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**Before the Committee on Foreign Affairs
“Yemen on the Brink: Implications for U.S. Policy”
U.S. House of Representatives**

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Mr. Chairman and members of the Committee, on behalf of the National Democratic Institute (NDI), I appreciate the opportunity to speak about “Yemen on the Brink” and the challenges to the formulation of U.S. policy and the realization of political reform in Yemen.

Governance is part of Yemen’s problem – and part of the solution

Although Yemen sometimes appears to be the odds-on favorite as the world’s next failed state and is receiving newfound attention from a variety of think-tanks and news outlets, Yemen as a source of instability on the Arabian Peninsula and haven for terrorists is neither a new phenomenon nor as difficult to address as it might seem.

Unlike the failed states it is often compared to, Yemen laid the groundwork for a long-term solution to extremism years ago through democratic and political reforms instigated by the country’s leader, President Ali Abdullah Saleh, and led by a group of well-regarded modernizers within the ruling party, the General People’s Congress (GPC).

President Saleh’s decision to establish basic democratic structures arose from a pragmatic decision after the 1990 reunification of North and South Yemen that democracy, or at least elements of democracy, were necessary to govern a quarrelsome, stratified, armed and proudly independent population in a poor, rugged and diverse country.

Yemen’s political opposition – comprised of the moderate Islamist party *Islah* and the former ruling party in southern Yemen, the Yemeni Socialist Party (YSP) and several smaller parties – have also been active players in Yemen’s political development as have tribal leaders, most notably the late Sheikh Abdullah al-Ahmar who played multiple roles as paramount tribal figure, head of *Islah* and Speaker of the Parliament.

The existence of strong leaders from a variety of political groups, a history of dialogue and consensus building, a vibrant civil society and the existence of nascent democratic institutions all augur well for a comprehensive solution to the country’s current instability.

Yemen led the Arabian Peninsula in democratic reform

For years, Yemen led the countries on the Arabian Peninsula, indeed much of the Arab world, in political reform. It extended the voting franchise to women, established an independent election commission, held regular – mostly fair – elections, encouraged the formation of non-governmental organizations, tolerated, even encouraged the development of opposition political parties and created elected local government councils.

A successful 1993 election ushered in a power-sharing government that included secular former Marxists from the south, moderate Islamists, tribal leaders and ruling party technocrats. Although interrupted by a brief civil war in 1994, power sharing, dialogue and democratic progress resumed, leading to a significant period of relative calm and modest economic development that lasted through most of the 1990s.

Yemen even holds presidential elections. The second such contest, held in 2006, saw a credible opposition candidate, Faisal bin Shamlan, garner almost 22 percent of the vote. While the result was contested by the opposition and irregularities were noted, the presidential election provided a genuine opportunity for opposition voices in Yemen.

Yemen's parliament, while still developing, has become an important forum for seeking consensus on policy and exercises important oversight over executive branch decisions. Since 2007 it has passed laws on public tendering, anti-corruption, anti-money laundering and the declaration of assets by public figures. It rejected a government-sponsored access to information law deemed regressive by many international observers and has called ministers and deputies to answer questions over the use of force against protestors in southern Yemen.

In an initiative that has been noted as a potential democratic development model for the Arab world, Yemen's main opposition parties ejected extremists from their ranks and formed the "Joint Meeting Parties" (JMP) coalition of moderate Islamists and former South Yemen socialists in 2003. The JMP has been very vocal over the past months, holding town meeting-style dialogue sessions with the public and proposing alternative policies to the government.

Democratic institutions have atrophied and the Yemen government's increasing unilateralism is exacerbating the country's challenges

While democratic institutions in Yemen must be part of genuinely stable government over the long term, the limited democratic reforms instituted by Saleh have not weathered the political crises of the past years well. The parliament and opposition parties have not been central to addressing the increasing unrest in the south or the war in Sa'ada. Political debate has become increasingly polarized. Elected local councils lack resources and training and are hampered by the centrally appointed officials who still exercise control.

There is an increasing suspicion that President Saleh is grooming his son, Colonel Ahmed Ali Saleh, who currently heads the Yemen Republican Guard, to ascend to the Presidency when Saleh's term expires. Still others suspect that President Saleh may amend the constitution to extend his term which should end with a 2013 Presidential election.

Politics aside, lack of economic development, dwindling oil supplies, persistent tribal conflict, governmental mismanagement and mischief-making by neighbors, have all taken a toll, leaving significant portions of the population alienated and vulnerable to recruitment by extremists.

International discussions on Yemen inevitably emphasize security and development aid to the government. Both are needed, but neither will solve the problem without a continued focus on good governance. In fact, President Saleh has a long record of cooperating with the international community on security – to a point. There have been several instances of successful intelligence sharing but many suspect the Yemen government has played the terrorism card for its own gain.

The focus on security allows the government to skirt responsibility for its own domestic failures. Perversely, some ruling party officials seem to welcome the country's infamy, believing that development aid – controlled mostly by the ruling party dominated government – and more military assistance will bolster their credibility.

While some of the promised aid comes to Yemen with conditions, the international community is hoping to enhance the legitimacy of Yemen's government by increasing their ability to deliver services to citizens. At minimum, donors must ensure that development programs reach all geographic regions and that there is not excessive control of aid by government ministries.

Room for political dialogue and political solutions still exists

More effective and responsive government in Yemen is a laudable goal but, in itself, insufficient to address Yemen's ills. The ultimate antidote to Yemen's instability can be found in continuing the political reforms started almost 20 years ago. Inclusion and dialogue – with the Houthis in the north, the former South Yemen leaders and the moderate Islamists – combined with better governance and decentralization of services, will largely muzzle and constrain the Jihadists.

In February of 2009, after much shuttle diplomacy by NDI, the GPC and opposition JMP agreed to a plan to postpone parliamentary elections, originally slated for April 2009, to give time to reconstitute the Supreme Council of Elections and Referenda (SCER), produce an accurate voters list and debate the parameters of a new election law. Dubbed the "February Agreement," the initiative was an attempt to encourage full political participation rather than move ahead with a flawed election and risk opposition boycott.

Implementation of the February Agreement was delayed by the growing unrest in the south and war in the north, but the opposition persisted in its attempts to influence the

evolution of Yemen's political system by producing a "National Rescue Vision" – a new political platform informed by dozens of community meetings and consultations with party members.

Encouraged by the JMP's persistence and their desire to remain part of Yemen's formal political system, NDI again facilitated discussion between the GPC and JMP in January, 2010, suggesting a formula by which the governing party and opposition could form a joint "dialogue committee" to plan an agenda for talks inclusive of all Yemen political factions – including the south and the Houthi tribal areas.

Although President Saleh has agreed that the GPC should participate in a joint dialogue, full agreement on the process remains elusive. The principle of dialogue is still valid – there will be no lasting antidote to Yemen's instability without inclusive government and some form of power sharing.

Power sharing could take many forms: new elections to parliament under conditions agreed to by the opposition; including political rivals and senior tribal leaders in the cabinet; decentralization of power accompanied by training and financial resources to elected local councils; and/or formal talks with the former leaders of South Yemen. All forms of power sharing will cut off some of the terrorist's oxygen by marginalizing the violent rejectionists who thrive by nurturing and encouraging grievances.

Of course, better governance and power sharing won't solve the basic ills in Yemen which revolve around poverty and dwindling resources. Economic development, especially if combined with a program to involve the parliament and elected local councils in priority setting, will further erode support for extremists. Finally, high level corruption must be addressed if Yemen's citizens are to have what they desire – legitimate, effective government.

Recommendations:

For the Republic of Yemen Government (ROYG):

- The ruling regime cannot unilaterally resolve Yemen's current political and social conflicts. It must work through existing political and governing institutions to pursue an inclusive approach to resolving the political and economic issues that contribute to instability.
- The government previously committed to a comprehensive process of decentralization, but after a decade has not delivered on promised reforms. The ROYG must enact policies that devolve district and governorate level fiscal, social and governing authority to locally elected councils and ensure local development priorities are reflected in national public and fiscal policy.
- While strides have been made to mitigate petty corruption, addressing grand corruption will require a serious commitment by the ROYG to investigating and prosecuting corrupt actors at the highest levels of government. Without such efforts, any international

assistance, foreign direct investment or development initiatives will fail to relieve Yemen's economic crisis.

- To build confidence that outcomes from participation in Yemen's democratic political process reflect the people's will, the ROYG should implement previously agreed upon political and electoral reforms including the February 2009 agreement and the realization of a joint dialogue committee.

For the U.S. government (USG):

- Stability and security strategies, and corresponding development assistance should include democratic reform and governance as a key pillar. Conflicts unrelated to Al Qaeda almost universally have roots in exclusionary, sometimes anti-democratic practices including lack of local control and authority, inequitable public service delivery, corruption, and lack of access to formal governing institutions.

- Aid packages should include clearly defined, achievable benchmarks for democratic reform against which continuation of aid would be evaluated. In the near term, these would include ROYG fulfilling obligations under negotiated agreements, which include political and electoral reform.

- Security and stabilization strategies supported by the USG and implemented by ROYG should include stipulations to ensure that legitimate, peaceful opposition movements, which operate within the existing political and governing frameworks, are not defined as destabilizing political forces and are not repressed.

- ROYG should be held accountable for transparent resource allocation and aid packages should include allowances for verifiable, independent audits.