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PREVENTING VIOLENT CONFLICT. BUILDING SAFER LIVES

Federalism, conflict and fragmentation in Yemen

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Acknowledgements

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Executive summary

SINCE MARCH 2015, Yemen has been in the midst of a multifaceted civil war that has seen a Saudi Arabia-led military coalition bombarding rebel Houthi fighters and military units loyal to the former Yemeni President Ali Abdullah Saleh in the hope of displacing them and restoring ousted President Abd Rabbu Mansour Hadi to power, while the Houthi-Saleh alliance battles an array of local armed groups on the ground. The violence has left over eighty per cent of the population in urgent need of assistance as fuel, food, and water supplies have dwindled.

The current crisis has many causes but was ultimately precipitated by a political culture that promoted corruption and patronage at the cost of basic services including water, healthcare, education, security and justice, coupled with an emerging winner-takes-all attitude to power among the country's political elite.

Yemen's 2011 uprising and the subsequent inter-elite violence of that year made it clear that the way the country was run was no longer acceptable to the majority of the populace, and that governance and the social contract required fundamental change; and that a deal between elite groups to work together to repel external threats and share in state resources had collapsed.

The 2013–14 National Dialogue Conference (NDC) was a move towards resolving some of these underlying structural issues. One proposal, of a six region federal model, provided the possibility of more accountable and inclusive governance and was heavily promoted by President Abd Rabbu Mansour Hadi. The federal model is again being discussed as a post-conflict solution to creating stability once (indeed, if) Yemen's war has ended.

Federalism as a governance model in post-conflict states has become a popular tool for policymakers working on peacebuilding processes, as it ostensibly provides voice to all parties to conflict, and to marginal groups perceived to have been excluded from political processes. By devolving power to regions – and thus giving, in theory, those from non-central geographic and social spheres a say in governance – the hope is that a more inclusive governance process will lead to stability.

However, federalism is also a complex process fraught with difficulty and one that can take decades to become entrenched – if at all. Fundamentally, it requires buy-in, and understanding, from both the political elite and wider society.

The report, based on desk research and interviews with key actors while the author was based in Yemen in 2014 and then working from New York in 2015, argues that the focus on federalism as a solution to Yemen's many problems was emblematic of the wasted opportunity of Yemen's transitional period between February 2012 and September 2014. Diplomats, foreign advisers and Yemeni politicians devoted more

energy to selling utopian long-term solutions than to addressing a deteriorating political, economic, security and humanitarian environment.

It further argues that unless future administrations prioritise basic services, including security and justice, healthcare, and education for the entire population, no governance model can provide a peaceful future for the country. Failure to address these concerns in the past led those disillusioned with the transitional process to give up on the state and turn to non-state actors like the Houthis and Al Qaeda in the Arabian Peninsula (AQAP) who offer some services and a narrative of change by upending the international and local status quo. Distinct regional identities were reinforced as ordinary people believed and saw that the state, and the transition process, did not serve their interests, entrenching deeper – and narrower – identity-based politics.

Unless national-level inequalities between the core elite and the wider population are dealt with, no model of governance can be effective. In order for a more inclusive and peaceful Yemen to exist, the current conflict must end. This report provides recommendations, including:

- a focus on service provision and economic stimulus at the local level to address inequalities
- dialogue on governance models at the provincial and local levels, to truly include all Yemeni voices in planning the future of the state
- a truth and reconciliation process, at a local and national level, aimed at addressing in a meaningful manner the grievances of different Yemeni groups.

Introduction

YEMEN, THE ARAB WORLD'S POOREST COUNTRY, is now several months into what promises to be a long, drawn-out and bloody conflict exacerbated by the military intervention of regional powers. The entrance of Saudi Arabia into the conflict in Yemen, leading a coalition of Arab and Muslim militaries in a series of air strikes across the country, looks likely to accelerate a process of fragmentation that has been underway since 2011 when a popular uprising deteriorated into a violent elite competition for power.

The political situation was already fragile after the September 2014 takeover of the capital by a Zaydi Shia religious revivalist movement turned emergent political force and militia known as the Houthis and backed by loyalists of former Yemeni President Ali Abdullah Saleh. The situation deteriorated further in January of 2015 when President Abd Rabbu Mansour Hadi suddenly made public his plans to step down, less than an hour after Prime Minister Khaled Bahah, and the cabinet Bahah had formed two months earlier, had announced their own resignations, condemning the Houthis' attempts to control the new government. But Hadi subsequently rescinded his resignation after fleeing the capital, Sana'a, calling for military intervention by Yemen's Gulf Arab neighbours as he fled to the southern port city of Aden in the face of a military offensive by Houthis. When the Houthi-Saleh alliance used fighter jets to drop bombs next to the presidential palace in Aden in March of 2015, Riyadh announced the formation of its coalition to oust the Houthis and restore Hadi – who had fled the country after the bombing – beginning an intensive aerial campaign shortly afterwards.

Almost exactly a year before his January 2015 resignation, Hadi had triumphantly announced the end of the National Dialogue Conference (NDC), a ten-month series of peace talks aimed at fostering the creation of a new Yemeni constitution, promising Yemenis a brighter future. How did Yemen's transition veer so widely off track? What do the events of January 2015, and the ongoing crisis, tell us about the underlying drivers of conflict in Yemen?

This paper describes how Yemen's post-2011 political transition was manipulated by various political forces both inside and outside the country, and how a near-constant focus on process over progress, by the international community and national political elites, ultimately led to the transition's collapse. To illustrate this point, it focuses on a contentious decision made at the NDC that Yemen should become a federal state. The issue of federalism remains a pertinent one: at the time of writing, efforts are being made to push the combatants in Yemen's internal conflict towards a fresh peace process, and federalism is once again being discussed as a way of slowing the rapid pace of internal fragmentation caused by the war.

Federalism was first touted as a model for Yemen in order to address the grievances of the Houthis, the south, and other minority groups that had suffered under the autocratic rule of Ali Abdullah Saleh, Yemen's president of 33 years who was ousted by popular revolt and elite infighting in 2011. The decision to move towards a federal model of governance was in line with a recent trend among 'fragile' and post-conflict states of adopting federalism in an attempt to ease regional, cultural, and centre–periphery tensions, and to reduce the appeal of secession.

All of these tensions are pertinent to Yemen, where a small military-tribal-economic clique had controlled a highly centralised administration for much of Saleh's rule. The Saleh-era elites did little to build the legitimacy of the state, choosing to co-opt or crush dissenting voices rather than integrate local and identity-based groups into transparent and accountable systems of governance. The argument for federalism in Yemen, as voiced most stridently by Hadi, was largely predicated on the notion that decentralising power to local authorities would address 'horizontal inequalities'[1] – issues of exclusion and marginalisation of non-elite actors – widely held to be key drivers of conflict.

Yet the dynamics of conflict and instability in Yemen, both during and since the Saleh era, are more complex than national-level power struggles and centre–periphery inequities. Rather, conflict outside of key urban centres has been driven as much by grievances related to the lack of state presence as it has by the actions of the state, which in turn has allowed state and non-state actors to co-opt these grievances as part of their own political agendas. Long-standing frustrations in Yemen are often co-opted by local and identity groups who repackage them as purely horizontal issues, where specific groups are being excluded from political power, resource-sharing, and basic services by the centre on ethnic, regional, or sectarian grounds.

The focus on federalism during the NDC, meanwhile, was telling of the way the conference's sponsors approached peacebuilding: proposing long-term macro-solutions to the country's problems during widely inclusive talks while simultaneously working with, and privileging, the country's historical elite players in an attempt to find a power-sharing agreement they found broadly acceptable.

This report has several aims. It hopes to explain why 'fragile' countries like Yemen are being encouraged to adopt federalism, why they are doing so, and how this fits into a Western conception of the nature and meaning of the state. The report uses Yemen as a case study for this approach, explaining how the concept of federalism gained so much currency in a country where the Westphalian notion of a single central state, let alone a state with highly devolved central governance, is anomalous. The intent is to unpack the underlying drivers of conflict in Yemen and problematise them, making it clear that the motivations of those who participate in conflict are often very different from those attributed to them. The Houthis' rise from obscure religious revivalist group to fearsome militia, for example, was catalysed by frustration at a local level with a lack of basic services, rather than sectarian or political motivations as is often posited.

The report asks who would have won and lost from federalism, and how the former ruling elite, who until the outbreak of war controlled much of the country's formal and informal security apparatus and resources, are liable to respond to a form of governance that will challenge any number of vested interests. The report examines whether federalism could lead to a coherent process of statebuilding that helps produce a lasting peace or could prove an unhelpful diversion during a period when there was an opportunity to address Yemen's problems not just in conceptual terms but in establishing new facts on the ground.

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1 For the purpose of this paper, horizontal inequalities are defined as politically manufactured differences in political participation, access to basic services, rents, and opportunities that align with cultural, ethnic, or religious identities.

Finally, the report argues that the triumph or failure of Yemen's transition ultimately depended on the provision of basic services, including security and justice, for Yemeni citizens throughout the country. The failure to provide these was the result of an absence of collective political will to address such basic problems. With federalism once again being touted as a confidence-building measure for a post-conflict Yemen, any future peace process must be coupled with a genuine attempt to address needs and grievances at a local level, or it will be doomed to failure.

1

Why federalism? Federalism as a model for peace and statebuilding

Federalism in historical context

WHAT, EXACTLY, IS A FEDERAL GOVERNMENT? The problem in answering this question is that federalism is a concept: there is no single, monolithic model for a federal government to follow. In fact, there are as many kinds of federal system as there are countries that practice federalism.

Although in vogue over the past two decades, federalism is by no means a new system. There have been two broad drivers for the creation of federal systems. The first, which to date has been the most prevalent, occurs in a context where small regional governments or states decide to unify with the aim of clustering economic and security interests – often in the wake of independence from a colonial power. Examples of this older kind of federal state include many former UK colonies, like Canada, India, Nigeria, Pakistan, the United States (US) and, to an extent, the United Arab Emirates.

The second and more recent wave of federalism, of which Yemen is broadly a part, has generally come as a reaction to a prior system of centralised government that benefited a single political, ethnic, or other identity group. Often, the shift from centralised to federal government in this context takes place as part of a post-conflict or peacebuilding process aimed at creating stability and promoting national unity in polarised political or ethnic environments, as has been the case in post-colonial African states and in the former member states of the Soviet Union.

The most recent wave of federalism began in earnest in the early-to-mid 1990s when Bosnia and Herzegovina were incorporated into a federal state after the break-up of Yugoslavia under a cloud of regional and ethnic conflicts. Ethiopia elected to institute a federal system of governance drawn down lines of local identity after a lengthy civil war, fought in part over ethnic tensions, also in the early 1990s. In Sudan, federalism was a core component of the 2005 'Comprehensive Peace Agreement' between the now-separate north and south, and has subsequently been proposed as a solution to deeply embedded internal conflicts in both countries.[2] In Iraq, federalism was seen as an apt rejoinder to the centralised regime of Saddam Hussein, and was enshrined in law in the country's 2005 constitution.

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2 'Sudan Peace Agreement signed 9 January historic opportunity, Security Council told', *UN Security Council Press Release SC/8306*.

At times, federalism is proposed as a potential solution to the multifaceted conflict in Syria, while Libya – like Yemen – has adopted a federal model. Shifting from the highly centralised system of government imposed under Muammar Gadhafi, the Libyan state has, again, fragmented of late, with different regional and political factions vying for power. This is a common occurrence in states where a strongman has held diverse social elements together through force, rather than a genuinely unifying identity.

The lure of federalism

Proponents of federalism argue that the model "strengthen[s] democracy by allowing for a more accountable government that is nearer its citizens", leading to greater confidence in the central state. For this reason it "is in principle a useful mechanism by which post-conflict states, and in particular ethnically diverse states, can limit fears and tensions, and is thus a force for peace and stability".[3] When a small ethnic or political elite has held sway over a centralised government, provoking violent conflict, the logic goes, "federalism can be a useful means of conflict resolution in that it can provide a viable power balance between majority and non-majorities, groups and individual citizens".[4]

Federalism is seen as a useful tool in post-conflict contexts because it creates "constitutionally guaranteed self-rule and shared rule", according to the authors of a 2009 study commissioned by Switzerland's ETH University. This is an important distinction: decentralisation, another option for post-conflict states, tends not to be enshrined constitutionally and as such can be more easily adapted to existing structures of elite rule and patronage.

As one constitutional expert who has advised on statebuilding processes in Yemen, Sudan, and Libya noted: "Delegates at peace talks who feel that centralised government has hurt their interests in the past are going to want hard promises that power will be split more equally, and federalism tends to be enshrined in law so that is the option that they are most likely to go for."[5]

It is often international development and peacebuilding practitioners that offer up federalism as an option for statebuilding in post-conflict contexts, rather than the citizens of those post-conflict countries. Institutions like the United Nations Department of Political Affairs (UNDPA) and Development Programme (UNDP) – often key advisers on post-conflict peace processes – see themselves as ostensibly objective facilitators. However, they often provide national policymakers and delegates with a suite of options – reform of central government, decentralised government, and federalism – presenting, in effect, a clear direction for those making decisions on the future structure of the state.

Peacebuilding practitioners interviewed for this paper deny systemic bias towards federalism as a solution for post-conflict states but concede that, of all the policy choices available, federalism tends to be the most popular among policymakers. In part, its popularity stems from a wider tendency to view democratisation as an important part of the peacebuilding process, along with a widely shared belief that centralised systems of government make autocratic and anti-democratic behaviour easier, while federalism "protects liberalism and enhances markets"[6] by fostering political and economic competition.

3 Bergman A (2011), 'Ethnic federalism in Nepal: A remedy for a stagnating peace process or an obstacle to peace and stability? Minor field study report', *Department of Peace and Conflict Research*, Uppsala University.

4 CSS Zurich, Swiss Peace (2009), 'Federalism and Peace Mediation'. This was, in part at least, a driving force behind the decision to move towards a federal model in Iraq, where the Hussein regime was largely made up of minority Arab Sunnis marginalised by the majority Shia population and other minority ethnic and identity groups, including the 'marsh Arabs', Kurds, Yazidis, Turkmen, Assyrians, and others. Much of the regime was drawn from Tikrit, Hussein's hometown, further centralising power. Federalism was viewed by foreign advisers as a mechanism that could help avoid the centralisation of power in a similar manner in the future.

5 Author interviews with senior officials involved in a variety of peacebuilding processes, 2012–2014.

6 Weingast, Barry (1997), 'The Political Foundations of Democracy and the Rule of Law', *The American Political Science Review* **91** (2), June, pp 245–263.

When factional interests at a national level obstruct positive policymaking, decentralisation and federalism can help to "remove obstacles to government decision-making, and public acceptability of government decisions, and in general facilitate collective action and cooperation", its champions argue.[7] The World Bank views decentralisation as a solution to many developmental problems and has proposed greater autonomy and resources for local government in many less-developed countries, including Yemen.

Critiques of federalism

Despite widespread enthusiasm for federalism at an international policy level, there is an open question as to whether, in practice, federalism prevents conflict and state disintegration, or accelerates the process of fragmentation through violent conflict; or, in fact, does neither.

Part of the problem is that, in a post-conflict context, any contentious shift to a different system of governance, federal or other, can be a trigger for renewed unrest. Statistical studies suggest overwhelmingly that political change, "regardless of its direction, causes ethnic conflict and/or worsens existing divisions" in post-conflict states.[8] The same studies also suggest that federal systems can make it easier for rival groups to fight one another because they "often allow for independent militia, taxation, and infrastructural development".[9] Yemen's 1994 civil war, for example, was possible because northern and southern militaries and bureaucracies had not been properly merged. Both sides had functioning militaries and state infrastructure at their disposal during the fight.

The peacebuilding appeal of federalism tends to focus on 'horizontal' rather than 'vertical' inequalities. Horizontal inequalities occur when a country's political elite controls access to basic services and rents from natural resources and distributes them on the basis of "cultural, ethnic or religious identities".[10] For example, this can occur where the military and political establishment of a country belongs to a single ethnic group and makes sure that state jobs go to people of the same ethnicity or concentrates on building infrastructure and providing healthcare and education in areas inhabited by its people or its allies. Such differences are most keenly associated with post-Cold War conflict of the kind that federalism has been offered as a solution to; in, for example, Nigeria where federalism was posed as a solution to unrest caused by a single tribal group controlling the central state and marginalising its rivals.

But privileging this kind of inequality as a core issue often leads to a degree of myopia when it comes to the state's failure to deliver basic services *en masse* to the *entire* population, where the state simply does not serve anyone other than those in power. This is a vertical inequality. The failure of the state to provide justice, security, healthcare, education, and basic welfare also underpins conflict, by creating competition for resources like land, water, and basic services but without adjudicating such differences. These differences can metastasise into long, bloody conflicts that take on sectarian or identity-led aspects.[11]

7 Azfar O *et al* (1999), *Decentralization, Governance and Public Services the Impact of Institutional Arrangements, A Review of the Literature* (IRIS Center, University of Maryland, College Park).

8 Campenni M *et al* (2002), 'Democratization, political institutions, and ethnic conflict: A pooled time-series analysis, 1985–1998', *Comparative Political Studies*, **35** (1) pp 103–129.

9 Regan P, Wallensteen P (2013), 'Federal institutions, declarations of independence and civil war', *Civil Wars*, **15** (3) pp 261–280.

10 GSDRC Applied Knowledge Services, 'Understanding violent conflict', (www.gsdrc.org/index.cfm?objectid=4A0C23DB-14C2-620A-27D1F2B5EF89AA1A)

11 In discussing the impact of federalism on Nigeria since 1946, Muhammed Tawfiq Ladan notes that "among the major factors responsible for the heightening of ethnic conflicts in Nigeria is obviously socio-economic imbalances or economics". While linguistic, ethnic, and religious differences all play their part in conflict, Ladan argues, so too does the "paradox" of a "land of poverty in the midst of plenty; widening income inequality, rising high cost of governance to growing insecurity and unemployment rates amongst educated, able-bodied and combat ready youths/graduates of secondary and tertiary institutions". Failure to uphold laws contributes to conflict, he argues. "The law, especially constitutional law, could be used as a progressive vehicle for the prevention and management of the root causes of conflicts and for the achievement of unity in diversity." See: Ladan, Muhammed Tawfiq, Conflict and its Impact on National Development with Particular Reference to Northern Nigeria, paper presented at Centre for Crisis Prevention and Peace Advocacy, January 2013.

An important criticism of the view that federalism is a solution to states suffering from internal tensions is that it can in fact lead to an entrenchment of ethnic or sectarian divisions, essentially establishing systems of 'ethnic federalism'.[12] This can be the case particularly where states are made up of regions or groups with distinct religious or linguistic identities that have federalised to maintain a degree of unity. For example, the Soviet Union, Czechoslovakia, Yugoslavia, and most recently Serbia and Montenegro, which separated in 2006, each illustrate the limits of federalism as a way of maintaining state unity.[13]

Modern federal states also have a high failure rate. Jack Snyder, for example, argues that heterogeneous federations are often "held together by foreign intervention or military dictatorship", as in the case of Iraq, and again that federalism encourages secession.[14] Federal systems "provide… a territorially defined and concentrated nationality or ethnicity with political and bureaucratic resources that it can use to launch a bid for independence" and as such are not always the best tools for maintaining unity when there is a strong call for secession in one or more parts of a country.[15]

This view, of course, is based on the assumption that secession is always a negative outcome and that 'success' is limited to unity and broadly equitable economic growth. It also tends to ignore a wider trend of secessionist tendencies and ethnic conflict in unitary states since the end of the Cold War, and of the ability of devolution of power to ease, if not end, these tensions.

Federalism in balance

On balance, federalism is not in and of itself a 'magic bullet' or a "blueprint for appeasing conflicts".[16] The most important aspect of the shift to federalism is the management of the process, popular buy-in to the concept, and collective political will to make the new system work. An expert on constitution-building argued, "Ultimately, federalism requires buy-in at a national level. If ordinary people and the country's elite cannot be convinced to make it work, it won't".[17]

There is no promise that regional leaders in a federal system will act any more responsibly than their national counterparts in a centralised system. And indeed, in an impoverished state attempting to build a federal government at great financial cost, there are often huge, unanswered questions about which resources will pay for trans-formative change, and whether the few resources that are available would be better directed towards development and service provision.

Rather, the push to federalism tends to lead to a focus on national level power dynamics, often overlooking underlying local level issues that feed into national level conflicts and provide the foot soldiers for civil war – young men the academic Muhammed Tawfiq Ladan describes as "deculturised youths", who:

"suffer from poverty, unemployment, destitution, lack of education, or even, disillusion-ment after education and ultimately become frustrated and alienated from society… this class of youths sees no one being interested in them, and they have no approval reference point anymore within the legitimate society. Therefore, organised criminal syndicates certainly find them useful… harnessing their aggressive and destructive drives for [their] benefit."[18]

12 For a fuller discussion of ethnic federalism, see: International Crisis Group (2009), 'Ethiopia: Ethnic Federalism and its Discontents', Africa Report Number 153, September.
13 See: Roeder, Philip (1991), 'Soviet Federalism and Ethnic Mobilization', *World Politics*, **43** (2), January.
14 Snyder, Jack (2000), *From Voting to Violence: Democratization and Nationalist Conflict*, Norton.
15 McGarry J, O'Leary B (2009), 'Must Pluri-national Federations Fail?', Queen's University, Canada University of Pennsylvania, 6 March.
16 Salisbury P (2014), 'Federalism will not necessarily protect Yemen from anarchy', Asharq al Awsat, 11 May, (www.aawsat.net/2014/05/article55332123)
17 Author interview, March 2014.
18 Ladan, Muhammed (2012), 'Ethno-Religious Difference, Recurrent Violence and Peace Building in Nigeria: Focus on Bauchi, Plateu and Kaduna States', Keynote paper, Edinburgh Centre for Constitutional Law, November.

2

Statebuilding, revolution, and the history of decentralisation in Yemen

THROUGHOUT YEMEN'S HISTORY, decentralisation has been mooted as a potential solution to the country's many ongoing conflicts. But the focus of such discussions has remained on big-picture politics at the expense of local level service provision, and plans have often been spoiled or manipulated by elite actors to preserve their interests.

Merging north and south – 1990–1994

Yemen, the Arab world's poorest country, sits to the south of regional superpower Saudi Arabia and to the west of Oman, and across the Gulf of Aden from the Horn of Africa. Formed by a 1990 merger of the northern Yemen Arab Republic and the southern socialist People's Democratic Republic of Yemen (PDRY), it has struggled to maintain internal cohesion since an abortive attempt in 1994 by the former PDRY leadership to secede.

Ali Abdullah Saleh became president of the then-separate north in 1978 and under his guidance the Yemen Arab Republic moved towards a centralised system of government focused on the control of the country's resources and a concentration of hard power within the regime. The leadership of the southern socialist state took over a loose federation of 24 emirates and sultanates along with the port city of Aden in 1967, following a five-year war of attrition with the British colonial forces. Meanwhile, the socialists took a hard-left turn after a 1986 civil war in the south between liberal and Marxist elements of the southern regime; the state became owner of all major enterprises and land, and the government was the main source of employment in the country.

In 1990, with the northern state struggling financially after falls in remittances from the Gulf, and the socialist south facing bankruptcy following the collapse of the Soviet Union, the two states agreed to merge in a deal brokered by Saleh and Ali Salem al-Beidh, then-leader of the PDRY. The unwieldy, partly centralised, and inefficient bureaucracies of the north and south were not properly merged and continued to function largely autonomously of one another under what was, in effect, a quasi-federal model – albeit one under which the wealthier and more populous north held the balance of power. Yemen's 1990 unity constitution, signed by Saleh and al-Beidh, included provisions for centrally funded and elected local councils, suggesting that the central government would not consolidate its control over the state as a whole.

Unity soon floundered with southerners vocally critical of what they perceived as a power grab by the northern leadership and a wave of assassinations of southern leaders. The idea of decentralised government was an important aspect of talks held to ease tensions between northerners and southerners in 1994. A 'Document of Pledge and Accord' was signed in February 1994, which included overt promises of decentralised government[19] as part of efforts to address southern claims of marginalisation. Suspicious that Saleh would not keep his side of the bargain, al-Beidh left Sana'a in an attempt at secession. This in turn led to a brief, brutal civil war between the northern and southern militaries, which had not been merged, with the northern forces backed by returnee jihadists from Afghanistan emerging victorious.

Consolidated control and central competition: 1994–2011

Following the civil war, the Saleh regime further consolidated its control over the country's resources and institutions, with rents from oil and gas and economic opportunities largely divvied up within the inner circle of the regime rather than being recycled into development. The state struggled during this period to "enforce law and order" outside of urban centres or to "create bridges of trust that [could] dissolve the widespread tribal animosity towards the state".[20]

The devolution of some government power to peripheral areas was proposed by foreign institutional actors, including the World Bank, as a mechanism to encourage political participation and improve development at a local level. Decentralisation was also seen as a way of easing tensions over unequal distribution of resources, particularly in those areas where oil and gas were produced, which remained among the least developed in the country. Between 2000 and 2001, Yemen's parliament passed a series of laws aimed at the creation of elected local councils with some fiscal and political autonomy from Sana'a.[21] But a lack of political will to enact the laws coupled with widespread opposition among key power brokers in the Saleh regime – whose authority would have been challenged by genuine decentralisation – meant that local councils, eventually elected in 2006, held little genuine authority.[22]

Despite initiatives to reform the economy and spend around USD $5bn of foreign aid on major infrastructure projects during this period, living standards and employment fell during the first decade of the new millennium, particularly in rural areas. At the same time, there was an exponential increase in government spending and the increasingly conspicuous wealth of the inner circle of the regime. Rising perceptions of corruption underpinned the sense that the country was not being legitimately governed.

Meanwhile, integral members of the regime in Sana'a were becoming wary of Saleh's attempts to advance the interests of members of his immediate family, particularly his son Ahmed Ali, as the president attempted to consolidate family control over the state, excluding other elite powers. The al-Ahmars, the leading family in the powerful Hashid tribal confederation – a core component of the Saleh regime – also began to challenge what they perceived as the planned handover of power to the next generation of Salehs.

As tensions grew within the regime, so too did those between the central regime and groups that had been marginalised by the Saleh elite. The early 2000s saw the emergence of the Houthis, a Zaydi Shia identity-based group which challenged the Saleh regime's legitimacy, and between 2004 and 2010 fought a stop-start war with the regime. The

19 The document contained provisions for between four and seven regional administrative units whose leaderships were to be elected in "free and fair" polls and were to be given administrative and financial autonomy.

20 Manea E M (1998), 'La tribu et l'Etat au Yémen', in Kilani M (ed) *Islam et Changement Social* (Lausanne: Editions Payot), pp 205–218. As quoted in: Romero, Leonardo; El-Mensi, Mohammed, "The difficult road to local autonomy in Yemen", International Studies Program, Andrew Young School of Policy Studies, December 2008.

21 Under a 2001 amendment, articles 145 to 148 of the 1990 constitution contain provisions for freely elected local councils with powers to plan and oversee investment at a local level. These amendments came as a result of a Local Authority Law passed in February 2000.

22 This statement is based on a broad consensus among interviewees who include former and current parliamentarians and current government advisers with knowledge of the stalled decentralisation process.

new millennium also saw increasing unrest in the south, where there was a growing push for secession, and in tribal areas, particularly Mareb, Shabwah and, to a lesser extent, Hadramawt, which had not benefited significantly from the development of the oil and gas resources they held, and were being used to prop up a handful of elites and underpin huge patronage networks. In 2007, southern leaders announced the formation of *Hirak al-Janoubi*, or the Southern Movement, better known in Yemen as Hirak, as a loose umbrella organisation devoted to furthering southerners' interests. Saleh launched a brutal campaign to repress the movement but this only pushed Hirak to take a more maximalist position, demanding outright secession from the north.

In 2009 and 2010, nominal opposition groups in Yemen held a conference to ease inter-regime tensions, although attendance was largely limited to the General People's Congress (GPC) and the Joint Meeting Parties (JMP), a coalition of parliamentary opposition groups that was part of the *status quo*. During this period, the JMP proposed a federal solution to the Houthi and Hirak issues, as part of its 'National Salvation' vision for the country. But the dialogue, which included discussions of decentralisation and federalism as solutions to widespread disaffection with the regime, was widely viewed "as a failure".[23]

Revolution and dialogue: 2011–2014

In 2011, spurred on by protest movements elsewhere in the region, Yemenis took to the streets in the tens of thousands to call for political change. However, the uprising was soon subsumed by intra-elite violence. In Sana'a, tribal militias and military units loyal to a dissident commander fought openly with units loyal to President Saleh.

The fighting caused a security vacuum across much of Yemen. The economy deteriorated further and government provision of services ground to a halt. The Houthis were able to seize control of most territory in their northern heartland, Sa'dah province, while Ansar al-Sharia, an AQAP-linked Islamist militia group, also took over swathes of territory in the southern provinces of Lahj and Abyan. Hirak also became a more visible – and popular – presence in the south, pressing its claim for secession.

Fearful that Yemen could descend into a Somalia-like civil war and that AQAP would thrive in the ensuing vacuum, regional and international diplomats pushed Saleh to step down under the terms of a deal proposed by the Gulf Cooperation Council (GCC) and backed by the UN, US, and other Western countries. In November 2011, Saleh finally agreed to step down under threat (not seen through until 2014) of a travel ban and asset freeze and the incentive of immunity for any crimes committed over the course of 2011, ushering in a period of internationally backed political transition.

Although the GCC deal did not call for radical change, an 'implementing mechanism' proposed by members of the formal opposition, with help from members of the UNDP, laid the groundwork for a transitional period intended to lead to lasting change in the distribution of power and resources in Yemen.[24] The aim of the transition, as described in the implementing mechanism, was to find a system that would help ease factional tensions and divisions of the kind caused by the schism within the regime, while solving the problem of political and economic inequality at a national level, and providing a response to the demands the country's young people, who drove the 2011 protest movement.

A central component of the GCC implementation plan was the NDC: a series of talks aimed at creating broad consensus around future government policy and the drafting of a new constitution. The conference was to be open to most major political constituencies in Yemen, including Hirak, the Houthis, youth, and women. The talks began in March 2013 after a series of delays and ended in January 2014, after over-running by

23 Chatham House (2012), 'Rebuilding Yemen: Roadmap for a National Dialogue, Chatham House Middle East and North Africa Programme: Yemen Forum Meeting Summary', May.

24 For full details of the Implementing Mechanism, see: (www.lcil.cam.ac.uk/sites/default/files/LCIL/documents/arabspring/yemen/Yemen_21_Implementation_Mechanism_GCC_Initiative_USversion.pdf)

four months. One of the most important working groups at the NDC was that tasked with statebuilding, which discussed how best to provide a model of governance that would meet the demands of Yemenis who wanted a more accountable, responsive, and effective government that could not be so easily subverted by narrow interests at the centre.

President Hadi, one of Yemeni federalism's greatest proponents, is said by a number of people to have seen federalism as the best way of unravelling the Saleh regime: gradually removing the networks of power and patronage Saleh built up in Sana'a by devolving decision-making and control over resources to the local level.[25] Hadi has said on a number of occasions that federalism represents the best opportunity for meeting the demands of the 'revolutionaries' of 2011 by ushering in genuine political competition.

"If you look at the previous state, there was too much centralisation, and that led to a lack of belief in the state, where everything was centred in one area, around one group," Sheikh Mohammed Abulahoum, part of the committee on federalism, told the *Middle East Economic Digest* in March 2014. "If you try to fix that from the centre, people won't believe in what you do. A federal state devolves things to the areas; it lets people run themselves."[26]

Federalism was also seen by participants at the NDC as a partial solution to grievances voiced by southerners resident in the former PDRY, and of the Houthi movement, which had long called for greater regional autonomy and a more equitable distribution of resources. After the dialogue began, federalism was also presented by Hadi as a mechanism for easing state fracture, leveraging the gradual yet visible shift towards local identity groups, including the Houthis and AQAP, which have thrived as the state has receded since 2011.[27]

By pushing talks to be relatively inclusive both socially and geographically, the NDC's backers – a broad coalition of foreign embassies and international institutions – created a context in which consensus was likely to be reached only through some form of devolved power.[28] With 75 per cent consensus required within each of the nine working groups at the talks, and 90 per cent approval needed for each 'outcome' or proposal made at the conference, no single group had the power to pass a motion unopposed while smaller groups were well-positioned to block plans that were counter to their interests.[29]

Although a decentralised rather than federal model was also discussed, UNDPA researchers who met with Yemen's main political parties before the conference noted that the two models were "viewed as mutually exclusive"[30]: those who genuinely wanted to see power devolved would not settle for anything less than constitutionally mandated federalism. Interviews with government officials suggest that this view was likely driven by the failed attempt at decentralisation a decade earlier. "Decentralisation is just a word the elites use to pretend they are giving something up and then not do anything, but federalism is seen as a way of making sure that power is actually devolved," said one veteran politician.[31]

While the concept of federalism was broadly agreed upon, what it would actually look like remained a grey area. Foreign and Yemeni experts brought in to advise on the dialogue and constitutional drafting process noted from an early stage that views on decentralisation were largely driven by 'big-picture' political expediency rooted in group interests, rather than detailed ideas of what a truly egalitarian system should

25 Author interviews, February 2014.
26 Salisbury P (2014), 'Unity through division in Yemen', *Middle East Economic Digest*, 6 March.
27 Salisbury P (2014), 'Is Yemen Ready for Change?', *Al Jazeera English*, 3 February.
28 Author interviews, February, March 2014.
29 See National Dialogue Conference Website: www.ndc.ye
30 Moriani, Farrukh; al-Hammadi, Mohammed; Al-Zawm, Adel (2013), *Options for future form of Government and Decentralization in Yemen: Policy Options in times of Change*, UNDP, April.
31 Author interview, March 2014.

look like. Prior to Yemen's NDC talks, UNDP researchers noted a "general tendency to be scant on details when it came to decentralisation and to focus on the overall political structure".[32]

The decision to move towards federalism was rubber-stamped along with the other 1,800 'outcomes' agreed at the conference on 21 January 2014. The next month, a committee appointed by President Hadi decided that the new federation should be made up of six self-governing regions with two cities – Sana'a and Aden – effectively self-governing. However, both at the time and since the group made its decision, a number of people have claimed that the committee, effectively hand-picked by the president, was directed by the president to arrive at consensus on the six-region model over the objections of Houthi representatives and members of the Yemen Socialist Party. After the decision was made, a leading Hirak representative at the talks, who played a key role in the regional decision-making process, told the author that he had agreed to the divisions as part of a deal that would make Aden largely autonomous from the rest of the south.[33] The decision-making process had not been inclusive, was not approved by key groups, and was always likely to be contested, politically or violently, at a later date.

Despite an increasingly polarised debate playing out in local media, most Yemenis were still largely unaware of what federalism was or what it would mean for them; rather, complaints began soon after the close of the conference that not enough was being done to meet the day-to-day needs of the average citizen. Federalism, along with the rest of the dialogue, soon became a distant goal, a distraction from far more pressing needs like food, water, healthcare, and electricity.

32 *Op cit* Moriani, Farrukh; al-Hammadi, Mohammed; Al-Zawm, Adel.
33 Author interview, Sana'a, April 2014.

3

Federalism and drivers of conflict

THE TENDENCY TO FOCUS ON LONG-TERM PROCESS rather than the pragmatics of day-to-day governance is not new. Nor is the misguided prioritisation of politics over economics among domestic and international policymakers. The truth is that conflict in Yemen has long been driven by issues of grinding poverty, dwindling resources, and a lack of development.

Author interviews and a literature review suggest that, although horizontal inequalities play an important part in driving conflict in Yemen, so too do vertical inequalities. Outside of urban centres, Yemenis lack basic services like health, water, and electricity. These inequalities often lead to or exacerbate disputes over what few resources there are in rural areas between local groups. Without access to security or justice, local actors often find that disputes over issues like access to water or the ownership of a small piece of land can metastasise into long-running violent conflicts.

"What begins as a minor misunderstanding can become a full-blown violent conflict featuring gun violence, road blocks and long-term disputes," write al-Dawsari *et al.*[34] Conflicts are often amplified by other frustrations, like unemployment and competition for what few services are provided by the state or non-governmental organisations, while the government has often incentivised the use of violence, disruption of services and spoilers, by responding only to those groups who cause trouble.[35]

Contrary to well-established narratives, many tribal and local leaders want the state to provide security and justice in order to create the kind of stability required to allow for economic growth, the generation of employment, and to encourage service provision. "We want to see the state here, to see policing and to see the law laid down", commented a tribal leader from Mareb province, adding that tribal law is ill-equipped to deal with many of the most important issues in the area. "But instead the government does nothing to improve life for ordinary people and pays off armed gangs masquerading as tribes, which makes things even worse."[36]

Long-standing frustrations are often co-opted by local and identity groups who repackage them as purely horizontal issues, where specific groups are being excluded from political power, resource-sharing, and basic services by the centre on ethnic, regional, or sectarian grounds. This has been the case in the south of the country, where

34 Al-Dawsari N, Kolarova D, Pedersen J (2012), *Yemen Community-Based Conflict Mitigation Program*, Partners for Democratic Change International.
35 *Ibid*.
36 Author interview, March 2014.

secessionists have been excluded from political influence. However, infrastructure and service provision in the south has often been superior to much of the rest of the country; as is the case with much of the rest of Yemen, root causes of local grievances have been driven by centre-periphery rather than north-south inequalities. While political exclusion is as much of an issue in Mareb and Sa'ada as it is in the south of the country, it has been refashioned as horizontal inequality, with southerners articulating their grievances as a north/south issue.

Horizontal inequality and constituency-building

At the same time, grievances of a horizontal nature are often broadly valid. For example, in the northern province of Sa'dah, the Houthi heartland, the government waged a series of wars between 2004 and 2010 against a group that had attempted to revive the Zaydi Shia practices largely unique to north Yemen, cutting off services and displacing hundreds of thousands of people in the process. This is said with the caveat, however, that exclusion of the Houthis had little ideological basis and was focused largely on undermining the country's former leadership. Although some members converted to Sunnism, most of the Saleh regime was made up of traditionally Zaydi families.

In both the cases of Hirak and the Houthis, initial grievances were allowed – or pushed – into more radical territory by the government, which had a number of opportunities to ease frustrations. The Houthis' founder, Hussein al-Houthi, was a member of parliament in Sana'a between 1994 and 1997 but became disillusioned by what he saw as a greedy and corrupt regime in Sana'a. When he challenged the *status quo*, he was attacked by the regime before being killed in Sa'dah in 2004 – a move that lent legitimacy to his claims that he and his followers were being oppressed.

Since 2011, Houthis have been able to tap into wider discontent thanks to perceptions of corruption in Sana'a, broadening their base to non-Zaydi Yemenis fed up with 'the regime' and angry that their demands have not been addressed over the course of the country's political transition. Their growth has in many ways been emblematic of the failure of the transition to address vertical and horizontal inequalities while promising an abstract future in which such issues will eventually be mitigated.

Anger over lack of services coupled with perceptions of corruption and greed in Sana'a have also been leveraged by groups like AQAP, which in 2011 and 2012 concentrated on controlling territory in the south of Yemen, providing rudimentary justice and even some services (albeit using existing state infrastructure like power plants and water pumps) to build popularity. As al-Dawsari notes: "Many of those who took a neutral stance or aided AQAP did so, not because they sympathise with the group, but rather out of hopelessness and frustration with the government."[37]

These frustrations are exacerbated by the role of foreign actors in Yemen, particularly with respect to counterterrorism and the use of unmanned drones in extrajudicial killings, which have led to dozens of civilian deaths in recent years. Many Yemenis from remote tribal areas conceive only of their central government and its relationship with foreign powers through this lens, exacerbating existing frustrations. A journalist from Shabwa province, who attended negotiations between the government and local leaders following a drone strike that killed 12 people who were part of a wedding procession in December 2013, noted: "When compensation was agreed upon, it was the first time many people had seen, or received, one or anything from the government in their lives."[38]

Foreign actors and local regime players also stand accused of exploiting local grievances to play out regional and national proxy conflicts. Tehran, for example, has been accused of funding the Houthis as well as certain factions of Hirak, while Riyadh and other regional capitals for many years paid hundreds of millions of dollars to local

37   Al-Dawsari, Nadwa (2014), 'Tribes and AQAP in South Yemen', Atlantic Council, June.

38   Author interview, March 2014.

tribes and political leaders in Sana'a to bolster their own influence in Yemen and ensure that their regional interests were met.[39] Members of the Saleh regime have been accused of supporting AQAP factions both to serve their own political interests and to ensure support from abroad.

Yet in each case, the environment in which the Houthis and AQAP were able to gain support was underpinned by initial conditions of disillusionment and frustration with the state, or the lack thereof. The issue of conflict in Yemen is a cyclical one where resources have not been recycled into services, while conflicts driven by grievances over a lack of services have been co-opted to meet the agenda of local and international players. Continued failure to address these underlying issues would make it highly unlikely that stability will be fostered in Yemen – with or without federalism.

39 Abi-Habib, Maria, 'Fears grow over Yemenis' ties to Iran', *Wall Street Journal*, 20 June 2013.

4

Winners and losers of the federal model

BEYOND QUESTIONS of the proposed federal system's likely efficacy in easing conflict dynamics, the decision to move towards the system was not universally popular, and questions remain about the degree to which there is buy-in to the current model for federalism – a crucial point if the new mode of government is to be a success.

The proposed regional divisions, meanwhile, meant that there would be deep asymmetries in terms of wealth, education, and most likely political power, if federalism were implemented, leading to a rapid rise in inter-regional tensions.

Regional dynamics

Figure 1: The six-federation model proposed by the 2014 National Dialogue Committee. Originally published in *Yemen Times*.

The regional structure decided by the Hadi-appointed working group hives off the country's main oil and gas-producing regions – Hadramawt, Shabwah, and Mareb – and the region seen as holding the greatest potential for future production, Al Jawf, into two areas, Hadramawt and Sheba. Neither of these two areas is particularly well-developed or has a major urban centre, ensuring that there will be at least a degree of dependence among the most important economic regions on the central government for the foreseeable future.

The decision to create a region, Azal, which is traditionally Zaydi and is the home of most of the country's major power brokers, has been seen as, in the words of one politician, an attempt to 'fence off' both intra-regime conflict and the country's rising power, the Houthis.[40] The division of the south into an oil-rich region which has historically been less pro-secession, Hadramawt, and another area – where tensions between historical residents of Aden and the less-developed and more restive rural areas around the city – are also seen as an attempt to divide Hirak's constituent groups and further reduce their already limited capacity for collective action.[41]

The model made it highly probable that there would be deep asymmetries between different regions, with relatively resource-poor federal units with deep underlying economic problems, like Tihama, likely to be outstripped by resource-rich regions like Hadramawt or better-developed areas with higher standards of education like Taiz, exacerbating tensions over perceived vertical and horizontal inequalities. The central state's current dependence on resources produced in just two of the new regions is also likely to produce tensions between the centre and at least these two regions as they vie for control of resources.

Yemen's proposed regions: key characteristics

Region	Key areas included	Key groups	Resources	Capital
Aden	Aden; Abyan; Al Dhale; Lahj	Hirak; Al Dhale'i, Yafei, Abyan tribes, identity groups; 'Adenis'; Ansar al-Sharia; Islah; Yemeni Socialist Party	Aden Port; agriculture; qat; people	Aden
Aljanad	Ibb; Taiz	Ibbi tribes; Taizi 'sheikhs'; Taizi businessmen; GPC; Islah; Hashid; Bakhil	Agriculture; water; land; strong business culture and human capital in Taiz city	Taiz
Azal	Sa'dah; Amran; Sana'a; Dhamar	GPC; Islah; Hashid; Houthis; Bakhil	Agriculture; business culture; human capital; infrastructure	undecided
Sheba	Al Jawf; Mareb; Al-Bayda	Mareb, Al Jawf tribes; Al Qaeda; Military; economic interests	Oil and gas; power generation; minerals; agriculture	undecided
Tihama	Hajjah; Al Hudaydah; Al Mahwit	Islah; GPC; Ali Mohsen	Land; water; Al Hudaydah Port; key transport infrastructure; agriculture	Al Hudaydah
Hadramawt	Hadramawt; Shabwah; Al Mahrah	Tribes; Hadrami businessmen; Ali Mohsen-affiliated military groups; other business interests; Islah	Oil and gas; transport infrastructure; Mukalla port; agriculture; fisheries	Mukalla

Independently governed cities: Aden, Sana'a

Political buy-in

For Yemen's *status quo* – members of the GPC, the country's politically amorphous historical ruling party, and Islah, a coalition of conservative Sunni tribal, military, and religious leaders underpinned by its strong youth wing – federalism would have several interlinked effects. It could lead to changes to the established system of resource development, collection, sale and distribution; and hence the collection and distribution of rents on which the network of patronage that has underpinned the Yemeni elite's economic power for much of the previous three decades. (For the decade

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40 Author interview, March 2014.
41 Author interviews, March 2014.

to 2011, oil revenue made up 60 per cent to 70 per cent of state revenues and as such was crucial to maintaining the Saleh-era patronage system.)

As a result, it would require a restructuring of the way that the party headquarters approached political organisation, with rent collected and distributed at a local rather than a national level, requiring a far more complex system of political outreach and control. Finally, it could see, as federalism's champions argue, enforcement of accountability and transparency as Yemenis at the grassroots become more engaged in local, regional, and national politics, with local interest groups mounting growing challenges to the elites. Over time, growing regional control of resources and political power could serve to unpick patronage networks, along with illicit activities like smuggling, gradually deconstructing the structures that underpin the regime. Senior members of the GPC and Islah have publicly criticised both federalism and the six regions chosen by the committee since the decision was made, further underlining the lack of buy-in.

The Houthis, under the name *Ansar Allah*, or 'Partisans of God', did not arrive at the conference with preconceived ideas on the nature of government, according to members, and were largely focused on achieving a degree of regional autonomy in their northern province of Sa'dah, arguing at times for decentralisation rather than federalism. Later, the Houthis came to envisage themselves playing a prominent role in national politics within a centralised state. When a structure of six regions was agreed upon which saw the Houthi heartland of Sa'dah, as part of the Azal region, land-locked and hived off from resources or coastline, the group began to contest the way the decision had been made. Their minimum requirement was that Sa'dah, their heartland, be integrated into a region that had access to both ports on the west coast and natural resources in the east.

Hirak's core leadership did not attend the conference, meanwhile, and disavowed the few marginal figures from within their movement who were given inflated roles at the talks. Most Hiraki leaders refuse to discuss any political model that would mean continued unity, and are loath to lend public support to federalism largely on the basis that their preferred model for an independent south would be highly centralised. In late 2013, Mohammed Ali Ahmed, the head of the delegation at the dialogue and one of the few members to be a prominent southerner, quit the talks and returned to Aden, claiming that they had failed and that President Hadi was in effect 'fixing' the game at the dialogue by pushing through his own proposals.

Enthusiasm for federalism was clustered around smaller, more marginal groups, particularly representatives of the YSP, who viewed a two-region federal system drawn down the lines of the pre-1990 border as the best system for the future.[42] The YSP did not fully support the six-region model however, and has since expressed displeasure that it was adopted at the talks.

Popular buy-in

Buy-in to the federal system before conflict broke out was either weak or based on individual agendas at the level of elite power structures. Support for federalism, and the wider transition, had also deteriorated, both from youth and civil society activists, along with many ordinary Yemenis. Among politically engaged actors this was because of the transitional government's failure to implement meaningful political reforms including a transitional justice law. Among ordinary Yemenis, disillusionment was focused more on the provision of basic services and improved quality of life. Even prior to the recent military aggressions that began in March 2015, electricity, water, and fuel had been in short supply and had become more expensive. Meanwhile, security had deteriorated and justice was – in the words of a senior judge – "non-existent" beyond tribal law, with senior sheikhs overstretched by the demands of the collapse of state-run jurisprudence.[43]

42 Author interviews, February, March 2014.
43 Author interview, Sana'a, June 2014.

Yemenis, already cynical of the extent to which the central government worked for the nation as a whole, despaired at infighting and malaise in the coalition government, made up of an even split of members of the GPC and the JMP. Many young people rejected the idea that a political solution can be brokered at all, leading to further degradation in the sense of national identity, widespread political ennui, and to a rise in popularity of identity-based groups like Hirak, the Houthis, and even AQAP. The general perception among Yemenis in the first half of 2014 was that the grievances that caused the 2011 uprising had worsened rather than improved. The economic situation had deteriorated, while perceived levels of corruption had increased. The *status quo* remained in place and, once the NDC was over, political inclusion was revealed to be little more than window dressing to the same old backroom deals.

The legitimacy of Yemen's new constitution was in question among a number of Yemeni groups who argued that the dialogue conference had not followed its own rules of procedure even before a committee was formed to draft the document. A rush to bring the talks to a close meant that the recommendations made by the nine working groups at the dialogue were not harmonised, and the constitutional committee will have to work with another body, spun out from the consensus committee, to iron out the differences between each set of recommendations. A 'Consensus Committee' formed during the conference had been tasked with harmonising the proposals, but because of the eventual four-month overrun was not given time to ensure that there were no contradictions in the full list of proposals.

Some of these contradictions were potentially explosive. For instance, the Statebuilding Working Group agreed that natural resources would be "the property of the state"; the Development Working Group that natural resources "belong to the people"; while the Southern Working Group agreed that local councils would be able to sign revenue-sharing deals for oil, gas, and minerals production with international firms.[44] Given that the use and distribution of resources are among the biggest drivers of conflict in Yemen, particularly in the south, the issue is likely to be a highly sensitive one. The issue also points to the lack of actual consensus that was achieved during the conference, and how little has actually been done to mitigate potential fault-lines for conflict. What this meant was that when the constitution was to be debated, many dialogue participants were able to claim that it was not true to the spirit of the terms agreed during the conference.

Most importantly, although the working group on federal regions claimed to have produced a unanimous decision on the six-region model, it was clear that the Houthis strongly disagreed with the new geographical divisions while Hirak as a movement was not even given a genuine say in the new setup.

Spoilers and conflict dynamics in 'transitional' Yemen

In another signal that elite groups had not truly bought into the transitional process, many of the factions attending the dialogue had also been engaged in violent conflict with one another at least since the beginning of the NDC, focusing as much on establishing the facts on the ground as they did the political process in Sana'a. Since 2012, former regime officials and emerging regional and identity groups have been exploiting the ongoing power vacuum created by the transition to gain territorial control before the new system of federal governance is implemented, allowing them to guide the process at a regional level.

The Houthis, for example, went to war in 2013 against a bloc of Sunni Islamist tribal militias and military units in Amran, the province that separates Sa'dah from Sana'a, while also engaging with its rivals in the northern provinces of Al Jawf and Hajjah.

In Al Dhale province, which straddles the historical north–south border, Hirak-affiliated militias have been engaged in increasingly violent conflict with the army.

44 Author interviews, February, March 2014.

Tribes in Hadramawt, meanwhile, seized checkpoints across the governorate and refused oil and gas companies access to the area in 2014 while the government was also under economic assault, with tribal groups in Mareb and surrounding provinces, attacking a key export pipeline a record 41 times over the course of 2013. Hadi insiders blamed allies of ex-president Saleh for the attacks.

These conflicts have both local and national political dimensions, with the fighting in Al Dhale driven by the al-Beidh faction of Hirak and prolonged by Saleh loyalists, and the fighting in Hadramawt challenging the interests of Ali Mohsen al-Ahmar – a presidential military adviser who split from the Saleh regime in 2011 – who has long benefited from deals to provide security and services to oil and gas companies in the region. Saleh is also widely alleged to have aided the Houthis in their assault on Amran and Sana'a, and many GPC officials see the Houthis as potential coalition partners for the future. A series of assassinations, kidnappings, and attacks on military infrastructure have been attributed to AQAP and 'criminal gangs' by the government, but may also be politically motivated, with many Yemenis again pointing their fingers at the former regime.

Meanwhile, the attacks hurt the government's already weak capacity for service provision – both at present and in future – deepening the sense among Yemenis that while local and identity groups were advancing, the state was receding. The government had struggled to provide adequate fuel, electricity, and water even in Sana'a, the capital, and unemployment had remained stubbornly high since the 2011 uprising. In interviews, government officials consistently implied that they believed a number of the attacks on infrastructure have been led by 'spoilers' – members of the former regime who hope to undermine the transition.

Indeed, it is the Houthis' military campaign rather than the dialogue that has given them political power. In September 2014, the group's militias arrived at the border of Sana'a before laying siege to a Salafist university and a military base led by loyalists of Ali Mohsen al-Ahmar inside the capital. On 21 September, the government signed a peace deal with the Houthis that saw them get a bigger say in the way a new government would be selected, and would have likely led to a review of the decisions made on the structure of federalism. Having established their position as the country's pre-eminent hard power, their abduction of Hadi's chief of staff in January 2015 in order to prevent the six-region model even being discussed, let alone passed by referendum, is indicative of the level of their faith in the political process.

Technocrats and their spoilers: the case of Taiz

President Hadi is said to have viewed the newly formed federations of Al Janad (Taiz and Ibb governorates) and Hadramawt as 'models' in the push for federalism. Both have relatively well-educated populations and long histories of mercantilism. They also have wealthy diaspora populations, who are likely to invest both cash and capacity into the regions, giving them further advantages over their neighbours.

But the recent experience of Taiz, where a well-educated businessman with a technocratic approach to government was appointed governor in early 2012, in what was seen as an early experiment by Hadi in the kind of non-partisan governance he envisions under a federal system, has also provided a telling example of how elite political groups may react to attempts by non-regime players to improve government at a local level. Taiz's story is in many ways indicative of the attitude of the Yemeni elite to progressive policies that could benefit the population at large but challenge their own interests.

Shawki Hayel Saeed, a member of Yemen's best-known and wealthiest business family, was made governor of Taiz in May 2012 and has since attempted to improve security and basic service provision. Both Islah and the GPC, along with armed militias that have taken root in Taiz since 2011, have largely thwarted his attempts to improve living standards in the city. This is partly because of the 'beggar-thy-neighbour' approach taken by political parties since 2011 – preferring to see their rivals' interests hurt than to push for popularity and legitimacy by generating positive outcomes – but can also be seen as an early attempt on the part of Saleh loyalists and Islah supporters alike to prove that local government cannot work in Yemen.

Since the conflict broke out, armed tribal groups willing to take the fight to the Houthis and Saleh have gained the upper hand in Taiz, while Saeed has left the city – and indeed Yemen – after repeated attempts at brokering a truce that would prevent the destruction of the city.

Yet the Houthis would not have been able to change the facts on the ground were it not for some degree of popular support at the local level, and it is here that the issue of vertical and horizontal inequalities is so important. For much of the transition, Yemeni citizens were presented with promises for the future rather than current solutions to existing promises, with the political process and superficial consensus building prioritised over the reality of conflict and worsening living conditions for the average Yemeni. Ultimately, were it not for unemployed and disenchanted young men, the Houthis would have had no fighters and no local support.

In this environment, the Houthis were able, initially at least, to build support for their movement as an anti-establishment force, bartering the promise of security, stability, and basic jurisprudence in the short-term for support, or at least non-opposition, to their military campaign. This, more than anything, has been the issue during Yemen's transition: the mismatch between public rhetoric and private reality, and the belief that long-term promises can be substituted for short-term outcomes. In the end, all this did was leave space for self-declared nonconformist identity groups.

The current crisis

After their September 2014 takeover of Sana'a the Houthis began to tighten their grip over state institutions in the capital and to expand their presence south of the city, backed by military units loyal to the Saleh family.

In October 2014, the Houthis demonstrated their newfound political confidence in vetoing the appointment by Hadi of his Chief of Staff, Ahmed Awad bin Mubarak, as Prime Minister. They later approved the appointment of Khaled Bahah, a technocrat and former oil minister who at the time was Yemen's ambassador to the UN, as premier. The new government Bahah formed in November of 2014 almost instantly complained of Houthi interference in its work.

In January 2015, the committee appointed to produce a new constitution using the NDC outcomes completed its work, and sent the new draft constitution to the capital. Mubarak was due to present the document to a committee charged with ratifying the document for national referendum on 17 January when the Houthis, who believed, erroneously, that it would codify the six regions, abducted bin Mubarak. A week later they encircled Hadi's home, later placing him under house arrest after fierce fighting. They subsequently did the same to Bahah and his cabinet. On 22 January, Bahah and his government issued a statement of resignation. Hadi soon followed suit.

After a month under house arrest – a period during which the Houthis issued a 'Constitutional Declaration' effectively placing themselves in control of the government – Hadi escaped south to Aden, which he declared Yemen's temporary capital after rescinding his resignation, vowing to oust the Houthis from Sana'a. But the Houthis, backed by Saleh loyalists, soon arrived on the outskirts of Aden, forcing Hadi to flee once again, while they continued talks with the then UN envoy Jamal Benomar.

The Houthis' use of an air force jet to attack the presidential palace in Aden, coupled with their mounting control of the state, was a trigger for neighbouring Saudi Arabia. On 26 March Saudi Arabia launched an intense bombing campaign in Yemen aimed at decimating the capacity of military units fighting alongside the Houthis and their long-range ballistic missiles, displacing the group, and restoring Hadi to power.

With backing from coalition partners, particularly the UAE, anti-Houthi fighters in Aden were able to push the Houthi-Saleh alliance out of the city in July and then to consolidate control over much of the territory that made up the pre-1990 southern state. The vast majority of these fighters are pro-separation and have stated an intention to restore southern independence; they have showed little interest as a result in backing the coalition's planned ground campaign to take Sana'a.

Rather than force the Houthis to surrender, the bombing strengthened their resolve, and the group has launched an intensified military campaign to seize Taiz and Aden, the oil-rich central province of Mareb, and Lahj, Abyan, and Shabwah – important southern provinces where there is stiff opposition to the Houthis. The Houthis and their Saleh loyalist allies have since suffered setbacks in the south of the country while fighting has reached a standoff in Taiz and Mareb. The war has served to deepen regional divisions, particularly north-south, and has seen the mounting invocation of sectarian rhetoric.

De facto fragmentation: the current conflict

The events of early 2015 – sparked, in part, by largely unfounded Houthi fears that Hadi was trying to push through the six-region model of federalism – have made the idea of the continued unity of a centralised state look, for many, like an increasingly distant prospect, particularly given the brutality of the violent tactics used by the Houthi-Saleh alliance in their attempts to subjugate the populations of Aden, Al Dhale and Taiz among other cities, and the mounting polarisation over the Saudi intervention in the country. Many north-western Yemenis have condemned the bombing campaign, which has been generally supported by groups under Houthi siege. Many who advocate for the bombing campaign have painted its critics as Houthi apologists, raising the hackles of activists and other groups in Sana'a who have publicly declaimed the Houthis at personal risk but who see the Saudi campaign as counterproductive.

Consequently, lines are being drawn and sharpened between both religious and regional identity groups. Conservative Sunnis and extremist groups like AQAP and, reportedly, an emergent Yemeni branch of the Islamic State, have come to characterise the Houthis as a Shia group intent on dominating Sunnis. Saudi Arabia has portrayed them as a puppet of Iran. Many southerners and residents of the northern lowlands – Taiz and Ibb in particular – and northern Shafei areas like Mareb and Al Beydah have come to engage in a narrative of a brutal and totalitarian 'northern' or 'highlander' identity. The Houthis, meanwhile, have accused more or less all of their opponents of being in league with Al Qaeda, using this as an excuse to take increasingly extreme military action against anyone who stands in their way.

These divisions are likely to be deepened as Saudi Arabia arms southern groups and northern Sunnis. Many southern resistance fighters and Hirakis, who have defended Aden valiantly under near-impossible conditions have made it clear that they view Mohsen, the Al-Ahmars and Islah as "northerners" who are little different from the Houthis, a view compounded by their experiences of these groups' involvement in the 1994 civil war. Yet many other southerners have close ties with this Sunni Islamist bloc. If the Houthis were to be defeated by a Sunni Islamist coalition, a new violent and divisive uprising in the south could well follow, both in the north and the south, especially if the bloc attempted, with Saudi support, to build a true monopoly over violence across the country.

Given that the fighting is being increasingly presented as a regional and sectarian issue by all sides involved, an eventual victory by either faction is likely to be followed by a lengthy period of bloodletting: it is hard to see anti-Houthi forces simply laying down their weapons if and when the Houthis have been forced to surrender. Similarly, the Houthis are likely to see the threat of Saudi intervention as an existential crisis, and will probably fight until the very last possible moment even under sustained assault.

In this context it is clear that, as attempts are made to bring the many warring factions back to the negotiating table, mediators will need to discuss a model of governance that gives much-needed reassurances to different regional and identity groups that they will not be subjugated by a single central pole of power. Allowing this to happen would likely lead to a central power reliant on untrained and ill-disciplined militias – by this stage, Yemen has no real army to speak of – to maintain its control over the country in the face of multiple local insurgencies. Meanwhile, the UN and wider international community has repeatedly said that it is committed to Yemen's unity. As a result, the question of federalism is likely to be given fresh relevance in the coming weeks and months.

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Conclusions: federalism or fragmentation?

AT ITS OUTSET, this report asked whether the adoption of federalism in Yemen would lead to greater stability, a decline in conflict, and a coherent process of state building; or if it would catalyse future conflicts. To an extent, Houthi takeover of Sana'a in September 2014 and the group's subsequent violent reaction to even a draft constitution that contained references to the federal model answered that question.

The Houthi takeover also highlighted the dangers of prioritising political agreements on long-term macro goals over short-term stability and service provision.[45] In part, Yemen's war has been sparked because of the mistrust caused by the manoeuvering around the federalism question – although it should be noted that the Houthis have also, consistently, acted in bad faith during their rise to power.

The Saudi-led coalition air strikes and violent conflict currently taking place have given new currency to the idea of federalism and it would appear that at a minimum a future political settlement in Yemen will almost certainly have to contain elements of deep decentralisation of government. But the Yemeni experience to date serves as proof that federalism as a model, a system that takes decades to implement, is not a solution in and of itself to the problems of the kind faced by Yemen and countries like it; nor should it be presented as one. Rather, federalism is a tool that will work only when the necessary political climate is in place and there is popular buy-in to the model.

Federalism could well prove to be a useful model for Yemen in the future, but not before the state is able to provide basic services, security, and an egalitarian system of justice. This is where the transition was badly mismanaged. Its backers and overseers believed that, in the short term, political rhetoric would be able to replace substantive outcomes. In doing so the internationally backed transition process has simply exacerbated the country's many problems.

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45 In their ascendance, the Houthis were able to play on underlying grievances with the transitional government. Before assaulting the capital, they held a month of protests calling for the "corrupt" and "inefficient" government to quit, and played on anger over a recent decision to reduce the cost of fuel subsidies. Abdelmalek al-Houthi, the group's leader, called for a review of committees formed since the dialogue talks, and for outcomes agreed during the dialogue to be implemented, including the creation of a more effective representative government – something most Yemenis agreed were important changes. When these were not forthcoming, and it appeared that Hadi planned to push through the six-region model of federalism he had advocated for, the Houthis dropped the pretense that Hadi was able to govern while they controlled Sana'a and placed him under house arrest in the hope of re-opening the question of the new federal structure.

Recommendations   Any future political settlement based on federalism or deep decentralisation must:

- **Provide basic services and economic stimulus at a local level.** If a lasting ceasefire can be arranged, a peace and mediation process must be agreed upon in parallel with rapid and intensive efforts to build buy-in to the process by providing basic services and economic stimulus at a local level. Another three years of populist rhetoric disconnected from reality on the ground can only lead to renewed conflict. The government and the international community must recognise that water, food, energy, electricity, health-care, and jobs are of far greater concern to the average Yemeni than a constitution agreed upon by elite consensus at a national level.

- **Be truly inclusive.** Simply labelling individuals who have little or no constituency among the people they purport to represent will simply mean that there is no buy-in to any agreements made by that group. This is particularly pertinent in the south, where there are multiple groups with different agendas. During the transitional period southerners were represented en masse by people who had little local constituency and were largely handpicked by the president while northerners were represented by a much wider array of actors.

- **Decentralise discussion.** The mistakes of the transitional period could be avoided by running talks at a provincial and even more local level either before or in parallel to national-level dialogue. These talks must include a component of training and teaching on the different policy options available. Any form of federalism or decentralisation must be based on a model that is both understood and agreed upon at a wide level, not just among a small elite. Again, this will require consultation at a local level and, most likely, a referendum on the final model.

- **Agree on a method for dispute resolution.** Such a referendum should include a mechanism for dispute resolution if any one region – the northwestern highlands, or the south – overwhelmingly votes in favor of a different model from that selected by the majority of voters.

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COVER PHOTO: Elders discuss the news in the streets of Taiz at breakfast time in December 2014.
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