

Local Governance in Yemen: Challenges and Opportunities

Local Governance: Engine for Stability in Yemen

Badr Basalmah

Executive Director
Global View for Peace and Development



Published by

Berghof Foundation Operations GmbH

© Berghof Foundation Operations GmbH

Altensteinstrasse 48a

14195 berlin

Germany

May 2018.

All rights reserved.

Imprint

Local Governance in Yemen: Challenges and Opportunities. Local Governance: Engine for Stability in Yemen.
Berlin: Berghof Foundation 2018.

Special thanks to

Proofreading: Maren Sass

Design: Strategic Agenda

Photos

p. 02, yeowatzup/ CC BY 2.0

p. 04, Shutterstock

p. 08, Julien Harneis / CC BY SA 2.0

p. 11, Dan / CC BY SA 2.0

Graphs

p. 01, Governorates in Yemen. Berghof Foundation, May 2018.



Local Governance in Yemen: Challenges and Opportunities

Local Governance: Engine for Stability in Yemen



Contents

1	Introduction.....	01
2	The Local Authority Experiment in Yemen.....	02
2.1.	Reason for adopting the local authority system in Yemen.....	02
2.2.	The role of Legislation in supporting Decentralization.....	03
2.3.	Political Rights in Local Council and Leadership Elections.....	03
2.4.	Local Councils' Powers to Manage Affairs and Development.....	04
2.5.	Powers to Collect, Manage and Spend Local Resources and Execute Investment Plans.....	06
3	The Status of Local Authorities Since 2015.....	08
3.1.	Local Councils' Struggle for Survival.....	08
3.2.	Roles of Local Communities in Conflict Zones.....	09
3.3.	Expanding Southern Governorate's Authority After Liberation.....	09
3.4.	Local Governance: An Institutional Framework to Achieve Stability.....	10
4	The Experience of Hadhramawt: Lessons Learned.....	11
4.1.	Strengthening Security and Combating Terrorism.....	13
4.2.	Liberalization of Trade on Oil Derivatives.....	13
4.3.	Service Provision and Development Management.....	13
4.4.	Enhancing Community Peace.....	14
5	Conclusion.....	15
6	Recommendations.....	17
	References.....	18

1 Introduction



Administrative map of the governorates in Yemen.

This paper on the local governance experiment in Yemen seeks to review its past developmental stages and current reality. It includes governorates still under the war's impact, as well as those no longer affected by war, but still facing major challenges to reinforcing stability.

Given the current conditions, this paper's main objective is to be a catalyst for discussion by raising questions on the fate of local authority, the feasibility of applying the system, the political and service challenges governorates face, and the possibilities for strengthening local governance in areas where fighting has subsided to bolster security, services, stability and development.

For this, discussions were organized between executive department leadership in Hadhramawt Governorate, amongst others. Questions were raised on the development stages of local governance, the positive and negative elements of this experiment, and ideas for addressing the questions raised.

2 The Local Authority Experiment in Yemen



Square in the capital city of Sana'a.

2.1. Reason for adopting the local authority system in Yemen

The former president Ali Abdullah Saleh did not take the local authority idea seriously until after the 1994 war, when southern governorates started complaining about Sana'a's centralized administration. Before unification, these governorates had enjoyed freedoms to exercise political rights at their level. But political and economic differences between the North and South, as well as citizens' disappointed expectations in the political and economic realities that emerged after unification caused a strong backlash and widespread frustration in the South.

The 1994 war had a major impact on the South. Yemen's large geographical expansion after unification and Sana'a's drive to achieve stability and control in all areas pushed decentralization and mechanisms that would reconcile between a minimum satisfaction in local communities for choosing their own leaders and managing their own affairs, while maintaining a strong grip on the governorates by controlling their elected councils. Therefore, the Local Authority Law (LAL) and bylaws were designed to maintain centralized authority. Subsequent events proved these policies did not genuinely pursue decentralization and democratic local governance.

2.2. The role of Legislation in supporting Decentralization

The subject of local authority was regulated in Chapter 2 of the 1995 Constitution of Yemen, entitled “Organs of the Local Authority”, which defined some of the main features of what was called “The Local Authority System” in general provisions. Article 4 considers local authority as one of several constitutional authorities. People can exercise their powers and rights through this authority, considering they are both its owners and sources of legitimacy. They can exercise their power directly through referenda and general elections, or indirectly through legislative, executive and judicial bodies, or through *elected local councils*.

With 94 articles, Chapter 3 of the constitution was devoted to the organization of state authorities. Only four articles addressed local authority organization, while 89 articles dealt with the central level. This clearly indicates the abundant attention given to central authority at the cost of local authority. The four provisions devoted to local authority did not specify any of its structures, only that the administrative units would have elected local councils. It was left to central authority to organize the local authority, without any guidelines for doing so.

Thereafter, the Local Authority Law No. 4 of 2000 (LAL) was issued. This and subsequent bylaws organized the local authority as it exists today. Over a decade after today’s local authority system emerged, a clear disparity between its ambitions to drive decentralization, the real situation on the ground and its (in)ability to influence the local level – especially in light of the current war – has become apparent. To shed more light on the matter, further analysis will focus on comparing legal provisions, applications and intentions, mainly in three major topics:

- ≡ Political rights in conducting local council and council leadership elections,
- ≡ Local councils’ powers and competence to run their own affairs and manage local development,
- ≡ Powers to collect, manage and spend local resources and execute investment plans.

2.3. Political Rights in Local Council and Leadership Elections

By sowing conflict and competition between social, political and tribal figures over winning local political office, the ruling establishment has used its influence to help loyalist leaders win local council elections. With this, ruling authorities were able to control all the republic’s governorates. This provided leverage to consolidate power, projects and resources in the center, making it easier to tighten control, win over loyalties, strengthen leaders’ positions when connected to the ruling echelon, and enhance their influence in the governorates. To ensure local elections did not produce results going against presidential wishes, LAL Article 150 gave the President of the Republic the right to dissolve local councils if in public interest – without describing what public interest really meant, or what would warrant such action.

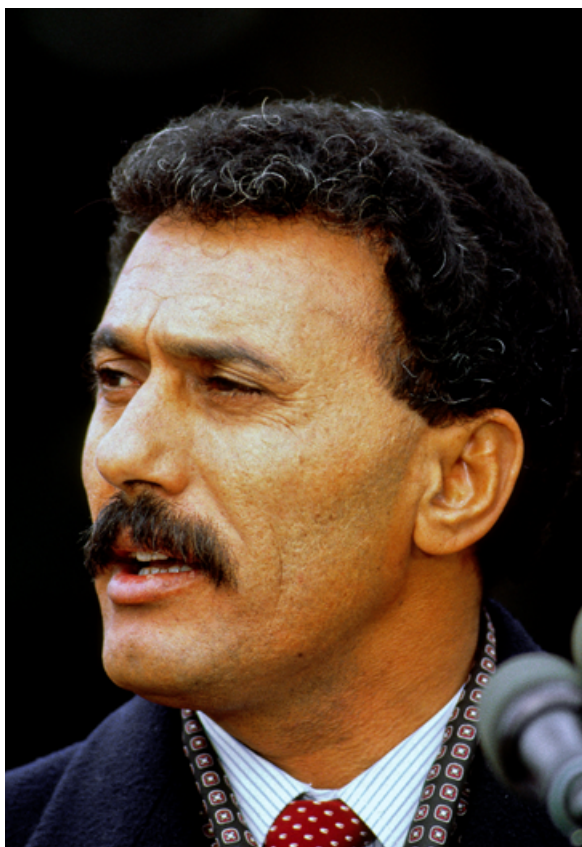
Pursuant to LAL Article 38, each governorate shall have a governor ranking as cabinet minister, to be appointed by Republican Decree. Later, Law 38 of 2008 was promulgated, amending several LAL articles on gubernatorial elections. The amendments state that each governorate shall have a governor. An electoral college consisting of the governorate and district local councils shall select the governor from a secret ballot. Immediately after the winner is announced, they shall be appointed by Republican Decree.

In reality, no governor has ever been elected this way. Instead, all were appointed by Presidential Decree or carefully orchestrated nominations of figures recognized as cronies – their only qualification being loyalty to the president and their willingness to fully implement his agenda and directives. In addition, district

directors are not elected, but appointed by Prime Ministerial Decree pursuant to LAL Article 81. While LAL Article 47 stipulates that the governorate secretary general, who is the vice-governor and aid to the governor, shall be elected, this law conflicts with provisions of LAL Article 105. If a secretary general cannot be elected based on a proposal by the Minister of Local Administration (MoLA) approved by the Cabinet, Article 105 authorizes the president to select a person of his choice to the post from amongst the governorate local council members. This condition is not exclusive to the governorate's secretary general, but extends to the district posts as well.

Introducing the LAL and electoral process, especially after other political parties left governmental seats to take up opposition, meant these political parties lost power and legislative influence. The law passed in a process that lacked collective and common consultation amongst more than one Yemeni political party. As a result, there was lackluster support for the elections and people distrusted the local council and its performance. As the situation favored power and positions over performance and result-based actions, the conviction deepened that political leadership was neither serious nor credible in giving local councils real and effective powers. The establishment was more interested in dominating and consolidating power over state institutions and functions than enabling local councils to play an effective role and carry out their responsibilities.

In fact, local authority leaders were strongly connected to the establishment, and the regime actively supported and selected loyalists to leadership positions in local administration structures; elections were rigged and results fraudulently influenced. This indicates that intentions favored political gains and consolidating the center's and ruling party's power over local affairs, which in turn undermined local election outcomes and the credibility of political intentions to broaden popular participation. This clearly impacted the system, as seen in how the legitimate authority in liberated areas and areas under Houthi control reacted after the war broke out in 2015. Local council activities were either completely frozen or their leadership purged, as they were viewed as part of the former regime. This was tantamount to a full coup against the local authorities in form and substance. Consequently, in vast areas of Yemen, the LAL was replaced by de facto authorities and no longer in force.



Ali Abdullah Saleh, former president of Yemen.

2.4. Local Councils' Powers to Manage Affairs and Development

Article 146 of the constitution stipulates the local council's (LC) core functions: propose the administrative units' plans, programs and investment budgets, and oversee, control and hold local authority organs accountable. LAL Article 14 states that executive organs shall exercise their activities under supervision, control and management by the LC. Adding the word "management" made the LC chief executive officer of the executive organs – in contravention to the constitutional text, which prohibits combining executive and

control functions at the same administrative level. Similarly, LAL Article 33 considers the governorate LC administrative board, by virtue of law, a public tenders committee responsible to apply the Procurement Law. This provision grants the LC administrative board an executive function that conflicts with constitutional principles calling for separation between executive and control functions at the same administrative level. The administrative units' tasks and competencies were elaborated in the LAL, its executive and financial bylaws, and organizational regulations for executive organs, resulting in overlapping LC competencies. On the other hand, reports indicate that the LAL and its executive and financial bylaws are in conflict with 80 other legislative provisions.

These unclear overlaps and conflicts between the LAL and all other laws in force continued without any attempt for amendment. This is a natural outcome of the establishment lacking seriousness in its approach to decentralization, which caused confusion in the local and central institutions' work, and prolonged public administration systems at the central level due to inconsistency with the local authority system. Central ministry regulations, especially those that devolved their activities to the local level, remained in force based on central management concepts. Some central authority organs continued running their local branches, while others still funded and implemented development projects from the center although they had become local functions.

Supporting this claim of an insincere approach to implementing the LAL is the way central authorities transferred functions and activities to local authorities without the needed resources. Staff, resources and equipment were not transferred to the local level, financial allocations were insufficient, central organization branches were not provided the databases and information necessary, and localities received no training in their new functions. All this undermined the local authority objectives, rendering it incapable to provide efficient and quality services or realize the interests of citizens in their services.

Setting up local councils at the governorate and district levels created an overblown organizational structure with an inept and inefficient workforce. Presumably, it would have been sufficient to establish municipalities at the district level. This experience has proven that such two-tier local authority systems, with each tier holding a distinct legal status and one (the district) reporting to the other (the governorate), produce unclear relationships. Confusion spilled over to the coordination of executive organs. The districts would develop a plan and budget for any of its executive organs, often not in alignment with plans and budgets for the same organs at the governorate level. This paralyzed one level's activities in favor of another's. Districts were also observed opening additional executive organs in a disorganized and haphazard fashion with the sole aim to obtain additional budgetary means for purposes other than declared. For example, branch offices were opened for institutions such as technical education, information, social affairs, agriculture, or industry, despite having no feasible performance function at that level.

In most governorates, local authorities often do not formulate a proper plan and budget, but merely a perfunctory one, which is clearly visible in the large discrepancies between plans and implementation. Development projects are not approved based on a thorough study of an administrative unit's needs and priorities, but based on quotas, members' standing and influence, and often even on where they live and what serves their interests. Frequently, development projects in administrative units are delayed in their implementation by disputes between councilors.

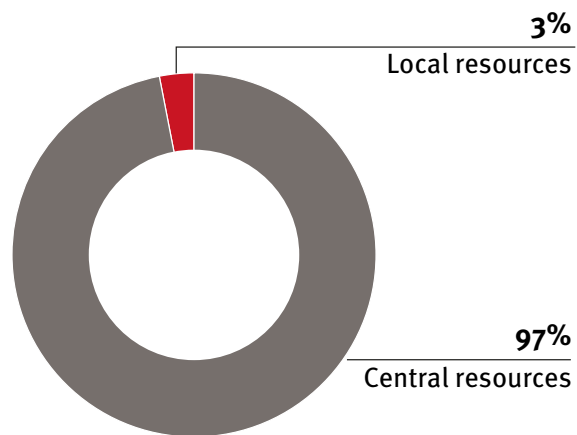
2.5. Powers to collect, manage and spend local resources and execute investment plans

The LAL determines multiple local sources of revenue. Most are fees and proceeds with meager returns; efforts to follow up on their collection are unfeasible. **They are mostly fictitious fees, fines, surcharges and proceeds** from central authority revenues that cannot be considered realistic or real resources. In addition, no mechanisms monitor funds' determination and collection for or deposit to local authority accounts. Local authorities simply record the numbers in their bank statements as their share in proceeds from electricity, water and telecommunication and in common public revenue.

Local authority has never received its full share of common public revenue. These are amounts collected centrally on behalf of local development cooperatives, councils and funds on travel tickets, fuel sales on each barrel of petrol, diesel and gas, and 30% of annual revenues from the Highway Maintenance Fund, the Agriculture and Fisheries Production Promotion Fund, and the Youth, Adolescents and Sports Welfare Fund. Central authority uses LAL provisions to justify not sharing these revenues, claiming localities did not use them for declared purposes. This is a weak and unrealistic argument given that localities were not fully informed of their share in revenues from the Youth, Adolescents and Sports Welfare Fund, and do in fact carry out costly infrastructural projects in many different areas. Excavating, repairing, asphaltting and paving roads, constructing and landscaping stadiums, building sport clubs headquarters, supporting youth programs and activities, and implementing agricultural and water harvesting projects, water tanks and water reservoirs: All these refute justifications by central authority. Moreover, some central government agencies continue to collect some important resources that by law have become local resources, such as city improvement funds and community education and health contributions. These can become substantial amounts in bolstering local authority budgets.

As far as common revenues are concerned, the LAL determines its sources. Districts collect and deposit them to the governorate local authority account. The governorate then redistributes the amounts collected based on fixed shares. However, it has been observed that governorate centers retain a large share of these revenues for themselves, and only distribute a smaller amount. They also continue implementing and funding projects in districts themselves instead of devolving powers to collect and deposit revenue or implement project to districts. Incentives to follow up on collecting and depositing shared resources are lacking. At times, districts receive a much larger share than what they collect. In many cases, we have seen a decline in these resources. Governorate capitals have no clear geographical boundary, so their executive organs can collect and deposit local, common and shared resources. According to the LAL, they can take their share of 50% – given it was the source of collection – and an additional 25% for being the capital.

Resource allocation



Source: author's estimate on the distribution of public revenue between the central and local level

Local authorities have little say in raising taxes or local fees. The LAL Executive Bylaw (EB) provisions are emphatically clear on this. EB Article 295 stipulates that local council's decision on the following matters cannot go into effect before endorsed by central authorities:

- ≡ annual plans and budgets,
- ≡ determining and raising new local fees,
- ≡ overall urban planning,
- ≡ disposing, by sale or mortgage, of public assets in the administrative unit.

LAL Article 129 stipulates that administrative units have an independent annual plan and budget to track revenue and expenditures. It is charged to the administrative unit head, who is responsible for all financial transactions in accordance with budgetary regulations. Article 137 also stipulates that administrative units are directly in charge of all financial transactions without having to refer back to the central authority. However, according to the LAL, budget rules are part of the central authority competencies. Moreover, there are several expenditure items the central authority, represented by the Ministry of Finance, have retained. Administrative units cannot use these expenditure items unless they obtain central authority approval first. In fact, some LAL provisions gave the local authority only partial powers. Other provisions, however, stifle those powers in a highly sophisticated manner. This has left the local authority with the responsibility of dealing with the citizens' demands, but without the resources or means to fulfill it. All councilors' efforts are almost entirely devoted to following up with central authority on expenditures, but no real efforts are made to follow up on local resources.

At the same time the ruling regime's political rhetoric focused on strengthening decentralization, we find that local authorities contributions from their own means to the investment program do not exceed 2-3% per annum up to 2010. For example, the governorate of Hadhramawt contributed no more than 3% of its own resources to the total investment program in 2010. Hence, what kind of decentralization are we talking about? Is specifically financial and administrative decentralization at the heart of the matter, or is there more to it?

3 The Status of Local Authorities Since 2015



The humanitarian aid health situation in Yemen has worsened in the past few years.

The local council crisis began to surface during the popular uprising against the former president, Ali Abdullah Saleh in 2011. Most governorate leaders were increasingly targeted after President Hadi took power, as they were seen as supporters of Saleh's regime. The local councils' resources and capacities experienced a major setback when the Houthis expanded their military control to Sana'a at the end of 2014, and deteriorated even further as it spread to southern governorates. As the economic and security situation increasingly worsened, financial allocations became scarce. As a result, LCs were unable to provide the most basic services. Later, their role was confined to procuring just minimum levels of food and medicine. It reached a point at which LCs were fully paralyzed in many governorates – unable to provide any assistance to the people as the security situation regressed to dangerous levels.

3.1. Local Councils' Struggle for Survival

The situation of local authorities differs from one part to another in Yemen. We can find local councils still standing in governorates like Dhamar and northward to Hodeidah. However, they are powerless and have no real resources due to Houthi military dominance. Instead, they are confined to humanitarian work.

The capital Sana'a is an exception. Local councils here have been allowed to continue providing some services to city residents for several reasons, the main one being to show steadfastness during the war. In areas near the frontlines such as Taiz and al-Baidha, local councils are almost dysfunctional. Here, citizens almost totally rely on civil society for humanitarian aid. In southern governorates – except for post-Houthi-liberation al-Mahara – local councils activities have been completely frozen under the pretext that their leaders are loyalists to the former president Saleh; new governors and director generals have been appointed. Across Yemen, whether a local council exists or not can be attributed to its members' background and composition in each area. In the North, councilors' selection is based on their influence and on tribal factors. This is beside partisan affiliation. Thus, we find that local councils in these areas continued to stand, even without resources, because they represent tribal entities. In the South, where tribal structure is weak and mostly civic in nature, we see political affiliation as the dominant factor. Most councilors were members either of the GPC or al-Islah parties, and this was the reason for their quick collapse during the war for liberation. Civil-society organizations played a major role in providing humanitarian aid and services to these areas.

Coalition forces provided direct aid to liberated areas such as Aden and nearby governorates. Because they suffered from high degrees of destruction, weak governmental institutions and absent local councils, these areas, and especially the capital Aden, faced tumultuous times and instability. As a result of its civic nature, Aden saw overlapping factors come into play. Its unique political history and conflicts both among southern areas and political parties aggravated instability. This impacted the city's security, humanitarian and service situation. Aden would have been better off if the local council or other community forces had continued to be active and influential.

3.2. Roles of Local Communities in Conflict Zones

In light of absent state institutions and deteriorating services, livelihoods and humanitarian conditions, the local community – what remains of local councils, social figures, and civil society – is the active player in the governorates' current humanitarian landscape. It has played a crucial role in alleviating the war's impact on the population. The local community has mediated between armed groups, helping reach local ceasefire agreements, and facilitated establishing safe corridors for humanitarian aid through confrontational hot-spots. Local communities have also assisted in a number of prisoner exchanges between various groups, maintained some semblance of social peace and state presence, and preserved the social fabric. For example, the Hadhramawt Governorate received hundreds of thousands of IDPs in its main cities in the first half of 2015, when it was still under Al-Qaeda control. Civil-society organizations played a major role in relief operations, without any support from the government, the Arab Coalition or the international community. In addition, they worked to spare Mukalla from destruction and ouster Al-Qaeda from the city. Local community components in all areas, including those liberated from the Houthis, still play a crucial role in providing humanitarian needs and strengthening stability. Regional and international aid would never have been able to reach the needy population without support from local forces.

3.3. Expanding Southern Governorate's Authority After Liberation

The current map of powers in governorates differs from one area to another, both in form and substance. Some still uphold local authority structures, while others (southern governorates, except al-Mahara) have frozen them and only maintain governors and district directors, and work directly with civil society. In governorates under Houthi control, financial support to the local council dwindled to less than 50% in 2015,

and was totally abolished by mid-2016. In these governorates, local authority has regressed, and powers and resources have shrunk. Many have been unable to provide any service, and rely on humanitarian assistance to alleviate their citizens' suffering.

With an absent central authority, unable to provide the financial support needed and focused solely on revenue collection, and rising demands for secession in the South, southern governorates and Ma'rib have rebelled against laws in force and overstepped LAL mandates. Facing their citizens' increased service demands, while experiencing daily humanitarian suffering firsthand, these governorates acted to liberate trade on oil derivatives, adopt new policies and carry out numerous projects – far exceeding their mandates without consulting central authority. The Ma'rib Governorate went even further by refusing to deposit proceeds from oil and gas sales to government accounts, pointing to years of deprivation and disadvantage, and claiming the time had come to make up for those years by using governorate revenues for its own purposes. In contrast, the Hadhramawt Governorate has also been using its own revenue, but continues selling the oil it produces through the government, which is not giving back any returns – a matter that is provoking increasing anger in the governorate.

3.4. Local Governance: An Institutional Framework to Achieve Stability

If it had not been for local community forces during the conflict, the humanitarian situation would have been far worse today, especially in the absence of central authority. Local forces mobilized humanitarian aid, supervised its distribution, secured safe corridors, and worked as peace mediators to de-escalate the situation between warring parties in their area. They also ensured citizens received a minimum level of service.

Given the collapsed and fragmented governmental institutions – absent of any role in serving citizens and expected to remain fragile long after the peace agreement – the war's catastrophic impact in strengthening sectarian and regional divisions, and the deepened distrust between regions and political parties in Yemen, the only hope to realize local stability in the short- and mid-term rests with local forces. They have proven they have the influence and broad experience needed to engage in local affairs and address or temporarily de-escalate them. This deep knowledge of social and political networking at the local level is not available to central government authorities or international organizations. Therefore, given the need to uphold social cohesion and alleviate current hardships, local forces must be the ones to enhance stability in their areas.

Successful experiences in Hadhramawt and Ma'rib are models that can be scaled to other governorates and provide lessons learned. These two governorates have been able to enhance security, provide services and advance social peace.

4 The Experience of Hadhramawt: Lessons Learned



City of Shibam, in Hadramawt. The city was once the capital of the Kingdom of Hadramawt.

The Hadhrami community is peaceful and civic. It was critical in its assessment of events in Yemen, and avoided dragging Hadhramawt into the political strife that emerged with youth protest in 2011. Strong social cohesion between various community segments and the local authority helped the governorate avoid Yemen's vicious conflict cycle. This is because Hadhramawt's community forces were deeply aware that the conflict was actually a struggle within the ruling authority over power and influence, and had nothing to do with the interests of the nation or the people. Therefore, the local authorities continued to work quietly, utilizing whatever resources were available to provide services to their citizens.

The first challenge Hadhramawt faced was an attempt to drag it into chaos. This was in mid-2014 when the defense minister at the time, Mohamed Nasser Ahmed, established popular resistance in Abyan to liberate it from Al-Qaeda and counter terrorism. He then approached Hadhramawt with the same idea of establishing popular resistance in the governorate, claiming that military units were still loyal to the former president and governorates thus had to protect themselves. The Hadhrami people roundly rejected this proposition. Their position was clear: They did not want any irregular militia, but would gladly conscribe to regular military units to fight terrorism and protect their areas. This position spared the governorate the fragmentation and clashes between competing military formations now experienced in Aden and other nearby governorates. Hadhramawt has remained free from non-state militias or irregular armed groups to this day.

In the first half of 2015, Hadhramawt faced a second challenge. When Houthis took control of Sana'a, spread southward and seized large areas of Aden Governorate, IDP influx to various cities in Hadhramawt – Mukalla, Al-Shaher, Al-Ghail, Saiyoun, Tarim and Al-A'ber – increased. More than one hundred thousand people arrived and had to be accommodated, despite the lack of central authority or financial support from the government, the Arab Coalition, or the international community – and on top of scarce financial resources available locally. Without much ado, Hadhramawt's local authority mobilized civil society and the private sector in the governorate and abroad to organize a massive humanitarian relief campaign – perhaps the biggest in Yemen. Homes, schools and government buildings were opened to provide IDPs shelter and food around the clock in an orderly and supportive manner, taking consideration for their psychological wellbeing and human dignity. This experience, which received no support from the ruling government, the Arab Coalition, or international organizations, strengthened civil society in Hadhramawt and taught them the skills necessary to face the even more rigorous challenges ahead.

They came to Hadhramawt in early April 2015, when the Al-Qaeda in the Arabian Peninsula (AQAP) surprisingly seized the city Mukalla after the Republican Guard and central security forces had suddenly withdrawn, effectively handing the city over without a fight. Citizens woke that day to find their city already under Al-Qaeda control. Most military personnel in Hadhramawt – regardless of rank – hail from areas around Sana'a Governorate, especially Amran. The units in Mukalla were loyal to Ali Abdullah Saleh, while units further inside the region support Ali Muhsen Al-Ahmer. It was apparent that Mukalla's takeover was a reaction to the Arab Coalition launching Operation Decisive Storm. Community forces in Hadhramawt understood the conspiracy's implications and calmly handled the situation with Al-Qaeda fighters so that people did not face death and torture, and spared the city from destruction.

Meanwhile, Arab Coalition forces secretly recruited thousands of Hadhramis to prevent Al-Qaeda from targeting their families. On April 24 2016, with air support from Arab Coalition fighter jets, elite Hadhramawt forces moved to liberate Mukalla from the pro-Saleh Al-Qaeda, after a year of occupation. Local community forces in Hadhramawt, specifically in Mukalla, played a major role in averting the city's destruction.

As the Hadhramawt Elite Forces marched to liberate Mukalla, battles broke out in the city outskirts. Arab Coalition fighter jets inflicted heavy casualties on Al-Qaeda's ranks. The plan had originally called for the Elite Forces to storm the city in guerilla-like street warfare. Here, the wisdom of local community forces in Hadhramawt set in: They convinced Al-Qaeda fighters to withdraw without a fight in return for safe passage from the city towards the Shabwah Governorate, where they had a presence alongside the Houthi-Saleh forces.

The liberation of Mukalla and the return of the governor was the next challenge Hadhramawt faced. When the capital Mukalla was regained, most government buildings were destroyed, the documents within set on fire, the Central Bank was looted, and all government vehicles and machinery had been captured. Al-Qaeda left behind embedded cells in several neighborhoods and nearby cities, such as al-Ghail and al-Shaher. In this reality, Hadhramawt had to simultaneously provide security and combat terrorism without any resources. District local councils were suspended as a precautionary measure, since most of their leadership had ties to the Saleh's ruling GPC party. The military units that had handed Mukalla to Al-Qaeda fighters were from the same party. Many leadership posts in the districts and executive offices were changed. Then, the leadership of the governorate, in consultation with local civil society and tribal and political communities, started tackling the huge challenges facing the governorate.

4.1. Strengthening Security and Combating Terrorism

From the outset, Hadhramawt had clearly rejected establishing popular resistance or armed militias. This was a main factor in consolidating and strengthening security on Hadhramawt's coasts. A number of army brigades were created instead and named the Hadhramawt Elite Forces. They were manned with soldiers from various areas in Hadhramawt, so that no one area was predominant, and attached to the Second Military District. Personnel was trained in cooperation with the coalition forces that had been working to combat terrorism and provide security for all the governorate's areas and coastal districts. Totalling at about half the size of Hadhramawt's First Military District Forces, the Hadhramawt Elite Forces have no heavy weaponry – only personal weapons and some medium-sized machinery. Currently, work is being done to build police station capacities with enough trained personnel and resources to fulfill various security functions.

There are over 48 thousand soldiers in the First Military District according to Prime Minister Ahmed Bin Dagher. These units have refused to combat terrorism and counter Al-Qaeda in the valley area of Hadhramawt. They also refused to assist in liberating adjacent Shabwa Governorate, despite possessing armoured battalions with tanks, artillery and armored vehicles. Such a large force present on the front alongside the Hadhramawt Elite Forces causes instability in the governorate, considering they have refused to play any role in maintaining security, combating terrorism, or supporting the fight against coup forces.

4.2. Liberalization of Trade on Oil Derivative

The liberalization of oil derivative trade started at the same time the IDPs increasingly arrived to Hadhramawt. The rising influx increased demands for services such as electricity and fuel, and strained the limited resources available to the local authority. The situation pushed local leadership to coordinate with the central government so the private sector could start importing oil derivatives to supply the fuel needed to generate electricity and cover local market needs. After Mukalla was liberated from al-Qaeda, the governorate's local authority continued to allow the private sector to import oil derivatives, which created additional revenue for the governorate in the form of fees levied on imported fuel.

4.3. Service Provision and Development Management

The number of IDPs in Hadhramawt continued to rise, especially in Mukalla. They came from other governorates and from Saudi Arabia – due to new Saudi fees imposed on resident expatriates. The growing population led to increased demands for services. With no central governmental support, the governorate had to seek other means to grow its resource base. In 2017, the national oil company PetroMasila resumed production in Hadhramawt; so far, it has exported nearly 700 million dollars worth of oil. All proceeds have gone to the ruling government. Hadhramawt, as producing governorate, has not received a single dollar, despite the government having promised a 20% share. This has led to widespread anger in Hadhramawt and pressure on local leadership to cease production, since the governorate is not benefitting from the proceeds. The public asks the governorate act like Ma'rib, where they refuse to share any proceeds from its oil and gas production with the government. Moreover, all revenues from al-Wadiyah – a land port in Hadhramawt bordering to Saudi Arabia – are transferred to Ma'rib Governorate. This is depriving Hadhramawt of huge financial resources – potentially billions of YER monthly.

To uphold service provision, the governorate's leadership adopted a number of policies. Thus, they:

- ≡ exchanged main executive organs leadership with young, highly qualified staff.
- ≡ cooperated with the private sector to improve services in the Mukalla and al-Shaher ports. They lowered fees on imported goods and oil derivatives, with the aim of increasing port activities and attracting the private sector and maritime companies to use the port. These measures were taken without any consultation with central authority and now constitute the main source of income the governorate relies on.
- ≡ implemented service and infrastructure projects funded by tax obligations from private sector agreements. One example is the project to expand the Aqabat Abdullah Ghareeb road. The project is estimated to cost more than 400 million YER, and the National Cement Company has agreed to advance the funds.
- ≡ activated state revenue collection for electricity, water, taxes and fund fees.
- ≡ promoted private investment in health, education and real estate with lucrative incentives.
- ≡ encouraged civil-society organizations to help deliver assistance to Hadhramawt residents and IDPs from other governorates.
- ≡ provided security and protection for bank offices and exchange companies so they may function in a safe environment. This has improved the fiscal cycle monetary streams within the governorate.

4.4. Enhancing Community Peace

The absence of local authority compounded the challenges for the governorate's leadership, social forces and civil-society organizations to raise public awareness. Social awareness and local culture, as well as moderation from the Hadhrami religious school, were key factors that protected the Hadhramawt community from being dragged into Yemen's political turmoil. The governorate leadership has sought consultations with all political, social, and religious figures, indicating they appreciate their role to protect the community and its cohesion. The Hadhrami collective conference has had a positive effect on the community. Work is ongoing to create an advisory council for the governor, which will include leading political, social and intellectual figures. The council will hold periodic consultations on the challenges facing the governorate and seek the best means for addressing them.

5 Conclusion

In the absence and weakness of state institutions, service and livelihoods eroded and the humanitarian situation worsened. The local community remained the only actor in the governorates' humanitarian landscape and has played a crucial role in alleviating the war's impact on the local population.

Local councils' circumstances differ from one area to another. In some governorates, local councils have been preserved, while in others, they have been suspended because they are perceived as part of the old regime. Experience has shown that the governorates with local authorities in place played a major role in relieving suffering despite scarce resources. In contrast, governorates with no effective local council, given the absent central authorities, suffer rather difficult situations. Southern governorates, and specifically the Aden Governorate attest to this. Here, in the absence of local authority, different forces have had space to meddle with its security, stability and social fabric.

Considering how the war has affected Yemen's social fabric, worsened its humanitarian and economic situation and weakened state institutions, it now rests with local forces to hold communities together and create stability in their areas. They have influence over, broad experience in, and in-depth knowledge of local interactions, are familiar with local problems and know how to address or quell them. Local councils are a pioneering experiment that have been misused to serve the ruling establishment. They are in need of re-engineering to make them more functional and better able to achieve development and stability, and to pave the way for transition to the federal system.

In light of fragile and inept central authority institutions and in response to actual needs and continued suffering, a number of governorate leaders have far exceeded their powers set forth in the LAL. Hadhramawt, Ma'rib and several southern governorates are now collecting local financial resources such as fees and taxes for their own use. They order spending, approve local development projects and hire employees in various sectors. These are central authority powers that have not (yet) been devolved to localities. However, a new reality has set in and imposed major changes on authorities' roles in Yemen's governorates.

Given Yemen's fragile state institutions, complex political landscape and uncertain outlook for a political settlement on the one hand, and the deteriorating humanitarian, economic and security situation on the other, it has become increasingly crucial to rely on governorates' local authorities to prevent the state from collapsing and the humanitarian and economic circumstances from worsening further. Experience from other post-war states shows that institutions emerge from the war weak, fragile and vulnerable to shocks due to the large-scale destruction and heightened citizen demands, who expect service and living standards improvements within a short period of time. In addition, trust between conflict parties is practically non-existent.

6 Recommendations

For governorates to transition to local governance, they require increased powers to manage their own livelihood, development, and security affairs and **achieve the following objectives:**

- » enhance public security,
- » manage development and local resources,
- » meet humanitarian needs, secure livelihoods, and provide public services,
- » build trust between the community's social and political forces and achieve social peace,
- » counter extremist ideologies and devote attention to youth and job creation,

In view of the changes currently unfolding in Yemen, it is of utmost importance that local authorities strengthen their powers to achieve these goals. This was not possible with the current LAL.

- » Local authorities need the power to hire and fire in the civilian and security sectors. Military recruitment should be coordinated between local authorities and relevant central authorities. Military commanders should be nominated by the governorates and should not be appointed without the express approval from the local authority leadership.
- » Finally a national program of rehabilitation and capacity-building should be initiated to empower local authorities to manage independently local development and reconstruction and achieve stability. It should envision abilities for local authorities to:
 - » directly interact with donors providing humanitarian needs, arrange and implement services and development projects, open offices for international organizations working with local authorities and grant them licenses;
 - » collect, manage and spend local resources (except sovereign revenues) in a manner that meets the governorate's needs for security, development and public services;
 - » create jobs and grant licenses to companies and industrial, trade, services and investment corporations;
 - » oblige oil companies to open offices in the governorate capitals they operate in, and to accommodate employees from the same governorate;
 - » hold full powers to manage and implement the investment program;
 - » prepare and implement reconstruction programs in affected areas;
 - » strengthen partnership and control mechanisms with a community-based system to expand civic engagement and monitoring (Sheikhs, religious scholars, political parties, CSO's, youth, women, private sector, expertise) to contribute to good governance and enhance community peace and stability.

References

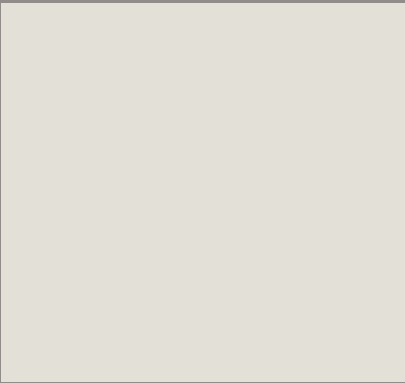
The Essential Role of the Local Councils in Yemen, Sana'a Center for Strategic Studies.

Hassan, Mohamed Mohamed, Local Administration in Yemen.

Local Administration Law No. 4 of 2000 and the Executive Bylaw.

Musallami, Fare'a, Local Councils in Yemen – A Critical Tool for Stability, the Carnegie Center for the Middle East.

Rameedh, Ghanim Mohamed, PhD, Local Councils in Yemen, Al-Mustansariyah University, Faculty of Basic Education.



Berghof Foundation Operations GmbH

<https://www.berghof-foundation.org>

info@berghof-foundation.org

Altensteinstrasse 48a, 14195 Berlin

Tel: +49 (30) 844154 - 0

Fax: +49 (30) 844154 - 99