⁷⁰

Life expectancy at birth rose from 41 in 1970 to 52 to 61.5 between 1990 and 2005. However, public expenditure on health at 1.9% of GDP is insufficient to provide a basic health package for every citizen. Health services reach only between 50% and 63% of the population, with wide variation in coverage (89% urban coverage and 41% rural). Most basic public health services are heavily subsidized, and patients are supposed to pay only a nominal fee; private sector health fees are often three times the cost of public sector fees. Health facilities in remote, rural areas may also be in effect closed, even though projected personnel, supplies and operational and maintenance costs are being fully funded. USAID noted that recently it was estimated that only eight out of some 200 clinics in the al-Jawf Governorate were actually operating.

Though education expenditure is substantially higher at 9.6% of GDP and good by regional standards, it is not efficiently spent. Net primary enrolment rates rose from 51% to 75% between 1991 and 2005. Some of the improvement in enrolment can be attributed to charitable schools – especially those run by Islamic groups – and a growth of private sector education since 2002. Public sector education standards are poor and teacher skills inadequate, with appointments often being made on the basis of patronage rather than qualifications. Teachers' salaries and morale are low and absenteeism a problem. The Ministry of Education has more ghost workers than others: 80 % of its budget goes to personnel, and it is estimated that 40% of those on the payroll are ghost employees⁷¹.

The inability of the economy to create sufficient jobs for the expanding number of workers has meant a rapid increase in the number of unemployed. The World Bank estimated unemployment at 35% of the workforce in 2005, with youth unemployment at roughly twice that of adults. Surveys show that youth widely perceive that only people with connections and power can obtain jobs, access to study opportunities and government services. The majority of the labor force is located in rural areas and has little basic education. According to the World Bank approximately only 4% of labor market participants have completed some form of vocational training. The vocational training sector needs reform, in consultation with the business sector, to make its curriculum more market-oriented.

Despite all citizens being equal in the eyes of the law, discrimination exists in Yemen. The position of women is particularly difficult. The challenge is principally one of access: while legally women can demand voice, accountability and services, in practice their access is low. Currently, groups facing social exclusion in Yemen include the landless poor and urban slum dwellers, unskilled laborers, unemployed youth, children of the poor, elderly people and disabled people. Remote rural communities are excluded from formal state service delivery, and women are increasingly marginalized from justice, security and political voice systems.⁷²

RULE OF LAW

World Bank Rule of Law indicators show that Yemen is below average for the region. There was a decline in these indicators between 1996 and 2000; this has been reversed and there has been some small improvement since then. The Judiciary has been legally independent since 2006 when President Saleh gave up his place as head of the Supreme Judicial Council but in practice, political interference is common. The legal system is based on Shari'a law. Anything not covered by Shari'a law is included as part of a Civil Code. The Yemeni constitution strongly supports the independence of the judiciary and defends it from the interference of the executive. There is formal equality under the law. However, informal mechanisms continue to exclude many

⁷⁰ DFID figure.

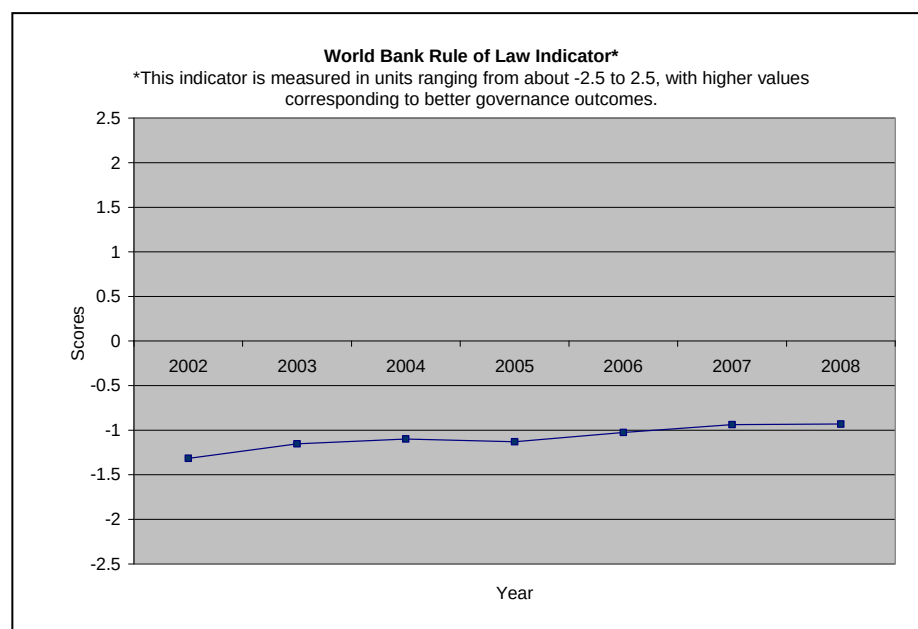
⁷¹ MSI International: Enhancing government effectiveness in Yemen: an assessment of the Ministry of Education. (2009).

⁷² DFID Yemen Social Exclusion Analysis (2006)

groups from land ownership, education, justice or running for public office. The challenges are therefore enforcement of the law and efficiency in delivering justice. Judges can take years to reach a decision on any case brought to trial; even once a sentence is decided, it is open to interpretation, and often not enforced. Detention without trial is common; it is not unusual for people to be jailed for up to two years, even for minor offences, before their case is heard.

Findings of the Yemeni Polling Centre⁷³ show that 64 % of the participants believed that the judiciary system is the most bribed institution in the country – followed by security and police force and customs and tax sector. The public has little confidence that government bodies will treat them in accordance with the law or in predictable manner. The judicial system is not seen as the service of choice for resolving disputes. Surveys of young people ⁷⁴showed that many feel their rights are violated by people who are “above the law” and take revenge when the system cannot bring guilty parties to justice. The youth also pointed to arbitrary arrests, unfair trials, and delays in processing cases through the law enforcement system. The problem with the legal system can be a major disincentive to potential investors, particularly those from outside the region

The majority of Yemenis turn to traditional means for resolving disputes under tribal law – one estimate is that 70% of disputes are handled in this way. A number of projects have attempted to build reconciliation and conflict resolution mechanisms on this foundation. There are limitations to the ability of the traditional system to manage major disputes. Those working with tribal conflicts report that many of the Shaikhs would welcome resolution



through the formal justice system if they were able to trust it. There is also concern about the emergence of the Religious Police and similar groups that impose their own values and justice, with varying degrees of official connivance. Traditional law has re-emerged in parts of the old PDRY, where there was once a functioning legal system that had attracted a good degree of popular trust.

FORMAL LOCAL GOVERNMENT

There is a National Decentralization Strategy and there are program to strengthen the development and institutional capacity of local councils at the governorate and district levels in planning, budgeting, and management. The process is described by the Ministry of Local Administration as a de-concentration of responsibility rather than a decentralization of power. Recent changes in the electoral system should mean that provincial governors are no longer appointed by the President, but instead elected by district councilors (though the president will still appoint district council leaders). The regime’s commitment to decentralization is uncertain: it may welcome the principle but does not want to lose control. The issue is being caught by demands by Southerners for a restoration of the sort of local government granted at the time of unity and removed after 1994. Opinion polling conducted in 2007 indicated a poor relationship between the voters and

⁷³ Yemeni Polling Centre - www.yemenpolling.org

⁷⁴ USAID - Yemen Youth Assessment Final Report (First draft) October 2008.

local council members. Councils were seen as useful but limited in what they could do by central government restrictions. Councilors themselves said that parts of the local council law were simply not implemented. The strongest complaint was that the councils were forced to charge high rates for services because of low central government allocations. Over 50 % of respondents said that decision makers showed no interest in considering or responding to reports listing problems and proposing solutions released by local civil community organizations..

One of the best and most successful of Yemeni institutions is the Social Fund for Development (SFD). It provides support directly to communities to improve education, health, roads, and water supplies. This includes micro-finance services and training for local development partners (government, NGOs, communities, and contractors). It is efficient and transparent in its use of resources, being pro-poor and community-based in its operations. SFD subjects itself to independent evaluation. It is run by what is virtually a sub-committee of the cabinet and is chaired by the Deputy Prime Minister and is heavily used by donors. In some ways it can be seen as a parallel system that enables donors and others to bypass the cumbersome and corrupt government machine. SFD is not corrupt (though this is said to be creeping in at lower levels). There are complaints that it attracts the best people from the government with its high salaries. It is seen by many as a model that could be extended to other parts of the central government machine – particularly in dealing with local communities.⁷⁵

BEYOND STATE INSTITUTIONS: TRIBES AND LOCAL GROUPS

Tribes can be effective institutions but much depends on the size of the tribe, its location and its relationship with the regime. Only 20% of Yemenis regard themselves as tribal but the default position of many Yemenis is to seek support from family, tribe and neighbors to try to deal with the regime (which most distrust) and to meet social needs. In parts of Yemen, “localism” (building local networks) fills the vacuum left by central and local government in development and service delivery. In the former PDRY, where tribes are mostly small and people expected the state to deliver services, there has been some “re-tribalization.”

There are clear hierarchies within the tribal structure. Thus the Sanhan, a relatively small tribe in the Hashid confederation, enjoys disproportionate influence and benefits. The Hashid confederation performs better than the less cohesive Bakil. Within the tribes, the leading Shaikhly families do much better than the rest; surveys and academic studies show that many ordinary tribesmen feel disadvantaged. There are also examples of some good Shaikhs that work hard to bring services to their tribe, village or locality. The Hashid, in particular, but also Bakil, are in a unique position because of their strength, their close relationship with the regime and their participation in key units of the defense and security services. This power clearly gives them an ability to extract from the regime positions, jobs, resources and business contracts on scale far greater than other groups in society.

There is an ambiguity over who controls land and resources and operates the law in tribal areas – it can shift over time and is not clear cut. The regime needs the support of powerful tribes but also intrigues against them to keep them divided and subordinate. In the more remote provinces, the tribes can challenge the government’s ability to exercise authority over them, if necessary. Roads are blocked and people kidnapped, often to put pressure on the government to deal with a tribal or local grievance. The experience of the oil company in building a pipeline across tribal territories was that it had to negotiate for jobs and services with each tribe on the route – without much support from the government. Recently, there is increasing anecdotal evidence that tribal sheikhs use their positions corruptly, favoring the highest bidder, rather than mediating disputes effectively, as their role more traditionally has demanded. Tribes receive direct budgetary support through the government budget.

USAID has found that “decentralized networks typical of poor mountainous societies have allowed people to cope with daily existence through local social structures in the absence of a central state able to provide for

⁷⁵ Social Fund for Development Yemen: Annual reports.

the population's basic needs"⁷⁶. This dependence on social capital can make up for the deficiencies of the state but does not contribute to reform. There are also strong local traditions of self help in places like Hadramaut where there are good inflows of remittances. Yemeni charities abroad often organized on tribal or district lines can assist – for example the Yafa'i in south Yemen are aided by organizations in the UAE and the UK. However, in Yafa'a in 2009, where there have been several years of drought, the state can seem absent (except for military and security units) and families can often only survive on the earnings of a member doing casual labor in one of the cities.⁷⁷

Both the GPC and *Islah* have large nongovernmental social organizations. For the GPC, the Salih Foundation for Social Development, headed by the President's son Ahmed, is one more part of its overall patronage machine. For *Islah*, its network of charities, schools and summer camps provide its primary means of outreach. In addition, left over from *Islah's* original power-sharing arrangement with the GPC during the 1990s, *Islah* still controls a sizeable percentage of mosques in Yemen. There are in addition a number of Islamic and other charities.

Those supporting the Huthi rebellion in Sa'dah and the movement in the South are motivated in part by the failures of government institutions to deliver jobs and services but their leaderships do not represent effective alternatives. People use existing social networks (and in the South remittances) to help themselves. They may hope that the organized protest will persuade the government to allocate greater resources to helping –rather than –suppressing them.

NGOS AND CSOS

Much of the vibrancy of Yemeni NGOs and CSOs of the early 1990s has gone. Most NGOs are oriented toward social service delivery and economic productivity (principally in the form of cooperatives). They are generally quite weak in terms of financial resources, organization, management and basic skills. They are tightly regulated. It appears that the public perception of them is not favorable. Some are seen as an extension of the regime and as corrupted by the association. Family, political and local rivalries weaken the leadership – and may be responsible for the sheer number of NGOs. There are some 4,700 officially registered CSOs but civil society is weak, with little influence on policy (with the general exception of traditional Islamic welfare structures). They suffer from a political culture which works on the principle that it is better to co-operate with the regime than to campaign against its policies. Local CSOs are probably more accountable and representative and may be able to play a greater role in the unlikely event that decentralization is implemented as effectively as the government promises.

Yemen has a diverse and lively media and there are a number of opposition and independent newspapers and journals. Readership levels are not high. The freedoms of the early 1990's have been eroded. The media remains relatively vibrant for the Middle East region but the state has used its powers to intimidate journalists, withhold license, and restrict access to newsprint. Editors and journalists are aware that there are red lines that they cannot cross. In recent months the regime has closed down some opposition newspapers, notably Aden's leading newspaper and is proposing to put journalists on trial. Protest has moved onto the web and there are some lively opposition sites and blogs.

There has been some improvement in the performance of government institutions in recent years but the impact has been limited by the way that resources are diverted to support the survival of the regime. Institutions are weak and can barely cope with the demands of a growing and increasingly younger population. GDP growth has not been fast enough to generate the required levels of employment. Emigration is no longer a viable alternative. Unless there are major changes, Yemen's problems will grow worse. The Yemen government has adopted many essential reform measures but fails in implementation. None of the problems discussed in this paper are new and nor are the proposed solutions. Yemenis, donors

⁷⁶ Helen Lackner who visited IFAD in May 2009.

and neighbors have not yet found a way of persuading this regime that its long term survival requires the reform and empowerment of Yemen's political, economic and social institutions.

ANNEX A: YEMEN STATISTICAL DATA

Population Data

Population:	Urbanization:
23.8 million (July 2009 est.)	urban population: 31% of total population (2008)
Population growth rate:	rate of urbanization: 4.9% annual rate of change
3.5% (2009 est.)	(2005-10 est.)
Total fertility rate:	Percent of the population living in:
6.3 children born/woman (2009 est.)	Sana'a City 8.1%
Country comparison to the world: 7	Al-Hodeida 9.7%
	Ta'iz 10.5%
	Aden 2.6%
Age structure:	Literacy:
0-14 years: 46%	definition: age 15 and over that can read and write
(male 5.6 million; female 5.4 million)	total population: 50.2%
15-64 years: 51%	male: 70.5%
(male 6.2/female 6 million)	female: 30% (2003 est.)
65 years and over: 2.5%	
Median age:	Average years of schooling:
total: 16.8 years	total: 9 years
male: 16.7 years	male: 11 years
female: 16.8 years (2009 est.)	female: 7 years (2005)

Education (UNICEF Data)

Youth (15–24 years) literacy rate, 2000–2007*, male	93
Youth (15–24 years) literacy rate, 2000–2007*, female	67
Primary school attendance ratio 2000–2007*, net, male	68
Primary school attendance ratio 2000–2007*, net, female	41
Secondary school enrolment ratio ⁷⁸ 2000–2007*, net, male	49
Secondary school enrolment ratio 2000–2007*, net, female	26
Secondary school attendance ratio 2000–2007*, net, male	35
Secondary school attendance ratio 2000–2007*, net, female	13

⁷⁸ Net enrollment ratio- is the enrollment of the official age-group for a given level of education expressed as a percentage of the corresponding population. This is calculated by dividing the number of students enrolled who are of the official age-group for a given level of education by the population for the same age-group and multiply the result by 100.

Economic Data

GDP (purchasing power parity): \$55.3 billion
(2008 est.)

Country comparison to the world: 86
\$53.6 billion (2007)
\$51.8 billion (2006)
note: data are in 2008 US dollars

GDP - real growth rate: 3.2%
(2008 est.)
Country comparison to the world: 130
3.5% (2007 est.)
3.2% (2006 est.)

GDP - per capita (PPP): \$2,400
(2008 est.)
Country comparison to the world: 177
\$2,400 (2007 est.)
\$2,400 (2006 est.)
Note: data are in 2008 US dollars

GDP - composition by sector:
Agriculture: 9.4%
Industry: 52.4% (due largely to oil)
Services: 38.1% (2008 est.)

Inflation rate (consumer prices):
18% per annum (2008 est.)
Country comparison to the world: 201
10% per annum (2007 est.)

Labor force: 6.494 million (2008 est.)
Labor force - by occupation:
Note: most people are employed in agriculture
and herding, while services, construction, industry,
and commerce account for less than one-fourth of
the labor force

Unemployment rate: 35% (2003 est.)

Population below poverty line: 45.2% (2003)

Distribution of family income - Gini index of
income inequality:

33.4 (2008)

Investment (gross fixed):
26.3% of GDP (2008 est.)
Country comparison to the world: 45

Government Budget per annum:
Revenues: \$9.1 billion
Expenditures: \$10.6 billion (2008 est.)

Current account balance:
-\$2.175 billion (2008 est.)
Country comparison to the world: 146

Public debt:
31.8% of GDP (2008 est.)
Country comparison to the world: 70

Debt - external:
\$6.472 billion (31 December 2008 est.)
Country comparison to the world: 95

Agriculture - products:
Grain, fruits, vegetables, pulses, qat, coffee, cotton;
dairy products, livestock (sheep, goats, cattle, camels),
poultry; fish

Industries:
crude oil production and petroleum refining; small-
scale production of cotton textiles and leather goods;
food processing; handicrafts; small aluminum products
factory; cement; commercial ship repair

Exports - partners:
China 23.3%, India 20.4%, Thailand 19.1%, Japan
7.2%, UAE 5%, US 4.2% (2007)

Imports:
\$9.215 billion f.o.b.⁷⁹ (2008 est.)
Country comparison to the world: 96

⁷⁹ F.o.b.- *Free on Board*, meaning that the supplier pays shipping and insurance costs until the shipment reaches the specified destination.

ANNEX B: REFERENCES

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