

# THE SOUTHERN ECONOMIC VISION AND WAYS OF SUSTAINABLE DEVELOPMENT BETWEEN THE ENORMOUS OPPORTUNITIES AND CURRENT CHALLENGES

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RESEARCH STUDY | SOUTH EYE

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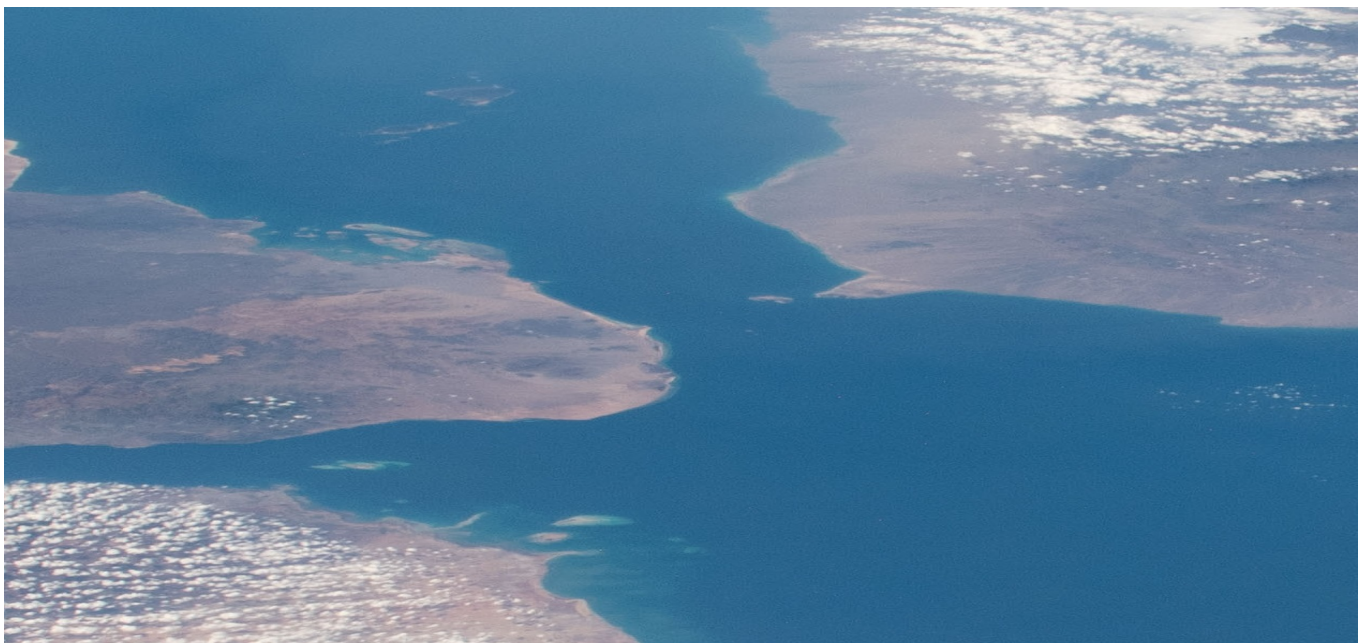


# Southern Economic Strategic Planning Under the Role of Southern Transitional Council

South Eye | Report Jan 2025

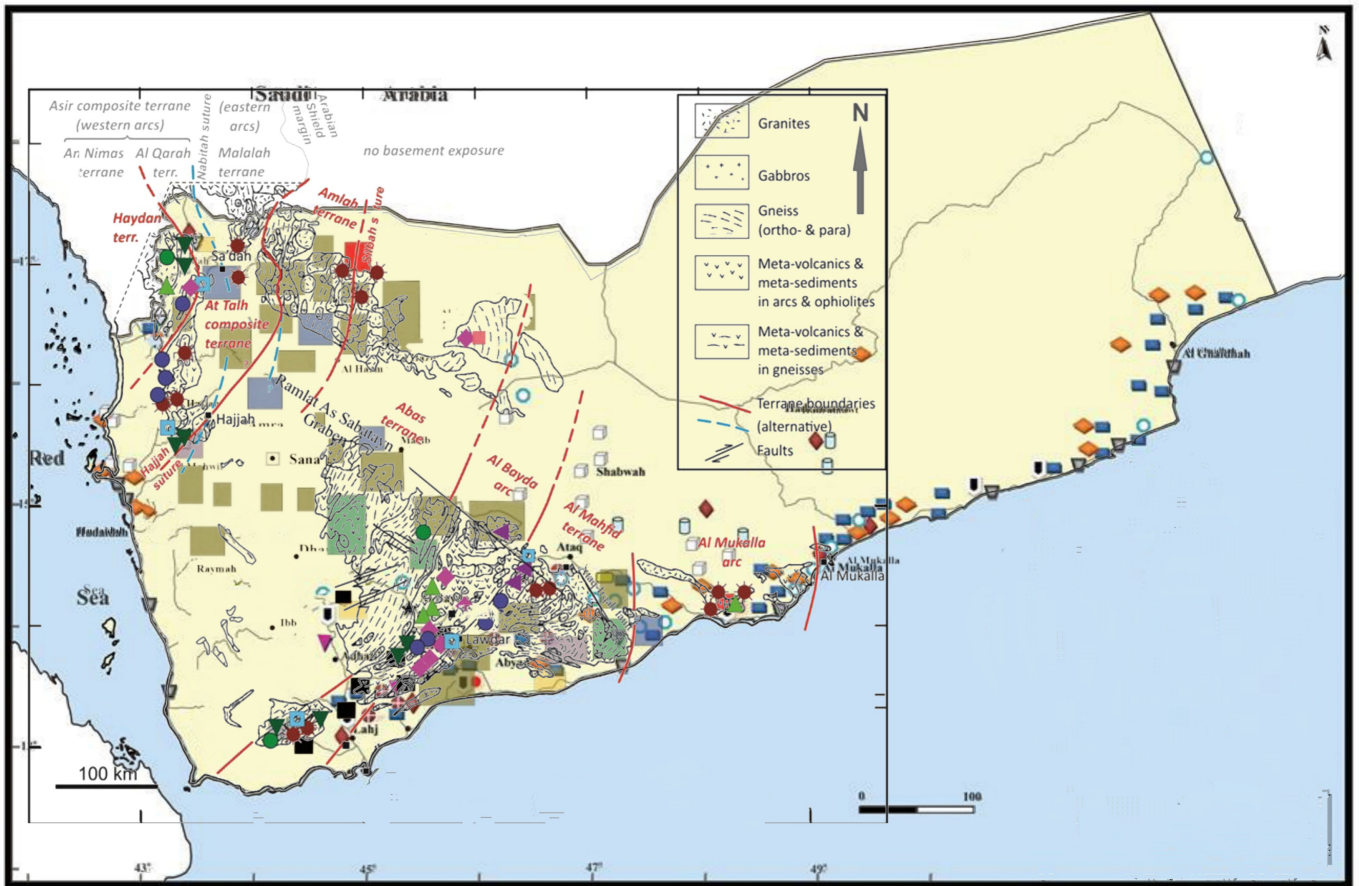
**The economic potential of South Yemen is rooted in its rich natural resources, strategic location, and diverse economic sectors that, if developed effectively, could transform the region into a hub of prosperity. Despite years of conflict and political instability, the opportunities for economic growth and development in the South remain substantial, offering hope for a better future. But firstly let's review the South Situation before 1990, while there were no natural resources, investments, taxes, and what make the situation worse is the socialist introverted system, despite these considerations, but the South has managed the country affairs so well, or at least better than the period after the forced unification and beyond. This was in a period characherized by many limitations, so how about now.**

South's location at the crossroads of Asia, Africa, and the Middle East gives it a unique position for global trade. The Gulf of Aden and the Arabian Sea offer access to some of the world's busiest shipping lanes, including the Bab-el-Mandeb Strait. This makes South a potential maritime and logistics hub. Ports such as Aden capital, once among the most active in the region, could reclaim their historical prominence with proper investment and infrastructure development. Expanding port facilities, modernizing logistics, and creating free trade zones could attract significant foreign investment.



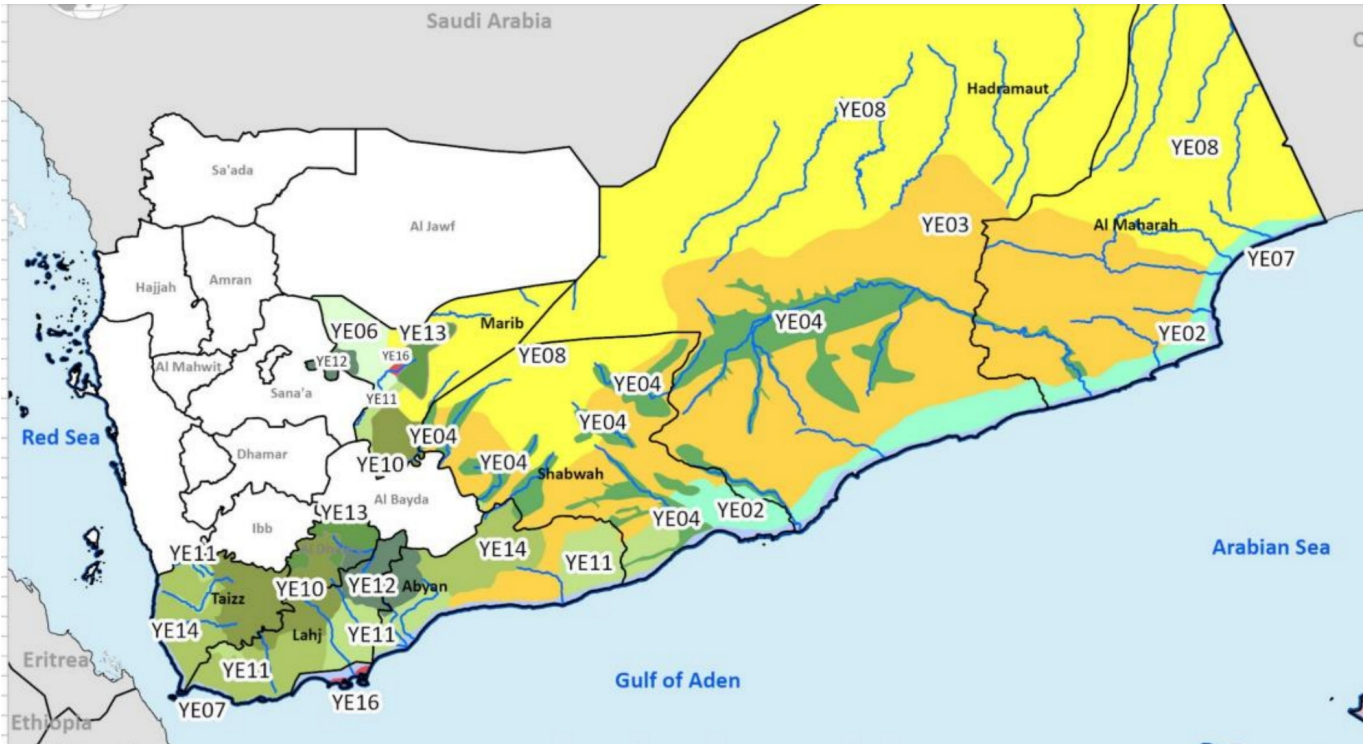
Furthermore, the South boasts abundant natural resources that have yet to be fully tapped. The region has oil and gas reserves, governorate such Shabwah, Hadramout, even Al Mahrah, Abyan, & Aden capital which, if explored and managed sustainably, could become the cornerstone of its economy. The development of downstream industries, such as petrochemicals and refining, could further increase the value derived from these resources.

In addition to hydrocarbons, the southern governorates are rich in minerals, including gold, silver, and other metals, especially in Lahj, Al Dahlee & Abyan. Proper exploration and responsible mining practices could create job opportunities, foster industrial growth, and generate export revenue.



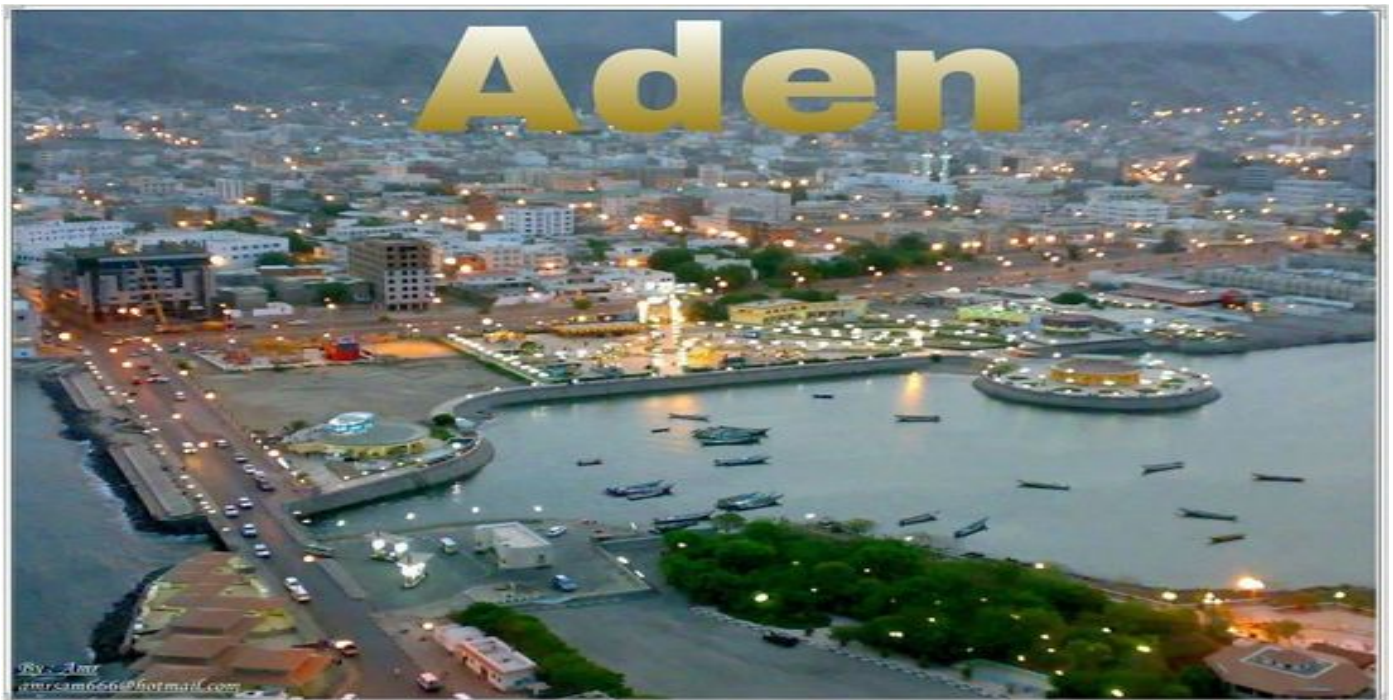
Moreover, the southern governorates, particularly in Abyan and Lahj, have fertile lands and access to water sources that support agricultural development. Historically known for producing coffee, bananas, and other crops, the region could revitalize its agricultural sector through modern farming techniques and investment in irrigation systems. Developing agro-industries to process and package agricultural products locally could enhance value addition and provide employment to rural communities.





**Tourism Opportunities**

South's natural beauty, including its pristine beaches, mountains, and unique cultural heritage, holds significant potential for tourism. The diversity between the rural, urban, historical & modern places. Aden, Hadramout, Lahj, Abyan, Al Mahrah, Shabwah, Al Dhalee & Socotra Island, a UNESCO World Heritage Site, is renowned for its biodiversity and could attract eco-tourism and adventure tourism enthusiasts from around the globe. By investing in infrastructure, security, and marketing, the region could position itself as a premier tourist destination in the Middle East.













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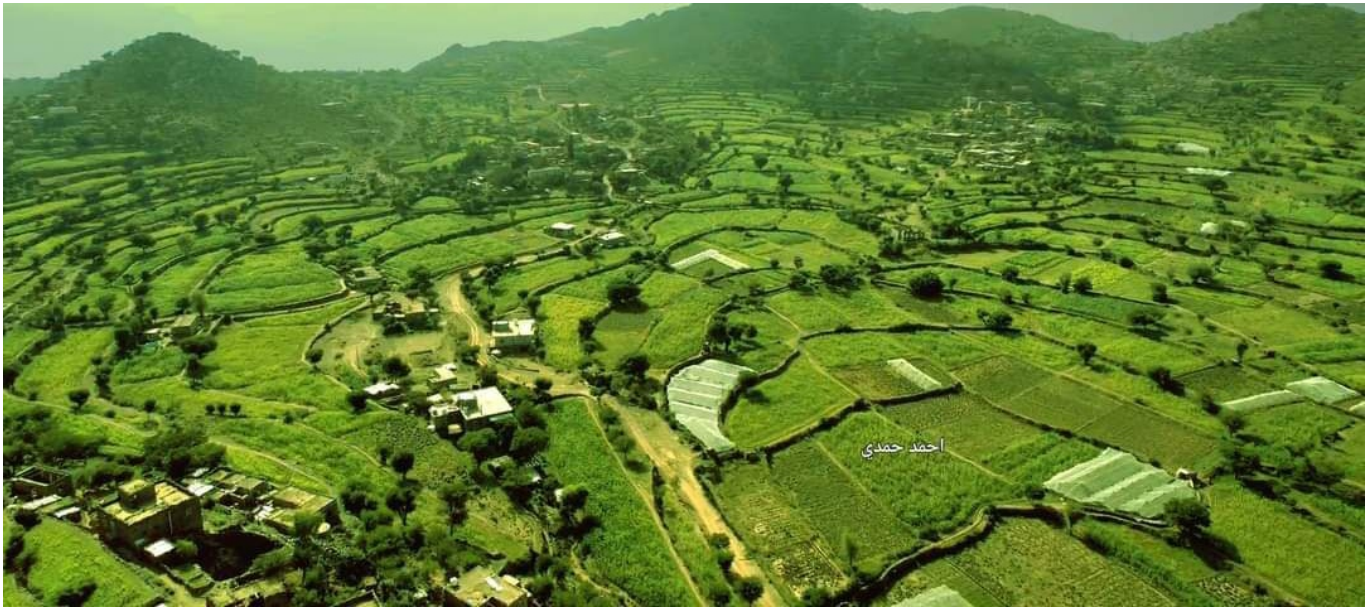


















Given its climate and geography, South is well-suited for renewable energy development. The abundance of sunlight and wind offers an opportunity to harness solar and wind energy, reducing dependency on fossil fuels and creating a sustainable energy sector. Investments in renewable energy could also address chronic electricity shortages, fostering economic activity and improving quality of life.

### **Fisheries and Marine Resources**

With an extensive coastline and rich marine biodiversity, South's fisheries sector has immense potential. Developing fishing infrastructure, such as modern fleets and processing facilities, could increase productivity and exports. Encouraging sustainable fishing practices would ensure the long-term viability of this sector while supporting coastal communities.





Small and medium-sized enterprises (SMEs) could play a pivotal role in driving economic growth. Supporting local industries, such as handicrafts, textiles, and food processing, could create jobs and reduce poverty. Encouraging entrepreneurship, especially among women and youth, would further stimulate the economy and foster innovation.

### **Education and Human Capital Development**

Investing in education and vocational training is crucial for building a skilled workforce capable of supporting the region's economic aspirations. Initiatives to improve literacy rates, expand technical training, and encourage higher education in fields like engineering, business, and technology could prepare the population for diverse economic opportunities.









While the potential is significant, realizing it will require overcoming numerous challenges. Political instability, corruption, and weak governance have hindered development efforts. Establishing transparent and accountable institutions is critical to attracting investment and ensuring sustainable growth. Additionally, addressing security concerns and fostering social cohesion will be essential to create an environment conducive to economic activity.

So a coordinated strategy involving local authorities, private investors, and international partners is necessary to unlock South's economic potential. Prioritizing infrastructure development, creating an enabling business environment, and fostering public-private partnerships could catalyze growth across sectors. Moreover, aligning economic policies with the aspirations of the southern population will ensure that development efforts are inclusive and equitable.

South's potential is vast, spanning natural resources, trade, tourism, and beyond. With vision, commitment, and strategic planning, the region could overcome its challenges and embark on a path toward sustainable prosperity, benefiting not only its residents but also the broader region.

## **The Southern Transitional Council Main Role**

The Southern Transitional Council (STC) stands at a critical juncture, with an opportunity to transform South's vast economic potential into tangible development gains. However, realizing this vision requires a pragmatic and actionable approach tailored to the current political, social, and economic realities. By leveraging its position as a representative authority for the southern people, the STC can prioritize strategies that foster economic resilience, attract investment, and lay the foundation for sustainable growth.

### **Strategic Leadership and Vision**

The STC must first establish a clear economic vision that aligns with the aspirations of the southern population. This vision should outline actionable steps for short-term recovery and long-term growth while addressing the unique challenges of each governorate. By engaging local communities, tribal leaders, and technocrats in crafting this vision, the STC can ensure widespread support and ownership of the development agenda.

### **Building Institutional Capacity**

To effectively harness economic opportunities, the STC needs to strengthen its governance and institutional framework. Establishing transparent mechanisms for managing natural resources, collecting revenues, and allocating funds will demonstrate credibility and accountability. This includes setting up independent bodies to oversee oil revenues and resource extraction contracts, ensuring that wealth is distributed equitably and reinvested in local development.

A focus on institutional capacity also involves training civil servants, streamlining bureaucracy, and adopting digital systems to reduce inefficiencies. By modernizing governance, the STC can create an enabling environment for both public and private sector growth.

### **Maximizing Natural Resource Benefits**

The STC can play a pivotal role in ensuring that South's oil, gas, and mineral wealth translates into economic benefits for its people. In the short term, the council should prioritize partnerships with international energy companies to revive and expand production while negotiating fair revenue-sharing agreements. In the long term, the STC can invest in downstream industries, such as refining and



petrochemicals, to create jobs and diversify the economy.

Mineral resources, including gold and other metals, represent another underutilized asset. The STC can encourage responsible mining through partnerships with private investors, ensuring compliance with environmental and labor standards. Revenues generated from these sectors could be directed toward infrastructure, education, and healthcare projects.

### **Revitalizing the Agricultural Sector**

Given its historical role as an agricultural hub, South's farmlands offer a promising avenue for economic revival. The STC can work with local and international organizations to introduce modern farming techniques, rehabilitate irrigation systems, and provide farmers with access to affordable inputs and credit. Supporting cooperatives and agro-industries will enhance value chains, ensuring that the agricultural sector contributes significantly to food security and rural livelihoods.

### **Expanding Port and Trade Infrastructure**

The strategic location of South's ports, especially Aden, provides a unique opportunity to position the region as a gateway for global trade. The STC can prioritize partnerships to modernize port facilities, improve logistical capabilities, and establish free trade zones that attract investors. These zones could host industries like manufacturing, assembly, and technology, creating jobs and boosting exports.

The council can also foster regional cooperation by negotiating trade agreements with neighboring countries and leveraging its proximity to East Africa and the Gulf. By establishing trade corridors, the STC can connect local producers to international markets, stimulating economic growth.

### **Promoting Tourism and Heritage**

Tourism represents a sector with untapped potential, particularly in areas like Aden, and Hadramout. The STC can partner with private developers to build eco-friendly resorts, promote cultural festivals, and market South as a destination for adventure and heritage tourism. By ensuring the safety of tourists and preserving natural and cultural assets, the council can attract both domestic and international visitors, generating significant revenue.

### **Investing in Human Capital**

The STC's long-term success hinges on its ability to develop a skilled and educated workforce. By prioritizing vocational training programs and aligning education with market needs, the council can equip young people with the skills required for sectors like technology, renewable energy, and logistics. Scholarships and partnerships with international universities can further enhance local talent, ensuring a steady supply of qualified professionals to drive economic development.

### **Encouraging Private Sector Participation**

The private sector will be a crucial partner in South's economic transformation. The STC can create an investor-friendly climate by reducing bureaucratic hurdles, offering tax incentives, and guaranteeing

property rights. Supporting SMEs and startups through grants, training, and access to credit can unleash innovation and entrepreneurship, particularly among youth and women.

### **Managing External Partnerships**

Given South's strategic location and resource wealth, international interest in the region is inevitable. The STC must navigate these relationships carefully, ensuring that foreign investments align with local priorities and do not undermine sovereignty. By prioritizing partnerships with nations and organizations committed to South's long-term stability, the council can attract investment without compromising its people's interests.

### **Fostering Social Cohesion and Trust**

Economic development cannot occur in isolation from social and political realities. The STC must work to unify diverse communities within South, ensuring that all groups feel included in the development process. Transparent decision-making, equitable distribution of resources, and open communication will be key to building trust and fostering unity.

Thus, the STC has a unique opportunity to reshape South's economic landscape and build a foundation for lasting prosperity. By adopting a practical, people-centered approach and prioritizing sustainable development, the council can harness the region's immense potential while addressing its pressing challenges. Success will depend on its ability to inspire confidence, attract investment, and deliver tangible benefits to the people of South, paving the way for a brighter and more stable future.

But, to transform South's economic potential into reality, the Southern Transitional Council (STC) must carefully navigate the complex web of international partnerships. Several external players could be pivotal in this endeavor, but the STC's engagement with these actors must be pragmatic, targeted, and aligned with the interests of the southern population. So let's go through a detailed look at who these partners could be and how the STC can practically engage them:

#### **Saudi Arabia: The Regional Powerhouse**

Saudi Arabia, as a leading force in the Gulf and a key player in the region conflict, holds significant leverage and resources. For the STC, Saudi Arabia offers both financial support and technical expertise. The council can propose joint development initiatives, particularly in infrastructure, energy, and logistics. For instance:

**Port Revitalization:** The STC can seek Saudi investment to modernize Aden Port and establish trade zones linked to Saudi markets. By presenting a detailed feasibility study that highlights the mutual benefits of increased trade flow, the STC can align this project with Riyadh's broader Vision 2030 goals.

**Energy Partnerships:** Saudi Arabia has vast experience in oil and gas. The STC could offer exploration and development rights in exchange for technology transfer, job creation, and a fair revenue-sharing mechanism.



**Agricultural Development:** With Saudi Arabia seeking food security solutions, the STC could propose agricultural projects in Abyan, AlDahlee and Lahj that focus on export-oriented farming, supported by Saudi investment in irrigation and modern farming techniques.

### **United Arab Emirates: Expertise and Investment**

The UAE has demonstrated its interest in South through earlier involvement in security, humanitarian aid, and infrastructure. The STC can leverage this relationship by encouraging Emirati investment in strategic sectors:

**Tourism and Socotra Development:** The UAE has experience in transforming regions like Dubai into global tourism hubs. The STC could invite Emirati firms to develop eco-tourism infrastructure in Socotra, emphasizing the island's unique biodiversity and potential for high-value, sustainable tourism.

**Renewable Energy Projects:** With the UAE being a leader in solar and wind energy, the STC can propose renewable energy projects to address South's electricity shortages. This could include solar farms in Hadramout or wind energy along the southern coastline.

**Logistics and Trade:** The UAE's DP World could be a natural partner for upgrading Aden's port and turning it into a logistics hub, linking East Africa, the Gulf, and Asia.

### **United States and European Union: Development Aid and Governance Support**

The United States and the European Union have significant experience in post-conflict economic recovery and governance reform. The STC could approach these entities for targeted assistance:

**Capacity Building:** Request support for strengthening institutions, including training civil servants, improving transparency in resource management, and establishing anti-corruption frameworks.

**Education and Vocational Training:** Partnering with USAID or EU development funds could help create technical training centers focused on industries like energy, logistics, and agriculture.

**Market Access:** The STC could lobby for trade agreements that provide preferential access to European and American markets for Southern exports, especially in sectors like fisheries, textiles, and agriculture.

### **China: Infrastructure and Trade Expansion**

China's Belt and Road Initiative (BRI) aligns well with South's strategic location. The STC could explore partnerships with Chinese companies to develop large-scale infrastructure projects:

**Port Infrastructure:** Present Aden as a critical node in the BRI, encouraging Chinese investment in modernizing port facilities and connecting them to inland trade routes.

**Rail and Road Connectivity:** Propose joint ventures to build transportation networks that link the coast to interior regions, facilitating trade and resource extraction.

**Technology Transfer:** Leverage Chinese expertise in renewable energy to build solar and wind farms,

focusing on energy-deficient regions.

#### International Financial Institutions: Funding and Expertise

Organizations like the World Bank, International Monetary Fund (IMF), and Islamic Development Bank can provide both funding and expertise for critical projects:

**Infrastructure Loans:** Seek concessional loans to rebuild infrastructure, such as roads, water systems, and electricity grids, ensuring the projects align with social development goals.

**Policy Advice:** Collaborate with these institutions to develop policies that attract foreign investment, improve governance, and ensure sustainable resource management.

**Social Programs:** Utilize grants to fund initiatives that improve healthcare, education, and poverty alleviation in rural and urban areas.

#### **East African Nations: Regional Trade Partners**

South's proximity to East Africa opens opportunities for regional trade and cooperation. The STC can establish trade agreements with countries like Somalia, Djibouti, and Ethiopia:

**Fisheries Trade:** Develop processing facilities that export high-quality seafood to East African markets.

**Agricultural Exports:** Export surplus produce, such as bananas and coffee, to neighboring countries, leveraging mutual trade benefits.

**Logistics Collaboration:** Work with East African ports and trade corridors to streamline shipping and distribution networks.

#### **The United Nations and NGOs: Immediate Support**

While long-term economic growth requires substantial investment, the STC can also tap into the United Nations and NGOs for immediate economic relief and capacity-building programs:

**Humanitarian Aid:** Secure support for food security, healthcare, and education in conflict-affected areas.

**Livelihood Projects:** Partner with NGOs to develop small-scale projects that create jobs, such as handicrafts, fisheries, or local manufacturing.

Hence, to make these partnerships successful, the STC must:: Develop comprehensive project proposals, supported by data and feasibility studies, that clearly outline benefits for both South and the partner. Also establish a dedicated body within the council to manage foreign relations and coordinate with international stakeholders. Furthermore, prioritize transparency and accountability to build trust with both external partners and the local population.

Focus on quick wins—projects that deliver visible benefits within months—to build momentum and



showcase the STC’s effectiveness.

By actively engaging these external players and aligning their interests with the aspirations of the southern population, the STC can turn South’s economic potential into a tangible reality.....

But, If the Southern Transitional Council (STC) does not take decisive leadership in shaping South’s future, the consequences could be devastating for the region’s political stability, economic recovery, and societal cohesion. The Presidential Leadership Council (PLC) has repeatedly demonstrated its inability to address key challenges facing the region, allowing insecurity, corruption, and mismanagement to persist. This vacuum in governance not only undermines public trust but also threatens the very aspirations of the southern people for independence and prosperity. The STC must act decisively to avoid the following negative outcomes and to manage risks both internally and externally.

**Continued Economic Decline**

Under the PLC, South’s economic potential has remained largely untapped. Inadequate policies, corruption, and a lack of strategic vision have stifled growth, leaving essential sectors—such as energy, agriculture, and fisheries—grossly underdeveloped. Without STC leadership, the region risks deeper economic stagnation, rising unemployment, and worsening poverty. This could further alienate the population, eroding support for any future southern autonomy movement.

**Loss of Political Momentum**

The PLC’s inefficiency has created widespread disillusionment among southern communities. If the STC fails to step in, it risks losing its legitimacy as the true representative of southern aspirations. Competing factions, both internal and external, could exploit this vacuum, fragmenting the southern movement and diluting its influence on the national and international stage.

**Increased Security Risks**

The absence of effective governance enables extremist groups, smuggling networks, and other criminal elements to expand their operations. This could destabilize key areas such as Aden, Shabwa, and Hadramout, undermining the STC’s ability to maintain order and further tarnishing the region’s reputation as a viable partner for investment and development.

**External Manipulation**

Regional and international actors backing the PLC may exploit the STC’s inaction to strengthen their control over South’s resources and strategic assets. This would not only weaken the southern independence movement but also impose external agendas that may conflict with the long-term interests of the southern population.

## Erosion of Public Trust

The southern population has placed significant hope in the STC to champion their cause. Failure to act decisively could lead to widespread frustration and disillusionment, jeopardizing the council's credibility. This erosion of trust could ignite protests and divisions within southern society, weakening its unity and resolve.



## The Necessity for Action

The STC must seize this moment to assert its leadership and address the vacuum left by the PLC. To ensure a sustainable future for South, the council needs to act as both a political and administrative authority, demonstrating that it can deliver where the PLC has failed. This requires a proactive approach that balances immediate needs with long-term strategic goals.

But amid this necessity, the STC must Manage the Internal Risks, by enhance a Uniting Southern Voices

Internally, divisions within the southern movement remain a significant risk, in which the opponents exploit. To mitigate this, the STC must adopt an inclusive approach that brings together tribal leaders, technocrats, and civil society representatives. By fostering dialogue and ensuring equitable distribution of resources, the council can strengthen its legitimacy and consolidate southern unity. Moreover, corruption and nepotism are key grievances against the PLC. The STC must set itself apart by establishing transparent governance structures, enforcing accountability, and ensuring that decision-making processes are participatory. This will build public trust and create a model of governance that others can rally behind. Furthermore, the STC must invest in a professional and



well-equipped security force that can protect critical infrastructure, maintain public order, and counteract extremist groups. Collaboration with local communities to identify and address security concerns will enhance stability and public confidence.

After a well internal management the External Risks come then!

Certain regional and international actors, including Saudi Arabia and the United States, may continue to support the PLC due to vested interests. The STC should engage these actors diplomatically, presenting itself as a more capable and reliable partner. Highlighting its ability to deliver stability, economic progress, and counter-terrorism cooperation can help shift their support. While Some external players may seek to exploit South's resources for their own benefit. The STC must establish clear policies for resource management, ensuring that foreign investments align with the region's development goals. Negotiating fair agreements that prioritize local interests will help prevent exploitation. Furthermore, the STC should actively engage with international organizations, donor agencies, and influential states to secure political recognition and development aid. By emphasizing its commitment to transparency, human rights, and inclusive governance, the council can attract broader support and offset any opposition from PLC-aligned actors.

But to put these strategies in action; The STC should focus on quick wins that demonstrate its capability to govern effectively. These actions will build public confidence and differentiate the STC from the PLC which PLC has failed in and always will be failed, as we saw for 10 years, while STC has made a significant success in the security file, the PLC has not in any.

### **Economic Revival Strategy**

Hence, Developing a comprehensive economic plan, as outlined in earlier discussions, will provide a roadmap for sustainable growth. The STC can launch pilot projects in key sectors, such as fisheries and renewable energy, to showcase progress and attract investment.

### **Mobilizing Public Support**

Clear communication is essential. The STC should regularly update the public on its achievements, challenges, and plans, ensuring transparency and maintaining the trust of the southern people.

### **Neutralizing Opposition**

To counter individuals within the PLC who oppose the STC & its people, the council must adopt a dual approach: expose their failures through evidence-based narratives while offering pathways for constructive collaboration. Building alliances with reform-minded figures within the PLC could also neutralize potential threats.



Finally, the STC stands at a crossroads. If it fails to act decisively, the consequences for South could be dire, ranging from economic collapse to political fragmentation. By taking the lead, the STC can not only avert these risks but also position itself as the legitimate guardian of southern aspirations, which the Southern people made it a representative for. Through careful risk management, strategic diplomacy, and a commitment to transparent governance, the council can ensure a brighter, more prosperous future for the people of South. The necessity to act is not just an opportunity—it is an obligation to fulfill the dreams of a long-struggling population, who are lost their independent state one day, as a result of irresponsible decision made by one of them.