ENHANCING GOVERNMENT EFFECTIVENESS IN YEMEN: A COUNTRY ANALYSIS

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CONTENTS

EXECUTIVE SUMMARY

This report presents a critical assessment of the level of effectiveness of the Government of Yemen. It applies an analytical framework of government effectiveness developed by the Enhancing Government Effectiveness (EGE) Project of USAID. The study included a visit to Yemen on February 2008 by a team composed of specialists from USAID and Management Systems International (MSI).[1]

The report is divided into four parts.

The first part discusses the sources of weaknesses of the unified Yemen state, saddled by problems of unification, buffeted by tribalism and riddled with clientelism. It describes a continuing deficit of national identity that is deepened by patronage and corruption weaving through tribal networks. It explains how clientelism operates in Yemen and how its pernicious consequences have led the government to pursue self-defeating policies that on the one hand keeps it in power, but on the other hand, undermines the institutions that would assure the long-term survival of the state.

The second part discusses the civil service. It presents a snapshot of the issues found by the EGE team in the course of its assessment of four selected ministries – Health, Agriculture, Education, and Finance. It describes several problems of the four ministries and analyzes the deleterious policies fostered by the particularistic incentives that drive government decision-making. It contends that the President's privileging of kin and kith in appointments, the lack of transparency and accountability in government operations, and a widespread non-meritocratic approach to governing has become a pernicious model that ministries are following.

The third part of the report presents an analysis of the major groups that dominate Yemeni politics and economy. Situating the analysis in the context of unified Yemen's recent history, this section of the report talks about the origins and resilience of tribes in Yemen, the rise of the tribal-military-commercial complex, and the evolving role of the country's political parties. The analysis goes on to argue that the members of the three most influential groups in Yemen – the tribes, the military, and the business class – all come from the same narrow set of elites. The narrowness of the bases of power in the country point to a bleak future for the country, one that is likely to be marked by tremendous instability following the passing of the current long-standing regime.

The fourth part of the report summarizes the analysis of the report and presents a series of recommendations to address the various problems of governance identified. These recommendations targeted at the broader political and institutional issues facing the government, as well as cross-cutting issues affecting the ministries. The EGE team is certain about the nature of the issues facing the Yemen state, but is doubtful about the willingness of the government to understand and appreciate the thrust of its analysis, much less the government's capacity to act upon the recommendations in the face of likely resistance to change.

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[1] MSI is the contractor of the EGE project. The team was supervised by James Walker, a Senior Economic Advisor at USAID. It was led by Hilton Root, a Professor of Public Policy at George Mason University and Emil Bolongaita, a Technical Director at MSI. This report reflects the views and analysis of the MSI team and not necessarily of USAID. Kanishka Balasuriya, a PhD student at GMU, provided research assistance and Tom Carmody at MSI coordinated logistical support for the EGE team. Separate reports are being prepared for the assessments of the Ministries of Finance, Health, Education, and Agriculture.

I. INTRODUCTION: PUBLIC GOODS NOT WANTED

In September 2007, the Millennium Challenge Corporation (MCC) approved a $20.6 million grant under its Threshold Program to the Republic of Yemen.[2] However, just days before the signing of the grant agreement, the Yemeni government released an alleged leader of the USS Cole bombing from custody. This bombing in 2000, attributed to Al-Qaeda, killed 17 American sailors. As a result of the Yemen government's action, the MCC suspended the grant and placed on hold Yemen's participation in the Threshold Program.

The Yemeni government's decision to release a high-value prisoner may appear extremely irrational, especially considering the timing. Why would the government release the suspect, just days prior to receiving a substantial grant from the US? In fact Yemen senior officials were already in the US to sign for the grant when the Yemeni's government's decision to release the suspect was made. Given the attention surrounding the USS Cole case, the Yemeni government arguably knew that the release would precipitate a negative response from the US, with implications on the grant that senior officials from both governments spent months designing. It seems from this case that the Yemeni government did not consider receiving the money a priority in the first place.

This is at the outset perplexing because one might expect that the Yemeni leadership would value the public goods that $20 million can buy, especially for health and education sectors, which the grant was seeking to support. In addition, if Yemen successfully completed the Threshold Program, it would be eligible for Compact status, which would allow it to receive even more substantial grants. Given the paucity of resources in Yemen's health and education sectors, a grant and the prospects for additional monies should have been seen as ways and means to enhance the government's support among the population. In a democracy, institutions usually ensure that the interest of the leadership coincides with public welfare. However, this episode raises doubts about the nature of Yemen's democratic institutions. It highlights the hidden dynamics influencing decision-making in the country, which determined that receiving $20 million in grant money is not in the best interest of the country's leadership.

II. THE STATE AND CLIENTELISM

Yemen's National Identity Deficit

During the early 1990s, the banner of a conference in Yemen proclaimed: "Yemen is the Tribes and the Tribes are Yemen" (Manea 1996). This statement signifies the weakness of national identity in Yemen, which is grounded in loyalty to family, lineage or village rather than to an abstract idea like the Yemeni state. The political history of Yemen does not link the inalienable rights of the individual to the cultural legacy of nationhood. It offers no universalistic criteria for participation in the nation-state to supplant norms grounded in a history of class, gender and tribal discrimination. This deficit of norms for sustained inter-group cooperation was especially salient after the North defeated the South in the civil war of 1994. After its military victory, President Saleh's government neglected to build institutions or establish rules

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[2] The Threshold Program is designed to assist countries which do not meet the MCC eligibility criteria but show significant commitment to improve governance. Successful completion of the Threshold Program would allow a country to be eligible for Compact grants, which are far more substantial in size and scope.

for state activity that can overcome the traditional divisions of region, religion, wealth, status, ethnicity and gender that causes the deep rifts in Yemeni society (Burrowes 2008).

Redefining the collective identity of a people so that entrenched collective action barriers can be overcome is not an easy task. Long-lived discriminatory norms do not die easily. But the strategy of President Saleh only compounds collective action barriers. The President has tried to spread the germ of nationalism across the country's ethnic, class and geographic barriers to build loyalty to the nationalist cause, but he also contradicts his own efforts. By strengthening the local tribal leaders who thrive on regional and class-based discrimination he reinforces tribal identity and administers the country by relying on those very fissures. Firstly he depends upon religious leaders to provide ideological unity, but this only exacerbates regional differences because the various social classes and regions have diverse religious affinities.[3] Secondly, he depends on tribal leaders to provide support for the regime by making concessions of state authority.[4] Thirdly, he has built up the army, especially the Republican Guard, as the only truly national institution, but it too has a distinctive tribal character. Recruitment for the Republican Guard is mainly from the Hashid tribe, the President's own (Saif 1997).

Problems of state authority and national identity combined to produce one paramount political failure: the absence of a broad and inclusive formula for regime legitimacy. There exists no universalistic vocabulary for participation in state institutions. The regime's elite-based formula for political stability, relying upon local sheiks and traditional local leaders, fossilizes the existing structure of social relations, embedding preexisting inequities into the structure of the nascent state. Deeply unpopular clerical rule from the North arouses apathy and resentment in the South. No wonder President Saleh fears being overthrown by the very forces of particularism that he has unleashed. When he explains his government's tolerance for convicted terrorists, he explains that the regime is too fragile to challenge the tribal leaders who stand behind the terrorists. Considering the regime's fragility, the President opts to treat the terrorists as revolutionary brothers, embracing their cause, to persuade them to work within the system.

The President holds the country together through personalized compacts with tribal leaders instead of the creation of institutions that assure all citizens basic economic and social rights (Saif 1997). Investments in rural education and health are minimal, far below even already quite low government targets (as the EGE assessments of the health and education ministries have found). Instead, government officials openly concede that they do not want the tribal people to become dependent on the government for health or education. Allah has always sufficed, one government official opined. Most remarkable is the proliferation of hospitals built with donor support that have never been opened or have closed after donor support has dried up because the government does not want to invest in the management of healthcare.

As the EGE assessments have found, the government has not constructed a bureaucracy competent to implement programs for primary health care, primary education, agricultural research and development, or irrigation and rural credit and infrastructure. The EGE team was routinely informed that many

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[3] For instance one author observes: "The flow of petro-dollar donations to religious seminaries and charities goes a long way toward explaining the neo-Islamist movement, now the most significant locus of new social capital formation. Increasingly important during a decade of worsening economic conditions, religious establishments offered a modicum of welfare to women and children and relief from disasters such as war and floods. In cushioning society from ravages of corrupt economics, they also helped cushion the government from popular discontent." (Carapico 1998, 205).

[4] Sheila Carapico (1998) identifies the government's two-pronged process of "retribalization". One is through the strengthening of tribal norms (for instance, the advocacy of tribal law as a viable alternative to codified law) while the other is through "re-Islamicization" to create a deeply religious and homogenously Muslim culture.

government workers receive their salary simply to report to work.[5] Off-budget compensation must be arranged to motivate even minimal job performance. It is estimated that 18% of the workers listed on the government payrolls are ghost workers those who receive wages but have never reported to their place of employment.[6] As a result of the widespread weaknesses in the bureaucracy, a number of donors have opted to work around the system and have in effect produced a parallel bureaucracy under the Social Fund initiative to carry out their programs.[7]

To compensate for the absence of civic legitimacy, Yemen's political leadership advances clients who are linked by ethnicity or kinship in support of the regime. Tribalism functions as a surrogate for ideological legitimacy. This is why the regime does not depend upon procedural fairness in delivering services or mechanisms for the public to monitor behavior of its agents. Instead of a strong state to serve citizens, a rent-seeking state has emerged in which personal ties to representatives of the state are essential for household survival. The Yemeni leadership has not created an inclusive consensus-based one sharing the dividends of future economic growth since the regime does not anticipate future economic growth. Its strategy is to burrow away what they collect today.

Particularism is the mechanism that political elite in Yemen uses to gain and exercise control over government organizations. At the same time, the regime tries to unify the nation behind a virulent anti-western ideology. But the economic elite aspire to become part of the developed world that the regime openly vilifies. In interviews with notable Yemenis, it seems to us that many members of the economic elite are already making exit plans to transplant their relatives and capital overseas. Many of the government officials we met conceded that Yemen is no place to raise their children and that the ideals of the regime are not suited for the modern world and do not provide appropriate examples for the young. In short, the regime is ideologically and morally bankrupt and offers little inspiration for the next generation.

"There is no State": How Clientelism Works in Yemen

Deeply entrenched traditional and hereditary authority roles in Yemen are based on a form of particularism, sometimes referred to as clientelism. Clientelism refers to reciprocal relationships between two entities that differ greatly in size, wealth, and power (Keefer 2005).[8] Its essence is loyalty in exchange for private benefits to select groups. Such relationships are reciprocal because despite the asymmetries between the two entities, each provides the other with necessities. The poor require the support of elites for household needs and their dependency keeps elites in power. In Yemen, clientelism is a pattern that persists microscopically and macroscopically, operating in all institutions, from the agencies of government, the political parties as well as clans, tribes and families. (Keefer 2005).

Social reciprocity based upon the patron-client model can be an insurmountable obstacle to the functioning of formal institutions. When the formal organizational structure of government is circumvented, the government's capacity to implement its policy objectives is weakened. In a relationship of codependency, even groups that cannot survive in power without the central leadership's protection can still manipulate the central power brokers to their own advantage. Thus, despite its social lubricating effects, clientelism is often a constraint on the development of social capital and does not encourage

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[5] USAID's 2004 Democracy and Governance Assessment of Yemen states that "the civil service is viewed largely as a social safety net and not a professional bureaucracy" (p. 18).

[6] USAID's 2004 Democracy and Governance Assessment of Yemen estimates that nearly 200,000 former Southern bureaucrats draw a government salary but stay at home (p.18).

[7] This approach, because it goes outside of the standard administrative machinery, carries the real risk that necessary institutional improvements and skills transfer will not prosper.

[8] USAID has conducted a number of studies on clientelism or patron-client networks [see Brinkerhoff, etc.]

economic investments that build social welfare. It functions to create personal obligation and to ensure loyalty in exchange for providing private goods such as jobs in state-owned industries or subsidies for private producers (Keefer 2005). In Yemen, such jobs are essential to many households as the government is the single largest employer in the country.

Many observers question why the considerable increase in popular political activity has not altered the country's prevailing power structures. A significant factor is the effects of clientelism on public policy that cut across political institutions without regard to distinctions between autocratic and democratic regimes. Thus the observation by many that Yemen is a democracy in form only. As Phillips has noted, "elections are usually regular and at times even somewhat competitive, but the officials are much less focused on policy formulation than on building and reinforcing patronage links between themselves and society" (Phillips 2008, 233). The power elites have proven resilient to political reform because the country's nascent democratic elections have not changed the underlying rules. Politicians who engage in clientelism prefer to offer their constituents tangible rather than intangible rewards, factional rather than public goods, personalized favors rather than national economic policies (Keefer 2005).

In addition, political parties in Yemen are unable to convey information to voters about whether politicians have fulfilled promises to create a better policy environment. Instead voters can only judge politicians by their particularistic promises to provide private tangible benefits. These campaign promises, which in the context of Yemen are undoubtedly the least credible form of political commitments, are not tied to programs of action. Politicians arguably discourage independent organizations such as charities, credit unions, or advocacy organizations that act in the name of public policy. This is because the incentives in patronage systems are for politicians to manipulate and control public budgets in order to fix client-specific issues, such as gutters of particular voters, provide hand-outs of various kinds, etc. Not surprisingly, roads, public transportation, general health, and primary education in Yemen are in short supply.

The politicians, meanwhile, need weaker allies in order to obtain goods and services below market prices, ensure political support in elections or maintain local political dominance. In this system, formal institutions are superseded by personal exchanges between patrons and clients. As leaders of blocs or factions, the politicians are proxy social welfare workers, using patronage to protect their supporters from calamity and indigence. In actuality, they rob the poor of future opportunities.

The Consequences of Clientelism

A clientelistic polity that requires a complex network of rent-seeking venues and an absence of moral consensus prevents the regime in Yemen from mobilizing adequate domestic resources. Yet to succeed the President's strategy requires ample resources to reward clients and purchase political support. Only a small percentage of government expenditure is financed through taxes. Oil revenues are the most important and sizable source of domestic income. Another key to resource mobilization is the extreme centralized state control over the economy and over foreign and domestic investment. The growing state sector is a source of opportunities for rents that allows the politically connected to beat out rival firms. But these strategies diminish the economic performance of the private sector, driving productive activities out in favor of nonproductive rent-seeking.

Clientelist politics generates bloated and inefficient public sectors in which business profit is a direct result of government concessions rather than the outcome of good management skills. The pursuit of political protection diverts investment away from competitive business models. Regime cronies can outbid their more efficient rivals and drive them out of the market. As one observer writes:

> "Yemen's economic climate is one of the least competitive in the Arab world, and in terms of the minimum amount of capital required to set up a business, it is the second most expensive country in the world. Businesses are expected to negotiate their tax rates with government officials, as there is no standard rate evenly applied. Personal relationships with powerful officials guide the amount of tax a business has to pay and thus can determine which business succeed and which fail." (Phillips 2008, 248).

The World Bank's Doing Business indicators present a broad overview of Yemen's onerous environment for enterprise. Their findings on taxation resonate with the experience of the EGE team's visit to the Tax Authority, where tax officials explained that the assessments of business taxes was contingent on the ocular inspection and calculation of district-level staff.

In Yemen, businesses that succeed require political proximity that renders special access to resources and protection of their investments from arbitrary decisions and interference by state institutions such as the Tax Authority. In recent years, the problem of state interference appears to have grown to such proportions that the President's secretary and other high-ranking officials has suggested creating extra-sovereign investment zones completely insulated from the state and run entirely by the Yemen Investment Authority. To be sure, the premise that such zones can be set up to be completely insulated is questionable, as the investment authority, however autonomous it may project itself, directly reports to the President. Nevertheless, the idea of rescuing Yemen's economic development through pockets of private-run economic engines suggests that parts of the Yemeni leadership has given-up on finding a formula that combines social inclusion with private investment.

Built on a very narrow winning coalition, the regime does not see its legitimacy connected to investments in the human development of its population. Oil wealth has shielded the regime from making concessions to the needs of the populace for improved health and education. The argument by Michael Ross (2001) that oil wealth stunts political pluralism is applicable to Yemen. Yemen, like other oil-rich regimes, does not have to listen to their people because they do not depend on tax-revenues. They can relieve social pressures by employing oil revenues as patronage. Governments can repress opposition and prevent the formation of independent groups that would demand rights. Yemen, in effect, substitutes oil revenues for effective and responsive institutions.
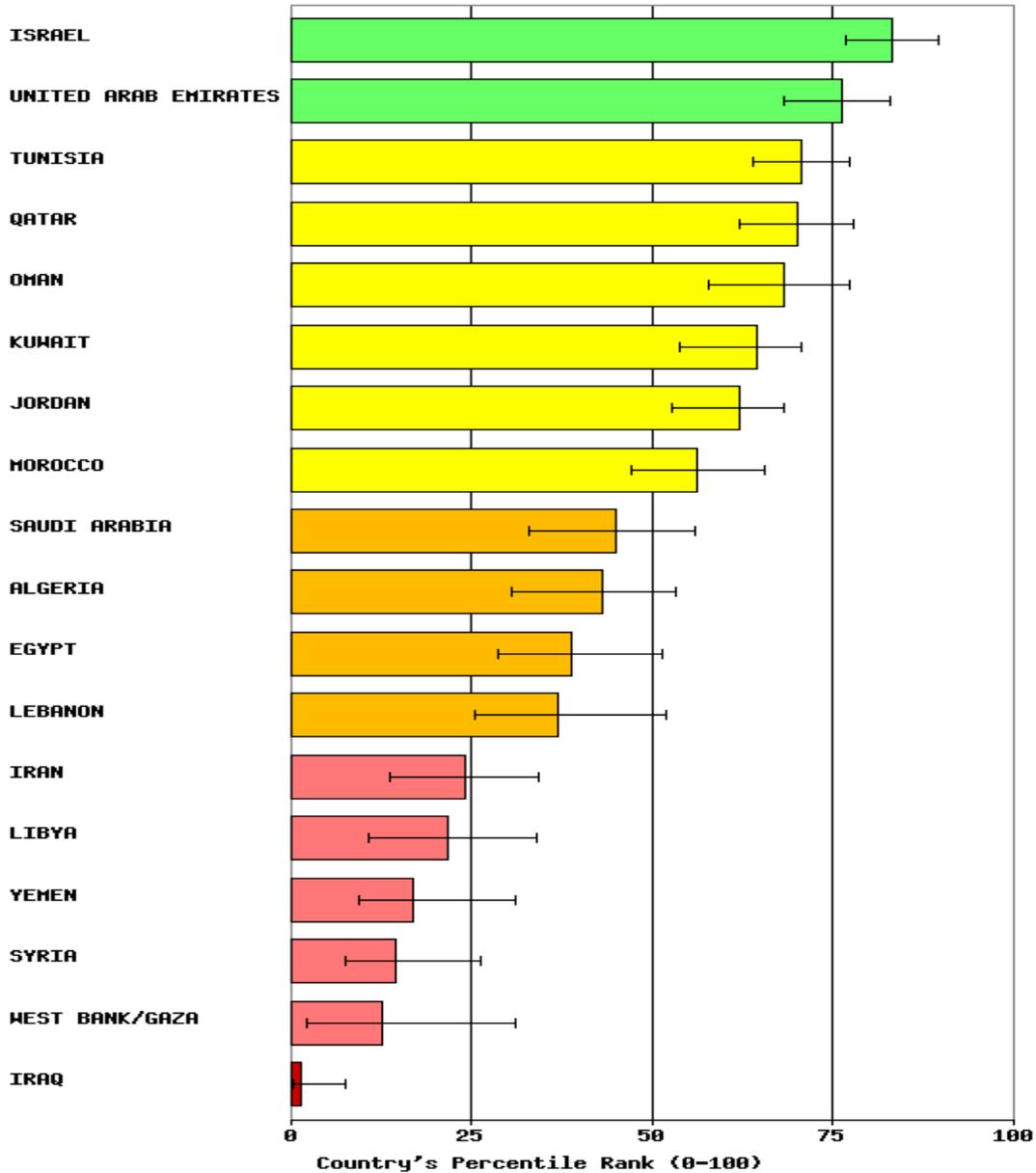
It was instructive to the EGE team that senior Finance Ministry officials know just how little government revenue comes from taxes, but not how much comes from oil. Contracts with oil companies are not published. Diesel, for example, is smuggled outside of the country by government insiders and sold at profits that are unreported. One island province, Samer with a population of 60,000, gets the same allocation of diesel as a neighboring state, Dhamar, with a population of 3 million. How much of Samer's surplus is sold overseas for the private benefit of its governor is open to speculation. Even the Prime Minister does not know how much revenue is produced from the nation's oil exports. How could he? He does not even know how much oil is exported.

III.   THE CIVIL SERVICE: CAPTURE AND CORROSION

Yemen's government effectiveness is one of the weakest in the region. The World Bank's assessment of government effectiveness puts it at the bottom 17th percentile in the world. Its ranking on control of corruption is within the bottom 33rd percentile (see Figures 1 and 2 for Yemen's ranking relative to select countries in the MENA region). This rating on government effectiveness is based on an aggregation of different surveys and studies, assessing the quality of public services, the quality of the civil service, the

degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
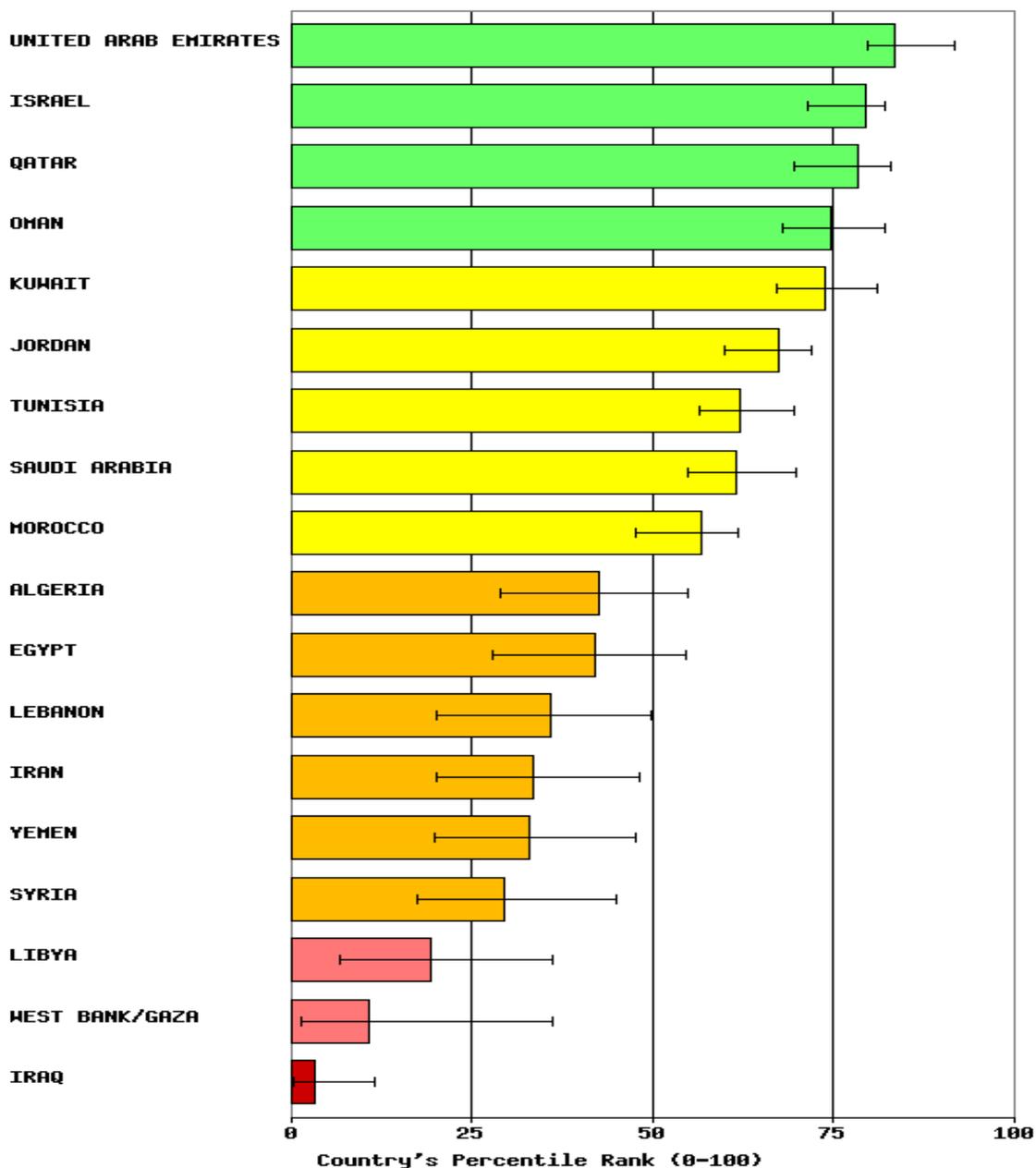
FIGURE 1. GOVERNMENT EFFECTIVENESS (2006)

Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2007: Governance Matters VI: Governance Indicators for 1996-2006
Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. Countries' relative positions on these indicators are subject to indicated margins of error that should be taken into consideration when making comparisons across countries and over time.

FIGURE 2. CONTROL OF CORRUPTION (2006)

Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2007: Governance Matters VI: Governance Indicators for 1996–2006
Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. Countries' relative positions on these indicators are subject to indicated margins of error that should be taken into consideration when making comparisons across countries and over time.

In explaining government effectiveness, bureaucratic universalism as a legitimating norm is a key factor. A bureaucratized workplace is the product of new rules in which rationality and legality combine to ensure that individual employees receive equal treatment (Watson 2003). Positions are defined in terms of

relevant skills and experience. Positions belong to the organization and are not for personal use. Personnel relations are subordinated to a universalistic standard – matching a person's ability with the job requirements. Work standards are explicitly specified and recorded. Individual rights are protected by rules that ensure a separation of the interests of the person from those of the organization. Rules that serve the interests of the organization bind managers and employees, and each side holds the other to the terms of the employment contract. Individual effort is rewarded on a meritocratic basis. In an effective bureaucracy a person's contribution and the rewards he or she receives is directly related to each other (Watson 2003).

Yemen's leadership, by contrast, must depend on governmental organizations that do not have a universal criterion of organizational effectiveness. Government agencies succumb to preexisting social norms and practices. Officials are accustomed to running an organization as an extension of their households, where familiarity and loyalty rather than competence are the criteria for exercising power. Rather than following the principle of bureaucratic effectiveness, specific groups end up using public resources to promote their own interests**.** Entrenched patron-client networks limit prospects for change. Large numbers of provisional government employees – political hacks hired outside the civil service system – transform core functions of government into personal fiefdoms. In Yemen the high performers are not rewarded and therefore unlikely to enter government service or even to remain in the country. As one official said, the biggest weakness of the civil system is attracting talented people. The instances in which notable individuals are recruited are ad hoc and lacking in transparency (i.e. the recruitment of Attar Saleh to lead the Yemen Investment Authority). Conversely one of the Yemen government's greatest strengths is attracting the wrong people.

Among the other weaknesses evident in the course of our assessment – and which are discussed at length in the ministry assessments we conducted – are as follows:

a. Employees do not receive equal treatment for equal work. In the Ministry of Agriculture, a senior official explained that he has to request for additional salary payments for staff to do their job. In one instance he said that he submitted a request to the Minister for a number of his staff to be given additional payments; the Minister, he said, added his own staff to the list for a job they did not participate in or contribute to.

b. Expertise is not relevant to recruitment or continued employment. In the Ministry of Agriculture, senior officials admit that 30% of the staff is illiterate. In the Ministry of Finance, a senior official said that he can only rely on 10% of his staff to assist him.

c. Position holders claim and receive extra-organizational prerogatives, putting organizational assets to personal ends. Senior officials are given official vehicles for their use when they assume office. They keep these vehicles even when they leave.

d. Specific standards for work and output do not exist. In the ministries that we visited, we did not find standards of performance at the organizational and personnel levels. The determinant of sufficiency is the Minister, not the public.

e. Detailed recordkeeping of output is lacking.

f. Rules and regulation are rarely codified and when established are rarely enforced.

g. Procedures for firing and for promotion are not codified. In fact, the only applied cause for being removed from office is if one is already employed somewhere else in the government. Among the key objectives of Yemen's ongoing civil service reform is to remove "double or multiple dippers". There is no program to get rid of non-performers.

h. There is little recognition that the rules and regulations bind senior managers as well as staff. For example, laws to enhance accountability and tackle conflicts of interest – such as the law that created the Supreme National Anti-Corruption Commission (SNACC) – are discounted because they do not apply to the top leadership. When everyone is not equal before the law, no one is helped by the law.

In Yemen, the goals of ministries arguably emanate outside the functional objectives of the organization. In fact, a key objective of ministries is not bureaucratic universalism – providing government service to all citizens – but to encourage constituent 'particularism'. In this regard, nothing could be more pernicious to ministry effectiveness. Particularism imposes criteria that are irrelevant to production or to effectiveness. For instance, when only relatives of the manager may rise to the top, then universalistic criteria such as competence are rarely used to remunerate employees. The result is a clash between particularism and effectiveness in which the most effective employee may lack the particular identity desired by the management while the least effective may have the requisite affinities to assume greater responsibilities.

In our view, the social character of governmental organizations in Yemen seems to prevail over their functional character. The particularistic nature of decision-making contrast with desired democratic characteristics of neutrality and equality. Generally citizens have access to government services on the basis of their social identity, so that most government goods are, in fact, *club goods*. Services coming to all who desire them is not the rule.

Moreover, interpersonal distrust within government appears so great that leaders are unable to obtain the information from within the bureaucracy required to make proper decisions. With society so divided, management is more interested in identifying sources of opposition within the organization and will select subordinates who can be trusted than in getting the right things done. In fact, what we observe as incompetent performance or inappropriate policy is what leaders genuinely prioritize.

To counterbalance anti-social centrifugal tendencies the President has built a structure which only compounds them. The primary qualification for appointment to public office neglects issues of professional competence and honesty. Loyalty within the public service is to individual leaders, not to the office or to the nation. It is understood that public office is an opportunity to extract bribes from citizens. The President's closest associates are drawn from his own region and tribe. The militia is headed by his son. He constructs political obligation along tribal lines by posting officers from his own tribe to key bureaucratic and military positions. The President says he put his son in charge of the Republican Guard (with camps in every city) because he needs someone there he can trust. One of the President's daughters married a nephew of the President who is today the commander of central security which earlier was led by that commander's father.

The President's nepotism is the model that is followed by others in his circle and beyond. Since the President trusts his family first, the heads of his ministries do the same. The President conducts his most important meetings at 'qat chews' so his officials conduct their business the same way. Since the ministries cannot be depended on, the President requires that all important decisions pass through him. But when it comes to implementation, the only governmental body he can rely on is the army. This excessive centralization has become an impediment to organizational effectiveness. Today people do not know what is and what is not confidential. Hidden action and hidden information is the norm that underlies all administrative functions of government. Uncoordinated and changeable policy accompanied by disregard for the rule of law can be felt throughout the administrative system. The president ends up being able to persuade and influence by exercising superior force. In the end, however, excessive centralization limits the real authority of his government.

Thus, Yemen is like many pre-industrial societies where the population traditionally coordinates complex tasks without reference to universalistic equity norms essential to both effective and transparent governance. In this context the donors have put their faith in the transformative effects of private-sector trade and in transplanting Western institutions. Yet the structural weaknesses most harmful to Yemen's development are not missing market laws such as property rights or missing political institutions such as elections. There is a deficit of social legitimacy to support these institutions. Public dissatisfaction caused by the ineffectiveness of state institutions to provide public goods increases the perception of illegitimacy. In a patronage-based regime officials can pursue unofficial over official goals and can even use the power vested in new institutions to prevent the goals of the institution from being met. Yemen's leadership must fill a vacuum of ideological, moral, or ethical coherence in order for new or transplanted political institutions to function according to their intended purpose.

To understand the considerable social and political barriers that reform must face, the next section will explore the composition of the regime's major stakeholders. Which reform alternatives are viable depends considerably on which alternatives are likely to win approval from those presently in power and the stakeholders that surround them.

IV.   A STAKEHOLDER ANALYSIS: WHO COUNTS AND MATTERS IN YEMEN

As discussed earlier, the Yemeni public sector is dominated by a system of patron-client relationships. Yet despite the deleterious implications of such a patron-client system for effective government performance, the tenure of the country's leadership does not seem to be particularly threatened.9 With Yemen's nascent political democracy, this would seem counter-intuitive as democratic constituencies are expected to hold their leaders accountable for their performance. In Yemen it appears that the level of policy performance does not to have an impact on the leader's term in office. This is indicative of weak democratic institutions and the prevalence of informal rules that determine the Yemeni leadership's hold on power. The aim of this stakeholder analysis is to understand these alternative rules.

While a country may have its formal rules of political competition openly stated, the informal rules are not. In our view it is fair to assume that these informal rules – as reflected in patron-client relationships – have not emerged accidentally but actually serve a specific purpose as alternative rules-of-the-game. These rules can be identified by looking at the patterns and trends in patron-client relations. Such an analysis will also reveal the incentives that drive the policies of the leadership. When contemplating public sector interventions to enhance government effectiveness, understanding these incentive structures is essential.

The informal rules in Yemen and the incentives that drive them are pivotal in politics as they are in the economy. As Bueno de Mesquita and Root put it, "the rules by which a country determines its leadership also determine how the economy is managed and in whose interests" (Bueno de Mesquita and Root 2000, 8). For instance, President Saleh's decision to walk away from a $20 million grant from the Millennium Challenge Corporation does not seem logical under democratic norms. Such apparently 'irrational' decisions, therefore, are indicative of alternative dynamics influencing decisions of the leadership. In trying to understand these rules, the key is to identify the set of people that selects the political leadership and the subset within them who benefits from the choice. In this section we conduct a stakeholder

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9 For instance Yemeni President Ali Abdullah Saleh received 77.2 percent of the vote in the 2006 Presidential election. In the 1999 elections, he won 91.2 percent of the vote.

analysis to precisely identify the people who matter and who count in the country. (See Box 1 for a description of the analytical framework we applied.)

Box 1: An Analytical Framework of Government Effectiveness

According to the framework used in this report, the group who selects the leadership is called the *selectorate,* which the group who benefits from the leadership is called the *winning coalition*. In return for their essential support, the leadership has to 'reward' the winning coalition members with benefits.

The selectorate and the winning coalition consist of "a series of nested groups" within the population (Mesquita and Root 2000, 63). Typically, a subset of the population has a legitimate right, under formal rules, to participate in the selection of the country's political leadership. This group is the country's selectorate. Those outside the group are, therefore, disenfranchised (i.e. those below the voting age, non-citizens, etc.) However, in some countries, members of the 'formal' selectorate will also be left out due to informal rules or due to problems like high levels of poverty, accessibility, and illiteracy.[10] In the language of the framework, such disadvantaged people are members of the *nominal selectorate*, who are actually disenfranchised in practice.

Even from among those who are enfranchised, the critical group is the subset of who belong to the winning coalition. The members of the winning coalition enjoy a degree of influence over other members of the selectorate, for which they have become favored. In turn, to stay in power, it is critical for the leadership to continue to win the favor of this group. To establish a winning coalition, the leadership of a country distributes political goods, which can be of two kinds; i.e. private goods or public goods (Mesquita and Root 2000).

A country's leadership uses government revenue to finance the distribution of political goods. However, since government revenue comes from taxes and fees extracted from the general population and income from natural resources, among others, the leadership is constrained by a finite resource-pool. For instance, if the winning coalition is large in relation to the resource-pool, the leadership will not have sufficient funds to adequately reward all members with private goods (such as special social privileges, access to graft, tax concessions, favorable contracts, judicial favoritism, etc.). In such a situation, it is better for the leadership to provide public goods (such as security, infrastructure, economic growth policies, etc.). This would be a better use of government revenue for a leader looking to stay in power, as more people can benefit from public goods.

Thus, the main implication of the framework is this: to improve government performance, the size of the winning coalition should be increased. When that happens, due to the reasons highlighted above, the leadership will be compelled to switch their emphasis from providing private goods to producing public goods. In other words, with a bigger winning coalition, it would be in the direct interest of the leadership to enhance government effectiveness and thus increase the supply of public goods. Interventions to enhance government effectiveness should, therefore, be based on recommendations for broader institutional changes that can increase the size of the winning coalition.

A Brief History of Unified Yemen

A stakeholder analysis of Yemen requires an understanding of the historical foundations of unified Yemen (Republic of Yemen), which was created in 1990 when the Yemen Arab Republic (YAR, or North Yemen) and People's Democratic Republic of Yemen (PDRY, or South Yemen) were united. However,

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[10] High level of poverty, lack of accessibility, and illiteracy are important features in some areas of Yemen (Payne, Moudoud et al. 2004).

due to their distinct histories, North and South Yemen had contrasting institutions at the time of unification. Notably, North Yemen had a very strong and independent tribal structure which constrained the influence of the state significantly. South Yemen, on the other hand, had an ideologically oriented state controlled by one party, where tribes virtually played no role.

Historically, the primary social unit in the southern part of the Arabian Peninsula is the tribe (Manea 1996). Tribes are distinct from their nomadic counterparts in the Northern parts of the Peninsula, in that they settled and established themselves in fixed locations. The tribal identity has always been strong and tribes often operated as independent formations, only loosely affiliated to a central authority. Even ancient Kingdoms, like the Ma'ien Kingdom in 14th century BC, were based on tribal and monarchical alliances. The monarch had limited authority, having to consult with a tribal council on the affairs of the Kingdom (Manea 1996). This relative strength of the tribe vis-à-vis the central authority is still reflected in the fiercely independent behavior of the North Yemen tribes.

In 1911, Imam Yahia, of the Zaydist Islamic sect, managed to unify different tribes in North Yemen against Ottoman rule. As a consequence, the Ottoman government was forced to acknowledge the sovereignty of the region. In 1918, a theocratic state under Imam Yahia was established called the Mutawakliat Kingdom. The Imam and his successor (Ahmed) used bribes and a series of coercive tactics to hold the support of the tribes. The bribes were mainly given to Sheiks of the Hashid and Bakil tribes, which were the predominant tribal confederations of the region. To coerce tribal support, meanwhile, the Imamate held family members of tribal Sheiks hostage. If any tribe threatened the Imam's authority, these family members were killed (Manea 1996). As could be expected, this was not a very stable arrangement. In 1962, with the help of Egyptian President Gamal Abdel Nasser, a military coup overthrew the Imamate and established the Yemen Arab Republic. This led to a bloody civil war between the royalists (supporters of the Imamate funded by Saudi Arabia) and the republicans (supported by Egypt). Egypt and Saudi Arabia provided money and weapons to tribes in both groups. At the end of the war, the possession of wealth and weapons enabled the tribes to became even more independent and powerful, capable of actively influencing the Yemeni state (Manea 1996)

The tribes in South Yemen might also have been similarly powerful if not for two intervening developments that completely destabilized the tribal structure. The first was the British colonization of South Yemen during 1839-1967. According to Michele Angrist (2006), British rule undermined the tribal structure. Britain's interest was primarily centered on the strategic port town of Aden. However, Britain also controlled the surrounding area – the hinterland – to create a buffer zone for Aden. In Aden, the British undertook a series of modernization efforts in the areas of education, media, commerce, and others, which led to the emergence of a middle class. Though some degree of the tribal structure prevailed in the hinterland, it did not exercise significant political influence (Manea 1996).

A second event that marginalized tribes in the South was communist rule after independence (1967-1990). The marginalization of traditional tribal leadership under British rule, and the emergence of a strong middle class, shaped the leadership of the independence struggle against Britain (Angrist 2006). It was the middle class that inherited the leadership of the country from Britain at independence. Openly hostile to traditional elitist structures like tribes, the new class of nationalists was attracted to a Marxist-Leninist ideology. A communist regime was established in South Yemen in 1967, with the support of Moscow (Manea 1996).

In 1990, at unification, South Yemen had a strong one-party authoritarian regime, devoid of tribal dynamics, while North Yemen was a tribal society with a weak central regime. In addition, the difference in the endowment of natural resources also increased the distinction between the two regions. The fertility of South Yemen led to a social relationship based on well settled land ownership (semi-feudal) dependent on the functional role of the state for regulatory and distributor purposes. The aridity of the North,

meanwhile, made it incapable of enjoying highly productive agriculture. Thus the society in the North was highly independent and the government often relied on its military superiority for survival (Saif 2001). Moreover, North Yemenis predominantly belong to the Zaydi Islamic sect while the South Yemenis belong to the Shafi'i sect (Saif 2001).

These differences between North and the South created very different incentive structures in their respective societies that directly came into conflict at unification. For instance, the Southerner's notion of a strong state threatened the autonomy of the Northern tribes, while the North's notion of a weak state disadvantaged Southerners who lacked alternative mechanisms of self-preservation.

Despite these differences, there were several compelling reasons for the North and the South to seek unification after 1990. The main incentive for the South stemmed from the collapse of the Soviet Union. The South experienced new economic hardships when the remittances from the Soviet Union stopped. The leadership saw unification as a way to address this issue. The North meanwhile wanted unification primarily to gain access to the valuable port of Aden and to the new oil reserves discovered in an area straddling the border of the two countries, but primarily in the South (Schwedler 2006). Therefore, despite the difficulty of integrating two contrasting systems, the leaders of both regions sought unification.

However, it did not take long for differences to emerge between the two sides. One main reason for the tensions were the attempts by either side to cultivate their influence in the regions of the other. For instance the North tried to galvanize tribal and religious elements in the South by portraying the Southern leadership as anti-Islamic and pro-Western. For its part, the South tried courting marginalized factions in the North like the urban and intellectual groups and women (Saif 1997). The South also tried, unsuccessfully, to make inroads into the Bakil tribe (one of the main tribal confederations), which had been significantly marginalized by its main rival, the ruling Hashid tribe.[11] In addition, the deportation of nearly 1 million Yemeni expatriate workers from Saudi Arabia and Kuwait, after Yemen expressed solidarity with Iraq during the first Gulf War, increased economic tensions and further complicated the already delicate situation between the two regions (Payne, Moudoud et al. 2004).[12]

The parliamentary elections of 1993 which took place against this backdrop gave a convincing electoral victory to the North. Unhappy with the unfavorable outcome, the South decided to secede from the union in May 1994. This led to a brief Civil War, which ended in July 1994, with a military victory that confirmed the North's dominance over unified Yemen.

The Tribes

Historically, over three-quarters of the Yemeni population originated from tribes (Carapico 1998). However, as discussed earlier, British colonization and the subsequent establishment of a communist regime, marginalized the Southern tribes. In the less fertile and mountainous North, as war became the primary tool of extraction, people depended on tribes for protection. This accentuated the role of the tribe, making it an important part of the region's social structure (Manea 1996).
The largest tribal confederations in the North are the Hashid and Bakil confederations. Hashid confederation happens to be politically stronger, with President Saleh coming from that tribe. Also, until

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[11] For instance, President Saleh comes from the Hashid tribe. The leader of the Hashid tribe meanwhile is the Speaker of the Yemeni Parliament.
[12] Saudi Arabia alone deported over 700,000 workers. This number is significant given that the total population was around 12 million at the time. Due to the large number of returnees, the average growth rate in the early 1990s jumped up to 5.6 percent.

his death from cancer in December 2007, the head of the tribe Sheik Abdullah Al-Ahmer was the Speaker of the parliament.

Traditionally, tribes stake out territory and protect it against external interference. While families attend to the immediate needs of the households, the tribes address collective action problems like irrigation management, grazing, common defense, disaster relief, tax collection, etc. Some tribes also extract duty from travelers and traders to ensure their safe passage through their territory (Carapico 1998). They have their own laws, called the *urf*, determining leadership roles and codes of conduct within the territory. Certain families train their sons as sheikhs (tribal chiefs) while others train theirs as *qadis* (judges qualified in Islamic laws). However, the extent to which Islamic law applies within the tribe, and issues like the role of women, varies significantly between tribes (Carapico 1998).

The independence of tribes is apparent in the lack of state control in tribal regions. For instance, when Yemeni Special Forces tried to arrest the al-Qaeda financier Saudi-born Mohammed Hamdi al-Ahdal in 2001, tribal forces providing him shelter in the village of al-Hosun in the Marib province, fought back, preventing his arrest and killing 18 government soldiers. According to tribal law, when a member of the tribe offers protection to someone, it is imperative on the whole tribe to ensure his safety (Johnsen 2004). In this case, al-Ahdal was ultimately captured in November 2003, but only after the government decided to pay off tribal leaders not to provide refuge for him. This ultimately forced al-Ahdal out of tribal regions to government controlled Sana'a, where he was apprehended. This incident highlights the fierce independence that tribes enjoy even today and the lack of influence the state has in tribal territories.

 Elham Manea (1996) claims that Yemenis in the tribal regions find it difficult to relate to the central regime in Sana'a. He adds that tribes view the state's intentions with a sense of deep-rooted mistrust and that they find it difficult to accept the concept of a sovereign state. Ahmed Saif (1997) claims that Saudi Arabia is partly responsible for this trend with its tendency to support conservative tribes to prevent Yemen emerging as a strong unified country. Sheila Carapico (1998) places part of the blame on the government for its policy of promoting tribal law as a viable alternative to codified civil and criminal law. She believes that this has led to the increased coalescence of tribes to the detriment of state influence. Carapico also believes the government's reason in encouraging tribal norms is to encourage the self-preservation tendencies of tribes and to excuse itself (the government) from having to provide certain public services in the tribal regions. Carapico believes that this helps "…cushion the government from popular discontent" (Carapico 1998, 205).

According to the framework used in this study, such strong unity among tribes also facilitates the manipulation of tribal support by the political leadership. Mesquita, Smith et al. (2003) claims that correlated affinities (like loyalty to the tribes) facilitate bloc votes, which significantly reduces the size of the winning coalition. This is because the political leadership only needs to reward tribal leaders as tribal loyalty dictates that regular tribesmen would need follow their leaders or face exclusion. Thus, it is in the interest of the political leadership to promote the strong coalescence of tribes. The end result is that tribal leaders do not necessarily represent the interest of the population, responding instead to the demands of the state as dictated by the claims of patronage. Manea (1996) confirms this phenomenon, demonstrating how the late head of the Hashid tribal confederation, Sheik Abdullah Al Ahmer, came under mounting criticism for being responsible for the misfortunes of tribal members.

The Tribal–Military–Commercial Complex

Paul Dresch (1995) initially identified the pattern of a tribal-military-commercial complex in Yemen. According to Dresch, this complex constitutes a very narrow set of political elites with overlapping roles in the military, tribal, political, and commercial arenas. This starts with the appointment of tribal sheiks as

military officers. These sheiks/military offers then use their influence to access bases of political power and obtain lucrative government contracts and other commercial ventures to benefit the members of their tribes. As Dresch puts it: "High-ranking army officers and a few great merchant families all had their hands in each other's pockets. Between them they had the state in their control" (Dresch 1995, 34).

Robert Burrowes (2008) highlights the historical role that tribes played as the defensive arm of the Yemeni regime. For instance, he mentions that the Hashid and Bakil tribes were known as "the wings of the Imamate." Burrowes adds that tribal sheiks often used armed tribesmen to support and protect the central leadership or sometimes to oppose it when tribal interests were threatened. During the times of the Imamate, Burrowes claims that tribes were conceived as being independent and outside the control of the Imamate and not necessarily subjects of it.

However, upon assuming power in 1978, President Saleh tried to consolidate the strength of the state and to expand its control both in the provinces and in the cities. Saif (1997) highlights how the President reformed and expanded the central armed forces, enlarging and reequipping it in 1979, 1986, and 1988. Saif goes on to claim that "the successful introduction of conscription, coupled with professional training for the officer corps, strengthened the military in both the ranks and at the top." However, Saif describes how these gains in military strengths were later compromised as the political leadership started to use military appointments for patronage purposes. For instances, Saif demonstrates how non-merit military appointments were made from President Saleh's own tribe. He writes:

> The regime used rewards and sanctions to increase its presence and authority. After rebuilding the army, (President Saleh) created the Republican Guards, which was a new military agency, completely separate from the army and commanded by the President's brother. These troops were recruited mainly from the President's own tribe. It was given sophisticated weapons and wide privileges to counterbalance any threats that might come from the army. The security apparatus was also expanded and modernized. In addition, the President established a force known as The Central Security Troops, which were commanded by another of his brothers. All these agencies were commanded by brothers or other relatives of the President in a non-merit appointment ...which enabled the President to monopolize the capacity for mobilization.[13] (Saif 1997)

Robert Burrowes (2005) explains that this tribal-military relationship then expanded to incorporate a commercial-business dimension after 1980 – ushering the emergency of the tribal-military-commercial complex. Burrowes observes that political power increasingly concentrated in the hands of sheikhs, military officers, and Northern businessmen. He believes that this trend accelerated further after the defeat of the South in the civil war of 1994. "These oligarchs have used their positions in the state – their 'profit centers' – to extract a price for the rendering of services or granting of permission, thereby increasing the cost of government and development. The associates, friends, and relatives of occupants of key posts and offices are also enriched in this manner, the reaping of riches being a matter of connection as well as location" (Burrowes 2005, 146).

USAID's "Yemen Corruption Assessment Report" in September 2006 also observes the same phenomenon. While the report identifies the dominant role of tribes in the country's military and security apparatus, with majority of the top positions occupied by the leaders of key tribes, it also observes the emergence of a narrow elite group that thrives in capturing state resources through government contracts. The report uses the term 'tribal parasitic bourgeoisie' to describe this group and claims that these informal patronage networks have created in Yemen 'a system of grand corruption'(Robinson, Wilcox et al. 2006).

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[13] Please see http://www.al-bab.com/yemen/unity/saif1.htm

The Political Parties

In addition to the tribes and the tribal-military-commercial complex, another key stakeholder to consider are the political parties. In this section and the next, we examine these political parties and the antecedents of their rise and decline.

Yemen has a bicameral legislature consisting of a 111-seat Shura council (all appointed by the President) and a 301-seat Parliament (whose members are elected by popular vote for six year terms). There are several political parties contesting the seats in the Parliament. Some members also contest as Independents. However, the three main parties are the General People's Congress (GPC), the Yemeni Congregation for Reform (Islah), and the Yemen Socialist Party (YSP). Figure 1 below shows the performance of each party (in terms of number of seats won) at the last election held in April 2003 (the next election is scheduled in 2009).

FIGURE 3

The Number of Seats Won by Political parties in the Yemeni Parliamentary Elections of 2003
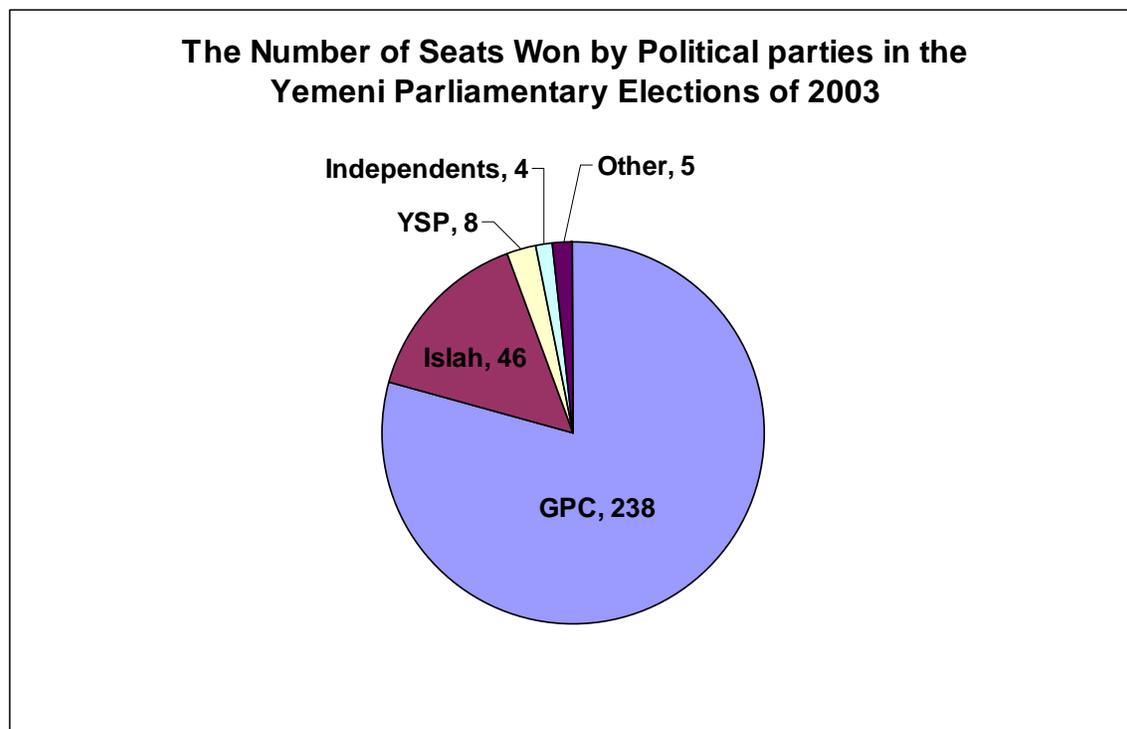
1. The General Popular Congress party (GPC)

As highlighted in Figure 3, the GPC is, by far, the strongest political bloc in the Yemeni Parliament. In 1982, President Saleh created the General Popular Congress as a national assembly. However, according to Schwedler (2006), the creation of the assembly did not necessarily signal a move towards a pluralistic multiparty politics. Instead it was seen as an attempt to strengthen the ties between President Saleh's regime and the various powerful elites spread throughout the country. Initially the assembly was comprised of a thousand representatives, with 700 elected while 300 were appointed.

In Schwedler's view, "the establishment of the GPC set the stage for unification by institutionally linking the most powerful political forces under one umbrella organization, formalizing patronage ties and

offering government positions to influential supporters" (Schwedler 2006, 58). It served as a forum for the political elite. Even in its reincarnation as a political party post-unification, the GPC has still maintained some elements of this accommodating structure. For instance, it has not adopted a strong ideological identity which might conflict with the interests of various groups within it. Instead, it tends to act like a big tent, loosely keeping various groups together. This allows for even very dissimilar groups to operate under the GPC banner. This also enables the GPC to co-opt potential challengers to the party's fold – including elements from the South – to strengthen its hold on power (Saif 1997).

In this regard, the GPC's role as a political party is clearly not a programmatic one. It does not act as an interest-aggregating mechanism that cuts across other factions of society. It also does not help to consolidate democracy by reducing other social cleavages to galvanize support around policy platforms. In fact, in the absence of a strong policy platform, GPC has allowed these social cleavages to remain even within the party. The only common interest that seems to unite GPC seems to be patronage.

2. The Islah Party

The Islah Party was formed in 1990 soon after unification. When GPC was inaugurated in 1982, an informal group of conservative tribal leaders and Islamists joined it under the name of the Islamic Front. Upon unification the members of the Islamic Front joined with a few other highly conservative and sometimes radical groups to form the Islah party. Until his death in December 2007, the head of the Hashid tribe, Sheik Abdullah Al Ahmer, headed the Islah party. Since President Saleh also was a member of the Hashid tribe, there was a close nexus between the Islah party and the GPC.
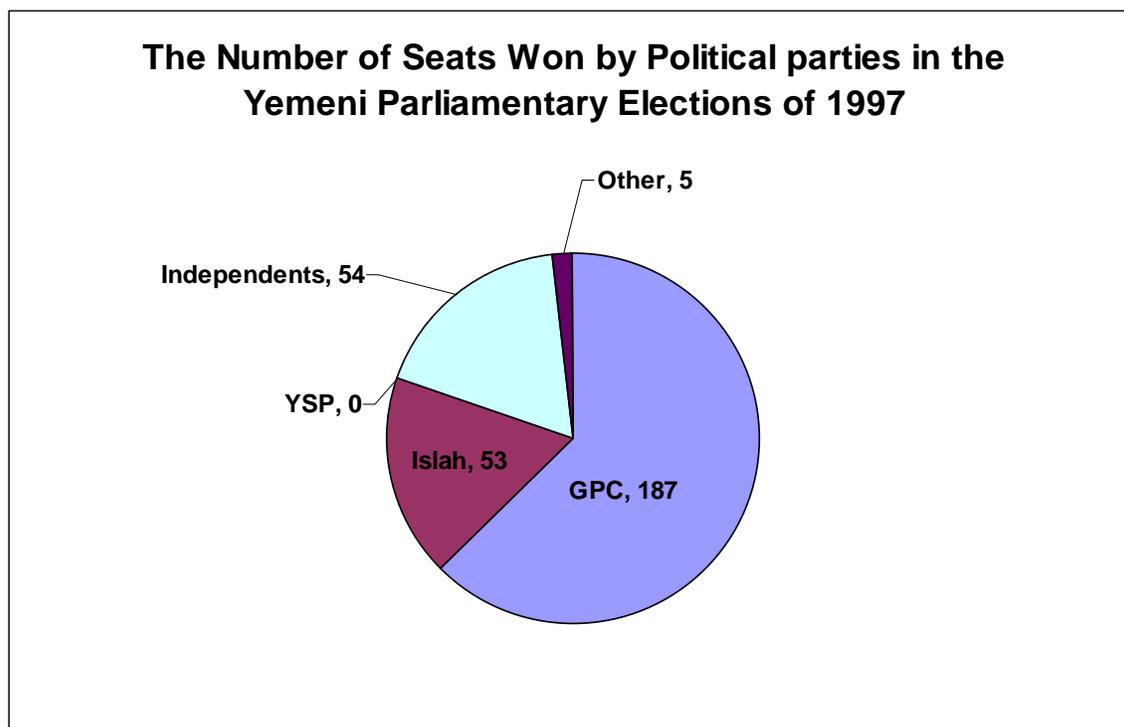
Sheik Al Ahmer and several senior leaders of Islah had a very close relationship with Saudi Arabia. It is widely recognized that Islah represented a backdoor for Saudi Arabia to influence Yemeni politics. Schwedler argues that while Al Ahmer was a major tribal leader he "cannot be characterized as not Islamist" (Schwedler 2006, 71). These two factors combined to make Al Ahmer one of the most powerful individuals in Yemen. He was eventually elected the speaker of the Yemeni Parliament which enabled the Islah party to enjoy an even more influential role.

Having come from the GPC, the Islah party was an integral part of the Northern patronage network (Saif 1997). In fact, many analysts believe that the GPC used the Islah party vicariously to undermine the YSP soon after unification. For instance, when President Saleh wanted to raise divisive issues with the YSP, he is known to have done so through the Islah party, and in that way not threaten the stability of unification. Saif (1997) argues that members of Islah were involved in depicting YSP as being anti-Islamic soon after unification, thus undermining support for YSP even among some elements in the South. In fact, some Islah members have been implicated in the assassinations of several YSP members (Saif 1997).

However, due to its background, the Islah party is considered to have two distinct wings, one 'tribal' and one 'religious' (Schwedler 2006). In this regard, Islah was far from being a cohesive unit. Along the lines of GPC, but to a lesser degree, Islah became an umbrella organization for radical tribal and religious elements. If patronage is the unifying element of the diverse groups in the GPC, the unifying element of the disparate members of Islah is their radicalism (Schwedler 2006).

The close relationship between the GPC and Islah ended when President Saleh's regime managed to defeat the South decisively in the 1994 Civil War. With YSP completely marginalized by the defeat, the GPC had little use for Islah anymore. This led to tensions between GPC and Islah. These tensions aggravated further after the GPC enjoyed a landslide victory over Islah in the Parliamentary elections of 1997, which YSP boycotted (see Figure 4). After that election, no Islah member was offered a cabinet portfolio in the new government.
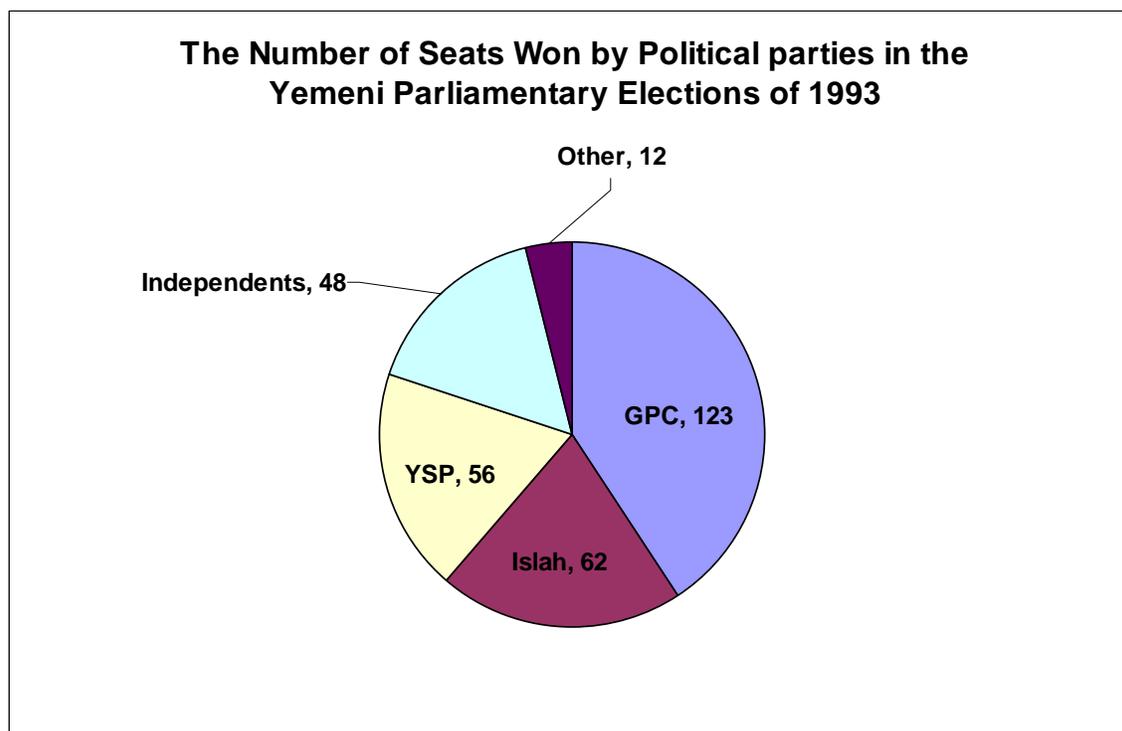
FIGURE 4

The Number of Seats Won by Political parties in the Yemeni Parliamentary Elections of 1997

Other, 5
Independents, 54
YSP, 0
Islah, 53
GPC, 187

3. The Yemeni Socialist Party

As discussed previously, Britain avoided engaging the traditional elites of society, i.e. tribal sheiks, in establishing its rule over South Yemen (Angrist 2006). This led to the marginalization of tribal sheiks and destabilized the tribal structure in the South. In place of tribal leaders, groups of educated middle class Yemenis were encouraged and supported to represent Yemeni interests with the British. When the National Liberation Front (NLF) was established in 1963 to fight for independence, it was primarily dominated by the members of this middle class and when South Yemen gained independence in 1967 the middle class remained firmly in power (Angrist 2006).

At unification, the North and the South (the GPC and YSP respectively) decided on a 50:50 power sharing formula, despite the population variance between the regions being 80:20. However, the creation of the Islah party threatened this power balance. While GPC pretended to maintain its side of the bargain, Islah (with GPC's help) was able to undermine YSP, which did not go unnoticed by YSP, which often complained of GPC's 'dirty tricks'(Saif 1997).

However, the final blow to the YSP's dream of an equal stake in unified Yemen came at the 1993 elections (Figure 5). With YSP slipping to third place behind Islah, the marginalized South decided to secede, which brought about the brief Civil War. Losing the Civil War undermined the YSP further, reducing its role in Yemeni politics. In fact, the only reason YSP has survived after the Civil War, without being completely disbanded for treason and subversion, was President Saleh's intervention on their behalf. Saif (1997) identifies the reason for this as being President Saleh's attempt to keep Islah in check by playing YSP against it.

FIGURE 5

**The Number of Seats Won by Political parties in the
Yemeni Parliamentary Elections of 1993**

Other, 12

Independents, 48

GPC, 123

YSP, 56

Islah, 62

Ironically, these erstwhile enemies, Islah and YSP, have now been lumped together in opposition to the GPC, especially with the increased estrangement between Islah and GPC[14]. For instance, after their election loss in 1997 (Figure 4), Islah joined YSP in criticizing the election results (Saif 1997). YSP had boycotted the elections, in the first place, to protest against the GPC.

Public Perception of Yemen's Stakeholders

In July 2007, the Yemen Polling Center conducted an opinion survey among Yemen's social elite concerning the role different groups play in country's decision making process.[15] The survey was conducted specifically among a select group of Yemeni elites (a sample of 535), including politicians, academics, media personnel, civil society representatives, parliamentarians, intellectuals, Shura council members, businesspersons, and advocates.[16]

The survey asked the respondents' opinion on the level of influence exerted by various groups on Yemen's decision making process. The groups in question were as follows: 'workforce', 'women', 'writers and educated people', 'academics', 'lawmen', 'media personnel', 'religious clerics', 'politicians', 'tribal sheikhs', and 'military and security commanders'.[17] Figure 6 shows the survey's results, indicated

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[14] The partnership between Islah and YSP, formed in 2002, is called the "Joint Meeting Parties" (JMP).
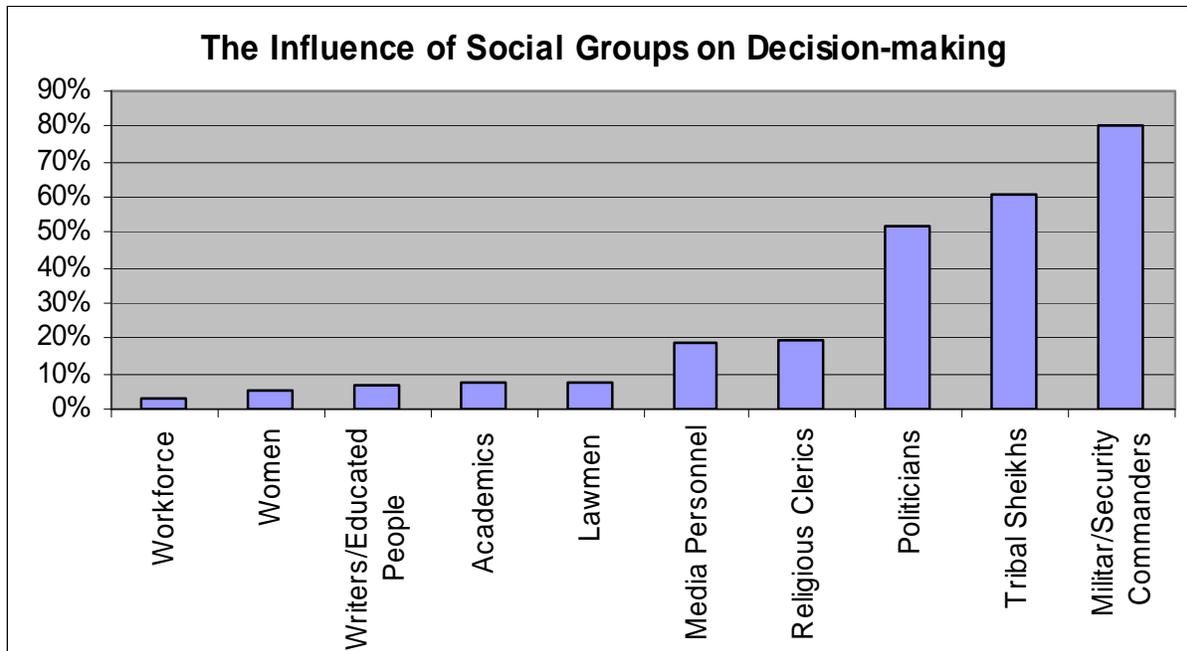
[15] The survey results were published September 1, 2007. Please see: http://yemenpolling.org/english/.

[16] According to the report on the survey results, the criteria for selecting the Yemeni elite "…were based on their relationship with a presumed-democratic system, the effect of the decision making process on them, and whether they consider it a strategy of decision making, or one of its democratic channels, as well as the political influence on the decision-maker and society."

[17] These terms are the same used by the survey report. Unfortunately, the report does not provide a more detailed breakdown of the different groups.

the percentage of respondents rating as highly consequential the influence of each group on decision making.

FIGURE 6

The Influence of Social Groups on Decision-making

(Bar chart showing percentages from 0% to 90% for the following groups: Workforce, Women, Writers/Educated People, Academics, Lawmen, Media Personnel, Religious Clerics, Politicians, Tribal Sheikhs, Militar/Security Commanders)

Eighty percent of respondents said that the 'military and security commanders' had a strong influence in the country's decision making process. Over 60 percent responded that the 'tribal sheikhs' had a strong influence. Over 50 percent said that the 'politicians' had a strong influence while nearly 20 percent felt that 'religious clerics' and 'media personnel' influenced the decision making process strongly. In comparison, only a small percentage of respondents (less that 10 percent) stated other social groups as having a strong influence.

Figure 6 indicates the strong influence that politicians, tribal sheikhs and military/security commanders have on Yemen's decision-making process. However, as discussed, a high level of overlap exists between these groups (i.e. the tribal-military-commercial complex). The majority of military and security officers are tribal sheikhs. In addition, the military controls a huge range of commercial activities (Robinson, Wilcox et al. 2006). In this regard, it is clear that *the members of the three most influential groups come from the same narrow set of elites*. Thus Yemen politics is unmistakably dominated by a *small* winning coalition.

Moreover, one of the dynamics highlighted earlier was the tendency of tribal members to coalesce as a tribe. Tribal members are likely to follow their sheiks in supporting political leaders, for the sake of the tribe, even if they do not benefit individually. This allows the tribal sheiks to exercise the vote on behalf of a bloc of voters, creating a very small selectorate.
Yemen, thus, faces a unique situation of having both a small winning coalition and an exceptionally small selectorate (made exceptional small among others by the country's poverty, illiteracy, lack of access, and discriminatory practices against women). Mesquita, Smith, et al. argues that such a combination usually leads to a "…pattern of rapid turnover of leaders punctuated by an occasional long reign…" (Mesquita, Smith et al. 2003, 291). The reason for this pattern is the extensive competition that would emerge among

contenders for the leadership. In such a competition, the cost of defection would be less for members of the selectorate (i.e. tribal sheiks) because they would continue to remain valuable to the incumbent, even if they supported a losing challenger due to the resources they control independent of the leadership (Mesquita, Smith et al. 2003).

Though Yemen is still too young as a unified country to experience this phenomenon, the experience of North Yemen – where tribalism has been more prevalent – has clearly reflected this dynamic of rapid turnover of leaders. Table 1 shows the list of Presidents in North Yemen since the fall of the Imamate.

TABLE 1. PRESIDENTS IN NORTH YEMEN SINCE THE FALL OF THE IMAMATE

Name of President	Term	End of Term
Abdullah as-Sallal	Sep.1962 – Nov.1967 (5 yrs.)	Left office
Abdul Rahman al-Iryani	Nov.1967 – June1974 (6 yrs.)	Went into Exile
Ibrahim al-Hamdi	June1974 – Oct. 1977 (3 yrs.)	Assassinated
Ahmed al-Ghashmi	Oct. 1977 – June 1978 (1 yr.)	Assassinated
Abdul Karim Abdullah al-Arashi	June 1978 – July 1978 (1 month)	Left office
Ali Abdullah Saleh	July 1978 – Current (near 30 yrs.)	Still in office

We see the Presidents of North Yemen generally occupying very short terms in office, with a few of them coming to a violent end. President Saleh, seems to be the long reign that punctuates this trend, as Mesquita, Smith, et al. (2003) predicted. With the tribal dynamics now pervasive across all of unified Yemen, our analytical framework forecasts that if the selectorate and the winning coalition is not expanded, the above pattern can recur.

V. CONCLUSION AND RECOMMENDATIONS

Yemen's leadership faces the same dilemma of other patron-client regimes under stress. Public perceptions of governmental legitimacy are undermined because the regime is devoted to providing private goods to a small base of supporters. An inability to carry out basic functions of a state erodes support for the regime in the tribal regions. Venues in which grievances against the state can be vetted or in which personal security of justice can be obtained are absent, making the population depend on local tribal chiefs for justice and protection. Failure to win over the trust of the tribal populations is one of the government's deepest vulnerabilities.

The government resists the transparency and accountability necessary for effective governance because reform would undermine the government's patron-client strategies. Systemic corruption keeps the regime in power and the system for political survival has become to date reform-proof. It is clear from our interviews that if the government were to redirect a significant portion of its resources to meet its social needs, it could lose support of the major beneficiaries of the regime. As Philips (Phillips 2008, 251) points out, "if Yemen is to remain a viable state, aggressive political and economic reform must diminish the patronage system and the legal inconsistencies and personalized power that stem from it. However, the President has built his regime's political survival on the same system that undermines its future. Any progressive changes that he implements will necessarily distribute resources and power away from the narrow circle of elites that form his strongest support base, and such changes are likely to be met with resistance from the elite".

A weak economy and inadequate state revenues are among the reasons that few Yemeni officials believe the present arrangement is viable after oil reserves are depleted. A destructive wave of land and resource mismanagement spearheaded by the national production and consumption of the narcotic 'qat' is tearing through the economy. The unemployment rate is estimated at 35 percent[18] and agricultural production is declining. Once oil production declines as well, the patronage-based polity will be underfunded and incapable of holding together. Yemen's clientelistic economy will simply no longer be able to support itself, which is why members of the elite are willing to talk about alternatives. The leadership's rapacious behavior becomes very rational once we understand that the shadow of the future looms heavily over the present. With oil reserves diminishing, many feel compelled to salt away as much as possible in preparation for a highly uncertain future.

The rising discount rate for future gains from membership in the ruling elite is reflected in higher levels of insider corruption. Since many members of the elite fear that the present course the nation is on is a dead end, people start making economic preparations by both accumulating wealth and sending it overseas just to be ready for the worse. On the other hand, anxiety about the future makes regime leaders more willing than their counterparts in Saudi Arabia to talk about reform and about the fissures in the system.

The reforms that we propose must make it in the interest of the executive to be willing to exchange loyalty and familiarity with competence. Favoritism or nepotism which favors loyalists inhibits those in authority from tapping the full set of skills and perspectives of a diverse population. The absence of universalistic hiring criteria reduces the range of different perspectives and new ideas to influence organizational performance. The future of the state will require that the diversity represented by the complex tribal structure of the country be put to the use in helping to broaden the horizons, skills and agendas of government. A bureaucracy with clearly stated goals that are rationally implemented can engage the diversity of the population. When efficiency and effectiveness goals are openly proclaimed, illegitimate and ill-performing users can be scrutinized.

Recommendations for Reforms

In our view, the two goals underpinning developmental reforms in Yemen should be as follows: expand the size of the winning coalition and widen the selectorate. Thus, enhancing government effectiveness would become relevant in this regard because it would increase the segment of the population that benefits from state policy, thereby increasing the winning coalition. Conversely, increasing the size of the selectorate means breaking up the control of tribal leaders over blocs of voters. As Saif (1997) points out "…the co-optation of tribal leaders into the state apparatus does not necessarily lead to benefits for their tribes".[19] However, given that 90 percent of Yemeni society is based on tribal structures, the challenges to dismantling tribes cannot be overstated.

There is, however, a possible of window of opportunity for reform: the likely depletion of oil resources within the next decade. USAID's "Yemen Corruption Assessment" observes that Yemen's political elite can be divided into two groups based on their strategy to prepare for the impending loss of oil revenue. One strategy is to "take while the taking is good" and the other strategy is "enlightened self-interest" (Robinson, Wilcox et al. 2006, vi). The report observes that the latter group is more amenable to reforms,

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[18] The 2003 estimate by "Middle East Institute" (http://www.mideasti.org/country/yemen).

[19] Please see http://www.al-bab.com/yemen/unity/saif1.htm.

especially against corruption.[20] Rather than take and run, this group is keen to ensure the continuity and the stability of the state. Support amongst this group is critical in introducing government effectiveness reforms. But it is uncertain that this group has sufficient mass to make a difference.

Reforms in the civil services sector, and in government procurement, would play a critical role to de-link the connection between tribe and state. Ensuring that government positions are assigned on merit and not on tribal affiliations would go a long way to remove the tribal influence over the polity. Also an independent procurement process based on a competitive and transparent system could help to disrupt the tribal-military-commercial complex.

Reforms should also tackle the tendency of the government to encourage the self-preservation tendencies of tribes. By encouraging tribal leaders to provide services to tribe members, and by formalizing certain tribal laws, it was argued that the government was consolidating tribal unity. However, if the government takes on greater responsibility of providing public goods to tribal members, it might strengthen allegiance to the nation. The role that Saudi Arabia can play to strengthen the central regime against the peripheral tribes should also be addressed. Riyadh's practice of funding Yemeni tribes contributes to their independence from the state.

There is also a need to strengthen legal institutions to enforce a uniform legal code without resorting to tribal and regional laws. At present "the corruption and weakness in the judiciary and the lack of institutional power granted to the police force severely undermine legal enforcement" (Phillips 2008, 248).

Efforts should also be made to remove the tribal bias in the military. The direct control that President Saleh has on the military (with one of his brothers commanding Central Security and his son commanding the Republican Guard) should allow him, if he so wishes, to implement such reforms.

The death of Sheik Al Ahmer, the head of the Islah party in December 2007, might also be a potential opportunity for reform. In addition to heading the Islamist Islah party, he was also head of the Hashid tribe and the speaker of the parliament. He represented a confluence of tribal, religious, and political powers and was instrumental in holding the tribal and religious wings of Islah together. Though his son was appointed the leader of the Hashid tribe after his death, different persons occupy his other portfolios. In the absence of the leadership he offered, unifying tribe and religion, there is a possibility of differences surfacing within the Islah party.[21] As the most radically conservative group in Yemen, the splintering of Islah might weaken its opposition for reform

In addition, another measure that President Saleh could contemplate (even though it is beyond the scope of external intervention) is to reform the GPC party. As discussed before, as a loose umbrella-organization, the GPC plays to various groups by allowing these groups to maintain their independence within the GPC. However, if GPC could evolve into a strong programmatic party, with a unified ideological platform based on progressive reforms and strict discipline, this would cut across tribes and social groups, hence diminishing the importance of traditional social structures. This is, to be sure, another difficult challenge, because political parties, like other organizations, can be captives of their histories.

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[20] An example of this trend is the establishment of the group "Yemeni Parliamentarians Against Corruption" (YemenPAC) in 2005. YemenPAC successfully lobbied to pass an amendment to the 'Anticorruption Law' to form a more independent anticorruption commission.
[21] In fact Sarah Phillips (2008) observes such a split within the Islah party emerging even before Sheik Al Ahmer passed away. There is a likelihood that these differences would aggravate in his absence.

Although the EGE team is clear about the nature of reforms needed – as described above – in order for Yemen's government to become more effective, we are highly doubtful about the prospects for change under current circumstances. In the first place, it does not seem to us that a sufficient number of key officials in government understand, much less accept, that many of the policies it is pursuing are genuinely counter-productive to performance and development. And even if they did understand and accept the arguments for change, they are likely more than aware of the stiff resistance from the tribal-military-commercial complex.

Perhaps if sufficiently coordinated and working in concert, donors may be able make a difference and help tilt the balance of forces that would make it less risky for President Saleh and reformist associates to push the tough reforms, i.e. to weaken tribal tendencies, break up the tribal-military-industrial complex, and broaden political participation. But this is probably more wishful thinking than thoughtful wishing. If President Saleh is not willing to risk the ire of his winning coalition (or supply the goods necessary to keep the coalition in check) to ensure the MCC threshold program's implementation, then it is highly unlikely that he will take on major reforms that could shake up the bases of the coalition that underpins his rule. The certainty of continuing short-term gains from the current particularistic system is more likely to shape the regime's decision-making over the uncertainty of broader gains from major reforms.

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