

# The Co-operative Framework for Local Development in Hajjah and Hodeidah Governorates

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*The following are excerpts from a study based on research carried out in the Yemen Arab Republic in 1978 and 1979. The author, a doctoral candidate in the Department of Political Science, State University of New York, Binghamton, U.S.A., has written this study in collaboration with CYDA and has kindly allowed AKAA to publish portions thereof.*

## Introduction

The first thing that should be said about the Yemeni co-operative movement is that its accomplishments, over scarcely a decade of operation and barely three years of operating under a formal constitution, are truly remarkable. The local development co-operatives have organised construction of thousands of kilometres of rural roads and many hundreds of potable water projects and primary schools serving rural communities, and participated in dozens of health facilities, youth clubs, electrification schemes and afforestation projects in the urban and the semi-rural areas. They have, moreover, become a force to be reckoned with in both local and national affairs. One anthropologist has stated that "if one were to write an inter-actionist ethnography of a single Yemeni town, it would be the *ta'awun* around which everything revolved".

The movement began with the demand by a few activists, mostly in towns, for the release of local tax monies for utilisation in local development projects. Such efforts, tentative at first, were in many instances combined with pre-existing welfare associations which maintained a small fund for poor relief and mosque repair. The Republican government, in 1963, hastened to recognise these local welfare co-operatives. Efforts to obtain financing for local development initiatives redoubled, and in 1973 a national union for development co-operatives was formed. This union, or confederation, has become a highly visible department

of the Ministry of Social Affairs, Youth and Labour, wielding considerable influence in local co-operative affairs. Despite the rapid expansion of co-operative institutions, however, the local development associations are still very much in their formative stage. The Arabic word *ta'awun*, which is used much more frequently than the official titles, "Local Development Co-operative" and "Local Development Board", literally means co-operative, co-operation, or mutual assistance. The word *ahli* translates as local, domestic, or familial and is more strongly emotive than some other words also meaning "local". Similarly the word *tutwir* means development in the sense of the evolution or enhancement of existing potential, as opposed to *tanmiyyah*, which means development in the sense of growth or expansion. The Arabic name *ta'awun al-ahli lil-tutwir*, literally "local co-operative for development", thus implies affiliational co-operative efforts for self-development in a way that the bland institutional translation "LDA" does not. If in actuality the board of the local association consists of two or several locally respected individuals rather than a duly constituted representative committee of seven members, but those individuals honour the public trust and get projects built, then everyone is satisfied. The formal institutional organisations and regulations, only recently legislated at the central level, have not yet become routine operations locally; folk organisation is still the predominant *modus operandi* at the local level.

Nor is this in contravention of state or CYDA policies regarding local co-operatives: the LDAs are regarded officially as independent local associations, not official state institutions. A "co-operative may be established which does not spring from the official direction or a state imperative, to the extent that its basis is the awakening of the people themselves, in every region, to establish co-operatives." CYDA, headquartered in Sana'a, was created to help in securing central sources of financial and technical support

to local development efforts, but both the ideology and the electoral system of the LDA-CYDA organisation confirm that the legitimacy of the entire structure rests with the social community.

## Emergence of a National Structure

The new Republican government, when it was formally established on the 26 September 1962, was in no position to finance or execute reforms or improvements which the republican ideals encouraged citizens to expect, but wanted to encourage the development of self-help initiatives. For this reason, Ordinance No. 11 was passed in 1963 to encourage the formation of local co-operatives. The ordinance legalised local welfare associations and provided a rough outline for their organisation, but gave them no real legal or administrative status.

Also among the early reforms introduced by the republican government was an elimination of the coercive force used by the tax collectors. Payment of the *zakat* was made voluntary; that is, citizens were to pay according to their consciences, in keeping with personal religious beliefs. This, it seems, opened up several possibilities to the tax-payer: to pay the conscience-bound 10 per cent of the local tax collector, trusting him to forward it to the central government treasury; to distribute an equivalent amount personally to the ill, destitute, or bereaved in the form of charity; to deposit the *zakat* with a sheikh, or alternatively in a local welfare society for distribution as charity; to contribute directly to community service projects, hence to the local development association; or to renege the religious responsibility. These two legal reforms paved the way for the organisation of local development associations.

Institutionalisation of a nation-wide co-operative structure began in earnest after the end of the civil war when the national government turned its full attention to the tasks of reconstruction and develop-

ment, and representatives of individual co-operatives began to meet in small groups to discuss common problems and objectives and the possibility of forming a national union. As a result of these initial discussions, the leaders of eleven governorates and of local development associations met with representatives of the Department of Social Welfare and the Central Planning Organisation on 24 March 1973 to sign an agreement to establish the General Union of Local Development Co-operatives. Three months later, in June, a co-operative conference was held in Sana'a and was attended by representatives of twenty-eight co-operative associations. There were other associations at that time which declined to attend. The conference was successful in that it established a forum for national co-ordination and discussion and publicised the aims of the co-operative movement. Seventy co-operatives were represented at the national conference of November 1974, at which was formally established a general programme and organisation for the General Union of Co-operatives. This programme was presented to the Ministry of Social Affairs, Labour and Youth. In November 1975, following a conference at which 130 LDAs were represented, the boards of the local development associations were legally authorised to carry out service projects in the economic, social, cultural, agricultural and health fields. Law No. 35 outlined the basic organisational structure of the boards of the local development co-operatives (LDB), of the Co-ordinating Councils in each governorate and of CYDA, and authorised the LDBs to receive one-half of the local tax (*zakat*), a quarter of the municipalities tax, an additional 10 per cent of the *zakat* on vegetables and fruits, foreign aid monies designated through CYDA, and various other local incomes.

This law provided a basis to organise elections according to the framework sketched in Table 1. The first official elections were held in 1976 at the district (*nahiyah*) level for the general assemblies

Table 1 Formal Structure of the Development Co-operative Organisation

Admin. Unit	Organisation	Membership	Officers
Nation	CYDA Administrative Committee	11 Secs-Gen of CCs 11 elected from General Conference 6 Deputy Ministers Chairman, Co-op. Bank Chairman, CFO Pres, Elect. Corp. Pres, Social Affairs Administration Sec-Gen, Migrants Union	President Sec-General Ass't Sec-Gen 6 Committee Chairmen: • Financial • Foreign Affs. • Culture and Information • LDAs • Planning • Co-ops and Forestation
	General Conference	Pres, Sec-Gen and one other member of each LDA	(elect Admin. Committee of CYDA)
Governorate	Co-ordinating Council	President of each LDA and the governor	Sec-General Ass't Sec-Gen Financial Officer
District	Admin. Board of the Local Development Assoc. (LDB)	7 members for rural boards; 9 members for town boards	President Sec-General Financial Officer
	General Assembly	One representative for each 300-500 residents	(elect Admin. Board of LDA)
Village or 'Uzlah	Village or 'Uzlah Development Co-operative Committee	One member of the General Assembly and 4 other elected persons	Chairman

and administrative boards of the LDCs, and Co-ordinating Councils were set up under the chairmanship of the governors to provide a liaison between the local boards and the central offices of the movement under the Ministry of Social Affairs. The 1976 national conference, under the slogan "Co-operation for a Unified Muslim Yemen" was the first to hold representative elections for the Administrative Board of CYDA thereby legitimating its authority to establish

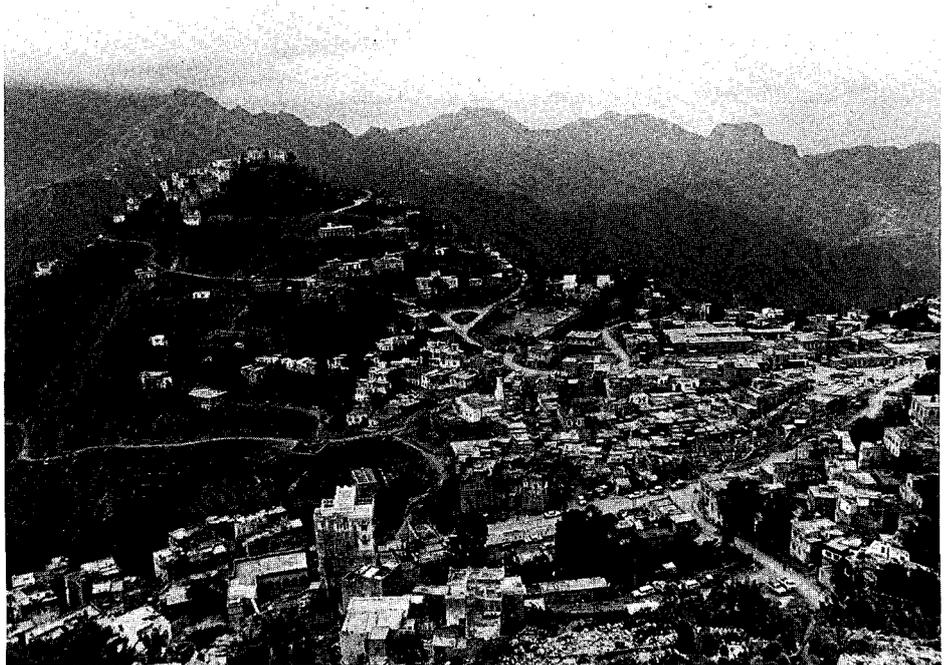
policy for the local co-operatives. The conference also passed resolutions favouring the development of agricultural, vocational and housing co-operatives, and the refinement of CYDA's organisational laws and the LDAs' planning and budgetary procedures.

### Development Co-operatives in Hajjah and Hodeidah

As elsewhere, the first co-operative associations in Hajjah and Hodeidah governorates were community welfare organisations formed without any guidance or interference from the central government or its duly constituted authorities. One of the earliest and best known experiments was the Hodeidah city co-operative, which was formed in 1954 following a fire that destroyed a major thatch-hut portion of the city. Called the Local Co-operative Board, this association developed written plans for a fire-fighting squad, garbage and sewerage removal, drainage of malaria-breeding water and the like. The association persisted despite the Imam's attempt to suppress its activities. A few years later, a locally initiated municipal association was operating in the village of Jerahi (Zabid district). Documentation is scarce, but similar organisations probably existed in other towns of the Tihama as well. In 1962 a fishermen's co-operative was founded in Hodeidah to improve production and marketing.

During the civil war, and following the 1963 Co-operative Law, a few communities founded welfare associations. Those in the Hajjah highland responded to the destruction and need for relief caused by the civil war. These welfare associations utilised citizens' contributions to repair cisterns and mosques, and to assist the families of men killed in the fighting, but the attention of those who might, under ordinary circumstances, have devoted their energies to co-operative or developmental efforts, was focused on the war itself. Serious efforts to develop the rural and semi-rural infra-structure in the name of the co-operatives began in the early 1970s, only after peace was established.

Formal organisational development co-operatives began under the leadership of strong governors in both Hodeidah and Haajjah. Governorate-level LDBs were organised under the chairmanship of the governors, and both Boards began imme-



*Hajjah. The improved roads and a new construction industry have brought rapid change to the town.*

*Photo: C. Little/Aga Khan Awards.*

diately to encourage the formation of complementary organisations at the *qada* level, the lowest level of the Imamic administration. Local requests to the governor's office or the central government to the co-operative board office in each *qada*. A portion of the *zakat* and other revenues were to be made available to the *qada* boards to finance these projects, and an attempt would be made to locate matching funds from outside to defray part of the costs.

By 1974 Co-operative Development Boards existed in both governorates, and local offices were established in most of the *qada* centres to co-ordinate development projects. Plans were drawn up and priorities established at the governorate level in consultation with the leadership, which then assumed responsibility for overseeing the implementation.

During this period, the towns of Hajjah and Hodeidah, as governorate capitals,

enjoyed special access to national infrastructure-building funds; in the early 1970s the governors, as leaders of the provincial co-operatives, marshalled local and national capital for town projects such as water systems, streets, schools and hospitals, municipal afforestation and parks. The Hodeidah city LDA even arranged the construction of solid-materials workers' housing as part of the campaign to prevent fires among the thatch huts. The Hajjah co-operative arranged construction of a technically sophisticated water-supply system for the town which pumps water from a perennial wadi 4,000 m below and distributes it to neighbourhood tanks in the town.

Plans tended to vastly over-estimate the financing and implementing capacity of the local boards. In 1974 the Hajjah development co-operative in conjunction with the governor's office, published a pamphlet entitled "Miracle on Hajjah

Mountain'', which outlined a detailed plan including more than fifty separate projects (32 of them schools) in the five *qadas* of Hajjah province and roads connecting Hajjah town to both Hodeidah and Sana'a and to the principal regions of the governorate. Budgetary considerations were mentioned only in the context of the need to increase revenues, but it was proposed that for the Hodeidah-Hajjah road, which was top priority, the government would pay one million riyals, and the two governorates would contribute half a million riyals each. The Hajjah-Hodeidah connection was completed by 1976, but the Hajjah-Sana'a route (via Amran) was still under construction in autumn 1979, and many of the secondary roads and other projects have yet to be undertaken.

### Sources of Variability

As is the case with *nahiya* development co-operatives today, the *qada* associations varied in their levels of activity, but tended to focus their first efforts on projects serving the administrative centre. One of the most active *qada* boards, organised in Zabid in 1969, began implementing service projects in a four-*nahiya* area in 1974. By the time of the 1976 elections, which established boards in each *nahiya*, the *qada* Zabid co-operative had accomplished about a dozen projects (schools and clinics) about half of them serving the *nahiya* Zabid. The co-operative associations of the *qada* Sherrifean planned roads to connect all eight *nahiyas* to the *qada* centre of Mahabashah, a small town which prospered as the hub of a local road network.

When the LDBs were established at the *nahiya* level, *qada* associations had already provided at least some basic services to the *qada* centre. The new *nahiya* IDAs which included a former *qada* centre were consequently in a better position to work on rural service projects than the outlying *nahiya* co-operatives, many of

which literally started from scratch in 1976. Among the problems faced by new co-operative boards were the lack of basic infra-structure in the area, popular ignorance of the objectives and organisation on the development co-operatives, unfamiliarity with electoral procedures, and the absence of channels to direct local revenues into the co-operative budget.

LDAs in various governorates are, therefore, at different stages of development. Some (especially in the more urban communities) have been in operation for over a decade, and have established local procedures, revenue lines and faith in the co-operative's ability to provide services. Others, more recently established, lack guaranteed revenue sources and are unsure of how to proceed.

Other factors, not strictly historical, also have varying influences on the development co-operatives. The most obvious of these is financial resources. The development co-operatives' budgets are derived from an increasing range of central, local and individual sources. The following come from local services: 75 per cent of the *zakat*, 25 per cent of local municipalities tax, citizens membership fees; local gifts and contributions; taxes on internal transport, cinema taxes, and rental of LDA equipment and services. Central sources contribute through share of foreign aids to CYDA, share of institutional state aid to CYDA, 2 per cent share of co-operative customs tax, and 10 per cent share of national grain and vegetable *zakat*. In addition to which there are contributions from citizens and government, government contributions, specific foreign donor projects, and loans from the Co-operative Credit Bank.

Data showing the relative contribution of these various sources to particular LDA budgets is difficult to obtain, but it is obvious that the range is considerable. Nidi *nahiya*, for example, is relatively poor in agricultural production but lies on an important Yemeni-Saudi trade route and probably generates a relatively

high revenue from internal transport taxes. The town's hospital, water project, school, youth club and planned electricity project have all been central government or Saudi gifts. Some districts, especially rural ones, collect no municipalities, cinema or internal transport taxes or rental fees, but the Zabid LDA records receipts from all four.

The *zakat* is generally considered to be the main source of LDA funding, or at least the source which offers the greatest potential for financing locally initiated projects. Utilisation of the *zakat* for public services is considered to be a worthy application of the religious principle from which it springs and is hoped that budgeting *zakat* to local co-operatives would encourage voluntary payment. It is also expected that LDAs will seek to improve agriculture as a means to improving their financial situation, and that peasants' trust in the co-operative effort will increase as they see their *zakat* being returned to them in the form of service projects.

Nation-wide, however, it has been reported that a large amount of the *zakat* was either not paid or never recorded in the central treasury: for 1973 only eight per cent of the anticipated revenue was forwarded to the treasury, and for 1974 scarcely three per cent. For the period 1970-75, the estimated deficit in *zakat*, 1,000 million riyals, was approximately equal to what the YAR government borrowed internationally.

How much of this deficit was caused by non-payment and how much by corruption of officials is not known, but it seems that some strongly federalist committees collected the *zakat* locally but refused to forward it to the central treasury out of an historically-rooted fear that it would not be returned to them. Thus part of the deficit, though not recorded in Sana'a, might have gone towards LDC projects as direct citizen contributions to a worthy local cause. As a production-based tax, the legal *zakat* also varies from one *nahiya* to the next as

a function of agricultural production — one member of the Hajjah Co-ordinating Council estimated that the *zakat*-based revenues to LDAs in the governorate range from 20,000 riyals to over 2 million riyals annually.

LDAs also differ from one another with respect to interest and priorities, partially as a function of geography and ecology. Beni Awam *nahiya* (in the mountains of southern Hajjah) spent its entire *zakat* for 1977-78 on a road to the *nahiya* centre; whereas the first major project for Luhayyah (on the Red Sea Coast) was a potable water system for the town and the neighbouring village of Khobah. There are also historical and cultural values operating in the project selection process. A good example of this is Zabid, which has long been a centre of scholarship in Yemen and whose LDA has constructed five schools, including a girls' school and a religious institute. But there is also an intangible variable: for example the Zabid *nahiya*, for all its LDAs activities and projects, has no agricultural or other productive society, whereas the neighbouring *nahiya* of Jarahimy has four agricultural societies but not even the basic services in the *nahiya* centre.

The high degree of variance in LDA accomplishments, revenues and priorities makes it virtually impossible for CYDA, or even the Co-ordinating Councils, to formulate plans, procedures and policies which take just account of the needs and capabilities of all local development associations. Similarly, each locality is convinced of its uniqueness, and often of the incapability of "outsiders" to understand their problems and solutions. Thus the fierce federalism of the Imamic Yemen persists in the form of a strong ethic of local self-government and control of local resources.

### Project Planning and Financing

In 1976 LDAs were officially constituted in each *nahiya* in Hajjah and Hodeidah

governorates. For some regions this meant a division of the *qada* association into their constituent parts at the *nahiya* level; in others, this was the first time that a formal co-operative organisation was attempted. A majority of LDA members was designated to an entirely new position by an unfamiliar electoral system and were entirely unacquainted with formal book-keeping and administration. They quickly became responsible for managing the public funds and development projects for a sometimes varied and scattered population, and for setting up some basic budgetary, routine office and communications procedures. A great deal depended on the interest and integrity of these individuals, for there was no real process of accountability from either above or below, beyond that of social reputation.

Regardless of when they were established, the majority of development co-operative was founded on a single project effort, usually a road to the *nahiya* centre in the mountains, or a water project for a town in the Tihama. Often this project (and perhaps one or two, including a school after it) was such a clear priority that it justified expenditure of all available resources for a year or more (such as the Luhayyah-Khobah water project and the Beni-al-Awam road). One such project per year might be accomplished without the need for much planning for paperwork; it is only if and when the *Ta'awan* has become established as a services-providing institution in the area that the need for planning and budgeting arises.

The formula for distribution of financial responsibility represented an attempt by CYDA in 1977-78, along with the Unified Accounting System, to rationalise the system of central funds allocation and assure their more even distribution. The same year, the share of local *zakat* budgeted for local co-operatives was raised to 75 per cent. Overall, the main financial burden rests with the beneficiaries, but for each case (except very short feeder roads), the government pledges its

own and LDA matching funds. This formalisation of proportional responsibility was intended to help the development boards in writing up plans and estimating more precisely the cost to the LDA budget for any given project proposal. The written plan should follow the format provided by the Unified Accounting System. It utilises a basic and simplified accounting method which itemises anticipated incomes and expenditures — the total for which, according to the format, should be equal. The plan is written up by the Administrative Committee of the LDA and then, according to the rules ratified by the General Assembly, which meets once a year. The ratified plan is then forwarded by the president of the development co-operative to the Co-ordinating Council, which incorporates it into a master plan for the governorate. When CYDA receives the governorate plans, it formulates its own national plan and notifies the appropriate ministry or authority of its expected contributions.

The governor, through his control of road-building or well-drilling equipment by the CC and its hired engineers and technical staff (still very limited), and CYDA, by virtue of its access to national and international resources, do exercise influence over the boards through the dispersion of funds and technical assistance. But neither has the power to direct the LDBs in the use of non-central incomes; nor, indeed, can they either actually require the submission of plans and budgets, or insist that the LDB use them for development projects. Only LDBs with an especially educated and sophisticated leadership or hired professional accountants (that is, only very few of them) probably submit detailed budgets such as outlined by CYDA. Even when a written plan exists, the arena for plan formulation is such that inclusion of a given community's priorities generally relies on informal communication channels within the *nahiya*. No clear criteria exist to insure inclusiveness or to assign priorities among project proposals. Consequently the plan for a given *nahiya*



Hajjah. The building under construction intentionally follows the traditional style.

Photo: C. Little/Aga Khan Awards.

might include a road to the major sheikh's house, or a water system for the town, and nothing else; at the other extreme, it might list a paved road, house-to-house water delivery system, schools through the secondary level and clinic with X-ray facilities for every community of 500 persons.

### Planning for the Localities

The weakest point in the formal system is still the crucial linkage between the LDB and the various communities in the *nahiya*. It is recognised that "the board itself lacks the capacity to pursue every project and comprehend all the popular undertakings of the individual areas, due to its limited membership in some districts and lack of membership in other districts..." and "the inability of the

members to follow up all the requests in villages and rural areas" (al-A'awudi). In principle, therefore, the real legitimate authority to collect funds and to initiate projects rests not with the board but with the directly-elected general assemblies and the village co-operative and development committees. In practice, however, neither of these bodies is actually constituted or active on my continuing basis. Although individual members of the General Assemblies may be active and/or influential in co-operative affairs, the assembly itself is little more than an electoral college which meets in election years to vote for the administrative committee and then retires. The village co-operative and development committees are typically *ad hoc* associations which form around a particular project initiative, usually with great enthusiasm, often at a *qat*-chewing session. But they dissolve just as quickly once the project gets

going. The effort may be spearheaded by the sheikh, who, in the traditional order of things, is expected to lead the community, or by visiting migrants, who spend a few months vacation in the village and get things going. Potential investors often lobby for electrification schemes and especially roads. The activities of sheiks, 'amils, amins and other local notables are so often mixed with the activities of the LDAs that several foreign observers have mistakenly assumed these roles to be part of the official co-operative framework.

Methods of contribution vary with the community and with the type of project. Where tribal loyalties are invoked, each armed man may be required to contribute an equal amount, but the non-tribal or "protected people" not asked to pay at all. For some school and water projects where it is felt that every citizen benefits equally, a contribution "per head" may be required. Roads may be financed the same way, but there are instances of relatively small groups, who expect direct commercial benefit, raising the entire share themselves. Some communities collect on an "ability-to-pay" basis, either leaving the amount to individual conscience, or relating the amount to be paid to the amount daily or weekly spent on *qat*.

If the funds-raiser has sufficient political authority, he may personally assess each person's ability to pay. In any event, those exempt from the *zakat* are not pressed to pay. (The Koran states quite clearly that the poor are not required to pay the *zakat*.) Most beneficiary contributions seem to be raised immediately after the Friday noon prayer and sermon, or at the Friday *qat suq* (both of which are gatherings of the male community) by someone with experience in handling public funds.

In the case of school and water projects serving small communities, the problem is that the LDA can scarcely keep up with local initiatives. Each village wants its own school and its own potable water supply, and most expect the LDA to con-

tribute funds in keeping with the officially posted distribution of financial responsibility. In fact, however, few active LDAs control sufficient financial or technical resources to meet all local petitions for matching funds (al-A'awoudi). The following example perhaps illustrates this point.

The village of Nisrafah consists of scattered hamlets in the area of Wadi Hayran, in southern Nidi *nahiya*. There are no elected LDA representatives from the village, but a water project, a school and a mosque are all currently under construction in the name of a local co-operative effort led by a paternalistic sheikh. The village water supply comes from the sheikh's well, and is piped to the hamlets. The well is a bit shallow, however, and it has become necessary to operate the pump for an half hour and

then let it rest for a full hour while the water replenishes. In response to this problem, the sheikh has determined to build a water storage tank to facilitate regular delivery to the hamlets. He has personally donated 20,000 riyals and elicited a pledge of 5,000 riyals from the LDB, and is now looking for a contractor (neither the engineering nor the building skills being available locally). If the project costs more than 25,000 riyals, then beneficiary contributions will be solicited.

The school is being planned locally in accordance with the CYDA formula. YR 10,000 were collected from the citizens at the rate of YR 200 per person. The LDA is expected to contribute YR 10,000 and the Ministry of Education, YR 10,000, plus teachers for the first and second grades of primary school. Salary supplements to keep the teachers in the village

would also, presumably, be supplied from LDA funds. Everyone was quite certain that these funds would be forthcoming. The sheikh added, with pride, that fifteen schools were being constructed according to the formula in the Wadi Hayran area each costing YR 30,000. If each of these communities is also asking for YR 5,000 towards a water-supply project, then the demands on the LDA budget from a small geographical area of the *nahiya* would total YR 225,000. Exact figures are not available, but this is likely to be a large portion if not all of the total operating budget of the LDA and beyond the resources of the Ministry of Education to provide matching funds and teachers as well.

Nor unfortunately, is this an isolated example. Some communities, in fact, have had the bitter experience of initiating a project, only to be informed later that LDA funds are not available, or that it is too late for their project to be included in the plan and thus become eligible for direct financing. In such a case the community may lose faith in the LDBs ability or interest to meet local needs. There may be allegations of unresponsiveness, of corruption or of favouritism towards certain communities. Any of these may be true in certain instances, but they should none the less be viewed in the context of budgetary constraints and a still unrefined, and not widely understood, planning process.

In the water sector a new approach is being tried in response to the financing problem, especially for villages and small settlements: a fee is charged for delivery and the profits are returned to the LDA budget. The Turaybah water project in the *nahiya* Zabid, was initiated by an LDB member from the village, in response to the rising cost of manual water-drawing. (Originally everyone drew his own water, using a rope and pulley, but in the past decade "with the rise in wage employment" the job fell to one wellsmen, who charged the others a fee for his services. By the time the villagers decided to buy a pump, each house was paying him



Hajjah. An old mosque and a new school.

Photo: C. Little/Aga Khan Awards.

150 riyals per month to draw water.) The system, built with local contributions and LDA funds, consists of a pump and motor, neighbourhood tanks, and house-to-house pipe connection. A fee of YR 25 per month per house is charged for water delivery. After expenses, these fees plus a small tax on the system contributed approximately YR 63,000 to the LDAs budget in 1977-78. The attempt to run co-operatively built basic service projects on a profit-generating basis is a slight departure from the original ideology of the movement. High fees charged in the private sector for water delivery systems serving some villages in the Zabid area were part of the impetus for the change; the other part was the inability of the LDA to finance rural water projects from their fixed funds.

### Conclusions

During the period 1976-79, the development co-operatives movement expanded along several dimensions. Co-operative boards were established in every region of the country. Existing boards continued to provide public services, especially in the towns and central villages but in some of the rural areas as well. Seventeen agricultural co-operatives were founded and began working with loans from the Agricultural Credit Bank. The role of the Co-ordinating Councils, and their linkage to the constituent development boards, was developed. CYDA itself expanded tremendously, built an impressive new office building, acquired more staff and more institutional support, and published many dozens of reports and studies. A great deal of road-building and well-digging equipment was acquired.

In many ways, perhaps it has grown too fast. Certainly, the local demands to the LDBs and the LDBs' demands to the central government far surpasses the technical and financial capacity of those organs to respond. CYDA itself, the CCs, and particularly the local boards

and the agricultural co-operatives are all painfully short of office and technical staff and even ordinary labour. This causes not only poor planning and even worse maintenance, but forced reliance on the over-priced private sector for transport, construction contracts, equipment rental and the like. Skilled people are all the harder to attract because private sector wages are two or three times higher than what the government or the co-operatives pay.

Of course, the neediest areas generate very little tax, especially the dry midlands, where population densities are relatively low and cost-beneficiary ratios concomitantly high. The poorest agricultural regions are also less likely to produce effective leadership than the towns and administrative centres, where the wealthy and educated have always chosen to live. Even in the most productive areas, there is a limit to the financing capacity of the *zakat*. Moreover, some observers feel that the mere legacy of pre-revolutionary corruption renders the *zakat* not a viable basis for LDA finances.

None the less, it is desirable from the point of view of local autonomy to maintain local sources of income. One of the current proposals is to organise LDA financing more along the lines of the agricultural co-operatives. A Co-operative Credit Bank was established during the January 1979 general conference in Sana'a. Its purpose will be to grant credits for development programmes, using criteria similar to those of the Agricultural Credit Bank (that is, according to the economic feasibility of the project and the likelihood of repayment). The development co-operatives will be encouraged to invest in income-generating projects. Among the many ideas now under discussion or experimentation are

- the acquisition of construction or drilling equipment or transport vehicles for rental;
- the operation of water supply systems for profit;
- partnership in a handicraft co-operative

- for light industry; and
- the operation of hotels.

Some private investors have voiced objections to competition from co-operatives in these ventures. Although the emerging co-operative bureaucracy was formulated mainly in Sana'a, the basic and oft-repeated cornerstone of the co-operative movement is local autonomy and self-reliance. There are fears on both sides that this is being lost. One side claims that the local contractors are becoming far too dependent on government hand-outs and that the original self-help spirit is disappearing. The federalists maintain that CYDA and the central government are interfering too much in local matters they do not fully understand. The issue of central state involvement in local affairs remains delicate. It is, moreover, exacerbated by the rather critical planning difficulties illustrated in the example given above, to which the only reasonable solution seems to be much tighter co-ordination among autonomous local planning bodies.