

# Haunting past

## Yemen faces challenging transition process

Yemeni President Abdrabbuh Mansour Hadi has to undertake a delicate balancing act to steer the country towards democracy. **Sven Gunnar Simonsen** assesses Hadi's prospects and the ongoing influence of former president Ali Abdullah Saleh.

### ▶ KEY POINTS

- President Abdrabbuh Mansour Hadi faces stern challenges in implementing a two-year transition deal in Yemen, not least obstructionism from former president Ali Abdullah Saleh and his allies.
- A stalemate or limited progress in the transition is likely, which would contribute to further economic and humanitarian setbacks.
- A 'proxy war' in Yemen involving Saudi Arabia and Iran is unlikely, but some form of international intervention at the behest of the US would be likely should all-out civil war threaten again.

**W**hen Yemen's strongman president Ali Abdullah Saleh reluctantly signed a power transfer deal negotiated by the Gulf Co-operation Council (GCC) in November 2011, a transition began that has the potential to bolster the notoriously unstable country. Yemen remains the sixth most unstable territory in the world, according to *IHS Jane's Country Risk Ratings*, surpassed only by Afghanistan, Chad, Gaza and the West Bank, Haiti and Somalia. Yet the challenges for the transition are momentous, and the progress achieved so far is modest and easily reversed.

Saleh was leader of North Yemen from 1978 until unification with the South in 1990, after which he became president of the new country. To replace him during a two-year transition period, the GCC deal picked Abdrabbuh Mansour Hadi, who had served as Saleh's low-profile vice-president for 17 years. Since he was confirmed as president in a one-candidate election on 21 February, Hadi has surprised many both domestically and internationally by his readiness to challenge

Saleh and his supporters to implement the GCC deal.

The deal came as a result of turmoil that had gripped the country since a popular uprising, inspired by the Arab Spring, broke out in February 2011. By the time Saleh ceded power, hundreds of people had been killed, many of them unarmed civilians who were shot by elite forces commanded by Saleh relatives and loyalists.

One serious challenge to the current GCC transition process is obstructionism by Saleh, his family and his allies. Emboldened by an amnesty from prosecution, Saleh still exerts influence in Yemen through security and military units, the government – half of which hails from the General People's Congress (GPC), the party he still leads – parliament (also dominated by the GPC), tribal leaders and a level of popular support on the street.

Testimony to decades of misgovernment, Yemen is facing a number of concurrent crises that could each cripple the state: armed conflicts in the north and south of the country; a separatist movement in the south; military units that have defected (and others that are disintegrating); chronic underdevelopment; approaching state bankruptcy; as well as a humanitarian crisis of unprecedented scale. In the absence of substantial intervention, widespread and severe malnutrition threatens to evolve into a famine that could, in a worst-case scenario, kill hundreds of thousands of people in this country of 24 million. The instability represents a perfect storm, and under these conditions, the transitional government has two years to reform military and security institutions, hold an all-inclusive national dialogue to prepare a new constitution (due to be concluded in late 2013), and prepare for general elections in February 2014.

### Risk in July 2012

To assess the likely impact of different possible trajectories for the transition process in Yemen, it is first necessary to gauge the country's current level of stability. This can be analysed through five major risk groupings: political, social, military/security, economic and external.

### Political stability

Among the many challenges Hadi is facing, arguably the most pressing is to implement the transition in a situation where Saleh loyalists still control many positions of influence and financial power.

A southerner appointed vice-president by Saleh because as an army general he sided with the unitary state against southern separatists in the brief 1994 north-south war, Hadi still lacks a power base of his own. However, he does have a mandate from the February elections, the GCC treaty and broad international support – alongside the balancing power of Saleh's enemies.

Undeterred, Saleh has continued to interfere in the GCC transition process to the point that the UN Secretary General's Special Adviser on Yemen, Jamal Benomar, has threatened that those responsible for obstruction "will be held accountable". The US administration of President Barack Obama has already authorised a freeze of assets of anyone deemed to be obstructing the transition; similar steps are under consideration in the UN Security Council.

The GCC transition schedule is tight. So far, political progress has been limited at best. An eight-member contact committee to prepare for the dialogue on the new constitution was set up by Hadi in early May. However, it still remains unclear which players will actually participate in the 'all-inclusive' dialogue.

In the north, the Houthis, a Zaidi Shia

revivalist group that has fought six armed conflicts with the government since 2004, are sending out mixed signals and setting demanding conditions for their participation. The Houthis are the de facto authority in Saada governorate, which borders Saudi Arabia, and co-exist uneasily with the government.

One group that will not be invited is Ansar Al-Sharia, which represents Al-Qaeda in the Arabian Peninsula (AQAP) – currently the most active Al-Qaeda franchise. Since mid-May, the Hadi government has been fighting an intense battle against AQAP, centred on the southern Abyan governorate.

A separate, serious challenge to long-term state cohesion is secessionism in South Yemen. This is centred on the diverse Coalition Southern Movement (Al-Hiraak al-Janoubi). The 2011 Arab Spring uprisings provided an opportunity to voice long-standing grievances in the south, where many people believe the region has been neglected and tapped of resources by the north.

Since the Southern Movement appeared in 2007, its agenda has shifted from demands of 'equality' towards secessionism. However, maximalist demands are not shared even by all leaders of the movement. Just how many southerners would

actually like to see the country divided is unclear, as is the extent to which the Southern Movement will engage and compromise with leaders in Sanaa, or in 'south-south' dialogue at home.

Meanwhile, the capital Sanaa also remains divided. Parts of the city are controlled by Ali Mohsen al-Ahmar, commander of the 1st Armoured Division, who defected with his troops in May 2011. A long-standing rival of Saleh, Ali Mohsen is so far supportive of the transition and Hadi's leadership.

The other main player holding parts of Sanaa is Hamid al-Ahmar. He is one of Yemen's richest men, brother of several Sanaa power-brokers, and son of the late Abdullah al-Ahmar, who led the country's strongest tribal confederation (the Hashid) and founded the Islah (Reform) Islamic party. The Ahmar family has been close to the Salehs for decades, but Hamid in 2011 turned against Saleh, bankrolling opposition across the country.

Besides his fortune, Hamid al-Ahmar commands several thousand Hashid tribal fighters who, just like the 1st Armoured Division, fought Saleh forces fiercely in 2011. He still has the attention of various opposition players and is not shy about his presidential ambitions.

Already co-existing with Saleh regime remnants in the transition government is the Joint Meeting Parties (JMP), an eclectic mix of previously opposition parties that includes most notably Islah but also the Yemeni Socialist Party and some smaller parties.

There is political risk linked not only to the challenge of reconciling the above interests, but also on a deeper, cultural level. A democratic, parliamentary system may function as an arena for peaceful conflict management. However, until now, institutions have meant little, compromise less, and a peaceful transfer of power following elections has been out of the question. That is partly why many of the youth protesters who set off the 2011 events already suspect that their revolution has been stolen by old and entrenched elites.

### Social stability

Yemen is experiencing an unprecedented humanitarian crisis. International agencies estimate that 43% of the population is currently food insecure, and nearly one million infants under five years of age suffer from severe malnutrition. Only Afghanistan has a higher rate of stunted growth. Epidemics in diseases such as measles and polio are becoming more frequent. With basic social



Defected army soldiers supporting protesters in Sanaa who are demanding the trial of Yemen's former president Ali Abdullah Saleh on 30 March. Saleh still wields considerable influence, despite handing over power in November 2011.

PA: 1456981



Forensic policemen collect evidence at the site of a suicide bomb attack in Sanaa, on 21 May. Al-Qaeda in the Arabian Peninsula poses a serious terrorist threat both inside and outside Yemen.

PA: 1456980

services collapsed, international aid agencies have shifted their focus from development to life-saving emergency interventions.

Yemen's population growth rate is among the world's highest at 2.65%, and the demographics are youthful, with 46% of the population under 15 years of age, according to the UN. The World Bank also estimates that the proportion of the population living on less than USD2 a day has reached 47%. Stretched to the limit, families resort to negative coping strategies such as reducing the size and number of meals, taking children out of school for work or early marriage, and selling any assets.

Yemen also has a large and growing burden of internal displacement. As many as 320,000 people have been displaced by the Saada conflict in the north. In southern and central Yemen, more than 140,000 have been displaced by fighting between the government and AQAP, and that number is rising fast. One source of risk linked to displacement is tension between internally displaced persons (IDPs) and host communities. Yemen also has a substantial refugee/migrant population – mostly from the Horn of Africa, notably Somalia. In 2011, 103,000 migrants arrived from the Horn of Africa, a record figure, although the size of the total migrant and refugee community is unknown.

The despair of families does not necessarily translate into social risk. However, wildcat strikes and public protests have been a mainstay in Yemen's cities since early 2011, and they regularly lead to clashes, including with police or opposing groups. Grievances have also been successfully exploited by AQAP.

A separate trend with stability implications is the increased salience of the Shia-Sunni divide. For decades, theological and political tensions between the Zaidi Shia minority (approximately 45%) and the Shafi Sunni majority reduced in significance. However, this trend has been reversed in recent years, particularly due to increased friction between Houthis and ultra-conservative Sunni Salafis.

**Economic stability**

The 2011 unrest dealt a severe blow to the Yemeni economy. Already the poorest country in the Middle East, Yemen's gross domestic product (GDP) contracted by 3.9% that year, according to *IHS Global Insight* (year-on-year inflation in January 2012 was 24%). Unemployment may have reached 50%. Moreover, since the unrest began, oil and gas pipelines have been hit by sabotage numerous times; the same has happened to power lines supplying cities including Sanaa.

These setbacks came on top of a serious structural crisis in the economy. The country's oil resources – accounting for 75% of government revenue and 90% of exports – are dwindling fast. Known resources are projected to be exhausted in 10 to 12 years, according to agencies such as the World Bank. Export of liquefied natural gas first took place in 2009, and this resource is the single promising path for diversification within the economy.

Indicative of current imbalances, even before the unrest Yemen was importing as much as 95% of consumed cereals and 85% of foods overall. Crops such as coffee and cereals have been increasingly replaced by khat, a

mild narcotic plant chewed by more than 90% of Yemeni men and possibly a majority of women. Between 1970 and 2000 alone, according to the World Health Organization (WHO), the area devoted to khat cultivation grew from 8,000 to 103,000 hectares.

While Yemen's water availability is among the lowest in the world, more than half of the country's irrigation water is used on the water-intensive khat. Across the country, aquifer water resources are being tapped at an alarming rate. The capital Sanaa is widely predicted to have depleted stocks within the next 10 to 20 years, according to various development agencies.

A major cost for the Saleh regime's budget was universal subsidies, including on fuel. Unable to meet demand and keep prices down in the wake of the 2011 unrest, since January 2012 Yemen has received monthly donations of several hundred thousand tonnes of refined oil products, covering most of its domestic fuel needs.

Monetary perks that were part of Saleh's patronage system may now be on the wane. Notably, in May, Prime Minister Mohammed Basindwa infuriated tribal leaders by pledging to cancel a Saleh-era USD60.5 million state budget post for transfers to tribal elders and sheikhs.

Corruption is unsurprisingly high, with the country rating 164th out of 182 countries surveyed in non-governmental organisation Transparency International's 2011 corruption perceptions index (CPI).

**Military and security stability**

Virtually all major security risks facing Yemen are internal. The most acute is that posed by AQAP, which exploited the 2011 unrest to take control over most of Abyan governorate and also areas in neighbouring governorates. The ongoing government offensive, focusing on AQAP-held towns including the Abyan capital Zinjibar, is clearly meant to decisively defeat AQAP. However, despite the massive mobilisation, and US unmanned aerial vehicle (UAV) support, progress is slow and costly. Nevertheless, on 12 June it was reported that the army, backed by tribal forces, had driven AQAP out of the southern cities of Zinjibar and Jaar.

Whether these military efforts will result in a lasting victory will depend in large part on how swiftly and at what civilian cost the government's military objectives are realised, and on how well AQAP has succeeded in rooting itself in the local communities. In

areas under its control, AQAP has enforced a draconian sharia (Islamic law), but it has also lifted government taxes, trucked in free water and extended the power grid. Yet the fact that some tribes have joined forces with the government in fighting AQAP suggests it has not won all hearts and minds.

AQAP fighters, estimated at several hundred or in the low thousands, have the option of retreating to hard-to-reach mountain locations if they are defeated in the lowlands. At the same time, intelligence sources are certain that AQAP has cells in Sanaa, and the threat to security and government institutions and foreign targets there is high. On 21 April, an AQAP suicide bomber killed more than 100 troops from the Central Security Forces (CSF) in Sanaa.

Separatists in the Southern Movement are antagonistic to AQAP, but also to non-separatist players such as the local Islah party. On the other hand, they are on good terms with the Houthis in the north. The risk related to the Southern Movement concerns not only how far it will seek to go in terms of secession, but also the limited means a government in Sanaa will have to accommodate its demands.

In the north of the country, the strategic agenda of the Houthis is unclear, although a ceasefire agreed with the government in February 2010 is still in effect. The Houthis did take advantage of the 2011 unrest to expand and take control over Saada city. However, Houthi members also joined forces with the protesters in Sanaa, suggesting the group's ambitions are more complex than mere secession. The Houthis rule the areas under their control with limited regard to democratic and legal principles and are highly suspicious of outsiders; aid agencies face many constraints when trying to reach the conflict-affected populations in the north.

Meanwhile, Yemen is also in critical need of security sector reform. First, former president Saleh still has a hold on several security institutions, in particular elite ones. Forcing a clean-up carries the risk of a violent backlash. For that reason, Saleh's son Ahmed, commander of the Republican Guard, and his nephew Yahia, commander of the CSF, are still in place after refusing to step down. So far, the reformers' greatest victory has been the dismissal of Saleh's half-brother Mohammed Saleh as head of the air force.

Ali Mohsen's 1st Armoured Division remains outside government control and has



A banner with images of officials and Republican Guards who were killed in the 2011 assassination attempt on former president Ali Abdullah Saleh, on display outside Saleh mosque in Sanaa. The Arabic writing on the banner reads: "Martyrs of the security of Friday, who were killed by hands of betrayal and criminality".

a heavy on-the-ground presence in parts of Sanaa. In spite of conciliatory statements, the militarisation of the capital represented by Ali Mohsen's division and Hamid al-Ahmar's tribal fighters remains a real security risk, highlighted by regular shooting incidents involving both groups.

In this regard, a Military Affairs Committee has been tasked with re-unifying forces and demilitarising Sanaa. It has made some progress in removing roadblocks and barricades from main city streets, although these could be re-erected at short notice.

More generally, divisive politics and corruption have negatively affected the morale and cohesion of forces. Troops from forces ranging from the air force to the coastguard have been on strike over work conditions and political issues. Indeed, even members of the breakaway 1st Armoured Division have publicly protested against Ali Mohsen's leadership.

Separately, the vast number of small-arms in circulation continues to constitute a major security risk. Not surprisingly, with law enforcement sporadic or non-existent, Yemen is seeing an increase in violent crime; including robberies, carjackings and abductions. There have also been attacks on energy infrastructure.

### External stability

The most obvious external dimension to risk in Yemen concerns AQAP, and US engagement. Several attempted terrorist plots against US targets have originated in Yemen since 2011, and key Al-Qaeda leaders reside in Yemen. Yet Yemenis deplore outside in-

terference in their country, and Hadi's close co-operation with Washington is unpopular even among Al-Qaeda's detractors. By some counts, Yemen now has more US drone attacks than Pakistan, and 'mission creep' is an ongoing risk.

Yemen's most important neighbour is wealthy Saudi Arabia, with Riyadh's main aim to prevent Yemen sliding into chaos. At the Friends of Yemen conference in May, Saudi Arabia emerged as substantially the largest single donor, pledging USD3.25 billion in aid out of a total of USD4 billion.

Nevertheless, Yemenis remain somewhat cynical about outside involvement. Sceptics believe Saudi allegations that Iran is increasingly involved in the north, in support of its Shia brethren, the Houthis. In return, Iran and the Houthis allege that Saudi Arabia is actively supporting Salafist militants. So far, there is scant evidence to suggest any substantial foreign interference or a 'proxy conflict' of this nature. It also remains unclear whether substantial numbers of non-Yemenis are fighting with AQAP in the south; sources including African Union (AU) commanders in Somalia have claimed that several hundred Shabab militants may have escaped from Somalia and elsewhere in the Horn of Africa to join AQAP in Yemen.

Risk factors	July 2012
Political risk	High
Social risk	Significant
Economic risk	High
Military & security risk	High
External risk	High
<b>Total country risk</b>	<b>High</b>

# Scenarios

Yemen's stability in the next two years will depend on the government's ability to achieve visible successes within the Gulf Co-operation Council's transition framework under President Abdrabbuh Mansour Hadi. The following three scenarios analyse how that transition may unfold.

## Scenario one: Hadi achieves stability

Probability Low

**A**t this early stage of the GCC transition, Yemen is only just starting to grapple with multiple crises. Even if implementation succeeds, many problems will still remain when the two-year period is over. Yet important progress could be made.

In this best-case scenario, a new parliamentary system would be devised through a process involving all major stakeholders. The transition would end with the creation of new, permanent institutions of governance, elections would be held as planned in February 2014 with nationwide participation, and power would be peacefully transferred to – or divided between – the election winners.

Stability would require a decisive military defeat of AQAP. The group is unlikely to

completely disappear, but its territorial reach and ability to project itself would have to be reduced in a major way. On the other hand, a scenario of consolidated stability would involve successful dialogue with both the Houthis and the Southern Movement. Diplomacy, most likely with some concessions in terms of devolution of power, would secure sufficient buy-in from these players.

Long-term stability would also require the replacement of the Saleh family and loyalists throughout military and security institutions, and that all forces be brought under one legitimate command. Such achievements would also help strengthen cohesion inside the forces. Cities including Sanaa would be demilitarised, and tribal fighters pulled back and demobilised.

Yemen would be less likely to be a source

of international risk – above all of terrorist attacks. This would allow the US to scale down its highly unpopular military involvement.

This is the only scenario that would allow Yemeni leaders to focus on long-neglected structural challenges to enable a gradual shift to development – including job creation, state revenue growth, fighting corruption and increasing poverty alleviation. Even under the best conditions, progress would be slow, and international support would be needed.

Risk factors	Scenario one
Political risk	Significant
Social risk	Moderate
Economic risk	Moderate
Military & security risk	Significant
External risk	Significant
<b>Total country risk</b>	<b>Significant</b>

## Scenario two: Transition stalemate

Probability High

**T**he GCC transition process would not be fully realised, but the country would also avoid a full regression to the conflict situation of 2011. This scenario may contain several possible outcomes, with various degrees of success or failure in different sectors. For instance, sufficient success may be achieved in the political dialogue to keep the peace between the main players, even with incomplete security sector reform.

The failure that would be most critical but still part of a 'halfway' scenario would be government forces not achieving victory in their ongoing offensive against AQAP. That could allow AQAP to keep a territorial base to operate from, and launch destabilising attacks in Yemen and internationally.

Engaging the Houthis and the Southern Movement in the national dialogue and the ensuing political process is a serious challenge. A failure to do so might not break the GCC process altogether, although it could

leave the incoming central political authorities with an undefined relationship to the north and the south. Over time, that could entail their continued drift away from Sanaa, without necessarily implying further short-term conflict.

Political bickering in the GCC dialogue and constitutional process could lead to a delay in holding elections. That already seems quite likely to happen. Such a delay would affect the perceived legitimacy of the Hadi leadership, but would not in itself be critical. What would have to be in place is sufficient consensus to drive the GCC process in Sanaa, involving the key stakeholders in the centre, while not allowing Saleh to derail it at the same time as somehow engaging the GPC.

Even such a suboptimal process could potentially be a path towards building a new central authority in the place of the autocratic Saleh. Upholding a shaky political process might put off other urgent tasks, but the country would be moving towards greater stability.

Except for the 2012 polls, central power has never changed hands in Yemen as a result of an election. Two years is little time to change a political culture of elite rivalries and zero-sum games towards a respect for institutions and compromise. The elections slated for February 2014 will test the durability of what has been built by then.

The continued political and security uncertainty inherent in this scenario would negatively affect the economy. The severe situation of the national economy can only start to be addressed under conditions of political co-operation. For the large parts of the population brought to the brink by the 2011 upheavals, there would be little relief.

Risk factors	Scenario two
Political risk	High
Social risk	Significant
Economic risk	High
Military & security risk	High
External risk	Significant
<b>Total country risk</b>	<b>High</b>

# Scenario three: Renewed conflict

Probability Moderate

Several or all of the 2011 fault lines would be reactivated, and a spiral of mutually reinforcing conflicts would begin. This is the scenario in which the multi-layered civil war that was avoided in 2011 does happen.

Politically, in this scenario the already fragmented government would be difficult to keep together. Depending on how far the process of clearing security institutions of Saleh relatives and loyalists has progressed, the former president might attempt to make his way back onto the scene. The overall reach of central power would falter.

Separatists in the north and south would utilise the situation to strengthen their position. The Houthis would probably insulate themselves in the north – although they might also seek to expand their area of control, possibly towards the Red Sea. Increased Houthi-Salafist confrontation could be one dimension of the conflict.

In the south, the Southern Movement would have an opportunity to advance its

agenda. Infighting between different strands of the movement might be part of the picture. Southern separatists conducted several violent attacks to block the 21 February elections and in a conflict scenario, militant separatists would be likely to collide with northern forces.

Meanwhile, AQAP fighters would seek to renew their offensive. Their territorial expansion would be resisted by other local forces, but they could still increase their capacity to strike against government and international targets.

Deterioration towards this conflict scenario might originate in the security sector. If elite units were still under the command of Saleh relatives or loyalists, they would very likely again be battling 1st Armoured Division troops and tribal fighters under Hamid al-Ahmar. All forces under nominal government control, including the elite forces, would suffer from defections and mutinies as they did in 2011 and 2012. In Sanaa and other cities, it could be a replay of the 2011 crisis, only more severe.

Paradoxically, a meltdown in Yemen might not initially threaten a major spill-over into other countries. However, the risk that a crisis

could provide AQAP and international jihadists with a safe haven would force a (currently unclear) response from the US and allies.

This worst-case scenario would bring about a cessation of normal economics, with macro-economic planning subordinate to more prosaic concerns such as paying soldiers' salaries.

This scenario could lead to the current humanitarian crisis deteriorating into disaster. Severe malnutrition would become famine, and hundreds of thousands of people would be at acute risk of death. Displacement would accelerate. Based on experience from Saada and the AQAP-controlled areas in the south, there would be extremely difficult operating conditions for development agencies, further raising the cost in human life and threatening a humanitarian catastrophe.

Risk factors	Scenario three
Political risk	High
Social risk	High
Economic risk	High
Military & security risk	Critical
External risk	High
<b>Total country risk</b>	<b>High</b>

## ► Conclusion

Given the scale of the challenge, it would be overly optimistic to expect the GCC deal to be implemented successfully on all counts, as described in the first scenario. At the same time, considering the extremely grave consequences if most or all conflicts that played out in 2011 are reactivated and escalate, there is reason to believe that stakeholders nationally and internationally would act to prevent the third scenario from becoming reality. As a result, the scenario of transition stalemate is the most probable.

If not earlier, the GCC transition could run into decisive difficulties at the time of elections slated for February 2014. Any election outcome may prove conflictive, and even if a transfer of power does take place, a new parliament may prove dysfunctional, including in its relations with a new president. Most notably, Saleh's GPC may remain strong after new elections and he could emerge with new, legitimised power.

More widely, significant progress towards a political culture of dialogue and compromise will take more than two years. The risk remains that conflict is not mediated in institutions of governance but taken to the streets. Moreover, in a transition stalemate, the complex challenges posed by the Houthi and the Southern Movement are unlikely to find a sustainable solution.

Yemen has no time to lose in addressing its deep structural economic and social challenges – but in this most likely scenario of stalemate or minor advance, it will nevertheless be losing time and opportunities to strengthen the private business sector. Little or no progress will be made towards replacing the government revenue that will disappear when oil and water resources are exhausted. With crisis conditions continuing, the country will depend on international emergency aid to address the humanitarian crisis. With such vulnerability, any escalation of conflict, or denial of humanitarian access,

risks pushing the country into disaster.

It is in the power of many players to undermine the GCC transition. However, the most obvious spoiler is Ali Abdullah Saleh. His 33 years in power forged a strong sense of entitlement, and the GCC deal has done seemingly little to change that. The 2011 events demonstrated the brutality he would exert to stay in power. ■

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