

Notes for address to AIIA ACT Branch

Yemen: State, Tribes and Terror

29 April 2010

Philip Eliason

Philip Eliason and Associates

0450 996 450

www.peaa.com.au

“With infinite complacency, men went to and fro about the globe, confident of our empire over this world. Yet across the gulf of space, intellects vast and cool and unsympathetic regarded us with malevolent eyes and slowly, and surely, drew their plans against us” Adapted from War of the Worlds

Why is Yemen important?

Yemen is important to Australia for the following reasons:

- Yemen is now a fulcrum in the arc of crisis running from Pakistan to northern Kenya. Yemen and Somalia sit athwart transport routes for more than AUD25 billion a year of Australia's trade.
- A major Australian trade route is at risk should Yemen's coast become ungovernable
- Australia is concerned about global terrorism and we are active in many arenas in the struggle against it
- There may be home grown 'western' extremists in Yemen as yet unknown
- Yemen retains great cachet in Indonesian Islamicist circles and remains a possible source of radical doctrine now that Indonesian sufic influence in Islam has waned
- Somalia and Yemen are linked through ties between Islamic militants and we have had a Somali terror case in Australia
- An Australian of Somali background has joined al-Shabab in Somalia
- Australia is a good international citizen and can contribute to the stabilisation of Yemen
- Working in Yemen or on Yemeni affairs help us develop our ties with Gulf Cooperation Council states which have a core interest in Yemen and with which we have good relations
- Instability in Yemen causes difficulty in Saudi and this affects broader western interests
- Yemeni statistics issued on 28 April 2010 state that in 2009 there were about 2,600 Australian tourist arrivals in Yemen an increase according to Yemen of 28% on 2008. ASIO has revealed an interest in 20 Australians who are in or have been in Yemen

What can Australia do for Yemen?

1. Yemen cannot be dealt with as set of competing tribes and needs to be stabilised as a state. Australia should open an Honorary Consulate in Sana'a to assist our Embassy in Riyadh visit and work in Yemen. This step will add to the sense of stability in the capital.

2. The Australian Embassy in Riyadh needs to have a budget adequate to maintain staff visits at least every two months for one or more staff at a time to Sana'a, Taz and Aden to ensure strong first hand knowledge, cultivation of networks and improved Government to Government liaison.
3. In the hope of doing business and supporting trade efforts already made by Australia through Yemen's accession talks with the WTO, Austrade should appoint a local representative in Sana'a as it has in other regional countries. Any trade improvement in Yemen will have stabilising effects as well as economic benefits. Trade can be aid.
4. We can help support Yemen's outward looking future by offering educational scholarships as developmental support
Yemen faces a food crisis and needs wide agricultural development appropriate to its developmental stage of capital and labour.
5. Australia should urge greater attention to Yemen's state of food security by prompting organisations such as FAO, the CGIAR network and IFAD to increase their activities in Yemen with Australian input on food production, diffusion of appropriate farming technology and agronomy with special attention to better use of inputs such as pesticides, chemicals and water and post harvest storage and marketing.
6. Australia has an Africa theme in the program of work of the Australian Centre for International Agricultural Research (ACIAR) and this should be extended to specifically Somalia and Yemen which both to some degree have a shared future.
7. AusAID is to open an office in Addis Ababa and this will be a good base to address the Horn of Africa and Yemen. This post should have Somalia formally identified as a development aid recipient. (Yemen is a case study in an AusAID funded project into concepts state fragility and receives some Australian aid via WFP and another UN organisation as well as under \$50,000 through an Embassy fund in Riyadh.
8. Australia also has a political program in Africa, not entirely related to either Canberra's bid for a temporary seat on the UN Security Council or in support of our miners' African ventures. Canberra needs to consider an initiative to restart greater multilateral aid and development intervention in Somalia where the UN is currently shouldering the burden. Somalia remains a serious problem for its neighbours and further afield. Some of Yemen's problems cannot be addressed without parallel work in Somalia such on livelihoods and people smuggling.
9. The Australian Government is forming an independent capacity to deliver initial aid appraisals or interventions and it can be used to assist scope or define developmental programs with other national donors or multilateral donors in Yemen and Somalia.

As the Prime Minister said this week about China, but the notion applies generally, Australia is capable of providing a 'layered response' to foreign issues.

10. Australia is not a major player in Yemen on Counter-Terrorism (CT) issues, but our Ambassador for Counter-Terrorism, Bill Patterson, should make a visit there to put a face to a name. After all, as soon as an incident happens to an Australian in Yemen, he and his staff will need to assist and in Yemen a

personal speed dial is vital. Yemen and Somalia were named as countries of special interest in the Terrorism White Paper in February.

11. Our defence and general intelligence organisations no doubt track developments in Yemen and Somalia as needed but, as we are close to the US and UK on CT issues generally, we need see a special Yemen/Somali analysis cell established in the Prime Minister's Department to keep abreast of and be able to speak with allies and partners more deeply concerned with north Indian Ocean security than we seem to be and this includes countries such as Korea, India, Japan as well as various NATO states despite HMAS Stuart's brief work in the area recently.
12. Australia can help with its experience in integrating intelligence data. Yemen's CT operations are addressing the need for counter-terrorist fusion cells to try to overcome the silo problem in Yemeni security services. Fusion cells exist in US policing and could be applied to CT issues. Our White Paper on Terrorism spoke at length about whole-of-government CT efforts. Australia can interpret its experience for consideration in Yemen and assist efforts clearly underway by the US and UK on CT.
13. The Australian Federal Police can support efforts underway in police reform as the Yemenis state their preference for UK based and influenced policing. An AFP commitment might be usefully added to the UK justice reform work underway at present.

Where is Yemen?

Yemen sits under south west Saudi Arabia and faces the Red Sea as well as the Gulf of Aden and Indian Ocean. Its maritime border is porous and quite uncontrolled. Despite recent efforts to harden the Yemen/Saudi border, there is still movement of people.

The Yemen/Saudi border has been evolving over the past century along with the political complexions of so-called Yemen and what was to become today's Saudi Arabia. For example in 1934, Imam Yahia then leader of northern Yemen, passed the Asr region to Saudi Arabia.

Until the recent, sixth Houthi war north of Sana'a there was daily domestic movement across the boundary.

Yemen's boundary with Oman, once the scene of fighting in the 1980s is now stable.

Why is Yemen Important?

Yemen is now the fulcrum in the arc of crisis running from Pakistan to northern Kenya. Yemen and Somalia sit athwart transport routes for more than AUD25 billion a year of Australia's trade.

Yemen's location naturally attracts attention. This is now becoming greater simply as competition for resources increases.

China gives Yemen discreet but dogged attention linked to its voracious appetite for minerals and oil. Beijing will improve its regional position through strategically situated Yemen just as it is doing through the vital port of Gwaidar in Pakistan's energy-rich province of Baluchistan.

Yemen has been subject to great power rivalry before involving France, Britain, the Ottoman Empire, and Russia, as well as regional power plays involving Egypt and Saudi Arabia.

Now France is considering a base on a Yemeni island. Yemen declares Russian interest in Aden, and Gazprom is hunting oil where Western firms are finding it difficult to operate.

No doubt the fishing fleets of Spain, Greece, Thailand, Philippines and China have worked Yemen's tuna grounds beyond the view of Yemen's authorities.

The US is boosting its engagement. The 'great game' is on again.

A word about Yemen

Yemen has about 23 million people (more than the population of Australia) dispersed statistically at about 43 persons per sq km. is 2.25 times the size of Victoria with over four times the population and double the population density. Yemen has a 25% of its population living in urban areas and Victoria has 90%.

Yemen has the trappings of a state but its core identities remain based on geography, tribal identity and, less so, religion.

Dealing with Yemen is not an exercise for quick generalisation. The state is not all it seems and is certainly not the final arbiter on many matters inside Yemen. A Yemeni may come from the highlands (Yemen's main arable area) which run down the centre of the western half of the country to about two hours drive north of Aden, the hot and humid narrow Red Sea coastal plain, the southern plains outside Aden in Abyan and Lahj and the eastern plains where the mountains fall away to the arid steppe and desert.

Language, self-identity, allegiances and quite often broad life-chances of a person will be determined by origin and strongly influenced by tribal linkages and as we can see, access to both low level and high level patronage.

Yemen has an important class system as well.

Those authoritatively claiming descent from Islam's Prophet Mohammad via his daughter Fatima's marriage to Ali (the son of the Prophet's uncle) hold a special status as *Sada*. About five percent of Yemen's population appear to claim this standing which was essential to political and social leadership in northern Yemen and especially in the Zayidi Shi'ite Imamates up to the 1960s.

The majority of the population around 70-80% identify as either tribes-people and/or sedentary farmers and with members in solid commercial activity collectively called *Qubayl*, simply tribes, but which, as an active identity carries a range of behavioural norms and social obligations. Aside from loyalty to the tribe and one's clan, a sound tribesman needs to uphold honour, be ready to defend it and have a sound sense of oral tradition and in traditional areas linguistic and poetic ability.

Tribesmen hold a view that fellow tribesmen who are cultivators are better than the *Sada* who hire them.

The third class of people, which we in Australia would see as part of the economic backbone of small business such as small shopkeepers and service providers are looked down upon by the Sada and Qubayl. These are the *Muzayn*. Perhaps 10 percent of Yemenis are associated with this status.

By way of example, when I announced to my Yemeni staff that I had met a well known musician and bought three double tubed flutes called *mizmar* from him, they were surprised and laughed. When I said then that I was of the muzayn (without at the time grasping its full meaning) they said this was not good at all. According to them I had to be a qabili or tribesman not of the muzayn. A boss couldn't be that.

Yemen also has its own class of untouchables, the Akhdamm. These, often black skinned Yemenis are excluded from most work, unable to marry outside their group and generally occupied if at all in the most menial tasks. They typically live together in camps on the edge of towns particularly in the southern highlands and Tihama.

Yemen has over 700,000 Somali refugees and probably more than 200,000 Ethiopians working under temporary permission in Yemen at the lower end of the employment scale. Somalis are now under pressure from Yemeni security for fear of importing terrorism.

That said, we should not, as observers or analysts, forget that Yemen and Somalia and Yemen and Ethiopia have long standing links of history, population movement, intermarriage and shared cultural attributes. The *muwallad* or half blood Yemeni Somali is known as a *Somani* which is also the word for the relevant mixed musical and literary traditions.

Yemenis have been highly mobile in the past and continue to hold designs to travel.

Not only are there large expat communities from Yemen in UK, US, Indonesia and Canada, I was surprised to meet Vietnamese Yemenis and a Bruneian diplomat with a Yemeni name and Yemeni grandfather. Others exist in India and Pakistan as well as in Africa.

While in 2008-09, Australia gave citizenship to about 15 Yemenis, DIAC public data does not show temporary arrivals from Yemen.

Incredible as it sounds, Yemen government data in my possession states that 1083 Australians arrived as tourists in 2008. On 29 April, Yemen issued figures saying 2,600 Australians had entered Yemen in 2009 and increase of 28 percent. If this is the case a considerable number must be studying Islam and travelling as dual nationals. By my best count in 2009 I could see only a dozen or so Australians living in Yemen. DFAT figures are I think higher but probably dated.

A special feature of Yemen

In Yemen, tribal affiliation is vital.

Tribal systems continue to operate in strongly in the highlands and in most areas of the plains. Around Aden and in parts of the Hadramout, popular conception says tribal identity has only a little if negligible role in distribution of resources and dispute settlement. Family and clan still dominate decisions about marriage and the south has a more robust rule of law environment than the north.

That said, the south has been victim of what can best be called a massive tribal raid by the north following unification in 1990 and especially after the total defeat of southern interests in the 10 day civil war in 1994. Northern interests, embedded in the military, police or associated with them and linked by more or less traditional tribal loyalties and allegiances have systematically expropriated land, property and capital in the south. Aden has no registered sheikhs according to data from the Ministry of Tribal Affairs.

So in practice, the south does have a tribal system at work, but just not its own.

This matter has created deep rancour.

But tribes are important in Yemen and no diplomat or social scientist or practical aid worker should overlook its living relevance to how the Yemeni economy and government operates. The most obvious observation is that in some regions of Yemen the tribes refuse access to their land by officials. Areas of Marib, Shabwa and al-Jawf as well as Dhammar and its Khawlan region are famously unapproachable.

It may be a strange image, but consider a turtle's shell as a relatively lifeless carapace over the organism itself. Formal government in Yemen is the carapace we see easily and readily brush against, but which generally conceals the vital operations going on underneath.

As many analyses show, bargaining goes on between the great tribes of the Hashid (which has the President Ali Abdullah Salih) and the Bakil over the organisation of state. (Neither the Hashid nor Bakil were under the heel of the Ottomans by the way.) While other disfavoured tribes such as the Fadhli, Amiri, and Awlaqi (recently famed by its member Anwar al-Awlaqi the US trained AQ cleric) which have had senior men in government are struggling over resources with the Hashid through the medium of the state and its apparatus.

Some of the more substantial Yemeni encyclopedias relate to tribal histories and geneologies of tribal names. Yemen's extensive volumes of its version of Who's Who are greatly more important in daily affairs than ours is to us.

A May 2009 study for the EU on development challenges in Yemen put the mix of tribalism and government together in this formulation:

"There is the formal state and the parallel state. The parallel state depends on a network of alliances, patronage and cooption, linking the political leadership, the armed forces, tribal sheikhs, and some top officials, and important business families. The formal state is unique in the region, characterized by political pluralism and elections. To this corresponds a press characterized by a significant level of freedom, and an extensive range of civil society organizations." (Report of the assessment towards a 'whole of EU' approach to state building in Yemen: addressing fragility to prevent state failure. Neil MacDonal)

Stability of Yemen

Only some of the thousands of press reports about Yemen from early December last year mentioned Yemen's cross-cutting environmental, economic and social challenges. Most reported airstrikes and raids against al-Qaida. Yet the economy and environment are correctly seen by some as 'foundational challenges' confronting Yemen.

Despite the focus the west has on terror, there has been a stronger recognition that Yemen will show greater internal instability over time unless it deals with pressures clearly operating at present. A poorer, more violent, unsettled Yemen is not what the Gulf States want to see, nor do strategists in the west and nor should we in Australia.

On this point, most donor countries do attend to economic issues in Yemen but generally not as a core interest. This remains security. The International Financial Institutions such as the World Bank and its International Finance Corporation and development bodies such as the International Fund for Agricultural Development (IFAD), hold the initiative for broader development.

Now, the Friends of Yemen grouping, which emerged from the side talk on Yemen at the 27 January London Conference on Afghanistan appears to be taking a fresh look at addressing the cluster cancer of problems facing the Yemeni people.

A vital issue for the future will be much improved donor co-ordination to maximize directive pressure on Sana'a and set common standards for aid accountability and impact assessment.

A larger donor conference in London in 2006 pledged over USD5 billion to Yemen over 4 years for aid. Best advice hovers between 7-15% of that being transferred and spent with Sana'a sourced comment favouring the low end of estimates. Yemen is now after rather an unprocessable amount of USD44 billion between 2011 and 2015.

The reality is that the Government of Yemen and Yemeni institutions or civil society be they official or non-governmental cannot handle a high aid vote in a way acceptable to donors. Yemen has a low absorptive capacity in aid terms and a high capacity to capture funds privately.

So much for the money. There is an increasing amount going into the country. This week USAID will announce the results of its two new tenders for improved local governance and community livelihood development, both unabashedly directed at defusing economic precursors to radicalisation, worth about USD125 million.

The Friends of Yemen group, unlike bilateral aid, may bring together western and Arab donors in a useful way.

So what are the problems?

Yemen's population is outrunning any form of economic growth or employment generation. It appears to be outrunning its reasonably recoverable water supplies and agricultural production. Yemen's agriculture accounts for 10 percent of the economy but 50 percent of employment. Much of Yemen's agriculture is subsistence with home farm surpluses being sold in local markets.

Yemen's population has a median age of 17 with 45 percent of people under the age of 15. Use of contraception is estimated at 26 percent of married couples. From today's 23 million, Yemen will have 34 million in 2020 and 78 million by 2050. Work by the US Census Bureau says Yemen has USD920 per capita income based on its Gross National Income. It is one of the poorest countries in the world, a fact often overlooked as it is Arab.

Its GDP growth was estimated to be about 3.2 percent in 2008 much to low for its population. The government budget of USD10 billion was a thirtieth that of Australia's. Yemen's GDP per capita was USD2,500 or ranked at 178 of 189

countries for which GDP data is captured. Australia's GDP per capita was AUD32,000 for a population of 22 million.

Subsidies on gas, petrol and diesel and a range of food commodities consumes 25 percent of the annual budget.

First, Yemen's economic condition and foreign trade are declining.

Its oil sector accounted for about 85 percent or more of foreign income in 2007 and is falling. Production itself is declining and not expected to be meaningful in any sense by 2018. Over half of current output is used inside Yemen. Oil derivatives are frequently unavailable such as kerosene and diesel are frequently unavailable are smuggled out of the country particularly to Somalia.

Having oil as the dominant foreign currency earner creates great risk. In 2008 with oil up to USD150 a barrel, Yemen may have benefitted greatly, but as it has a large and very poor population that year's spike in global food prices caused harm to the economy outweighing improved revenues. Now with oil prices far softer at USD85 per barrel Yemen is likely hurting. About 35% of GDP goes on imports with the public highly sensitive to movements in prices of fuel, wheat, flour and rice and sugar.

Western oil firms in Yemen face high operating costs (which include cash tribute to tribal powers in the oil fields and along roads to them) and exhausting delays within the Oil Ministry for decisions on leases, pricing, investment etc and a fickle oil committee in the Parliament which despite Parliament's general absence from national governance, still needs to be treated with.

But there is a sense of rebellion among the few western oil businesses in Yemen with the Minister of Oil being told that the government needs to ensure safety and security, efficient decision making and stable contracts. This, say the oil firms, should be the business of government.

But Yemen knows if western firms leave, their place will be taken by Chinese, Indian and Indonesian, Russian and other companies which are likely to be easier to deal with.

Yemen's healthier looking gas supplies are however largely pre-sold at prices which after extraction investment cost recovery will not generate much income especially if we recall Yemen's gas was sold at bargain basement prices according to Yemeni press criticism.

Having gas does not stop shortages in cooking gas, an important commodity. Damage to pipelines, faulty production equipment, shortages of gas bottles saw prices jump 50 percent from USD4 per bottle to USD6 in late 2009 and early 2010. This particularly hurt the poor with larger families. Even middle class people could not find gas for a week at a time.

The government asserts that there are large areas of on-shore and off-shore territory that if explored would reveal more oil. The industry is not convinced. In this regard, Yemen is not Libya.

Once a grain exporter, Yemen now imports 80 percent of its cereals with this set to worsen. It imports all the rice it eats. It imports meat from Somalia and Ethiopia. Australia once was Yemen's preferred and often largest supplier of wheat but it can no longer afford it in such volumes. We are now a very small 7th largest supplier.

Poor resources of the Ministry of Agriculture and Irrigation and Ministry of Fisheries limits production of coffee, seafood, fruit, vegetables, hides and tobacco. Yemen could do more with citrus, mangoes, dates, grapes, onions and tomatoes but its poor phyto-sanitary standards often stop its shipments.

Yemen's once large export earner, its expatriate labour remittances have never recovered from the expulsion of about 700,000 or more workers from the GCC states especially Saudi in 1991.

Access to GCC labour markets is a major goal for Yemen in its talks on step by step accession to the GCC in 10 years time. Meanwhile, raising Yemeni's low skills base is a task without progress. Some in Yemen say that even with access to the GCC, higher cost lower skilled Yemenis will not be wanted.

With oil on the way out and no credible new fields being found or developed, foreign donors are trying to focus attention on the non-oil economy.

Yemen needs to improve its food security so agriculture is a priority but problems over access to land and water encumber development. In Dhammar just south of Yemen, a tribal zone with limited government control, a manager of a potato project was telling me they could not set up new farm contracts as the villagers would demand basic equipment like shovels, hoes and mattocks and then sell them. Taking such equipment by car to villages in Dhammar was a major risk as they would be taken along with the car at tribal roadblocks.

Agriculture in the north has been set back a decade by the Houthi war with orchards destroyed, walls and fields damaged, water supplies destroyed, not to mention no harvest this July-September as war caused most farmers to flee and join up to 350,000 internally displaced persons in Yemeni camps or roaming Sana'a and other cities.

The WFP estimates that 32 percent of Yemenis are hungry, 25 percent of women between 14-30 years old are malnourished and 10 percent of children below 5 years are acutely malnourished.

Poor water management and weak institutions controlling water use add to scarcity and limited access to impel its over use. In 2010 there is an estimated deficit of 1 billion cubic metres of renewable water in addition to a rapid exhaustion of non-renewable fossil water from thousands of wells.

Taez, Yemen's second largest city has town water only for one to three days a month. Most villages, even those on the peri-urban zone of Sana'a send girls on walks of four, six or more kilometers a day to fetch water. In Sana'a town water comes on two days a week through the pipe, and shortfalls are bought by small tanker with a load drawn from ever deepening bore holes.

The production of Qat (a tree crop providing leaves which are chewed as a mild non-addictive stimulant by large numbers of men, women and now children) continues to grow at the expense of food and water but it is a job and it does pay.

Instead of being part of the Arabian Peninsula's food basket, Yemen is its begging bowl.

Yemen's fishing industry has not yet been destroyed despite overfishing in some areas. I visited the island of Socotra, reputed for its lamb and fish and found neither in markets but handcaught fish were available in small villages along the coast.

Fishing is very basic and the Yemen Seafood Exporters Association told me that up to 50% of the potential value of fish is lost during poor transport to Yemen's major market, Saudi Arabia. Canneries use dated equipment, produce canned goods which would have been last seen in the west in the late 1980s and make a very limited range of products. But fishing might be better assisted if it were seen as a strategic industry to keep littoral villages stable, delay a move into piracy and protect fishing grounds from foreign incursions.

Tourism, quite extraordinarily, is seen within some parts of the Yemeni government as the key to non-oil economic diversification. The Ministry and its promotion arm are clearly well liked at the top, whether this is due to tourism's industry prospects or tourism filling hotels being built by the government and the profits leaking out is hard to tell.

Despite the problems with security, tour groups do visit Yemen in small numbers. A day or two in Sana'a and a trip to Socotra seems to be the best offer. The Hadramout was closed to foreigners last November after the murder of four security officials, Marib with the Queen of Sheba's dam and temple is all but closed. The world heritage town of Thula about 60 minutes from Sana'a has a new and architecturally appropriate hotel but it is on ice as there are not enough visitors to open it.

Yet Yemenis in the main are uncertain about tourism and its permissibility under Islam. This undercurrent and the need to spend a generation training a service ethic into the tourist sector workforce means Yemen will likely remain mostly a spot for Arab tourists and the occasional intrepid foreigners.

Manufacturing makes up about 9 percent of GDP and 95 percent of manufacturing operations employ only 1-4 persons

Yemen has a big unemployment problem with over 35 percent out of work and about 45 percent of people living below the poverty line of USD2 dollars per day.

Illiteracy rates are about 50 percent and higher for women.

In a country without clear street names or house/building numbers and not much writing, there is estimated to be one post office for every 85,000 persons. From personal experience, some post offices do not accept mail and even the post office in the rich suburb of Haddah in Sana'a has no post deposit box.

Taxation is ill defined and fickle, often determined by visual inspection of a business and tax revenue is subject to pilfering.

Overall, Yemen's economy is not looking like it is on an upswing. Facts pint to the opposite.

The second issue is Yemen's problem with governance

From the authority of the President downwards, there is a great messiness about governance and government.

The government is not all it seems, often it is a cover for organized expropriation of resources, it is a place to employ relatives and friends and it is a framework to make Yemen seem like a state which can have relations with other states on the basis of internal coherence and organisation.

We should not overestimate the latter observation. Ministries and parts within ministries act independently if they can access funding through the Ministry of Finance or the pool of money available to the Presidency.

Cabinet co-ordination is a major problem as is alignment of policies and program activity. In late- 2009, the Cabinet appeared to agree on a 10 point plan to improve government policy operations and to attract a cadre of foreign trained and possibly expat Yemenis to be a new technocracy. In late 2009, Cabinet decided to permit Ministers have personal foreign advisers.

Rule of law is unpredictable. The judiciary and judicial system has few friends and it is famed for its corruption. The police form the public interface in the hierarchy of regime and public protection. The police are not particularly service driven. People avoid both the police and the courts where possible.

Instead, Yemen's traditional organizing principle comes to the fore, the tribes and customary law. This works in an estimated 70-80 percent of disputes taken to resolution. Only 20 percent are placed in the 'formal legal system'. There is jurisdiction hopping with customary law and a Yemeni has a choice in how to resolve a problem from a face off using poetry, a shoot out and lull to mediation and settlement decided according to local precedent which may involve cash or kind reparations and a public apology.

Customary methods of settlement can involve signed pledges, recognition by the government or verbal settlement.

Both customary and formal processes have costs but the tribal solution is more recognised and accepted than the state based finding which is rarely applied in practice.

As the central government is poor, (at least in terms of its ability to supply services) and its monopoly of force is in places severely compromised through competing loyalties, it controls directly less than 70 percent of the country.

In its absence, informal social support takes place through family and charity.

In the absence of a compelling story about why the Yemeni government should be known and respected, alternative leaders thrive. Regional sheikhs can have great power and they are needed by government to keep the peace. Accordingly many traditional leaders have been co-opted into the structure of government in exchange for payments, jobs for tribesmen, road improvements, perhaps electricity and so on.

This is a feature of Yemen. Rational bargaining sets prices for political stability. In Yemen, bargaining can be about the presence of government or its rejection, it can be over the very rules of the game.

Tribes value their independence but a central government has to constrain it. In Yemen deals get done between the ruling elements of the Hashid tribe who hold power and other tribes as "rule over those who cherish autonomy demands persuasion not coercion".

The role of the Muslim clergy cannot be underestimated either. The government cannot rule without their support. While control of the mosques has not occurred in Yemen as it has in Saudi, Egypt and Morocco to name several places, the government smoothes its way with the clergy.

Positions held by religious leaders define the acceptance or rejection of not only moral and religious matters but also public policy issues. Engaging the clerics is now a feature of several large aid programs in Yemen dealing with womens' development, contraception, youth and employment.

A sign of this was the government's convening a two day conference late 2009 on Islam and Tourism with some 15 notable clerics brought to Yemen from Egypt, Saudi, Jordan etc to discuss how Islam and Tourism could co-exist.

Yemen's electoral system is going through an extended and difficult birth of several decades. There are serious problems with the representational system and how it operates. Prior to the postponed general election of April 2009 the major debate in the political arena between the ruling General Peoples Congress and the opposition coalition called the Joint Meeting Parties was not over policy and public administration but over negotiations about the outcome of the coming election and the allocation and distribution of winning seats.

This situation means Parliament is largely disempowered as a serious decision making body despite its meetings and activity.

Parliament can and does call in Ministers to explain themselves if there is a feeling better could have been done. The Ministers of Interior and Justice have been summoned recently to account for lapses in security and the detention of a Parliamentarian for murder, with little consequence.

Reports surface regularly that the President has attended a Tuesday Cabinet meeting and given Ministers a browbeating but there has been little to show for this as well although rapid action can take place if needed. Cases have been changing entry visa requirements after the Christmas Day aircraft bombing attempt, banning motorcycles after 8pm...

I do not mean to trivialize Cabinet decisions but there is scant follow up, but a decision has been made and it does make a trail of paperwork which does have some standing.

I mean to illustrate that the seat of power is not Parliament but rather as we know, the Presidency and the President's allies and close supporters, mostly family relations. This core leadership has developed to such a degree now that the multiparty Preparatory Committee for National Dialogue (PCND) in Yemen has issued a National Salvation Statement in which a President would be prohibited from appointing relatives up to the fourth order to government posts and urging overcoming of traditional tribal, regional and sectarian differences and allegiances and to foster national culture and the spirit of affiliation to the one Yemeni country.

A considerable amount has now been written about Yemen's modern patronage networks which is traditional behaviour placed in the context of a newly emerging state. Similar networks existed in Iraq under the Ottomans under the British and under and after Saddam and these networks.

It is true to say that the most practical assessments of Yemeni politics and economy have to be based on an understanding of blood more than bureaucracy.

Unfortunately for diplomats such analyses are time consuming, often based on points of contact outside formal Ministry contacts or liaisons permitted by the Yemeni state and add to complexity rather than simplify reality for busy readers back at headquarters.

Inter-state relations depend on thorough and credible capital to capital links and dialogue where a key assumption is that the capital controls the state and its territory. With Yemen this is not wholly true. Unfortunately, the risks involved in getting outside the Sana'a for diplomats working there prevents an appraisal of the country and limits most meetings with powerful notables to discussions if and when they visit Sana'a.

Corruption is widely written about inside Yemen and by foreign analysts.

It certainly exists. I sat at lunch hearing a discussion about establishing a private bank with a wealthy Yemeni businessman and a banker from Switzerland to hear the local man's suggestion that the bulk of the capital might come from funds allocated to Ministries to later be expended but meanwhile parked in a private bank as capital for private use.

In Yemen it is possible to buy prison time for an adversary, buy less time in prison, buy a judgement and buy a delayed or reversed judgement. As one Ministry man told me when I asked about parking our car on the footpath in front of a small eatery, "in Yemen anything is possible". So it nearly seems.

Despite almost universal participation in corruption as we would call it, it does anger people. The World Bank is focussing on treating corruption and improving services in health, education and social support along with electricity and water as this is where the majority of Yemen's poorer people are confronted with it and where real gains with a political and stabilising impact can be made. One can buy high school grades, a university pass, access to a nurse, some form of welfare, a second job, a promotion, an electricity connection, jump the internet queue and get water first.

But such difficulties are not only between the state and public. They exist within the state as well frequently to the benefit of officials. Budget bids are inflated by a Ministry, the Department of Finance accepts some bloat and passes the money over only to receive a good slice back again as payment for the outlay. This process will have gone through many hands before it finishes.

Has the whistle been blown among aid donors about corruption? It seems that there will be more pressure for transparency but as the volume of aid increases time to assess prices and contracts decreases.

Arab donors have bemoaned the lack of accountability for funds they provide some of which are for general budget support and would face such a problem in any developing country. But other project funds seem to have not been readily accountable.

The Friends of Yemen group may create greater pressure for accountability in Yemen and the Yemeni response has been, "well come and do it then".

There are already serious capacity constraints in working on aid outside Sana'a. The few sound NGOs and contractors for buildings and works are used again and again

and donors have to acquit their money according to plan. This leads to price inflation and delay in delivering aid and this will be a problem for some time ahead.

The third issue facing Yemen is internal security

Taken from the perspective of a state analysis, Yemen's problem with al-Qaida is likely to be manageable if the Sana'a government has the will and resources to handle it.

On one hand, it has to tread cautiously given that many Yemenis who are conservative by nature, exhibit quite a strong tolerance for Salafi Islam and others traditionally adhere to an armed and easily militant tribal culture. Sana'a has been unable to ensure that bargains apparently struck with Islamic militants actually hold over time.

Added to this is the welcoming environment for persons with religious knowledge and money in Yemen. Evidence for this is the rapid spread of Saudi funded Wahhabi Islamic trends in Yemen based on mosque funding, social payments and religious instruction. Colour and open faces once notable in Yemen have all but disappeared among women. Religious views are for a country once reasonably Sufic in its tolerance are hardening. Poverty also has a hand in this pattern. This trend was a factor in trouble in Sa'ada in the north where inroads in a Shi'ite Zayidi region were being made by Wahhabi preachers bearing Saudi finance.

Hospitality shown to radicals among tribes and their distance from the government has allowed a safe haven. This changed sharply in November 2009 when it seemed the government under growing pressure, especially from Saudi, to stamp out AQ told tribal leaders that their people and resources may be caught up in operations against AQ. This became clear after the December attacks, despite public anger about US involvement, when tribes began to push radicals out of their territory and even participate in informing on such persons even if they were related to the tribes concerned.

Unfortunately for Yemen, putting pressure on AQ without killing its members results in AQ going underground or moving assets to even less governed space such as Somalia where its own Islamist movement, al-Shebab declared support for AQAP in 2009.

Only this week, reports emerged from Somalia that more weapons from Yemen were being smuggled to al-Shebab despite a crackdown on some very significant arms dealers in Yemen in late 2009. Where weapons can be smuggled there can be movement of terrorists as such activity between Mindanao and Indonesia has shown in our own region.

Recent calls for more counter-terrorist assistance from Sana'a sought specialist equipment and quite reasonably included a request for more helicopters, funds for special CT bases in at least three governorates which would shorten time between troop movement and assault. In late 2009 with a high tempo of CT land operations, Yemen's specialist CT troops with the Interior Ministry suffered from several ambushes as their movements could be tracked from the time a strike team drove out of the gates of its base in Sana'a.

Efforts made by the US and others to quell terrorist financing have had other consequences. Hot Yemeni money can no longer easily leave the country. Ill-gotten cash is now parked in local banks and spent on a favourite investment, land and

property. This has driven strong price inflation, further disputes over titles, more violence and, visibly, construction of egregiously large villas on the booming outskirts of south Sana'a, some worth between USD15-20 million.

Australia received its own request for assistance in the lead up to the London Conference. Three frigates. Mind you the WA firm Austal has a good foot in the market in Yemen. Of all Yemen's security forces, the coast guard is possibly where the best and most credible results may be found for military assistance. Japan had diplomats in Canberra recently who focus on maritime security in the Gulf of Aden and this week announced Japanese aid to Yemen's coast guard.

Yemen is known for kidnapping and ransom. This affects Yemenis as well as foreigners. Kidnapping of foreigners is likely to grow as a risk unless the government rectifies or at least deals with tribal claims of injustice or lack of services which unresolves prompt kidnappings to leverage pressure on the government by tribal interests who feel voiceless in certain circumstances.

Cash-collecting kidnapping of Yemenis is a regular occurrence and can be more dangerous for the victim than for foreigners. The kidnap and murder of some of nine hostages in June remains unsolved and while murder has not become a feature of foreign kidnappings it may develop in future.

Official advice to me if kidnapped was to sit tight and do nothing. I called off a trip to Marib in January at the invitation of a sheikh from a troubled region when in the next breath he went into an extended advisory of what to do if I were kidnapped.

Without a doubt, terrorism drives much of the focus on Yemen.

The government itself is a target for AQ and the government is responsible for the protection of foreigners, investors, diplomats etc so it faces a double burden as the latter are also nominated targets for AQ.

The attack against the UK Ambassador on Monday will keep this focus.

Precision strikes are a hallmark of AQ which was behind the similar single suicide bomber strike on a Korean diplomatic convoy on the Sana'a airport road in March just days after AQ blew up Korean tourists at Shibam Hadramout and within minutes after I passed through what must have been an AQ observation point on the same road.

The sixth Houthi war or rebellion was a localised struggle which before it ended by a mix of exhaustion and negotiation in about late February after seven months of fighting drew in Saudi Arabia, accused Somalian al-Shebab of complicity and hollowly declared Iranian involvement.

Key Yemeni forces were not committed to the fight, many soldiers in the army were barely trained and were too unfit to wear protective vests. Their death toll was high (over 2,500) and the fighting was reported as involving civilians and destruction of villages, fields and wells.

The war weakened Yemen's economy but was seen by most as a cash cow for Saudi assistance milked until the government felt support was drying up.

Australia passed about \$1.0 million to the WFP for food support for the IDP camps and NGOs as well as the UN warn of the humanitarian crisis in the north continuing.

The war had social fallout elsewhere, bonuses to officials for Ramadan were cancelled and commercial activity dropped. Previously well integrated relations between Shafa'i Sunnis and Zaydi Shi'ites became strained and will take time to heal. Beyond doubt is the changing emphasis of faith in the north from traditional 'fiver' Shi'ism to Iranian style 'twelver' Shi'ism over the past decade. A trend worrying to Saudi and to Yemen.

It is my view that this war was not an existential threat to the unity or stability of Yemen. It was outside, aside from farming, a vital resource area for the country. The rebels did not seek an independent state, nor did they bring the war to Sana'a in any meaningful way despite a grenade attack on a bus taxiing fighter pilots home from the military airstrip next to Sana'a airport.

Dialogue was maintained and the conflict appeared soluble, if it were not for extenuating factors such as its potential to generate attention and cash.

Despite the ceasefire agreement and some return to home by IDPs, there is still tension as seen in occasional shooting between security forces and Houthi people and a stalled prisoner release.

It was, therefore, less worrying than the continuing insurrection in southern Thailand which seeks independence and has taken the war to cities outside the four provinces affected directly.

The evolution of the sixth war since 2004 showed an ebb and flow of forces contributed by tribes funded by government. Needing militia support the government enlisted tribal support against the Houthis and the Houthis in turn recruited their own help. When the government delayed payment to its tribes they stayed their hand at several points in the fighting.

This is a reminder of how coalition-building occurs in Yemen and its dependence on cash or kind and a lesson about how a poorer government may struggle to hold the reigns of negotiated power.

The southern conflict is more important and does menace the state.

The south has oil and gas and an angry attitude towards the north generated by a deep and reinforced sense of political exclusion and unfair and illegal expropriation of land and capital.

Politicians, public and tribal chiefs from the highlands are agreed that the south should not be allowed to resurrect it previously splittist ways.

Despite this the prognosis for the south/north conflict is not good. The north has overwhelming force at its disposal and the south is less populous at four million people and less arms are in civilian hands. The south is not seeking full independence, at least its most vocal leaders are not which is a good thing for their safety.

But they are seeking restitution of rights, property and jobs taken by northerners. Aden's clean and well functioning airport receives few foreign international landings, these go to Sana'a, on the basis, as described to me by Sana'a people, geared to capture trade benefits.

Until satisfactory restorative justice moves begin, which is not likely in present conditions, we will see demonstrations, shootings, shop burnings, killings and arrests along with suppression of the media – a fact now well established in wider Yemen despite its proliferation of press.

Deputy Interior Minister Saleh al-Zawari said on 17 April the southern governorates had seen 245 protests (many of which had turned violent), 87 bomb blasts and 124 acts of looting and robbery in March 2010 alone. (IRIN)

There will be inter-communal tensions which may lead to larger and wider violence but which appears today not to have a practical base to sustain it in the south. That said, Yemen has the ability so it seems to live on meagre rations and run a feud forever.

Sana'a is anxious that some in the Gulf States see the south as another place like Abu Dhabi and with a similar glittering future. Sana'a sees funds coming to the Southern Movement from the GCC even identifying the funds as a way to keep Yemen weak which is a goal widely believed to be that of Saudi Arabia in any case.

So far Sana'a's calls for unity have worked. The President openly menaces the southern splittists and used his February Police College speech to say that now the Houthi rebellion was over Yemen can turn its might against the enemies in the south.

Southern media had been previously shut down, officials and others leading calls for southern justice or separatism have been jailed, leaders have been shot at and some killed and Sana'a's new media court set up to control reporters has started work. Reporters Without Borders sees Yemen sitting at 167th place out of 175 for press freedom, but the media is certainly more critical of the government in Yemen than in any of its neighbours.

My visits to Aden found open anger about conditions.

Under pressure from Islamists and the north even Aden's famed (at least in Yemen) openness is now under pressure.

Aden, the home of many Afghan Arabs (or at least their families) and quite a number of Guantanamo Bay detainees, retains an ability to initiate dogged resistance to pressure should the trigger be pulled and roiling civil disturbances develop in the south.

Conclusion

High need but low absorptive capacity makes Yemen a complex target for aid interventions.

Yemen holds a position of geo-strategic influence and therefore, on this measure alone, must be supported.

Donor countries need careful and informed and reasonable aid strategies and acceptance of the plans by Yemen. Donors need to ensure value for money.

Socio-economic change will likely have a bigger impact on radicalism in Yemen than will specific counter terrorism activity. Opportunity is seen by many Yemenis as providing youth with a diversion from conservative Islamic teaching as well as an economic base from which to invest and sustain a family.

Appropriate assistance in this domain means a period of listening to beneficiaries, adjusting a western work model and going forward in a way which generally meets both parties' obligations.

Without cultural knowledge and empathy, Yemen is unlikely to receive new ideas easily. Interventions must be led by Arabists who can facilitate technical advice from inside an aid program into appropriate meaning for the beneficiary. This means that aid outcomes will be slower than previously but hopefully they will have occurred with the support of the townspeople and therefore more outcomes will be more robust.

Donor co-ordination should not be overlooked as a real tool to improve the impact of development spending.

End