

SOCIETE CIVILE, ASSOCIATIONS ET POUVOIR LOCAL AU YEMEN



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1st edition

Financial Mechanisms of Decentralization and the Taxation of Qat

Peer GATTER

With the enactment of Law No. 4 of 2000 “concerning the Local Authority”, Yemen has launched one of the most ambitious decentralization programs in the Arab World. The law that initiates a comprehensive reform of the Yemeni governance system through the establishment of three levels of government (state, governorate, and district) is seen as a major step forward in nation building and democratic development.

Local governance in Yemen is based on three main principles:

- the expansion of popular participation through elected local councils,
- administrative and financial decentralization,
- and the decentralization of service delivery.

The extreme lack of financial resources at the local level is seen as one of the principal challenges in this endeavour. An efficient taxation of the production and consumption of qât (*Catha edulis*), a psychoactive stimulant widely consumed in Yemen, may help overcome this deficiency and could strongly contribute to financially more autonomous local representations. Ultimately this may foster the democratisation of the country. Already today qat revenue represents a large share in the budgets of a number of governorates.

Despite decentralization being one of the promises of Yemen's unification in 1990, and despite being described in Yemen's 1994 constitution as one of the pillars of the state instrumental for local development (articles 143-146), it took the country's leadership a decade

to cash in this pledge¹. The unification of the Yemen Arab Republic (North Yemen) with the People's Democratic Republic of Yemen (South Yemen) called for the merging of two very different political and economic systems. Strong tribalism and a precarious security situation in the north hampered the ability of the unified country to organize its administrative presence in many governorates and districts. Socialism in the south delivered to the new state a large and superfluous bureaucracy. Ultimately, Yemen's unification resulted in an unbalanced and redundant administration with a high concentration of officials in the capital city and the major provincial centers. The economic aftermath of the Gulf War in 1990 with over 800,000 returnees and Yemen's civil war of 1994 further aggravated an already difficult situation and delayed the government's reform agenda. In particular this resulted in the need for the public sector to employ workers returning from the Gulf countries, the loss of purchasing power by civil servants whose salaries were eroded by rampant inflation, and the ultimate transformation of the civil service into an inefficient organization supporting a large number of poorly paid, little motivated and often unqualified staff². After having addressed the challenge of stabilizing the economy with assistance from the IMF and the World Bank, the Government committed itself in the second part of the 1990s, to address Yemen's most critical structural problems, in particular the modernization of the civil service and the restructuring of the country's governance system.

Local Governance before the Reform

While in socialist south Yemen elected local councils existed since the 1970s, in the north citizens were represented through an elected parliament only at state level. At governorate and district levels the government met public service needs through an elaborate system of de-concentrated field offices of ministries and agencies. Consequently, central

¹ The Republican Decree for Law no. 52 for the year 1991 has sought to regulate local administration in Yemen, but political struggles and separatist movements stood in the way of putting the provisions of the law into implementation (see also Yemen Human Development Report 2000/2001, p. 78).

² GATTER & AL., 2002a, p. 43.

control over most regions of Yemen's north remained indirect and nominal. Despite attempts by successive Yemeni governments to increase their authority, local administration in many tribal areas has remained near unchanged since the times of Ottoman hegemony. Sheikhs continue to exercise their military and legal powers by maintaining tribal armies and private prisons, and government control over such areas is exercised only by military campaigns and by purchasing the loyalty of Sheikhs and their tribes. The arrangement of de-concentrated state powers was until the enactment of the Law of Local Authority (LAL) rather geared towards keeping up law & order than to providing services to citizens. It is thus not surprising that most governors and district directors have a military or police background.

The LAL also provided mechanisms for formalizing traditional, democratic organs such as the popularly elected Local Development Associations (LDA) that had evolved during the 1970s throughout northern Yemen due to the need of self-reliance of rural communities. LDAs collected funds and in-kind support from residents, migrant labourers, and foreign donors to built schools, health centers, water structures and roads with often a much greater reach than the state. When the government however centralized the administration of the *zakat* tax in the 1980s (see below), the LDAs lost their most important funding source and their role in rural development rapidly diminished³. Building on their experience and on the strong tradition of local autonomy that the LDA movement had fostered, may help today to mitigate the concentration of power among a small number of tribal leaders.

The Administrative Organization after the Reform

After unification in 1990, Yemen was made up of 18 governorates and some 280 districts. With the Republican Decree No. 23 of 1998 on the reorganization of administrative units the Government initiated a restructuring exercise carving out the Governorates of 'Amrân and al-Dâle' and subdividing larger districts inherited from the PDRY into two or more administrative units. During 2001 and 2002 a number of municipalities

³ WORLD BANK, 2006, p. 40.

were split into smaller constituencies and in 2004 the Governorate of Rayma was formed. Today, Yemen is made up of 21 governorates (including Sanaa Capital Secretariat) and 333 districts.

Each administrative division has its own local authority, which consists of the centrally appointed governor or district director, the elected local council (LC), and the executive organs (branch offices of ministries and other government agencies). The new local authority system was designed to operate on the basis of people's participation in decision-making, in the administration of local affairs, and in social, economic, and cultural development. Popular participation is assured through the democratic establishment of political representations that are closer to citizens and their needs, the powers of local councils to propose budgets, development programs and investment plans, and the accountability of executive organs to the local councils who supervise their performance.

In some functional areas the elected councils may even be considered as local legislative bodies in their constituencies. In this regard, there are some similarities with the national legislative body, but while the parliament is to a certain extent independent and detached from the executive, the local councils along with the executive organs are considered an integral part of the local authority and are chaired by the centrally directed unit heads. Governors are appointed by the President, who is not held accountable for his choice. District directors are assigned by the Ministry of Local Administration (MOLA) and the directors and staff of executive organs are deployed by their respective ministries or agencies. Despite this major democratic deficiency the new law has for the first time ever clearly defined the functions and duties of governors and district directors. Among these is besides the administrative and executive functions the fostering of local development.

The executive organs at governorate and district levels play new roles as facilitators in the decentralization of service delivery. They are now regarded as local organs and act as the administrative, technical and executive organs of the local councils. But even though operating under the councils' supervision and control, they are not employed or paid locally. Yemen's system of decentralization is thus rather a mixture of devolution and deconcentration.

Impact of the Reform on Central Government

The central executive organs of the state remain unchanged, but are confined by law to the drawing of general policies, the enactment of regulating by-laws, oversight, and training. Based on the request of the local councils, they are to implement projects that local authorities on their own are unable to implement as well as projects of a national magnitude.

MOLA is the government entity entrusted with the implementation of the decentralization process. The Ministry of Finance (MOF) reviews district and governorate budgets, controls local revenue collection, and allocates resources to the local level. The Ministry of Planning and International Cooperation (MOPIC) is expected to reduce its role in dealing with small projects and shall strengthen its governorate-level branches to provide support to LCs in preparing local development plans and ensure that these plans are congruent with national objectives. The LAL assigned new and greater responsibilities to MOLA and called for the development of new and improved coordination mechanisms among MOLA, MOF, MOPD, and the Ministry of Civil Service (MOCS). At present the coordination between line ministries at central level is weak, and overlapping portfolios are a source of conflicts.

Sâdeq Amîn Abû Râ's, Minister of Local Administration, pointed out in November 2000 that MOF was "*reluctant to participate in the reform process and not ready to accept the new situation with taxes and fees remaining at local level, since it fears a loss of influence*"⁴. Tensions over LC budgets increased over the following months and led in June 2001 to the announcement of resignation of the Minister of Local Administration as he felt that the MOF was obstructing his work and the progress of decentralization. The crisis was solved by mediation of the Prime Minister and after receiving funds from MOF, MOLA was able to launch the first training plan for LC members and Ministry officials in July 2001. MOF also allocated funds for all governorates and LCs were consequently able to draft their first budgets for 2002⁵.

⁴ Author's interview, Nov. 6, 2000 at MOLA.

⁵ GATTER & AL., 2002a, Annex I, p. 4.

There is still a need for revision of a large number of laws and regulations in order to align them with the legal framework for decentralization since inconsistencies have led also to a duplication of functions between central and local organs. In 2002 the Prime Minister has formed a commission for the harmonization of laws which has drawn up a list of 70 laws and regulations that need amendments. To strengthen local government and devolve some of their functions, ministries are also expected to re-deploy more qualified support staff from Sanaa to their branches. Over the past years little has been done in this respect, since few civil servants are ready to settle in the countryside with much less amenities.

The First Local Council Elections

Following an intense public debate and broad media coverage on the country's political and technical readiness for decentralization, President 'Alī 'Abd Allāh Sāleh and the government of Prime Minister 'Abd al-Karīm al-Iryānī decided in 2001 to proceed to local council elections in combination with an already planned referendum on constitutional reforms. While local council elections were seen as an important step towards democracy, the constitutional amendments were interpreted by Yemeni intellectuals and foreign observers alike as undermining democratic development. They further strengthened the President's grip on power, as the President's mandate was extended from five to seven years, making the next election only due in 2006 and extending President Saleh's possible legal term of office until 2013. Observers believe that this will give him time to prepare his son, Ahmad, for office. The President was also given extended powers to dissolve Parliament without national referendum. The term of the Parliament was extended from four to six years, preventing the Yemen Socialist Party from entering the House of Representatives for a further two years (it had boycotted the 1997 elections). This also ensured that the religious-tribal Islah Party with its growing support base, could until the next elections in 2003 not extend its own presence in Parliament. The Consultative Council (*majlis al-shūra*) was almost doubled in size (now 111 members, all

of whom are appointed by the President) and was given the power to jointly vote with Parliament on legislative matters⁶.

Referendum and elections took place on February 20, 2001. Though marred by some localized unrest and violence, they could be carried out satisfactorily and resulted in the elections of council members in all governorates and an overwhelming approval of the proposed constitutional reforms (73 % of the votes). The ruling party secured an absolute majority with 69.1 % of the vote in governorate local councils and with 60.7 % at district level. *Islah* secured 19.5 and 23.1 % respectively, with a higher dominance in the north. The Socialists were almost exclusively restricted to the south and won 4 % of the vote at governorate level and 3.5 % in district councils⁷. Teachers accounted for nearly 40 % of those elected to district councils and Sheikhs and civil servants each accounted for about 7 % of office holders. Of a total of 7,315 elected council members only 36 were women⁸. The overwhelming number of teachers among the ranks of council members suggests that the electorate voted on the basis of perceived qualifications, rather than social status⁹. However among the centrally appointed district directors, Sheikhs or their kin were over represented.

Initially, the Government intended to hold its second local elections jointly with the general elections in 2003 after an experimental mandate of only two years. This was thought to allow government to assess the functioning of local councils and to develop appropriate measures to ensure that they will operate effectively over a full-term mandate. However local elections were postponed twice and councilors stayed in office until 2006.

The new Local Administrations – Tasks and Challenges

The law has transferred responsibility for the provision of most public services to the new local administrations. According to the

⁶ ECONOMIST INTELLIGENCE UNIT, 2001, p. 8.

⁷ GATTER & AL., 2002a, Annex I, p. 2.

⁸ CENTRAL STATISTICAL ORGANIZATION, Statistical Yearbook 2004, p. 350.

⁹ WORLD BANK, 2006, p. 40.

Executive Bylaws (EB) of the LAL, local councils are to direct, supervise and control the work of the executive organs in their constituencies. They are, among others, to propose development plans and evaluate the level of their implementation, encourage investment projects, attract tourism, and develop and protect water resources. The responsibilities and powers the district is assigned include the founding, equipping, management and maintenance of schools, health and agricultural extension centers, electricity networks, local water and sewerage projects, bridges and secondary roads, as well as public parks, slaughter houses, markets, and cemeteries, cleaning projects, and historical heritage sites. Under the supervision, management and control of local councils, the executive organs are to implement the general policies, plans and programs, and provide the citizens with municipal, health, educational, and agricultural services. They shall also provide electricity, water and sanitation services and maintain and build rural roads¹⁰.

To assume these responsibilities at district level, Yemen and its local administrations still have to come a long way. Foremost, the country has to overcome an uneven and inequitable distribution of staffing. While the civil service is generally oversized at central level, the government is practically absent from other parts of the country where only teachers, some health staff and security forces are present. Inadequate or missing office buildings, shortages in equipment and supplies as well as low wages, are the major culprits for poor staff performance. Staff absenteeism, low education levels, inadequate women representation and a work culture that does not encourage initiatives, accountability or compliance with existing regulations also play their part. Another prominent contributor to low performance is chewing of the stimulant qât, which is practiced by 85.8 % of civil servants who chew at least three times per week and spend half or more of their official income on the leaves¹¹. Training efforts implemented by MOLA have generally focused on explaining the Local Authority Law, rather than forming officials to its implementation. Many civil servants thus have a limited understanding of their tasks and functions in a decentralized system. A national training plan drafted in

¹⁰ MINISTRY OF LOCAL ADMINISTRATION, 2000, article 7, 13 & 17.

¹¹ GATTER & AL., 2002a, p. 28-29.

2003 targeting some 16,600 senior officials and staff of local authorities, could not be implemented so far due to a lack of funding¹².

Funding Sources of Local Administrations

Governorate and district local administrations are financed through recurrent and capital budgets, accounting for 16.8 % of the Government expenditure in 2004. The recurrent budget which is the administrative and operational budget for executive offices and local councils (salaries, office supplies, etc) made up 98 % of these expenditures, reducing local authority funding primarily to salary transfers. These are determined and financed directly through central allocations and are beyond the control of local bodies (LAL, article 125)¹³.

The meagre capital or development budget is to fund local capital expenditures, and consists of locally generated revenue and central transfers (LAL, article 123):

District Local Revenues accounted for 19.8 % of the budget of local authorities in 2004¹⁴. These are collected at the district level in favour of the district and consist of 27 different sources of revenue, in particular of different penalties, fees and taxes, endowments from individuals, assistance from donors through governmental agencies, and most importantly the religious *zakat* duty (50 % of the collected *zakat* revenues remain in the district, the rest is transferred to governorate level).

Shared Governorate Revenues accounted for 34.1 % of local budgets in 2004. They are also collected at district level, but transferred on a monthly basis to the governorate finance office where these funds are quarterly divided for the benefit of all local authorities of the governorate. 25 % of the revenues return to the district where they had been collected, 50 % are equally distributed to all other districts of the governorate, and

¹² REPUBLIC OF YEMEN, 2005, p. 69.

¹³ See also LOCAL GOVERNMENT OF DENMARK (LGDK), 2005, p. 37.

¹⁴ This percentage share and those given in the following for other budgetary resources of local authorities have been calculated based on Tax Authority and MOLA financial accounts for 2004, and on statistics for central subsidies provided by the MOLA/UNDP supported Decentralization and Local Development Support Program (DLDSP). See also DLDSP, 2005, p. 29 (table 3).

25 % remain at governorate level (LAL, article 124). Shared governorate revenues consist of 28 revenue sources, including fees, penalties, grants, wills and donations (e.g. fees on well digging and passport issuance, fines for traffic violations, and fees on fishing and weapons permits). The by far most important ones are the “qât consumption tax” and *zakat* (50 % of district *zakat* collection comes in this pool).

Shared General (Central) Revenues made up 20.8 % in the 2004 local budgets and are collected centrally by MOF on behalf of MOLA and distributed to local councils, cooperatives and local development funds. This revenue source consists of fees imposed on air and sea travel tickets, on petrol, diesel and gas sales, as well as of 30 % of the annual revenues of the Road Maintenance Fund, the Agricultural and Fisheries Production Promotion Fund, and the Youth Welfare and Sports Fund (LAL, article 123/3). Resources from these funds must be spent on purposes related to their origin.

Central Subsidies feeding into the budgets of local administrations contributed 25.3 % to governorate and district resources in 2004. They are general-purpose transfers to finance economic and social development plans and projects at the local level.

Resource Availability

Despite 55 different types of fees and taxes being collected at the local level, the revenue situation in most governorate and district administrations - apart from some wealthier urban ones - is precarious. *District Local Revenues* and *Shared Governorate Revenue* together accounted for just above one percent of total state revenue (YR 8.2 billion or US \$ 45 million) in 2004¹⁵, a rather inadequate figure for financing a decentralized system and for successfully conducting local affairs. Apart from *zakat* and qât consumption tax (see below), many of the fees collectable at the local level bring such small yields that little efforts are taken to actually collect them (e.g. fees on cinema tickets or on digging seep holes). Since the level of taxation was set by cabinet resolution, local administrations have no

¹⁵ TAX AUTHORITY, 2005; MINISTRY OF LOCAL ADMINISTRATION, 2005; and LGDK, 2005, p. 38.

liberty in adjusting taxes and fees to inflation rates. In 1990 the tax for opening a commercial place such as a general store was YR 480 (US \$ 40), but due to the 1995 Riyal devaluation and rampant inflation this was equivalent to only \$ 2.45 in 2007. In a number of governorates such as al-Jawf and Mâreb the collection of district and government revenues is further hampered by tribal power and frequent feuds.

Despite having experienced a sharp increase over recent years (from YR 452 million in 2002 to over 3 billion in 2004 and 2005), central transfers of Shared General Revenue transfers have fallen well short of plans¹⁶. Because shared general revenue are so limited it has become a practice in some governorates that these funds are not distributed equally among all districts, but pooled for one district in one year and for another in the following year.

Central Subsidies accounted for YR 3.85 billion during 2002-2004 and have reached YR 4 billion in 2005¹⁷. Despite this small rise, central contributions have been declining in real terms. The total amount of these transfers is set in accordance with budgetary priorities as part of the annual state budget decision. Since this is an *ad hoc* exercise at central level, in times of declining state revenue local authorities are likely to be the first to suffer considerable budgetary cuts.

The share of central contributions to local budgets varies greatly across Yemen. While in Sanaa Capital Secretariat and in al-Hodeïda Governorate with their large urban agglomerations central transfers account for only 20-25 % of local budgets in 2004, in governorates with largely rural character and weak infrastructure such as Abyan, Mâreb, al-Mahra and al-Jawf, they contribute 80-96 % to local finances (see fig. 4)¹⁸.

The criteria upon which *Shared General Revenue* and *Central Subsidies* are distributed are laid out in the LAL (article 124). In 2004 an attempt was made by MOLA, MOF and MOPIC to translate these criteria into numeric indicators and the 2005 *Central Subsidy* (YR 4 billion, equivalent to ca. US \$ 27 million) was distributed accordingly. 45 % were allotted upon considerations of poverty rates and the level of economic and social growth, 25 % for the abundance or scarcity of local revenues,

¹⁶ DLDSP, 2005, p. 28.

¹⁷ DLDSP, 2005, p. 28.

¹⁸ MINISTRY OF LOCAL ADMINISTRATION, 2005.

20 % for population density, and 10 % for the effectiveness in collecting and spending revenue¹⁹.

The overall share of the local authority sector (recurrent and capital financing) in public budgets has been shrinking from 17.3 % in 2002 to 16.8 % in 2004. Observers find this deeply worrying since for an effective decentralization of Yemen's governance system a steady increase in resources at local level is seen as indispensable. This decrease could indicate that tasks and responsibilities of local authorities are either not implemented or at a lower level than previously. It could also point towards a trend of re-centralization with less funding going through the budgets of governorate and districts administrations and being instead administered and spent directly by the line ministries²⁰.

Budgetary Powers of Local Authorities

Yemen's present decentralized system assumes independent and competent local authorities with full responsibility for budget preparation and execution. To assist them in maintaining effective fiscal controls, the Ministry of Finance has established accounting units in all Governorates and a still limited number of districts²¹. These finance offices intensively monitor district and governorate budgeting and spending and ultimately control local revenue collection as well as resource allocation to the elected LCs.

According to the LAL and its Financial Bylaw, each administrative unit at governorate and district level independently prepares its annual plan and budget which is subject to approval by its LC and the Governorate Plan and Budget Committee. After presentation before the High Budget Committee at central level, it is included in the state budget and submitted to Cabinet for ratification²². For the preparation of the plan the executive offices at district and governorate level have to define

¹⁹ Due to the lack of statistical information the measurement of these parameters had certain limitations (DLDSP 2005, p. 12).

²⁰ LGDK, 2005, p. 38 & 42.

²¹ LGDK, 2005, p. 37.

²² REPUBLIC OF YEMEN, 2000, articles 129-142; and MINISTRY OF LOCAL ADMINISTRATION, 2000, articles 7-20.

their needs for projects and submit them to the elected local council for discussion and approval. Local councils can allocate 20 % of the total annual district local and shared governorate revenues towards locally defined needs to promote their own development initiatives. Accordingly, an administrative unit can in principle “undertake all financial acts without reference to the central authorities so long as these are not inconsistent with the fundamentals of budget implementation” (LAL, article 137). These liberties concern however only locally generated revenues, since by law, central resources are not subject to the supervision of local councils and remain under the exclusive control of local MOF offices and their subordinate yielding authorities (LAL, article 127).

The reality is somewhat different. Observers have described the real level of self-determination and self-governance of local authorities as very limited²³. While the decentralized administrations at governorate level are working well, in most districts no significant devolution of responsibilities and resources had followed the enactment of the law due to the extreme lack of financial resources. Most local councils up to now thus neither plan development in their jurisdictions, nor do they budget their resources. This is especially true for those local authorities that cannot raise sufficient own local funding and heavily rely on central transfers. In rural areas where there are few commercial establishments, little agriculture, and especially no qât cultivation, to generate taxes, the level of local self determination is extremely weak. This is true for most of the eastern and southern desert areas, and the lower western escarpment where qât cannot be grown.

Qât and its Role in the Budgets of Local Administrations

Qât (*Catha edulis* Forsk.) is a psychoactive stimulant that is grown in many of the highland areas of Eastern Africa, ranging from the southern Sudan to Madagascar and the Transvaal. It is also grown across the Red Sea in Yemen’s western highlands and the ‘Asîr mountains of Saudi Arabia. While being considered a drug in most Arab states (e.g. Saudi Arabia, Egypt, Sudan, Palestine), as well as in many European

²³ LGDK, 2005, p. 16.

countries including Germany²⁴, there is no legislation in Yemen controlling its cultivation and sale.

The hardy tree that is famed by farmers for its drought resistance, is grown on 12 % of Yemen's agricultural area and its cultivation covered 121,000 hectares in 2003²⁵, though some Yemeni researchers believe that it may well be double as much²⁶. Qât accounts for 10 % of the country's GDP, for a third of agricultural GDP, and for 9.4 % of household expenditures²⁷. In poor families qât related spending even reaches 28 % of the family budget²⁸. The qât sector provides employment for one in every seven working Yemeni. In the capital Sanaa alone some 13,000 persons are involved in the sale of the stimulant²⁹. On average 72 % of men and 33 % of women above the age of 12 chew the bitter leaves of the qât plant. Some 42 % of male consumers chew five to seven days per week and display compulsive habits³⁰. As the predominant cash crop, the income qât generates plays a vital role in rural economies and prevents people in many of Yemen's highland areas from drifting into the cities in order to seek work. But qât also depletes scarce water resources, contributes to soil degradation, and has crowded out production of essential food crops and agricultural exports. For its producers and consumers alike, qât is seen as one of the main health hazards in Yemen, mainly due to the unregulated use of pesticides. Given the economic importance of qât, it is not surprising that taxes stemming from the production and sale of the plant are substantial. The qât sector contributes to government revenue in four ways, by a religious tithe (*zakat*) levied on qât production, a *Public Cleaning Tax* for keeping qât markets tidy, a *Qât Consumption Tax*, and a *Youth & Sports Tax*, levied on qât sales. While *zakat* is imposed as a direct tax and collected at farm level by *zakat* assessors, the other taxes are levied as

²⁴ Since enactment of the 10th decree regulating narcotic drug use (Betäubungsmittelrechts-Änderungsverordnung (BtMÄndV, article 1e) on Jan. 20, 1998.

²⁵ CENTRAL STATISTICAL ORGANIZATION, 2005.

²⁶ Personal communications, Dr. Ali No'man, Director of the Qât Research Unit, Ministry of Agriculture.

²⁷ GATTER, 2006, p. 36.

²⁸ LENAERS & GATTER, 2000, p. 13.

²⁹ Unpublished 2005 Qât market survey by the author.

³⁰ GATTER, 2006, p. 18.

indirect taxes at checkpoints on the roads leading into the cities and in qât markets.

Despite the importance of qât as a revenue source for governorate and district administrations, little is known about the taxation of this commodity. This is partly because the economics of qât have not received the attention deserved, partly because the government is highly secretive about revenues from the plant. As a consequence the literature on the subject matter is inadequate and beset with errors³¹.

A. Zakat Revenue

Next to faith, prayer, fasting and the pilgrimage, *zakat* is one of the five pillars of Islam. It is a religious alms tax for purifying wealth and is enforced through moral obligation and fiscal measures. The *sharî 'a* and Yemen's budget distinguish between various types of *Zakat*, such as the *zakat al-fitr* (for feeding the poor at end of the fasting month of Ramadân), the *zakat al-bâten* (due on wealth exceeding a certain threshold), the *zakat al-mawâshî* (on bee hives, honey, fish, and livestock), and the *zakat al-'ashûr* (imposed on grain, vegetables and other crops such as qât, if their yield exceeds five *wasûq* - ca. 140 kg).

The *sharî 'a* sets the *zakat al-'ashûr* at 10 % of net profits of rainfed farming. If additional means of irrigation are employed the *zakat* due is reduced to 5 %, since water structures such as reservoirs, irrigation channels, dug wells, and in more recent times tubewells or diesel powered pumps raise production cost³².

In the absence of a modern taxation system, *zakat* was until the 1960s responsible for up to 84 % of Yemen's public revenues³³. When the Imamate made way for a republic, the revolutionaries were thus eager to enact the right of the state to oversee the administration of *zakat* in the constitution of the Yemen Arab Republic in 1970 (article 135). But with the creation of a modern system of taxation and significant revenues from

³¹ e.g. FOOD AND AGRICULTURAL ORGANIZATION, 2002, p. 107-108; and KENNEDY, 1987, p. 157, who makes no distinction between *zakat* and Qât consumption tax; SHEMSULDIN 1993; *La dépêche internationale des drogues*, 65.

³² GATTER & AL. 2002b, p. 122; and REPUBLIC OF YEMEN, 1999, article 13.

³³ MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION, 2003, p. 72.

customs duties during the boom years of the 1970s and 80s, the relative importance of *zakat* in government revenue dramatically decreased. During the 1970s *zakat* still accounted on average for 5.1 % of government revenue, during the 1980s this had dropped to 2.6 %, and reached an absolute low during the 1990s with just 1.0 % - not last due to increasing revenue from the emerging petroleum sector³⁴. *Zakat* was therefore long neglected and the government has only recently “rediscovered” this tax and started to recognize *zakat*’s potential for rural development and poverty alleviation.

In 2005, *zakat* revenue amounted to YR 6 billion (\$ 33 million). 38.2 % of total *zakat* revenue was levied on wealth generated by private companies and individuals, 26.4 % came from the agricultural sector, 16.9 % was levied on profits generated by the public sector (e.g. water and electricity supply), 11.7 % was levied as *zakat al-fitr* after Ramadân, and 6.8 % came from other *zakat* sources. In 2005, qât was responsible for over half of the government’s total *zakat* proceeds from agriculture. Over recent years, qât’s share in *zakat* revenue has been steadily increasing - with YR 617 million (US \$ 3.5 million) qât *zakat* accounted for 13.6 % of the total *zakat* budget in 2003 and reached YR 938 million (US \$ 4.8 million) or 15.8 % in 2005.

There are marked geographical differences in *zakat* revenue from qât, which are easily explained since *zakat* is levied on profits from its cultivation. Since qât is a highland crop adapted to moderate temperatures, which cannot be grown below 800 meters of altitude, it is neither found in the governorates of the coastal plain, nor in those of the hot and arid eastern desert. The governorates profiting most from *zakat* generated by qât are Hajja, where qât accounts for 66.9 % of total *zakat* revenue, al-Dâle’ (52,7 %), Sanaa Governorate (50,1 %), ‘Amrân (46,1 %), al-Baydâ’ (43,2 %), Sa‘da (38,7 %), and al-Mahwît (30,6 %) (see fig 1A and 2).

The administration of *zakat* in Yemen remains archaic and a quarter of the collected revenue goes to tribal leaders and *zakat* assessors to

³⁴ CSO, diverse Statistical Yearbooks: 1976/77, p. 180-184, 1979/80, p. 221-225, 1985, p. 198-200/ 1988, p. 297-299, 1991, p. 191-192, 1995, p. 308, 1998, p. 314-315, 1999, p. 342, and 2002, p. 379.

honour their role in overseeing its collection³⁵. This is in clear violation of *sharī'a* provisions³⁶. A new draft *zakat* law currently being discussed in Parliament is attempting to address this deficiency and is to replace the current law (No. 2 of 1999), inconsistent with the LAL.

In 2005, MOF and MOLA drafted a refined LAL which intends to spread *qât* production revenue more equally across the country. *Zakat* was thus excluded from the funding sources of local authorities and in return for compensatory central subsidies is to become once again a centrally administered revenue³⁷. So far this draft law remains to be discussed and approved by Parliament. If approved, however, the law would pave the way for a return to an inefficient system of central *zakat* collection and would once again increase central government control over local affairs.

B. Consumption Tax

The taxation of *qât* sales has a long history in Yemen. The Ottoman treasury during the Turkish occupation of northern Yemen in the 19th and early 20th century as well as the British Colonial Administration in Aden, extracted handsome revenues from its trade. Under the Yemeni Imams who fought the Ottomans in the north, and the socialist innovators, heirs to the British in the south, this did not change much and *qât* remained one of the most important commodities for taxation. In order to discourage chewing after the republican revolution in the north, the tax rate for *qât* was raised from 10 to 30 % of its sales value in 1969. The revolutionaries initially associated *qât* consumption with the decadent Imamic regime which was reflected also in many poems of the time³⁸. Once in power, many of the former revolutionaries however soon succumbed to the chewing habit and today even most ministries in Sanaa have a special room (*mafraj*) for the unique purpose of chewing. Many

³⁵ YEMEN TIMES, 1998.

³⁶ The Qur'ân states that 1/9 of the *zakat* collection is to be allotted in favor of people who administer this tax (Qur'ân 9: 60).

³⁷ DLDSP 2005, p. 11-12.

³⁸ Muhammad Mahmûd al-Zubayrî, Revolutionary and Poet, born 1919, assassinated in 1965, called *qât* in his writings "the devil.... seducing the Yemeni man" (1958).

ministerial afternoon work sessions are thus held within a qât setting. As a consequence Law No. 14 of 1980 once again lowered the qât tax to 10 %.

Upon the recommendations of an 1986 IMF mission that reviewed the Yemeni tax system, Law No. 70 of 1991, on the “*Taxation of Production, Consumption and Services, and its Amendments*” reformed the mechanisms of taxation, and its 1992 bylaws on tax collection and tax estimation were meant to make qât taxation more efficient. The Tax Authority however failed to significantly enlarge the tax base, and the government took the decision to raise the level of taxation to 20 % in 1996 (Law No. 14 of 1996). This led on the one hand to a substantial increase of qât tax revenue from YR 659 million in 1994 to YR 1.6 billion in 1997, but on the other hand resulted in widespread tax evasion despite provisions of the law for high fines. While qât tax revenues steadily increased during the 1990s, in real terms the government’s tax income dropped due to the devaluation of the Riyal in 1995. Qât taxes were equivalent to US \$ 21 million in 1994, but to only \$ 13 million in 1997.

With the General Sales Tax Law No. 42 of 2005, the “consumption tax” of qât was converted into a “sales tax” and confirmed at 20 % of the sales value, without however changing the procedures governing its collection (article 64 and schedule 3).

The revenues generated by the qât “consumption” or “sales” tax are even more important for the decentralization process than those generated by qât *zakat*. They constitute the biggest single funding source for local authorities. At a national average qât was responsible for 62 % of locally collected tax (*dharâ’eb*) revenue in 2003 and for 58.5 % in 2004. The only other local taxes that generate yields worth mentioning are the real estate tax and the free profession tax accounting for 25.9 and 12.9 % of total tax revenue respectively in 2004.

In only two of Yemen’s 21 governorates the share of qât in local tax revenue was below 40 % during 2003 and 2004. In many governorates qât even accounted for more than three quarters of the tax income, such as in the northern governorates of Sa’da (76.5 %), al-Hodeïda (79.3 %), and Hajja (81.3 %), and even more so in parts of the former socialist south, with 81.6 % in Aden, 86.9 % in Lahej, 88.6 % in Shabwa, and as much as 89.8 % in Abyan (see fig. 1B)³⁹.

³⁹ TAX AUTHORITY, GENERAL DIRECTORATE FOR PLANNING AND ORDER, 2005.

The fact that the share of qât taxes in the south is even higher than in the north, is yet more surprising, since the chewing habit is quite new to many areas of southern and eastern Yemen. Apart from Aden (Lahej and al-Dâle'), where consumption had been restricted to weekends by law, it had been completely banned in the other governorates of the PDRY between 1969 and 1990. This well illustrates the triumphal march of qât though unified Yemen during the past decade and a half.

In 2005, revenue from qât consumption tax amounted to YR 2 billion (\$ 11 million). Revenue from this sector is especially high in governorates with large urban centers such as al-Hodeïda (YR 423 million), Aden (341 million), Taz (305 million), and Sanaa City (303 million) (see fig. 3). The roads leading to these cities, particularly in the coastal areas, are easily controlled by checkpoints, and qât traders are taxed when passing through. Aden for example has only one access road linking it to the qât production areas in the north, and only one coastal and one desert road connect Hadramaout Governorate with the qât producing areas of the western highlands.

While qât consumption in urban, coastal, and remote desert areas is easily controlled and to some point efficiently taxed, this is not the case for the rural highland zone. Chewers in 'Amrân, al-Mahwît, Rayma and Sanaa Governorates do not consume less qât than consumers in neighbouring Hajja, al-Hodeïda, Ibb or Sanaa City, where tax incomes are much higher, but consumption in rural areas is simply much more difficult to tax, since much of the qât produced there is consumed locally and does not cross checkpoints. Qât markets there are far too small and too many in number to be efficiently taxed by the government. Governorate figures on Qât Consumption Tax do thus say little about the spread of the qât consumption habit. Much rather they are an indicator for the efficiency or inefficiency of the Yemeni qât tax system.

Dissatisfaction with the high availability of qât consumption tax in some Governorates and its absence in others has been voiced by local councillors and governors alike. For example, qât produced in al-Dâle' and al-Baydâ' is transported through Lahej and consumed and taxed in Aden Governorate. While qât consumption tax revenues were very low in the production areas with only YR 13.7 million in al-Dâle' and 27.2 million in al-Baydâ' in 2005, in Aden as much as YR 341.1 million were levied. In

Lahej Governorate through which the qat vehicles pass daily to reach Aden, only 53.5 million were collected (see fig. 3)⁴⁰.

C. Youth and Sports Tax on Qât Consumption

In 1999, the Republican Decree No. 10 of 1996 concerning the Establishment of the Fund for Youth Welfare and Sports was amended to include qât as a funding source. Besides a 5 % tax on qât sales, the law also foresees a 5 Riyal tax on each packet of cigarettes and on each sack of cement sold (Law No. 36 of 1999, article 11/4-6). Qât's share of the Youth and Sports Tax is collected together with qât consumption tax at checkpoints and in qât markets. As laid out in the Local Authority Law, the fund's revenue can be allotted only to the purpose for which it was established (LAL, 123/3a). In 2001, Youth and Sports tax contributed YR 370 million (US \$ 2.2 million) to the state budget and increased to 511 million (\$ 2.8 million) by 2005. While 70 % of these funds are administered at by central government, 30 % were transferred to the governorates and equally distributed among the local authorities of these constituencies. In 2004, the Youth and Sports tax contributed with 20.1 % to *Shared Central Revenue* in local authority budgets and accounted for 3.2 % of total local budgetary resources⁴¹.

D. Public Cleaning Tax on Qât Sales

A tax payable by urban companies and shops for city cleaning came in to effect in 1999 (Law No. 20 on the Establishment of a Fund for City Cleaning and Improvement). The fund is jointly managed by MOLA and the Ministry of Construction, Housing & Urban Planning. The tax is considered a local revenue and is collected at district level in the favour of the district (LAL, article 123/10). Local branches of the MOF administer the fund and in accordance with the law draft budgets for the use of its resources. An amount of YR 287 million was projected for collection in 2000, the first operational year the fund, and fell with a revenue of YR

⁴⁰ TAX AUTHORITY, DEPT. OF QÂT TAXATION, 2006.

⁴¹ DLDSF 2005, p. 28.

261 million (US \$ 1.6 million) somewhat short of expectations⁴². The cleaning tax is especially applied in qât markets and is paid in Yemen's north by market owners who pass this expense on to the tenants of shops or sales stalls in the form of rent. In the south where market spaces are for the most part state owned, each qât merchant has to pay a small fee to participate in street cleaning. In Aden for example the tax is levied in form of a general fine for "public health infractions" which amounted in 2005 to YR 100/day (ca. \$ 0.54) per qât merchant.

Qât Revenue and its Role in Democratization

Yemen's decentralization has significantly enlarged the circle of decision-makers throughout the country and has given local communities the ability to participate in decisions affecting their lives, namely in the field of health care, education, water supply and sanitation. The initial enthusiasm accompanying the decentralization process has however died down. Elected local council members (especially at district level) soon came to realize that extremely narrow boundaries were set for their scope for action. This was mainly due to the limited yield of locally collected fiscal resources, the inadequacy and unreliability of central transfers, as well as the extreme lack of qualified local administrative staff capable to monitor fiscal revenues and public expenditures, and trained in budgeting and financial management.

Indeed, only few districts are currently able to exercise local self governance, undertake considerable capital financing and to independently operate and maintain a broad range of services. The resources of most district authorities so far consist of the civil servants at local level and their salaries. An example is the Hadrami desert district of Thamûd with a population of 25,000. Apart from a handful of shops in the small and lethargic district capital there are few taxable economic activities. The local economy consists mostly of nomadic goat and camel herding for subsistence purposes. In 2000, the percentage of locally generated revenue was at just 1.3 % (YR 170,000 or US \$ 1,060)⁴³. Areas

⁴² MINISTRY OF FINANCE, 2001, p. 32 and CRANE, 2000, p. 3.

⁴³ GATTER & AL., 2002a, p. 37.

such as Thamûd will always remain heavily dependant on central funding and under the present system their local decision makers will also in the future have very few own decisions to make.

The poor revenue and staffing situation is likely to prevail for years ahead. Since it is unlikely that central funding for local authorities will significantly increase over the coming years, and that existing training plans will be implemented, local administrations are pretty much on their own. The future success of Yemen's decentralization process and its potential to foster democratisation thus depend on the financial resources that can be mobilized locally.

At this time, the only way to boost local resources is by increasing tax revenue. Since local councils cannot raise the level of taxation unilaterally (see above), their only option is to make tax collection more efficient. Local authorities have a comparative advantage in tax collection over the central government, since locals are more willing to pay taxes if they know that these funds will not disappear in dark government channels, but will be used towards local development projects.

The most potential for increasing local fiscal revenue is believed to be the boosting of *zakat* and qât consumption tax revenue - at present the most important contributors to local budgets. The role of *zakat* in poverty alleviation and rural development is tremendous, but its full potential remains yet to be realized. The decentralized collection of qât consumption tax enables local administrations to levy taxes also in rural areas that until now have escaped taxation (see above). Local authorities are now able to tax qât sales in villages and monitor qât transport on secondary roads at comparatively low administrative cost and effort. This will however not go without resistance from qât farmers, sellers and consumers.

Governorates with more taxable economic activities (e.g. qât cultivation or sales) are less dependant on uncertain and fluctuating central transfers. There is a tendency that Governorates with intensive qât growing such as al-Baydâ', Dhamâr, Ibb, and Hajja, receive and need noticeably less central funding than Governorates that grow only little or no qât such as Mâreb, al-Jawf, Abyan and al-Mahra (see fig. 4)⁴⁴.

⁴⁴ Here only a comparison between governorates of a more rural character is made, excluding governorates with large urban centres. Areas such as the capital Sanaa, al-

The more important the share of own source revenues in local budgets is, the less dependant local decision makers become on central "spoon-feeding" and the more independent they become in allotting resources to projects they believe important. A slow democratisation of Yemen's governance system is an expected result. Since the qât sector is today - and is likely to remain for the coming years - the most important source of local funding, one can say without hesitation, that qât revenue is the financial motor of the decentralization process and thus plays a decisive part in the democratisation of Yemen. Since the use of the qât leaf is notorious in local council meetings in many areas of Yemen (qat leaves are believed to stimulate ideas, generate understanding, help in the mediation of conflicts and in the sealing of agreements) one could even say that qât is also a social and organizational motor of decentralization and democratization.

Conclusion

The financial means of local administrations are till present too insignificant to permit for an effective at both governorate and district levels.

While governorate administrations - supported by de-concentrated ministerial branch offices - have assumed their responsibilities under the regime of decentralization in the provincial capitals, in most districts the inadequacy of financial transfers, lack of office facilities, trained and motivated personnel have so far not allowed for any effective local self governance. Most district authorities - apart from some urban districts - thus remain heavily dependant on the support and guidance from governorate and central authorities.

In governorate administrations, the blessings of qat taxation are already perceptible today. Qat - the single most important taxed commodity at the local level - fosters local decision making, makes governorate administrations less dependant on central financing and

Hodeïda, Aden, Taez and al-Mukalla with considerable income from real estate tax were deliberately excluded. Lahej could not be included due to a statistical error in the CSO/EU Agricultural Census database.

enables local councils to fund small-scale, but own development projects. In a third of Yemen's governorates, qat was in 2003 and 2004 responsible for over 75 % of tax income. Despite some recognizable regional differences in tax composition, only in two of Yemen's 21 governorates, qat's share in tax revenue was below 40 %.

As an agricultural product and taxable commodity, qât cultivation and trade are thus of outmost importance to Yemen's rural economy and for the decentralization process.

At the same time it should not be forgotten that qât as a consumer item is also at the root of a number of negative developments in Yemen. As a 2006 sample survey documented, qât consumption fosters corruption, divides families, contributes to poverty and malnutrition and thus impairs the possibility for development of children. Given this, it is not surprising that 61.2 % of Yemeni women and 53.2 % of men expressed the opinion that the government should actively limit the chewing of qat⁴⁵.

The government is well aware of the detrimental effects of the plant, but nevertheless has little moral scruples in using qat revenue to its own ends - not unlike its western partners that profit from the high taxation on cigarette and alcohol consumption.

One of the future challenges for Yemen's government will be finding a rational balance between the positive and negative effects of qat cultivation and its consumption. Making qat tax collection more efficient or even raising the tax level, under the present governance system, will have a very positive impact on local autonomy. It may in the long run also contribute to a certain decrease in the chewing of the bitter leaves.

⁴⁵ GATTER, 2006, p. 7-41.

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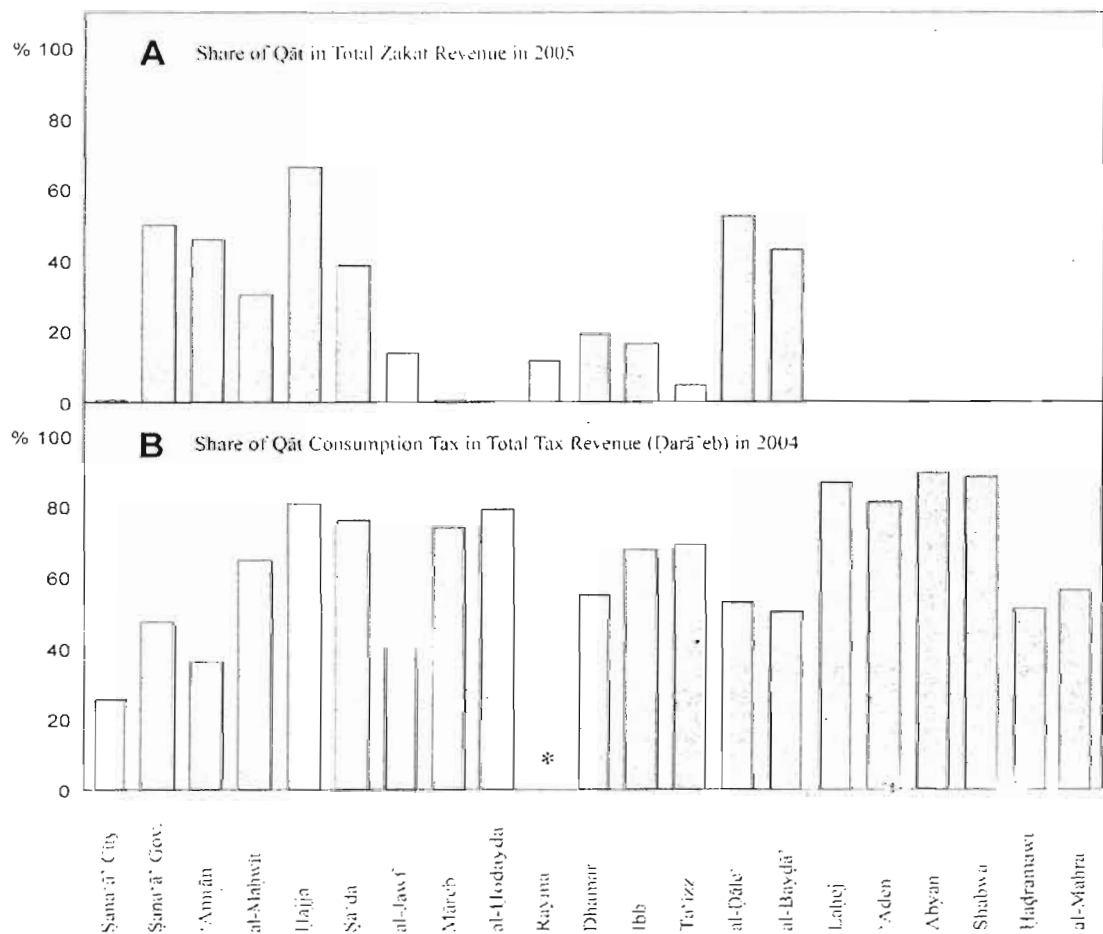
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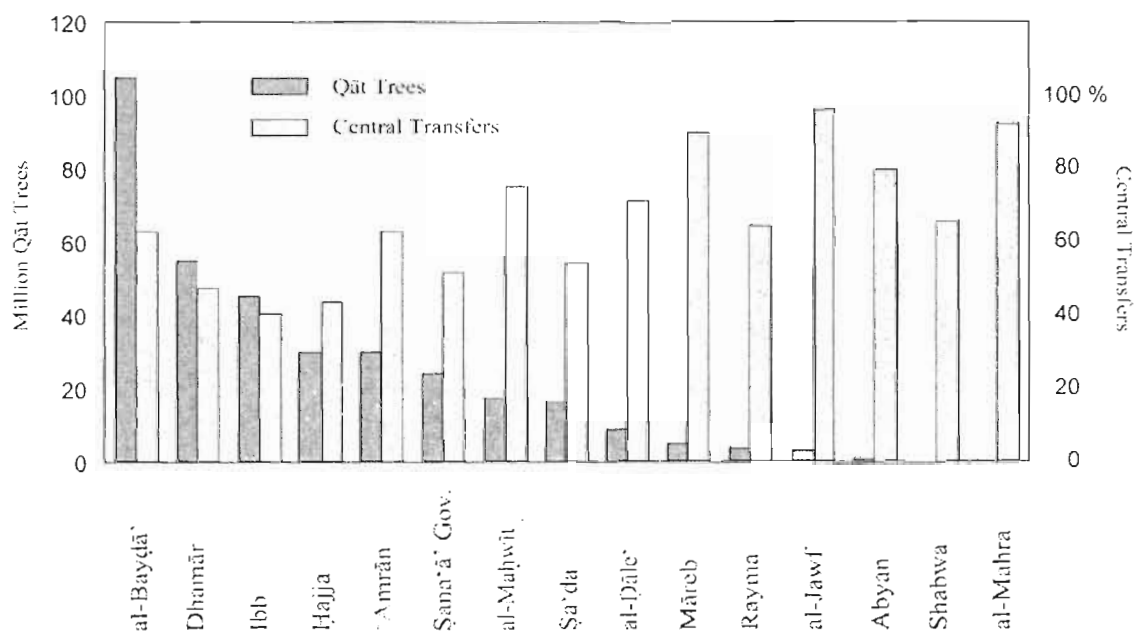
Fig. 1: Qāt Revenue in the Budgets of Governorate and District Local Authorities within each Governorate



Source: Tax Authority, Financial Accounts 2004.

* Rayana Governorate which was founded in 2004 is here still included in the Figures for Sana'a' Governorate.

Fig. 4: Number of Qāt Trees per Governorate (in Million) and Shares of Central Transfers in the Budgets of Local Administrations (in Percent).



Source: CSO/EU-Agricultural Census 2003 and Ministry of Local Administration, Financial Accounts 2004 (Zakat), Tax Authority, Governorate Revenues 2004, DLDSP 2005, p. 28 (Central Transfers).

وسائل تمويل اللامركزية والضرائب على القات (ملخص)

بيير جاتير

قد بدأت الحكومة اليمنية وفقاً لقانون رقم ٤، سنة ٢٠٠٠، مشروعاً طموحاً يتعلق باللامركزية و"السلطة المحلية". إن اللامركزية في رأي الكثيرين تعتبر خطوة مهمة في طريق بناء الوطن والتطور الديمقراطي. ومع ذلك، نقص المصادر المالية على المستوى المحلي هي من أكبر التحديات في مسير اللامركزية في اليمن. يتقصى بيير غاتير في مقاله المصادر المالية التي توجد في متناول السلطات المحلية في اليمن ويصل إلى نتيجة أن فرض الضرائب الفعالة على زرع القات واستهلاكه قد يكون خطوة مهمة نحو استقلالية أكبر للإدارة المحلية.

يقدم مقدمة عن تاريخ ومصادر النظام الإداري توضح تطوراته من إدخال الأنظمة اللامركزية البدائية قبل الوحدة اليمنية (مع تنويه بالإدارة غير المتوازنة وذات كثرة الموظفين الزائدة عن الحاجة في العاصمة بعد الوحدة)، إلى وقت الانتخابات الأولى للمجالس على المستوى المحلي في ٢٠٠١. اليوم، ونتيجة لإعادة تنظيم الوحدات الإدارية بين ١٩٩٨ و ٢٠٠١، تمتلك كل وحدة إدارية سلطتها التي انتخبت محلياً. وقد حدد تنفيذ قانون ٢٠٠٠ مهام رؤساء المحافظات ومدراء الناحية واجباتهم لأول مرة تحديداً ووضوحاً.

كما يستعرض بيير غانر المصادر المالية الموجودة في متناول الإدارات المحلية: وهي عائدات الضرائب للناحية، عائدات الضرائب المشتركة للمحافظة، عائدات الضرائب العامة (المركزية)، والإعانات المركزية. ومن هذه المصادر الأربعة، لا يمكن استخدامها للإدارات المحلية دون اعتماد من السلطات المركزية إلا الإثنين الأولين اللذان ينتجان عائدات ضرائبهما محلياً. بالنسبة لعائتي الضرائب الآخرين، فإن إدارتهما ما زالت في يد وزارة الإدارة المحلية والوزارة المالية. هذا هو سبب ضعف القدرة المالية في معظم إدارات المناطق والمحافظات.

كذلك يوضح المؤلف أسباب نقص المصادر المالية على المستوى المحلي. لا يوجد لدى الهيئات المحلية حق في تعديل الضرائب والرسوم حسب تضخم الأسعار، بما أن حدّد مستوى الضرائب والرسوم التي تستفيد منها الإدارات المحلية من قبل مجلس الوزراء. ولذلك تسلب سرعة تضخم الأسعار وانخفاض الريال اليمني قيمة معظم الضرائب والرسوم باستثناء الزكاة التي تنتج ١٥,٨ بالمائة منها من الضرائب على زرع القات واستهلاكه. تشكل الضرائب على استهلاك القات مصدراً رئيسياً فريداً بالنسبة للسلطات المحلية بما أنها تقدم حوالي ٦٠ بالمائة من عائدات الضرائب الممكوسة محلياً. في كثير من المحافظات (على سبيل المثال، في صعدا، الحديد وحنة) تقدم عائدات الضرائب على القات أكثر من ثلاثة أرباع من ضريبة الدخل. ويدل ذلك بكل وضوح على أهمية القات كمصدر مالي للإدارات المحلية. ويعرض القات أيضاً لضرائب للرياضة والشباب والنظافة العامة.

ولا شك أن النجاح المستقبلي لمسير اللامركزية في اليمن يعتمد على مصادر مالية يمكن استخدامها محلياً لأن التحويلات المركزية ما زالت غير وافية لا يعتمد عليها. يقول المؤلف أن الازدياد المعتبر في

٣. وسائل تمويل اللامركزية والضرائب على القات

التمويل المركزي خلال السنوات القادمة بعيد الاحتمال. لذلك الوسيلة الوحيدة التي قد تؤدي إلى نمو المصادر المالية المحلية هي ارتفاع عائدات الضرائب. وبما أن لا يقدر المجلس المحلي على ارتفاع مستوى الضرائب، ليس لديه اختيار آخر غير أن يجعل مكس الضرائب أكثر فعالية. حسب رأي المؤلف، تنحصر أكبر امكانية لنمو عائدات الضرائب في ارتفاع عائدات الزكاة إلى الحد الأقصى، وخصوصاً عائدات الضرائب على استهلاك القات.

عموماً يمثل القات ١٠ بالمائة من الإنتاج الوطني الكامل GDP، ثلث من الإنتاج الوطني الكامل الزراعي و ٩,٤ بالمائة من مصاريف العائلات. ومع ذلك تؤدي الضرائب على القات إلى لامساواة بين المحافظات، ولعدة الأسباب. أولاً، ينحصر إنتاج القات في المناطق الجبلية، كما تتراوح درجة استهلاكه من محافظة إلى أخرى بسبب العوامل الثقافية. لذلك قد تستفيد بعض المحافظات أكثر من زرع القات والأخرى من استهلاكه. ثانياً، تمكس أغلبية الضرائب على الاستهلاك في العاصمة والمدن الكبيرة، فلذلك لا تفيد المناطق الريفية التي تعنى هي باللامركزية. وأخيراً فعالية رفع الضرائب أعلى في المدن منها في الريف.

بالرغم من هذه المشاكل، يبقى المؤلف متأكداً بان المكس اللامركزي للضرائب على القات أكثر فعالية بالكثير من نظام المكس المركزي، لان يزداد سكان المنطقة رغبة في دفع الضرائب إذا عرفوا ان هذه الأموال ستصرف في طريق تطورات المشاريع المحلية.

في كثير من المناطق في اليمن، في اجتماعات المجالس المحلية، يعتقد أن القات حافز ممتاز للنشاط الفكري، كما انه يساعد في التفاهم والتواسط بين الأطراف خلال نزاعات مختلفة. وهكذا يمكن القول أن

القات ليس محرك التمويل فحسب، بل هو محرك اجتماعي وتنظيمي في الطريق إلى اللامركزية.

في نفس الوقت، لا شك أن القات ينافس الأنواع الزراعية الأخرى ويؤثر سلباً على صحة الإنسان وعلى مستوى دخل العائلات. لذلك قد تقارن الضرائب على القات بالضرائب على استهلاك السجائر والكحول في الدول الغربية. لذلك، من الممكن أن تكون الضرائب وسيلة فعالة لتخفيض الاستهلاك.

في رأي المؤلف، سيكون الاهتمام إلى التوازن المعقول بين تأثيرات زرع القات واستهلاكه، سلبياً وإيجابياً، من التحديات المستقبلية المهمة بالنسبة للتطورات المحلية في اليمن.

المجتمع المدني والجمعيات والسلطات المحلية



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