

TESTIMONY OF
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AND
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BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS
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Mr. Chairman, Ranking Member Ros-Lehtinen, and Distinguished Members of the Committee:

Thank you for the opportunity to appear before this Committee today to discuss this important subject.

The unsuccessful attack on a U.S.-bound aircraft on December 25, 2009 serves as a further reminder of the threats that can emerge when ungoverned and poorly governed places around the world are exploited by terrorists. Last week, the United Kingdom hosted an international meeting in London to address these threats and the situation in Yemen. This meeting offered us, the Government of Yemen, and the international community an opportunity to discuss the challenges Yemen faces and to reaffirm our shared goal of a Yemen that is peaceful, prosperous, democratic, and united. While the United States must and will continue to focus on the immediate threats of terrorism, the London meeting also reaffirmed our commitment to address the conditions that have allowed violent extremists to operate in Yemen. In the coming months the international community will provide the technical assistance and political backing to Yemen's discussion of an IMF program. We will support and help the government to confront immediate challenges while also paving the way for further necessary economic reforms. We also reached a renewed consensus that the international community, and Yemen's Gulf neighbours in particular, will work with Yemen to help address the country's confluence of developmental problems through improving capacity and capabilities. The Gulf Cooperation Council Secretary General will host a meeting of Gulf and other partners of Yemen in Riyadh on February 27-28. This meeting will share analysis on the barriers to effective aid in Yemen, leading to a joint dialogue with the government of Yemen, including on priority reforms.

The United States and the international community have been engaged in supporting better governance, sustainable development, and improved security in Yemen for years. Recognizing the growing threat emanating from Yemen, the United States has been significantly ramping up levels of both security and development assistance since FY 2008. In addition, this administration has developed a new, more holistic Yemen policy that not only seeks to address security and counterterrorism concerns, but also the profound political, economic, and social challenges that help Al-Qaeda and related affiliates to operate and flourish.

Context for U.S. policy toward Yemen:

Due to increasing concerns about instability in and threats emanating from Yemen, the Obama administration decided to undertake a full-scale review of our Yemen policy, under the aegis of the National Security Council, in the spring of 2009. The primary threat to U.S. interests in Yemen and a grave threat to the security and stability of the Government of Yemen (ROYG) is the presence of Al-Qaeda-related extremists in the country. This threat was brought home to the American public by the attempted bombing of NWA flight #253 on Christmas Day. As President Obama noted, the suspect “traveled to Yemen, where it appears that he joined an affiliate of Al-Qaeda, and that this group – Al-Qaeda in the Arabian Peninsula (AQAP) – trained him, equipped him with those explosives, and directed him to attack that plane headed for America.”

The Al-Qaeda threat in Yemen is not new. Indeed, Al-Qaeda has had a presence in Yemen since well before the United States had even identified the group or recognized that it posed a significant threat. In 1992, Al-Qaeda militants attacked a hotel in Aden where American military personnel were staying, en route to Somalia to support the UN mission. Two individuals were killed, neither of them American. In the 1990s, a series of major conspiracies were based in Yemen, most of them aimed at Saudi Arabia. Following the attack on the U.S.S. Cole in 2000, the Yemeni government, with support from the U.S., dealt significant blows to Al-Qaeda’s presence in Yemen through military operations and arrests of key leaders. During much of the subsequent period, the Government of Yemen became distracted by other domestic security concerns, and our bilateral cooperation experienced setbacks. After the May 2003 Al-Qaeda attacks in Saudi Arabia, the Kingdom of Saudi Arabia dramatically improved its counterterrorism efforts. Many radicals fled Saudi Arabia for Yemen, joining other fighters who had returned from Afghanistan and Pakistan. A group of senior Al-Qaeda leaders escaped from a Yemeni prison in 2006, further strengthening Al-Qaeda’s presence.

For the last five years, these terrorists have carried out multiple attacks against Yemenis, Americans, and citizens of other countries. In January 2009, the leader of Al-Qaeda in Yemen (AQY), Nasir al-Wahishi, publicly announced that Yemeni and Saudi Al-Qaeda operatives were now working together under the banner of Al-Qaeda in the Arabian Peninsula (AQAP). Evidence of the December 25 conspiracy indicates that AQAP has become sufficiently and independently capable of carrying out strikes against the United States and allies outside of the Arabian Peninsula, including in the U.S. homeland.

Upon entering office, the Obama administration quickly understood that this Al-Qaeda-related activity, as well as poor and deteriorating development indicators – including poverty, illiteracy, and a lack of access to health care – troubling human rights conditions, and a bleak long-term economic outlook, demanded a reappraisal of our Yemen policy. We needed a strategy able to match the complexity and gravity of the challenges facing Yemen.

The U.S. Government review has led to a new, whole-of-government approach to Yemen that aims to mobilize and coordinate with other international actors. Our new strategy seeks to address the root causes of instability, encourage political reconciliation, improve governance, better protect the fundamental rights of its citizens, and build the capacity of Yemen’s government to exercise its authority, protect and deliver services to its people, and secure its territory.

A two-pronged strategy:

U.S. strategy toward Yemen is two-pronged: (1) strengthen the Government of Yemen's ability to promote security and minimize the threat from violent extremists within its borders, and (2) mitigate Yemen's economic crisis and deficiencies in government capacity, provision of services, transparency, and adherence to the rule of law. As Yemen's security challenges and its social, political, and economic challenges are interrelated and mutually reinforcing, so U.S. policy must be holistic and flexible in order to be effective both in the short and long term.

The Government of Yemen faces a variety of security threats as well as challenges to the country's very cohesion. Three are particularly acute: the presence of Al-Qaeda and other violent extremists, the Houthi rebellion in the north of the country, and an increasingly militant protest movement in the south that has taken on secessionist overtones.

The violent conflict in the Sa'ada governorate of northern Yemen between the central government and Houthi rebels, and the protest movement in the South, which has led to riots and sporadic outbreaks of violence, are fueled by long-standing grievances. Just as the United States deplors the use of violence by these groups to achieve their political goals, a solely military approach by Yemen cannot produce a lasting and sustainable end to conflict.

The continued fighting in the north against Houthi rebels has dire humanitarian consequences, with thousands killed and over 250,000 displaced in sometimes appalling conditions. We continue to call for a ceasefire and to encourage both parties to return to negotiations. While this is the sixth round of fighting and previous ceasefires did not last, we believe that serious political negotiations can address the core grievances that fuel the conflict as well as ensure that the Houthi rebels do not rearm or again threaten the Yemeni state. The United States will support the Government of Yemen's efforts to achieve a lasting peace that allows for the provision of humanitarian and development assistance in Sa'ada, and will encourage its Gulf neighbors and other partners to do so as well. To assist those displaced by the conflict, USAID's Office of Food for Peace has donated \$7.4 million in emergency food aid and the Office of Foreign Disaster Assistance has contributed \$3.1 million to relief efforts. The State Department's Bureau of Population, Refugees, and Migration has contributed \$4.4 million to the United Nations High Commissioner for Refugees and \$1.5 million to the International Committee of the Red Cross to provide critical assistance to IDPs and conflict-affected populations in northern Yemen in Fiscal Year 2009.

The southern protest movement in Yemen is also extremely worrisome. The ROYG and southern leaders need to engage in a political dialogue that addresses political and economic grievances that stretch back to Yemen's unification in 1990. Decentralization offers one possible approach through which the central authority can devolve power and resources to individual governorates, encouraging local solutions to long-standing grievances. The U.S. Agency for International Development (USAID) and other donors have supported – and will continue to support – Yemeni decentralization reforms and their implementation.

Al-Qaeda, related extremists, and other destabilizing non-state actors, to include criminal networks and tribal actors, benefit from these challenging circumstances in Yemen, including a weak central-government presence in the country's most restive areas. Despite certain commonalities, little evidence has emerged that the activities of these various non-state actors are related, although we must remain mindful of that potential.

In the past year, senior administration officials have traveled to Yemen frequently, including, most recently, State Department Coordinator for Counterterrorism Daniel Benjamin, General David Petraeus, Deputy National Security Advisor Brennan and Assistant Secretary Jeffrey Feltman to press our concern about Al-Qaeda's ability to operate from and within Yemen. The Government of Yemen's willingness to take robust measures to confront the serious threat Al-Qaeda poses to the nation's stability has been inconsistent in the past, but our recent intensive engagement appears to have had positive results. In the past month, Yemen has conducted multiple operations designed to disrupt AQAP's operational planning and deprive its leadership of safe haven within Yemen's national territory. Yemen has significantly increased the pressure on Al-Qaeda, and has carried out airstrikes and ground operations against senior Al-Qaeda targets. The United States commends Yemen on these successful operations and is committed to continuing support for an effective counter-terrorism effort that will include both security and economic-development initiatives.

On the security front, the Departments of State and Defense provide training and assistance to Yemen's key counterterrorism units. Through Diplomatic Security Antiterrorism Assistance (DS/ATA) programs we provide training to security forces in the Ministry of Interior, including the Yemeni Coast Guard and the Central Security Force's Counterterrorism Unit (CTU). Future training could include border control management, crime scene investigation, fraudulent document recognition, surveillance detection, crisis management and a comprehensive airport security/screening consultation and assessment. We also see additional opportunities now to increase our training and capacity-building programs for Yemeni law enforcement. In addition, we are working with the Department of Defense to use 1206 funds for counterterrorism assistance to Yemen. With support from Congress, levels of U.S. security assistance and our engagement with our Yemeni partners has increased in recent years. The Departments of State and Defense coordinate closely in planning and implementing assistance programs.

The United States also engages directly and positively with the people of Yemen through educational and cultural programs and exchanges and grants to civil society organizations. These initiatives contribute to the long-term health of our bilateral relationship and help allay suspicion and misunderstanding. Exchange programs have a multiplying effect as participants return to Yemen and convey to friends and family the realities of American culture and society, dispelling damaging but persistent stereotypes. As public understanding of U.S. policy and American values increases in Yemen, extremist and anti-American sentiment wanes.

Along with severe poverty, resource constraints and governance problems, Yemen also confronts the challenge of a rapidly growing population. Per capita income of \$930 ranks it 166th out of 174 countries according to the World Bank. Yemen is highly dependent on oil exports, but its oil production is steadily decreasing. Water resources are fast being depleted. With over half of its people living in poverty and the population growing at an unsustainable 3.2 percent per year,

economic conditions threaten to worsen and further tax the government's already limited capacity to ensure basic levels of support and opportunity for its citizens. Endemic corruption further impedes the ability of the Yemeni government to provide essential services.

The overarching goal of U.S. development and security assistance to Yemen is to improve stability and security by improving governance and helping to meet pressing socio-economic challenges. U.S. bilateral development and security assistance have increased in Yemen from \$17 million in FY2008, to \$40 million in FY2009. Although final determinations have yet to be made, total FY 2010 assistance will reach \$67 million. The President's FY 2011 budget, which was sent to Congress on Monday, includes \$106 million for Yemen. These figures do not include approximately \$67 million in 1206 funds for FY2009. U.S. security and stabilization assistance targets the economic, social, and political sources of instability in the country, while seeking to make improved conditions sustainable over the long-term by strengthening the governance capacity, political will, and effectiveness of the Yemeni government in addressing these issues. At the same time, our targeted humanitarian assistance is responding to acute humanitarian crises and helping to bridge the gaps between relief and development.

Local conditions vary widely across Yemen's 21 governorates, for reasons related to geography, culture, relationships to the central authority, and governance practices. U.S. assistance must be based on an accurate and localized understanding of communities' needs. As security improves in the country, so will our ability – and that of other international donors – to work with the Government of Yemen to initiate education, health and other development programs in traditionally under-served areas of Yemen. It is essential that the impact of these programs be visible and tangible, that communities feel ownership of the projects being implemented, and that programs encourage positive linkages to legitimate governing structures.

The United States is determined to work with our partners to halt and reverse troubling socio-economic dynamics in Yemen. Priorities for U.S. assistance include political and fiscal reforms and meaningful attention to legitimate internal grievances; better governance through decentralization, reduced corruption and civil service reform; human rights protections; jobs-related training; economic diversification to generate employment and enhance livelihoods, and strengthened natural resource management.

USAID's three-year Yemen strategy will guide USAID's cooperation with the Government of Yemen, including targeting resources to local communities where instability and weak security have caused development efforts to falter. As a part of its new strategy in Yemen, USAID, in partnership with the Yemeni Government, will focus on increasing youth employment and other economic opportunities; improving government service delivery in education and health care; supporting transparent, decentralized governance; agricultural programs; and empowering youth, women and other marginalized groups.

Under this strategy, USAID has designed two new programs. The *Community Livelihoods Program* will improve the delivery of basic services, increase economic productivity, and increase community participation using specially tailored interventions in highly vulnerable areas. These interventions will utilize USAID's expertise in the areas of health, education, economic growth, agriculture, and democracy and governance. The program will be flexible in

its responses to the different drivers of instability in each area of operation. A rapid response capability will be combined with longer-term development approaches. For example, a clinic might be repaired but elected local councilors will also be trained to identify, budget, plan and oversee similar development projects in response to community demands.

The *National Governance Program* will work with Yemen's Ministries of Health, Education, Agriculture and their Small and Medium Enterprise Promotion Service to address related but broader government policy, institutional and capacity issues that will include strengthening policy formation and implementation; increasing transparency and anti-corruption; improving decentralization of planning, budgeting and service delivery; and enhancing civil society's ability to influence policy implementation

The Middle East Partnership Initiative (MEPI) works with Yemeni civil society to strengthen good governance and the rule of law, improve internal stability, and empower Yemenis to build a more peaceful and prosperous future. MEPI has 26 active programs in Yemen, including a number of local grant programs. These programs include training for Yemeni government ministries and advocacy and capacity building for emerging civil society and non-governmental organizations. Direct support of Yemeni organizations enables MEPI's assistance programs to be particularly flexible and to access communities in difficult to reach rural areas. MEPI-funded activities are, and will continue to be, coordinated with USAID and other programming.

The Bureau of Democracy, Human Rights and Labor (DRL) operates a program in Yemen to increase public awareness and understanding of religious freedom and tolerance with a particular focus on youth. This program is helping to counter extremism and encourage a culture of tolerance through a combination of training and events. In addition, DRL has solicited proposals for new programs in Yemen to support independent media and access to information, which will help strengthen transparent and accountable governance.

Challenges ahead:

Given the difficult political, economic, social, security, and governance challenges besetting the country, we must recognize progress will not come easily. But, as Secretary Clinton stated earlier this month, "... the cost of doing nothing is potentially far greater."

The ROYG's ability to deliver services is limited by an inefficient, often corrupt, and poorly resourced bureaucracy. The Government's capacity to absorb assistance is similarly complicated by these limitations. In an effort to address these impediments, USAID's national governance program will work to bolster relevant institutions, including the National Audit Board and Supreme National Anti Corruption Commission. At a local level, the new USAID strategy works to promote better interaction between Yemenis and their government. Other donor nations and the World Bank are working to improve Yemen's bureaucracy so that the ROYG can be a better steward of development assistance and a more reliable service provider for its people. Unequal development and political marginalization of certain groups creates additional space for Al-Qaeda to operate and the absence of government services aggravates political disagreements.

Limited and rapidly depleting natural resources also cloud Yemen's future. Oil serves as the government's primary source of revenue with 85-90% of export earnings, though oil production is decreasing and Yemen's reserves are projected to run out in ten to twenty years. Water scarcity is another concern, in part for its negative effect on agricultural production and potential. The United Nations World Food Program has deemed Yemen the most food-insecure country in the Middle East.

Demographically, the country is experiencing a youth bulge: according to a November 2008 USAID-funded study, close to half the population is under the age of 15, and another one-third is between the ages of 15 and 29. Youth unemployment is a major problem, with some data suggesting a rate that is double that of adults. Yemen's population has doubled since 1990 and is set to almost double again by 2025 (from 19.7 million in 2004 to 38 million in 2025). The country's limited resources are inadequate to support the existing and expanding population. These conditions, among other factors, make Yemeni youth susceptible to extremist messaging.

Additional elements of U.S. response:

The United States is engaged with international partners, especially regional states, in working with the Government of Yemen to help address the need for rejuvenating the economy and promoting investment and job creation. Meeting in London in November 2006, the international community pledged \$5.2 billion for Yemen, although a significant portion of those funds has yet to be provided, in part due to a lack of confidence in the ability of the Yemeni government to use this support effectively. The United States is providing assistance specifically aimed at increasing the capacity of the ROYG in this regard. We depend in these efforts on the involvement of Yemen's neighbors, which is important not just for Yemen's security, including border security, but also for its economic development. Secretary of State Clinton discussed increasing and coordinating international efforts to support Yemen at meetings during the UN General Assembly in September, 2009 and with members of the Gulf Coordination Council in Morocco in November, 2009.

We acknowledge the regional nature of the terrorism threat and the need for regionally coordinated responses. In consultation with the Office of the Coordinator for Counterterrorism, U.S. ambassadors from the Middle East host regular strategy sessions where interagency policymakers and representatives of the combatant commands meet to assess threats and devise appropriate strategies, actionable initiatives, and policy recommendations. These regional strategy sessions provide mechanisms for Ambassadors to tackle terrorist threats that one team, or one country alone, cannot adequately address.

United States strategy in Yemen recognizes that improved governance capacity in the country will be key to securing long-term gains, in terms of development indicators and security and stability. Good governance and effective institutions enable effective development work. In order to help make the environment increasingly hostile to the spread of violent extremism, we must help facilitate an improved relationship between Yemeni citizens and their government. The work of USAID, MEPI, DRL, and others is aimed at achieving these objectives.

Conclusion:

We recognize quite clearly that the Al-Qaeda threat emanating from Yemen directly threatens vital U.S. interests. Our approach to the problem of terrorism in Yemen must be comprehensive and sustained, taking into account a wide range of political, cultural and socio-economic factors. Ultimately, the goal of U.S. and international efforts is a stable, secure and effectively governed Yemen. Towards this end, we will work to restore confidence between the Yemeni people and their government through the provision of basic infrastructure and public services. As the Government of Yemen grows more transparent and responsive to the requirements of its citizens, the seeds of extremism and violence will find less fertile ground and a more positive and productive dynamic will begin to prevail.