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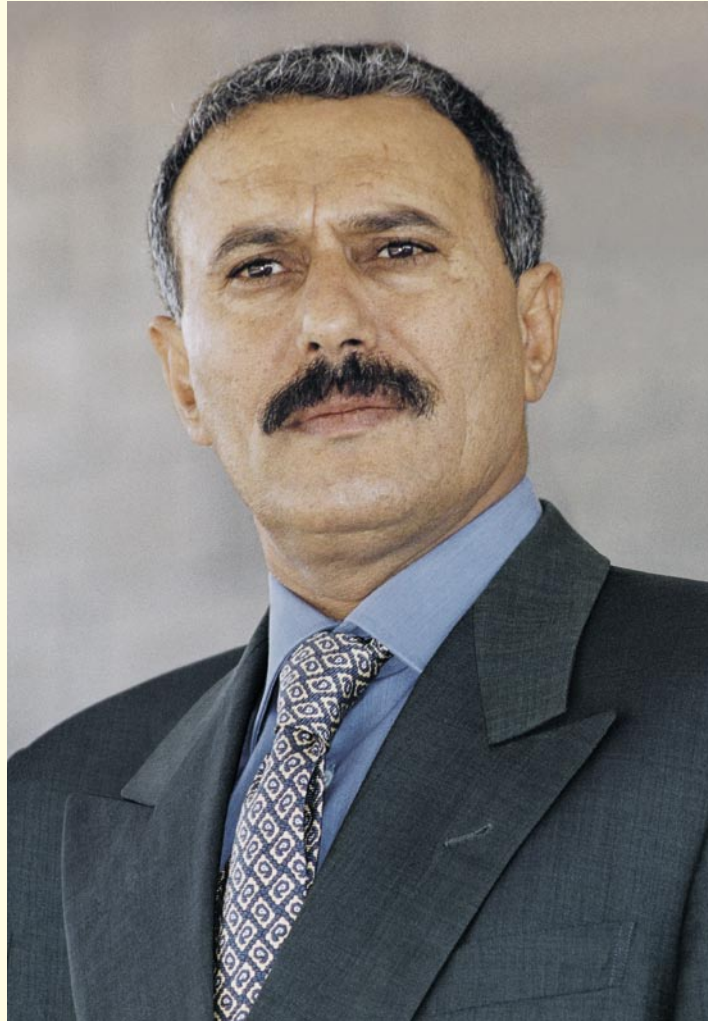
Republic of Yemen | Social Fund for Development | Annual Report 2006

Republic of Yemen
Social Fund for Development



Annual Report **2006**

In the Name of Allah, the Gracious, the Merciful



His Excellency Ali Abdullah Saleh
President of the Republic of Yemen

Republic of Yemen

**Social Fund for Development
Annual Report 2006**

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One of the female clients of the Abyan Savings and Credit Program helped her husband buy a fishing boat to engage in income-generating work with his mates

The Social Fund for Development at a Glance

The Social Fund for Development (SFD) was created in 1997 to help ease the effects of government economic reforms, contribute to poverty alleviation efforts and support implementation of social and economic plans. Its activities include increasing communities' access to basic services, encouraging income-generating initiatives and assisting in job creation.

The SFD is an administratively and financially autonomous agency, governed by a Board of Directors chaired by the Prime Minister. The Board—which includes representatives of the government, civil society and private sector—defines SFD strategies and policies, and monitors their implementation as well as the SFD's overall performance.

The SFD's main development goal is to improve access to basic social and economic services among Yemen's low-income population, while providing an example of an effective, efficient, transparent institution by refining approaches to service delivery, supporting local authorities and empowering communities.

The SFD pursues its goals through three main programs: Community Development, Capacity Building and Small and Micro-enterprise Development. These programs are implemented by seven project units: Education, Water and Environment, Health and Social Protection, Agriculture and Rural Development, Cultural Heritage, Training and Organizational Support, and Small and Micro-enterprise Development.

The SFD has completed the first phase of its operations (1997–2000), which involved \$90 million in investments, and the second (2001–03), with \$198 million. Both phases achieved significant outcomes. In 2006, the SFD continued implementing the third phase (2004–08), which plans to invest \$400 million in about 4,400 projects.

In addition to the Yemeni government, bilateral and multilateral sources have provided funding for the SFD. Moreover, communities benefiting from SFD interventions provide labor, in-kind and cash contributions.

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Minister of Planning and International Cooperation and
Managing Director of the Social Fund for Development

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Abdulrahman Dhaiban

Expert Representative

Mohammed Ana'am Ghaleb

Expert Representative

Mohammed Hassan Al-Zubeiri

Private Sector Representative

Abdullah Salem Al-Rammah

Private Sector Representative

Abdullah H. Al-Olofi

Banking Sector Representative

Statement of the Chairman of the Board of Directors



Continuing to contribute to nationwide efforts to reduce poverty and raise living standards, the Social Fund for Development (SFD) provides a model of an ever-growing development institution that is increasingly involved in enhancing national capacity to absorb external investments.

The government is happy with the activities carried out by the SFD and the scientific and methodological planning it uses. This planning was recently reflected in the Mid-Term Vision for 2006–10, which the SFD—with thorough participation by its development partners—drafted during 2006. In addition, the government is pleased by the consistently positive appraisals of SFD activities provided by highly regarded, internationally recognized independent firms. The most recent of these was the SFD’s Impact Evaluation, conducted in 2006.

The government is confident that the SFD will continue using its considerable expertise to extend the impact of its interventions and enhance its role in implementing the third Economic and Social Development Plan for Poverty Reduction (2006–10)—designed to achieve the Millennium Development Goals.

Abdulkader Abdulrahman Ba-Jammal
Prime Minister and Chairman of the Board of Directors

Statement of the Managing Director



In 2006, the SFD engaged in a variety of activities designed to help attain its goals. One of the most important was the Impact Evaluation, conducted as part of the overall evaluation of SFD operations. The evaluation found that a large proportion of SFD resources are benefiting Yemen's neediest, most impoverished households—with 73% going to the three poorest income deciles and just 3% to the top decile. In addition, a household and project survey reconfirmed that communities actively participate in SFD interventions, underscoring the importance of these interventions at the community level. These findings enhance the SFD's reliability and credibility. They also emphasize the importance of its targeting policy and persistence in applying this policy properly.

During the year, the SFD also prepared a draft Mid-Term Vision on its future role in reducing poverty and fostering community development in Yemen. The Vision addresses SFD efforts to continue making a major contribution to improving poverty-focused services and building capacity nationwide.

The SFD's activities in 2006 covered all the sectors and programs included in its interventions in every region of the country—namely, education, health, water, rural roads, agriculture, rural development, capacity building, training, small and micro-enterprise development, cultural heritage and protection of groups with special needs.

This report clearly illustrates the SFD's rapid growth in absorption capacity, with disbursements in 2006 approaching \$92 million—more than was disbursed in the SFD's entire first phase (1997–2000).

In closing, I wish to express my heartfelt thanks, appreciation and gratitude to the political leadership, under the guidance of H. E. Ali Abdullah Saleh, President of the Republic; to the government at large; and to SFD's Board of Directors—headed by H. E. Abdulkader A. Ba-Jammal, the Prime Minister—for their continuous support and cooperation.

I also want to thank the SFD's donors, particularly the World Bank, Arab Fund for Economic and Social Development, European Community, OPEC Fund for International Development, Islamic Development Bank, Saudi Fund for Development, and Germany, the Netherlands, United Kingdom and United States. Thanks are also due to the SFD's development partners, including government bodies, nongovernmental organizations (NGOs) and community committees.

Finally, I greatly appreciate my colleagues' efficiency, faithfulness and dedication in exerting strenuous efforts to fulfill the SFD's goals.

Abdulkarim Ismail Al-Arhabi
Managing Director

Executive Summary

This report summarizes activities conducted by the Social Fund for Development (SFD) in 2006, during which 829 projects were developed, commitments exceeded \$88 million and disbursements reached nearly \$92 million (including costs of operations as well as needs assessment and identification). Since its inception in 1997, SFD commitments have totaled \$495 million and disbursements, \$408 million.

During the year, the SFD—in partnership with stakeholders—formulated a draft Mid-Term Vision for 2006–10, since every active and growing organization needs to periodically take stock and ask itself and its partners where it is and where it is going. The Vision reconfirmed that the SFD has become a valuable resource for national poverty alleviation and capacity building. This role is widely appreciated, and the SFD can complement and support ongoing and anticipated reforms in line ministries. The Vision envisages that the SFD will continue to focus on alleviating poverty, using a variety of approaches. To that end, the SFD will seek to further integrate its efforts with those of other public and private institutions at the local and national levels, and to emphasize efforts to build the capacity of these partner institutions.



The SFD will pursue these goals through three main themes of Community Empowerment, to refine and deepen community participation in projects while launching and expanding other initiatives for more comprehensive community empowerment; Economic Development and Job Creation, to contribute to intensified rural and urban economic development; and Institutional Strengthening and Partnerships.

In addition, 2006 saw the completion of an Impact Evaluation of SFD interventions, conducted by an independent firm based on a sample survey of projects, households and beneficiary communities supported since 1999. This evaluation offers an opportunity to explore both the short- and medium-term impacts of SFD interventions.

The 2006 Impact Evaluation found that a large share of SFD resources benefit Yemen's poorest households—with 50% of resources going to the poorest households. This pattern is consistent across projects. These findings are considerably better than those for social investment funds in other countries applying similar analysis, and more positive than those from the SFD's 2003 Impact Evaluation—reflecting better targeting by the SFD. Moreover, the 2006 data show that 12% of the sampled households were headed by women, compared with a national average of 7%—indicating that the SFD is targeting poor women effectively.

Other findings indicate that the SFD responds to real community needs and is effectively targeting poor communities. In addition, the findings emphasize good overall participation in project design and high support for SFD interventions (with most interviewees indicating that they would have chosen the same projects as priorities for their communities). Participation and support levels were higher in all sectors than in the 2003 evaluation. The 2006 beneficiary assessment provides additional evidence of the SFD's impact on social capital. The assessment indicates that SFD projects restore or reinforce feelings of community trust, solidarity and self-help; encourage opportunities to discuss female participation; provide more forums for community participation and democratic processes by creating community committees; and pave the way for increased awareness and skills

in advocating future projects. The evaluation also indicated positive outcomes at the household level as results of SFD projects in education, health, roads, water and microfinance.

In 2006, education projects continued to receive the majority of SFD investments, with 52.6% allocated to the sector. Areas of focus included expanding education infrastructure, increasing enrollment in basic education and enhancing education for rural girls.

The SFD also continued to emphasize traditional rainwater harvesting projects—which now account for most SFD water projects—while devoting special attention to raising hygiene and environmental awareness. In 2006, water and environment projects accounted for 8.4% of SFD investments.

Health projects, which made up 5.6% of SFD investments in 2006, focused on improving access to primary and reproductive health care, training rural health workers (particularly female workers) and improving the performance of health institutes. The SFD also continued to advocate for the rights of groups with special needs and support efforts to integrate them with mainstream society by implementing projects targeting them and supporting nongovernmental organizations (NGOs) working with them. These projects accounted for about 2% of 2006 investments.

For the second straight year, the SFD supported rural development through projects for rural roads (18.7% of investments in 2006) and rain-fed agriculture, livestock and integrated interventions (5%).

During 2006, the SFD paid considerable attention to supporting local authorities and enhancing decentralization efforts. It also helped build the capacity of NGOs and community organizations, and emphasized the importance of training and building human and institutional capacity throughout the country. About 2% of investments were for training and organizational support.

In addition, the SFD continued to support conservation and restoration of historical monuments and archeological sites of significant cultural value, with about 3.4% of investments in 2006 going to such projects. Moreover, the SFD has been building local capacity in this field nationwide.

During 2006, the SFD also continued consolidating microfinance programs to enhance their competitiveness and improve their services. Small and micro-enterprises (along with business development services) accounted for 1% of the year's investments.

The SFD's consistent progress has been boosted by the ongoing expansion of its absorptive capacity and continuous improvements to its databases and management information system, as well as training of its staff and consultants.

The Mid-Term Vision

During 2006, the SFD—in cooperation with stakeholders—drafted a Mid-Term Vision on its role in reducing poverty and promoting community development in Yemen during 2006–10 (box 1). As evidenced by the Impact Evaluations of 2003 and 2006, the SFD makes major contributions to improving poverty-focused services and building capacity nationwide. The many services that it delivers to communities and other partners are provided cost-efficiently and transparently.

Underpinning these achievements are SFD's proven, constantly evolving procedures for gathering and storing information, programming and planning, targeting the poor, fostering community participation in project formulation and implementation, administering contracts and procurement, and ensuring the long-term sustainability of project benefits in communities. This is in addition to the SFD's extensive training and capacity building support for public and private partner institutions, including local authorities. As such, the SFD has become a valuable national resource for alleviating poverty and building capacity nationwide—efforts that are widely appreciated—and must maximize its benefits and impacts.



The SFD is finalizing its Mid-Term Vision. To date the main stages of this process have involved:

- A multidonor progress monitoring review of the SFD's third phase in December 2005 agreed with the government and the SFD on the need for the Vision process, scheduling of which was detailed in another joint progress monitoring review in May 2006.
- An independent Impact Evaluation based on three studies: an institutional assessment that involved extensive consultations with the SFD and its main stakeholders, a household and project survey, and a beneficiary assessment.
- In December 2006, a large, externally moderated stakeholder workshop was held in Sana'a, where the first public draft of the Mid-Term Vision was presented to a wide range of stakeholders. Many valuable comments were received.

The development context

The SFD is a major public institution. Thus, it is vital to consider the general development issues facing Yemen when formulating the SFD's vision of its role and evolving operations. The country's human development indicators are very low (for instance, enrollment rates are 64% for basic education, which covers grades 1–9), and poverty is high (with a poverty rate of 42% in 1998). Most public agencies have limited capacity to deliver basic services and reach rural areas, making it essential for communities to play a role in development.

Yemen's economy is based on oil, gas and agriculture. Oil and gas account for 80% of the country's exports and 75% of revenues. But oil and gas reserves are steadily being depleted. Accordingly, other productive and export sectors should be promoted to fill the gap, especially if new reserves are not discovered. Although agriculture accounts for less than 20% of GDP, it employs 55% of the economically active population and supports 75% of the rural population. Still, agriculture suffers from low productivity and limited sustainability, mainly because of low-yielding seed varieties, water shortages, lack of rural roads, limited access to markets and lack of sustainable credit for small producers.

Macro-economically, Yemen can absorb more foreign aid—and it will need to do so to complete structural reforms and reduce poverty. But the country's institutional capacity to absorb and use aid effectively needs to be fostered by all practical means.

Box 1. The SFD's Medium-Term Vision

The SFD's Mid-Term Vision for 2006–10, prepared in 2006, addresses a variety of core issues and challenges. These include strengthening, diversifying and balancing SFD operations, expanding its development partnerships with other institutions, acting more effectively as a benchmarking agency to help increase institutional efficiency in the country and adapting its internal organization to meet these challenges more efficiently.

A December 2006 workshop attended by SFD stakeholders—including ministers, ambassadors and other senior local and foreign officials, as well as representatives of local authorities and civil society—thoroughly discussed the Vision's themes. Comments and feedback helped enrich the Vision and develop its final form. Participants noted that SFD community-level projects have had widespread benefits, and that the SFD has used a range of successful approaches. The workshop provided the SFD with recommendations and views that will help finalize the Vision document.

Future trends for the SFD's work include focusing more, during project implementation, on long-term community empowerment, as well as fostering community links to local authorities. In addition, the SFD will expand economic projects—alongside social projects—and strengthen its capacity to coordinate the two types of projects for long-term development. The SFD will also intensify its technical capacity building for local authorities (including strengthening their capacity to work with communities) and increase support for eligible projects proposed by local authorities in district participatory development plans.



The Vision is expected to be achieved through three main programs: Community Development, Economic Development and Job Creation, and Institutional Strengthening and Partnerships—with particu-

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Guidance from independent evaluations

This section presents some of the main findings and recommendations from the SFD's 2006 Impact Evaluation, including the Institutional Evaluation, which guided the Mid-Term Vision process. (More findings are presented in the next chapter.) The Impact Evaluation found that:

- About 50% of SFD resources benefit the poorest decile of households in Yemen and the SFD is very well regarded and appreciated by communities, 95% of which agree that its projects are high priorities. The 2006 beneficiary assessment provides additional evidence of the SFD's impact on social capital, indicating that its projects help restore and reinforce feelings of community, trust, solidarity and self-help; encourage discussions of female participation; increase forums for participation and democratic processes by creating community committees; and pave the way for building awareness and skills to advocate for future projects. The evaluation recommended scaling up the SFD's focus on poverty and its strengths in fostering community participation and empowerment.
- Social and economic impacts at the household and community levels are significant, and the SFD should scale up such achievements. However, most SFD projects have involved the social sectors, especially education. The SFD needs to increase its interventions in economic activities.
- In communities where the SFD has had school projects, enrollments in basic education have risen for both boys and girls (more for girls) and dropout rates have fallen.
- Household-level social and economic impacts of SFD rural road projects are considered high, while SFD-supported microfinance institutions have increased their geographic coverage and improved their procedures. Most direct beneficiaries are women, and most borrowers say that such loans have significantly improved their living conditions.
- Organizational support focused on NGOs providing training in income generation. Although SFD support is valued and has increased outreach, doubts remain about the sustainability of the NGOs. For decentralization, SFD training and capacity building focusing on district councils are valued and have increased local planning capacity. But council members feel that improved planning capacity means relatively little given that funding authority is still at the governorate level.

The Institutional Evaluation found that:

- The SFD has become a successful, model organization—one that operates on a nationwide basis and has extended participatory development to many rural and remote areas, thus contributing significantly to good governance and state building.
- The SFD should continue to focus on community-level projects. Its community development approach can give life to sector ministries' policies in rural villages.
- SFD training of district councils and governorates in development, planning and finance, as well as communication with communities, is strengthening basic governance structures. The SFD is well positioned to develop a medium-term vision and strategy for supporting decentralization.
- Donors have expressed strong support for the SFD. Its current portfolio is in keeping with the main strategic pillars of the National Five-Year (2006–10) Development Plan and Poverty Reduction Strategy (DPPRS), and the SFD is recognized as a key instrument for reducing poverty.
- There is a need to consolidate the SFD's experience and promote its approaches and lessons, both across its work streams and among government ministries and other service providers.

The Mid-Term Vision's main messages

The SFD's development efforts will continue to focus on alleviating poverty in a variety of ways, further integrating its efforts with those of other public and private institutions at the local and national levels, and emphasizing capacity building for these partner institutions. The SFD's Mid-Term Vision is based on its themes and programs. The themes deal with the SFD's main goals:

- *Community empowerment.* The SFD will continue to refine and deepen community participation in projects while launching and expanding initiatives for more comprehensive community empowerment and fostering community links with local authorities.
- *Increased attention to economic development.* Yemen's development situation calls for intensified agricultural and urban non-oil economic development, as articulated by the government in the Development Plan for Poverty Reduction.
- *Institutional strengthening and partnerships.* The SFD is already extensively engaged in this domain in many sectors and at several levels. The issue is how the SFD and its institutional partners should further develop their roles and partnerships in the medium term.

These themes will be supported by three main programs: Community Development, Economic Development and Job Creation, and Institutional Strengthening and Partnerships.

The SFD envisages that the Community Development Program will account for most of its disbursements during the period covered by the Mid-Term Vision (2006–10). The guiding principle will be to empower communities to identify their available resources and priority needs and to plan and implement initiatives that meet those needs. This goal will be pursued both in the program as a whole, and—more intensively, in certain deprived locations—through the Integrated Interventions Program.

The Economic Development and Job Creation Program will include the SFD's economic initiatives and interventions. These include support provided by the Small and Micro-enterprise Development Unit to microfinance institutions—increasing outreach to large numbers of both urban and rural clients—as well as the unit's support for the primarily urban small enterprise loans of the Small Enterprise Development Fund (SEDF) and small enterprise diversification and upgrading facilitation services of the Small and Micro-enterprise Promotion Service (SMEPS). Economic interventions also include operations under the Rain-Fed Agriculture and Livestock Project (RFALP).

These initiatives and interventions will work in close consultation and cooperation with each other wherever appropriate through the Institutional Strengthening and Partnerships Program. For example, consultations will occur between growing microfinance providers, rural and agricultural business development service providers, and productive infrastructure (such as for markets and for water and soil conservation projects), to be supported by RFALP in its areas of operations. To the extent practical, these initiatives will seek to establish sustainable, unsubsidized, private markets for all services (financial and nonfinancial), inputs and products.

The SFD will implement the Institutional Strengthening and Partnerships Program through three sub-programs:

- Capacity building for national (and other high-level) institutions will diversify the SFD's already widespread activities in this area. Such activities include the Ministry of Education's Evaluation and Measurement Center; technical and organizational support to the Social Welfare Fund and Ministry of Vocational Training in equipping large vocational training institutes; and support for education at the Higher Health Institutes in Aden and Sana'a and their branches in other governorates.
- Capacity building for NGOs. The 2006 Institutional Evaluation highlighted this as an area where the SFD is well positioned to deliver effective outcomes.
- Strengthening decentralization in line with the government's policy on the subject.



The 2006 Impact Evaluation

As noted, during 2005 and 2006 the SFD underwent a series of independent evaluations. The Institutional Evaluation was conducted in late 2005, with findings presented to and refined based on a stakeholder workshop in February 2006. In addition, during 2006 an Impact Evaluation was conducted at the household, project and community levels, and the first draft of the evaluation report was presented in November 2006.

The Impact Evaluation sought to evaluate how SFD projects affect their communities and hence how well the SFD achieves its goals of improving living conditions for poor people while serving as a model of an effective, efficient, transparent institutional mechanism for providing social services. The Impact Evaluation drew on three sources:

- A quantitative survey that explored short- and medium-term impacts of projects implemented during the SFD's first two phases (1997–2000 and 2001–03) by analyzing outcomes in 1999–2002 and 2003–05. The survey also gathered baseline data for households affected by projects implemented during the third phase (2004–08), with 2006 data gathered for projects implemented during 2003–05, and data based on return visits to projects implemented during 1999–2002 that were evaluated in 2003.¹
- The 2006 Institutional Evaluation, which reviewed the processes used by SFD—in other words, how it does business, not what it does. The evaluation focused on the central thematic issue of SFD contributions to building governance structures at various levels through service delivery and organizational capacity development programs.²
- The 2006 qualitative beneficiary assessment, which built on the quantitative survey and the Institutional Evaluation by consulting users on the benefits of SFD interventions (box 2).

The 2006 Impact Evaluation broke new ground because for the first time it was informed by an institutional evaluation and a revisiting of projects implemented in 1999–2002. The multidisciplinary approach to the Impact Evaluation—combining household surveys with facility surveys and qualitative and institutional studies—allowed the analysis of household-level impacts, to take into account the different variables contributing to the outcomes.



Beneficiaries recognize that SFD-supported feeder roads facilitate the transportation of people and goods, increase access to health and education services and make it easier to fetch water

¹ The methodology and findings of the quantitative study are contained in ESA Consultores Internacional, 2007, "2006 Impact Evaluation Study Final Report," Sana'a.

² See Jennings, M., 2006, "Institutional Evaluation: Social Fund for Development," Sana'a.

Box 2. Methodology of the 2006 Impact Evaluation

The 2006 Impact Evaluation was based on three sets of data—each requiring its own sample design and field work:

- 2006 ex post and 2003 ex ante household and project surveys allowed comparison of conditions before and after SFD interventions. The analysis covered 1,464 households and 79 projects, including for education (27 projects), water (20), health (21) and rural roads (11).
- 2006 return visit and follow-up (household and project) surveys documented conditions in 2006 in communities where SFD projects had been implemented between 1999 and 2002, to show medium-term impacts. The data set for the analysis covered 1,492 households and 81 projects, including for education (30), water (16), health (21) and rural roads (14). In addition, 9 microfinance projects from the 2003 ex post sample were revisited.
- A beneficiary assessment was conducted as part of the 2006 ex post survey as well as a small sample of projects involving training, organizational support and groups with special needs. The assessment documented opinions on topics such as community participation, use and quality of services provided and perceived benefits for people's lives. Qualitative instruments included detailed interviews and focus groups. Thirty-three projects were covered in education (eight), water (four), health (four), rural roads (four), microfinance (four), groups with special needs (three), organizational strengthening (three) and training (three). For most projects, two focus groups were organized—one for women and one for men—with an average of eight attendants. In addition, two in-depth interviews (with project directors and staff) were conducted for each project.

Targeting outcomes

The 2006 Impact Evaluation found that a large proportion of SFD funds benefit Yemen's poorest households: 50% go to the poorest decile and 64% to the poorest quintile. Only 3% of SFD resources go to the top decile. These patterns are consistent across project types, and are considerably higher than those for social investment funds in other developing countries where similar analytical procedures have been applied. Moreover, the 2006 findings are an improvement from analyses of SFD project beneficiary communities in the 2003 Impact Evaluation. This may reflect improvements in SFD targeting policies.

The 2006 Impact Evaluation also found that 12% of sample SFD beneficiary households were headed by women—compared with a national average of 7% (6.8% rural and 8.4% urban).³ In addition, the 2006 beneficiary assessment found that the SFD responds to genuine needs and is effective at targeting support to poor communities. Indeed, it is often the only agency providing services to remote rural and mountainous communities.

³ Central Statistical Organization, 2003, "Statistical Yearbook," Sana'a.

Consultation, participation, ownership and SFD's impact on social capital

The Impact Evaluation's project survey found good overall participation in project design, particularly by communities, political leaders and government offices. In addition, the evaluation's household and project survey found strong support for SFD interventions, with most respondents indicating that they would have chosen the same projects for their communities. This share was higher, across all sectors, than in 2003—indicating that the SFD is increasingly using a demand-driven approach. Among respondents who stated other priorities, water projects were the preferred alternative in 62% of cases. But at the household level, only 26% of women were involved in project identification, primarily because tradition does not allow women to participate in project decisions.



Students sing at a “graduation” ceremony concluding an Integrated-Interventions Program literacy course and training in weaving popular men’s clothing (*al-ma’awez*) in Al-Awlah (Al-Luhaiyyah, Al-Hudaidah)

Communities contribute to projects by donating money, labor and materials for construction—with money and materials the most common forms of contribution. The SFD's management information system shows that community contributions have accounted for 8% of total project costs since the SFD's inception. Communities also contribute to maintenance through project maintenance committees, and most projects have such a committee.

Most project respondents believed that rural road, education and health projects offered good value for the money (100%, 96% and 86%, respectively). Results for water projects were more mixed. In addition, the share of households aware of the SFD increased from 6% to 62% between 2003 and 2006, suggesting that the SFD is raising awareness in communities. In 2006, the SFD was ranked the second most important organization for community development, following the Ministry of Education. This response indicates that communities perceive SFD projects as having a significant impact, but that education remains a high priority.

The 2006 beneficiary assessment provides additional evidence of the SFD's impact on social capital, indicating that its projects:

- Restore and reinforce feelings of community, trust, solidarity and self-help.
- Encourage opportunities to discuss female participation.
- Provide increased forums for community participation and democratic processes by creating community committees.
- Pave the way for increased awareness and skills for advocating for future projects.

Social capital was measured in two ways in the Impact Evaluation's quantitative survey: through the presence of service-providing organizations in the community, and through the perceived importance of these organizations for community development. The number of service-providing organizations in communities has increased significantly, from 269 in 2003 to 1,395 in 2006—suggesting that there are more organizations operating in the community, a greater perception of organizations in the community, or both.

Operational efficiency

By October 2006, the SFD had committed \$493 million for 5,973 projects. Of these, 4,189 (\$284 million) have been completed, 1,600 (\$187 million) are being implemented and 184 (\$21 million) have been approved. Education projects continue to receive the largest share of SFD investment commitments (53%), followed by water projects (11%), health projects (8%) and rural roads (8%). These four categories represent about four-fifths of the SFD's investment portfolio—with the rest going to projects for groups with special needs, the environment, cultural heritage and other categories.

The project cycle—the time it takes from receipt of a project proposal to completion of works—has increased, from 394 days in the SFD's first phase (1997–2000) to 594 days in its third phase, with health and education projects having shorter project cycles (575 and 588 days, respectively). The longer cycle is partly explained by the SFD's move toward community contracting, which requires investing time in community mobilization to ensure community involvement, contribution, ownership and sustainability.

Service quality, sustainability and impact

Education

Between its inception and the end of 2005, the SFD contributed to the construction of 12,227 basic education classrooms. Between 1999 and 2004, the SFD accounted for more than one-third of basic education classrooms built in Yemen, while the number of students enrolled in basic education schools supported by SFD investments increased 38%. And in rural areas, enrollments in basic education in SFD-supported schools increased 91% for boys and 122% for girls, indicating success in increasing rural participation in education, and, in particular, opportunities for girls. This impact was further reflected in the return visit group, suggesting that the trend is growing.

Moreover, the share of qualified teachers in SFD-supported schools increased from 77% in 2003 to 86% in 2006. This suggests that these schools are attracting and maintaining high-quality staff, thereby improving education opportunities. On average, 63% of school staff were male (44% at urban schools and 89% at rural schools) in 2006. However, the student:teacher ratio in SFD-supported schools rose from 29:1 in 2003 to 50:1 in 2006.

Multivariate analysis confirms that SFD investment has significantly increased basic education enrollments. The analysis also shows that SFD interventions have a positive impact on girls' enrollment. Further analysis indicates that the proportion of girls up to date with their education (that is, at the right grade for their age) has improved greatly since 2003.

Health

During 2003–05, the SFD built 40 new health centers and 40 health units. Although these additions increased the number of health centers by just over 2% and the number of health units by less than 1%, they contributed to marked improvements in the staffing of SFD-supported health facilities. The share of such facilities with physicians increased from 38% in 2003 to 48% in 2006, the share with midwives jumped from 14% to 52% and the share with medical assistants rose from 38% to 57%. These trends were echoed in return visit analyses. (The SFD conducted return visits to projects and households that had been evaluated in 2003.)

Between 2003 and 2006, the share of sick individuals in SFD project areas who received care in an SFD-supported health facility increased from 58% to 63%. SFD investments increased the supply of services in all health facilities, particularly primary health centers and units.



The SFD focuses on training mid-level health staff, providing midwives to needy areas. Here, some staff are being trained in Amran

The share of children age 12–23 months in SFD project areas receiving complete immunizations increased from 37% in 2003 to 75% in 2006, and from 31% to 60% for all children under two. A similar trend was observed on return visits, where the share of children age 12–23 months with complete immunizations grew from 36% to 51% and the share for children under two rose from 32% to 45%. Although part of this increase may be due to a national campaign on vaccinations in 2005, the order of magnitude of the changes in SFD intervention communities suggests that much of the change is due to the program's interventions.

Water

Between 2003 and 2005, the SFD added 1.8 million cubic meters of capacity to Yemen's water systems. Because of sustainability concerns, the SFD focuses on rainwater harvesting systems, which are the main traditional source of water in rural areas and provide renewable, low-cost water. By using cisterns, kareefs and dams, these systems look to increase the storage capacity of rural communities. The systems do not rely on sophisticated maintenance schemes and can be administrated by water beneficiary committees promoted by the SFD.

But many of these systems do not include household taps, so water fetching remains a chore for most households—though distances to sources have become shorter and the average time spent on this activity has been reduced, with about half of respondents in the current intervention group reporting maintenance as “good.”

Roads

During 2003–05, the SFD completed 77 road projects. About 70% were for rural roads, 22% for street pavement (stone paved) and the rest for projects providing training in road maintenance. Since its inception, the SFD has contributed to an improved or rehabilitated 491 kilometers of gravel roads, and 218 kilometers of paved roads.

The Impact Evaluation found that SFD feeder road projects had a positive impact on household-level development indicators. Such projects reduced average travel times for households, with the time needed to get to the nearest town market falling from 120 to 60 minutes. In addition, the cost of travel dropped 45%. All beneficiaries recognized that feeder road projects facilitated the transportation of people and goods—and, in some cases, increased access to health and education services and made it easier to fetch water.



Microfinance programs help low-income people have sustainable, self-run businesses

Microfinance

SFD-supported microfinance projects showed significant increases in the number of savers and borrowers and the average amount of saving and loans, with strong participation by women. Of the 25,588 borrowers in December 2005, 89% were women—reflecting an annual increase of 98% since 2002.

Almost all households with SFD-supported microfinance loans (96%) reported having good experiences with microfinance (up from 82% in 2003). About 88% of the households surveyed in 2006 said that microfinance had made a positive change in their lives, up from 69% in 2003. In terms of sustainability, all microfinance program officers reported that their programs were generating profits and considered

them sustainable over the medium term. Two programs reported that they had reached the breakeven point but still needed capital support from the SFD to consolidate and expand their credit programs to achieve sustainability by about 2010.

Groups with special needs

The beneficiary assessment found strong evidence that the SFD is supporting groups with special needs. SFD support—including equipment, services, furniture, computers, learning equipment, physiotherapy, training for teachers and staff, and buses—has greatly enhanced the capacities of NGOs to provide better-quality services to these groups. As a result, disabled children and adults are improving their physical and psychological conditions, receiving understanding and guided care from their families, learning new skills (such as reading, writing, sign language and sewing), attending school, getting jobs and being accepted by their communities. These benefits extend to other governorates—either directly through the services that the SFD provides there, or indirectly as a reference for similar organizations.

Training and organizational support

Three districts were chosen to provide feedback on training courses implemented as part of SFD support for local councils and local council administrative committees of districts where the Decentralization Law is less understood. SFD support also included furniture and office equipment provided to local councils. The overall impact of the training courses was considered good in terms of the technical knowledge, attitudes and skills provided (for example, detailed study of the Decentralization Law, which included plan and budget preparation, duties and limits relative to other authorities and community consultation). But structural barriers were observed for acceptable applications of the training recommendations, due to the lack of power of local councils and a centralized mode of policymaking.

The findings also show that SFD support to NGOs is helping to provide poor women with income generation skills, such as for sewing, weaving, hairdressing, cosmetology, computer and additional microfinance services. In all the cases, the SFD support consisted of improving the quality of building facilities, furniture and equipment, and training for staff members. As a result, NGOs have improved their operations and services and increased their number of students and financial revenues. In addition, female participants, their families and communities have received the benefits of NGO service improvements: some have learned how to read and write, with possibilities to expand income generation; women have gained confidence and self-esteem; and some have started their own small projects.

Recommendations

The evaluation recommended scaling up the SFD’s success in targeting the poor, increasing community participation and empowerment, and expanding on its sector achievements. The evaluation also endorsed the direction of the forthcoming Mid-Term Vision for the SFD, which proposes focusing on national priority development outcomes (rather than inputs) linked to the third Economic and Social Development Plan for Poverty Reduction (2006-10).

In addition, the evaluation noted that capacity building at the community level and with local authorities is an area of comparative advantage for the SFD, and that there is an opportunity for the SFD to develop a more strategic partnership with the Ministry of Local Administration. Recommendations also included scaling up the SFD’s Integrated Interventions Program and adopting a multifaceted response for specified targeted communities—as the “SFD has a comparative advantage over line ministries in that it has the capacity to develop multi-sectoral responses to achieve development outcomes.” Among other recommendations were adopting a more systematic approach to increasing women’s participation—with the findings endorsing the SFD’s recent initiative to develop a gender strategy and action plan—and balancing the urgent need for basic services with the concern for sustainability.



2006 Operations

In 2006, the SFD's projects and programs were implemented by its seven executive units: Education, Water and Environment, Health and Social Protection, Agriculture and Rural Development, Cultural Heritage, Training and Organizational Support, and Small and Micro-enterprise Development. During the year, the SFD approved 921 projects worth an estimated \$92 million (table 1).

Table 1. Planned and implemented SFD projects, commitments and disbursements, 2006

<i>Indicator</i>	<i>Planned</i>	<i>Implemented</i>	<i>Implemented/planned (%)</i>
Number of projects	921	829	90
Commitments (millions of U.S. dollars)	91.7	88.2	96
Disbursements (millions of U.S. dollars)	80.4	91.6	114

Targeting and allocation of funds

The SFD responds to the needs of communities and targets the poorest areas and groups within the jurisdiction of its interventions. The SFD uses three types of targeting:

- *Geographic targeting.* SFD allocations focus on governorates and districts based on the number of poor households they contain. In addition, a demand-driven approach is used within districts (that is, sub-districts and villages) to ensure that poorer areas receive more funds.
- *Sector targeting.* The SFD addresses problems such as low education enrollments among girls, shortages of health workers in rural areas, and weak institutional and technical capacity among local NGOs. The SFD tailors its responses to the problems faced—for example, by sponsoring training for health workers in underserved rural areas, designing capacity building programs for NGOs and creating microfinance programs.
- *Social targeting.* Social targeting focuses on groups with special needs, including the disabled, children at risk (such as orphans, street children, and child laborers), women at risk (such as incarcerated women) and socially marginalized groups (such as slum dwellers).

Of SFD investment commitments in 2006, 66% were allocated using geographic targeting and 44% using sector and social targeting (table 2).

Table 2. SFD projects and commitments by type of targeting, 2006

<i>Type</i>	<i>Number of projects</i>	<i>Commitments (millions of U.S. dollars)</i>
Geographic	458	58
Sector	320	28
Social	51	2
Total	829	88

Projects and beneficiary cities and villages were chosen based on seven indicators used for targeting.⁴ These indicators were aggregated into a single poverty indicator—reflecting living standards and availability of basic services—that was used to split beneficiary locations into four groups, or quartiles.

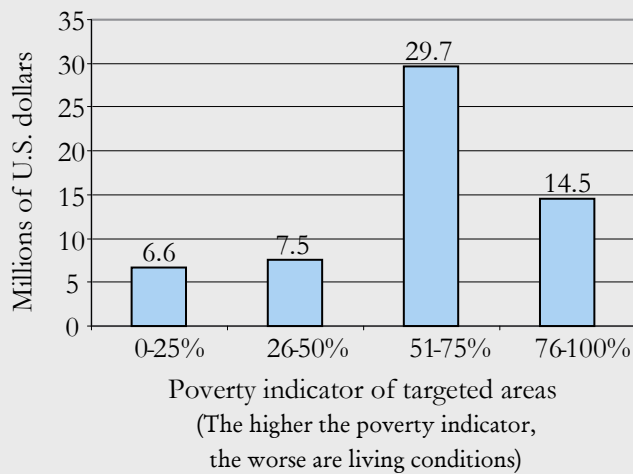
The higher a location’s poverty indicator, the worse are its living conditions. Of the \$58 million allocated in 2006 based on geographic targeting, \$29.7 million (51%) targeted areas with aggregate poverty indicators of 51–75% (nearly half of Yemen’s poor population falls into this category), while \$14.5 million (25%) went to the poorest areas—those with poverty indicators of 76–100% (figure 1).

Thus, \$44.2 million (76%) of geographically targeted investments went to areas with aggregate poverty indicators above 50%. Of the rest, \$7.5 million (13%) went to areas with poverty indicators of 26–50%, and \$6.6 million (11%) to areas with poverty indicators of 0–25%.



Khamer School for girls, Khamer, Amran

Figure 1. More than 76% of geographically targeted SFD investments go to high-poverty areas, 2006



⁴ The aggregated indicators for each locality include: (1) households using wood or coal for cooking; (2) dwellings and households lacking access to appropriate sanitation.



Education

The SFD's third phase plan for education focuses on helping the Ministry of Education implement the national Basic Education Development Strategy and meet the international goal (Millennium Development Goal) of providing basic education for all children. During 2006, the SFD's Education Unit approved 327 projects worth \$46.4 million (table 3).

Table 3. Indicators for the SFD's Education Unit, 2006 and cumulative

<i>Indicator</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	327	2,833
Commitments (millions of U.S. dollars)	46.4	267.3
Disbursements (millions of U.S. dollars)	51.05	203.3
Direct beneficiaries (millions)	0.3	1.7
Female share of direct beneficiaries (%)	51	44
Temporary employment created (millions of days)	1.7	10.7

The projects implemented in 2006 reflected the SFD's six main education programs: expanding and developing infrastructure for basic education, improving the quality of education, promoting rural girls' education, expanding preschool education, enhancing education opportunities for gifted students and providing institutional support to the Ministry of Education. The SFD continued to follow—and develop—concepts adopted during its first and second phases.

Expanding infrastructure for basic education

SFD projects to expand infrastructure for basic education aim to increase enrollments, extend the geographic reach of education services (particularly in underserved areas), narrow the gap between enrollments of boys and girls, and improve the education environment. In 2006, 274 projects were approved to support these activities. These projects included constructing 1,841 new classrooms and renovating 253 others, as well as providing 33,060 student benches. About 116,064 students, 41% of them girls, are expected to benefit from these projects.

Since the SFD's inception, its education projects have built 16,072 classrooms and renovated 3,260, of which 14,837 have been handed over to the Ministry of Education.

Improving the quality of education

The SFD's program to improve the quality of education focuses on supporting some of the goals of Yemen's Basic Education Development Strategy. In 2006, 13 projects were approved to support the program; 3 have been completed and 9 are being implemented.

The program helps school administrations foster relationships with parents based on shared responsibilities for the education process. This goal has been pursued by training 32 parent councils—16 each for fathers and mothers—in schools covered by the program. During 2006, 16 training courses were conducted for the parent councils in the Capital City and the governorates of Abyan, Aden, Amran, Al-Mahweet, Hajjah, Ibb, Sana'a and Taiz. The training reached 66 fathers and 73 mothers, and focused on the roles of schools and their surrounding communities in the education process as well as in planning, evaluation and monitoring. Training was also provided for headmasters, teachers, social workers and librarians, covering different subjects.

To support the program, in 2005 the SFD began implementing a pilot project in 18 schools in 10 governorates. The project has several components, including developing community structures and parent councils, training teachers and administrators, and providing equipment. It targets school administrators, teachers, students, parents and guardians, counselors and supervisors, district education administrators and local support agencies. To advance its goals, the project encourages communication between parents, the government and the private sector.

The project involves 8 schools in the Capital City and 10 schools in nine governorates, serving equal numbers of male and female students. The schools were chosen because they have students from varying income levels and are run by efficient administrations committed to the project's basic goals. In addition, the schools' teachers should agree, in principle, to participate in the experiment. These criteria were set in cooperation with the Ministry of Education.

Promoting rural girls' education

In 2003, the SFD initiated a pilot program in five sub-districts where male enrollments in basic education exceed female by more than 90%: Al-Maga'eshah (Taiz governorate), Al-Mihrabi (Al-Dhale'), Al-Ramiya Al-'Uliya (Al-Hudaidah), Bani 'Utaifah (Amran) and Weld Ayyash (Sa'adah). The program seeks to raise rural girls' enrollments by 20% between 2003 and 2008 by reducing the educational obstacles facing them. The program has four main components: supporting construction, strengthening community structures, building capacity, and raising community

awareness. In addition, the program provides community education classes and supports coordination and institution building with the Ministry of Education on girls' education and community participation.

In 2006, 24 projects were approved to support the program's activities, including construction of 47 new classrooms, renovation of 12 others and provision of 864 student benches and 350 single seats. About 3,869 students—56% of them girls—are expected to benefit from these projects. During the year, three schools were completed and furnished in Al-Azareq district (Al-Dhale'), Al-Soudah (Amran) and Al-Sukhnah (Al-Hudaidah). In addition, construction of 10 life skills development centers for rural girls was approved in three sub-districts targeted by the program: Weld Ayyash, Al-Maga'eshah and Al-Ramiya Al-'Uliya. Construction and renovation of 31 classrooms were also approved for five girls' schools in the Sa'adah, Amran, Al-Dhale' and Taiz governorates.

Strengthening community structures

Community participation is essential to the rural girls' education program. Thus, the SFD helps establish community organizations in the targeted sub-districts. In 2006, 31 parent councils (15 each for fathers and mothers, along with one joint council) were formed in 16 schools, in addition to developing a project in life skills targeting the five program areas. Sports activities were also supported in these schools.

As part of the partnership between the rural girls' education program and the Al-Saleh Social Foundation for Development, quantities of dates were provided to the participating schools' students, parent councils, girls attending life skills development centers and female attendees of literacy classes. About 4,500 individuals have benefited from this support. In addition, school uniform and bags together with Eid (religious feast) clothes were distributed to 700 students of both sexes in the schools covered by the program.

Building capacity

During 2006, numerous training activities were conducted for parent councils, consultants, teachers and supervisors. Subjects for parent councils included planning, monitoring, evaluation and communication skills, targeted 11 schools in the five targeted areas and involved 86 mothers and 83 fathers.

In addition, eight courses on the learning environ-

ment were conducted for 142 teachers in the five targeted areas. Another training program covered problem-based analysis for 47 school administrators, and another was on girls' rights and food processing for literacy teachers in Amran, Al-Hudaidah and Taiz. Community learning facilitators were targeted with two courses focused on gender and girls' rights. Moreover, 24 community participation consultants—male and female—received training on gender and children's rights, community empowerment, communication methods and various skills.

Finally, students received training in life skills. The SFD sponsored 33 workshops on activities such as handcrafts, first aid, handwriting and drawing for 790 students (469 females and 321 males) from 16 schools. Another eight workshops conducted in six schools focused on teamwork and school activities, reaching 168 female and 104 male students.

Raising awareness

Five awareness raising campaigns were conducted before and during registration for the 2006/07 school year. Participants came from governorate education offices, local councils, local volunteer teams supporting education, parent councils and national and international organizations; they also included students, imams (clerics), tribal sheikhs and SFD staff. The campaigns included speeches, rallies, sport events, art exhibits, folk performances and brochure distributions highlighting the importance of education (particularly for girls), as well as the awarding of certificates of recognition. Imams were especially in pointing to the importance and benefits of girls' education. In addition, private and local organizations distributed school bags, uniforms and educational toys and materials to female and male students. Finally, 3,000 scholastic schedules and 1,000 introductory files were prepared to familiarize schoolchildren with the rural girls' education program, and 1,500 of the schedules and 200 of the files were distributed.

Community education classes

Community education classes have been conducted in three governorates—Sa'adah, Taiz and Al-Hudaidah—with high levels of illiteracy among girls age 8–15 (box 3). Such classes are designed for girls who have either dropped out of school or never had the chance to attend it. These classes are being expanded, and will eventually be run by 20 facilitators, and serve 398 girls.

Coordination and institution building

During 2006, the SFD continued to support the Ministry of Education's programs for girls' education and community participation by organizing visits to the areas where the rural girls' education program is being implemented. The visits were designed to acquaint the ministry's staff with the current education situation (particularly for girls), identify obstacles to rural girls' education and needs of the areas, and enhance cooperation and coordination with the SFD's Education Unit. Fifteen staff members from the ministry, as well as the SFD's project officer, participated in the visits. The visits were concluded by signing partnership agreements and making suggestions to tackle the obstacles identified. In addition, the SFD supported the Ministry of Education by providing furniture in the program areas.



Handicrafts fair organized by Quality-Education schools in the Capital City

Box 3. Community classrooms for girls in Sa'adah

SFD support for the girls' education program in the Sa'adah governorate (affiliated with SFD's branch office in Amran) focuses on the Haidan district, where Al-Gao'an village is in the center of the Weld Ayyash sub-district. (Two villages in the Dhaibou sub-district, Al-Qadam and Hagar, also benefit from SFD interventions in this regard.)

The community education classroom aims to help the 85 girls enrolled, who range in age from 8 to 14, catch up on their education—whether because they never had a chance to attend school or because they dropped out (with the latter group not yet old enough to attend literacy classes). One significant advantage of this type of education is that the girls are taught intensively to complete the first basic education grades (1–6) in just three years, and are then “bound” to continue the remaining grades (7–9).

The SFD has conducted a series of campaigns to raise awareness among the area's population on the importance of girls' education. As a result, many parents have allowed their daughters to enroll in the community education classroom. Due to a lack of female teachers and strict social traditions, the local population was allowed to choose qualified male teachers—unanimously agreed to be courteous, well mannered and respectful—to teach the girls until some of them have finished school and become able to take over in the future. Classes started in December 2005, focusing on reading, writing and teamwork skills, with the girls forming groups of 10–11 students. All the students interviewed expressed great relief for attending “age conforming” classrooms, and not having to face the embarrassment that would limit their willingness to start or resume education alongside younger or older peers.



Expanding preschool education

Under a framework preschool agreement between the SFD and Ministry of Education, in 2006 the SFD approved financing to build six kindergartens in the Aden, Al-Mukalla, Al-Maharah, Abyan and Taiz governorates (with two kindergartens in the first, and one for each of the rest). In addition, the SFD provided training to improve the management and technical skills of 21 preschool pioneers from six governorates.

Providing institutional support to the Ministry of Education

During 2006, the SFD supported the Ministry of Education through several projects and programs, described below.

Gifted students program

The gifted students program is designed to help the Ministry of Education develop a support system for academically talented, high-achieving students throughout Yemen—including mechanisms for identifying such students and developing education programs that suit their needs. SFD support has included formulating a proposal for such a system and, in 2006, developing three projects to underpin it. These projects included commissioning a high-level regional expert to help create an action plan, develop aptitude tests and provide suggestions for the system's success and staff training.

School seats improvement workshop

School seats are a key element of school buildings in particular and the education system in general. To improve on the poor designs of existing school seats, and in coordination with the Ministry of Education, the SFD financed a workshop to discuss issues related to school seats and to introduce new designs that may improve their quality and durability. The workshop was attended by representatives of manufacturers, government agencies, teachers and students.

Education decentralization support project

This project supports decentralization of the Ministry of Education's institutional and administrative work by constructing district education offices in some governorates. Such offices provide a direct link to district education facilities, facilitate supervision and lower the costs of education services. During 2006, contracts were awarded to build district education offices in Hamdan (Sana'a governorate), Bajil (Al-Hudaidah), Malhan (Al-Mahweet) and Rusod (Abyan). In addition, bidding was announced to provide furniture for seven district education offices.

National education measurement and evaluation project

This project is designed to support the Basic Education Development Strategy by:

- Establishing a center to serve the Ministry of Education's needs for organizing testing, performance measurement and evaluation systems, based on the latest theoretical and practical developments in these fields.
- Improving the measurement and evaluation system for education. This system should be based on recent developments and applications of measurement and evaluation theory, and on the ambitions and challenges of providing education in Yemen.
- Using results from education field studies and research on measurement and evaluation to improve the quality of education.

To advance these goals, the SFD and Ministry of Education held discussions on the center's potential operations. After that, the ministry established the Education Measurement and Evaluation Center. The SFD has helped construct the center, which was about one-third complete by the end of 2006.

School mapping project

This project aims to help the Ministry of Education's School Mapping General Directorate establish a database so that central and local ministry decisionmakers can take appropriate actions on the distribution of the education network and redeployment of education staff—ensuring fair access to education opportunities in both urban and rural areas for boys and girls.

During the project's first phase, the SFD introduced a pilot school-mapping program in the Al-Baidha'a and Dhamar governorates, based on a scientific methodology. In 2006, the SFD helped the School Mapping General Directorate implement a facility survey in Raimah governorate.

School laboratory manual


This manual aims to develop and upgrade professional and technical skills as well as enhance teachers' and lab technicians' capabilities in the optimum use of school labs. The manual has been distributed and applied. In addition, training was offered to 909 lab technicians (511 male and 398 female) from 495 schools throughout the country.

Advancing education using technology—the Empowerment through Global Education program

This recently established program aims to expand vocational development opportunities by training teachers and students over local computer networks connecting schools linked to the Internet. The pilot program is aimed at a core group of educators in 11 model schools, to empower them to take leading roles in establishing education programs using the latest technologies and methods. This core group will be actively involved in a learning environment rich in information and communication technology, enabling them to develop their knowledge and skills.

Training efforts will focus on two levels: technology and skills development in general, and use of virtual learning environments in particular. Both levels will be covered by a 10-week online course. This program will fulfill three components needed for successful technology integration in the classroom: adopting, adapting and creating programs that meet local needs and goals.

The SFD is providing the 11 schools involved in the project with 120 computers. The project will benefit 463 female and 450 male teachers as well as 8,968 female and 9,579 male students from three governorates.



Water and environment

During 2006, the SFD approved 113 water projects worth \$6.4 million, and 18 environment projects worth an estimated \$1.1 million (table 4). The financial achievements for environment projects are low because a major project in Shibam City—worth about \$2 million—has been shifted to 2007 plan, due to a delay in developing the tender documents.

Table 4. Indicators for the SFD's Water and Environment Unit by sector, 2006 and cumulative

<i>Indicator</i>	<i>Water</i>		<i>Environment</i>	
	<i>2006</i>	<i>Cumulative</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	113	872	18	143
Commitments (millions of U.S. dollars)	6.4	55.4	1.1	17.1
Disbursements (millions of U.S. dollars)	6.86	45.3	1.52	11.3
Direct beneficiaries (millions)	0.2	2.1	0.7	2.6
Female share of direct beneficiaries (%)	51	50	51	50
Temporary employment created (millions of days)	0.3	2.5	0.05	0.7

Water

Since its inception, the SFD has contributed to efforts to reduce water scarcity by focusing on rainwater harvesting and small dams and irrigation projects. To address concerns about the sustainability of mechanized water systems in rural mountainous areas (most implemented by the General Authority for Rural Water and Sanitation Projects or community cooperatives), the SFD has also given high priority to developing water projects operated by gravity and relying on renewable water sources. In addition, the SFD focuses on ensuring project sustainability by enhancing community ownership of and capacity to operate and maintain projects. During 2006, the SFD supported four types of water projects: rainwater harvesting (66 projects), piped water systems (22), small dams and irrigation (14), and training and hygiene awareness (11).

Rainwater harvesting

During 2006, the SFD approved 66 rainwater harvesting projects, including 42 uncovered and 92 covered cisterns as well as 21 karifs, with total capacity of 346,100 cubic meters (box 4). These projects also included 135 watering troughs for livestock, 126 sedimentation basins, 8 slow sand filters and 45,080 meters of pipelines, serving 92,363 beneficiaries.

Construction using ferro-cement (cement reinforced with steel) was explored during the year. In one case, a water harvesting tank in Al-Suhaila village (Ibb governorate) was covered using ferro-cement, with encouraging initial results: using this method for covering costs less than using traditional reinforced cement concrete. In addition, as part of efforts to provide schools with water, a rainwater harvesting tank using ferro-cement is being built in a school in the Capital City.

In addition, two pilot projects were introduced to experiment seqayat (rooftop rainwater harvesting at household level) in Taiz and Hajjah. Seqayat is well-known in certain parts of the country and is a traditional Yemeni method. Such systems aim to provide households with improved water supplies for drinking and other uses, since the water is collected from clean rooftops, and provides the additional benefit of reducing time for fetching water. Traditional construction methods are respected during construction of such systems, which are affordable. The SFD only provides cement and steel—with the community members providing the rest of materials and conducting the works under the supervision of SFD consultants.

Piped water systems

The SFD approved 22 piped water projects in 2006, designed to provide 45,287 individuals with drinking water. The length of the 38 piped water networks is 43,342 meters, with 2,914 household connections and 37 communal taps serving 39,113 beneficiaries.

Small dams and irrigation

During 2006, 14 small dams and irrigation projects were approved, including 14 dams with a total capacity of 781,335 cubic meters.

Training and hygiene awareness

Because rainwater harvesting projects provide non-potable water, it is crucial to raise local awareness on how to treat the water and reduce water-borne diseases. During 2006, the SFD conducted 21 water hygiene campaigns, targeting 45,740 people.

As part of these activities, a workshop was held to discuss ways of improving water harvesting awareness campaigns and lower-cost alternatives. Such activities have been effective in raising community awareness, as proven by the Impact Evaluation survey—especially in Bani Noof (Amran). Training classes and workshops were also held to introduce 26 project officers and consultants to alternative designs for low-cost water harvesting projects. The training focused on common design errors and various alternative designs.

In addition, a workshop was held in SFD's Amran branch office for water and environment project officers. During the workshop, participants visited a number of projects to exchange experiences. In addition, recommendations were made for further improving work quality and shortening the duration of

project life-cycles. A training course was also organized in the SFD's Ibb branch for water sector officers and other SFD officers. Participants visited the water harvesting project in Al-Suhailah covered with ferro-cement. A workshop was then held to discuss the ferro-cement covering method, and recommendations were made to improve, upgrade and expand on this experience.

Finally, a meeting was convened in 2006 to discuss the potential establishment of a national network that would oversee participatory management of irrigation projects. The goal is to increase irrigated crops by involving beneficiary farmers in managing their irrigation schemes, lowering operation and maintenance costs, and enhancing the sustainability of such projects.

Project follow-up

Following the Water and Environment Unit's annual monitoring and evaluation plan, several visits were conducted to monitor the progress of 39 water harvesting projects in Ibb, Aden, Dhamar, Sana'a, Al-Hudaidah and Hadhramaut. In addition, branch offices were visited to provide advice to staff.



Al-Zaheriyah rainwater harvesting cistern in Razeh, Sa'adah

Box 4. Al-Qatab rainwater harvesting project in Sa'adah

The 1,000 or so people living in Al-Qatab village (Murran-Weld-Yahya sub-district, Haidan district, Sa'adah governorate) long relied on traditional harvesting of rainwater. But the village is located atop mountains and deprived from any source for water—except for small clusters of *al-marwagel* (small cisterns) that dry up during most seasons of the year.

As such, the village's population used to face harsh challenges in fetching water from the “adjacent” village of Al-Gou'wah, which has natural wells but takes a four-hour round trip to reach by foot. Making matters worse, each truck-borne cubic meter of water brought from the center of the district cost at least 2,000 Yemeni rials, sometimes more.

Thus, providing the village with water became a priority, and the SFD took the initiative to do so. An SFD-funded rainwater-harvesting project began in June 2004 and was completed by May 2005. In addition to the 4,300 cubic meter capacity of the newly constructed cistern, the project provided a hand pump, precipitation tank and a separate basin for watering animals, as well as a fence surrounding and protecting the cistern. The project was accompanied by campaigns aimed at raising the hygienic and environmental awareness among the village's population.

Village inhabitants say that the project completely achieved its main goals. In addition to providing relatively clean water in a nearby location, the project has eased the burden of fetching water—a chore shouldered by children and women—and so increased school enrollments as well as improved the area's hygienic and environmental situation.

Environment

During 2006, the SFD approved 18 environment projects worth nearly \$1.1 million. The projects involved wastewater management (3 projects), solid waste management (3), water and soil conservation (3), and training and awareness raising (9). In addition, the SFD implemented an environmental audit of its 2005 projects to ensure that its branch offices were committed to its environmental plan and to quickly resolve any problems that may arise.

Wastewater management

Three wastewater-management projects were approved to serve 3,938 people. The projects included 4,318 meters in sewerage networks, 236 manholes and inspection chambers, and 602 household connections.

Works related to two schools (one for girls and one for boys) in Omar Bin Al-Khattab have been completed. This project was designed to reuse untreated ablution water from the nearby Omar Bin Al-Khattab Mosque to water trees and improve school grounds. The project is expected to have 2,284 direct beneficiaries, including 2,184 female and male students. The project cost about \$19,000 and included building two water tanks, providing an electric pump and a 1 kilometer irrigation network, and planting 500 nurslings. A similar project—at a cost approaching \$18,000—has been implemented to plant and irrigate 650 trees at the Fowah Girls' School (Al-Mukalla). The number of beneficiaries will approach 1,500, including 1,400 female students.

In addition, a contract was signed with a consulting company to prepare detailed studies on an infrastructure project for Shibam City (Hadhramaut). The company has started its work; surveying work is under way, and an implementation progress report is being prepared.

Solid waste management

Three projects were approved to serve 208,832 people. The projects include support for a biogas unit in the Veterinary Institute in the Capital City, a new garbage field in Al-Hudaidah City and a slaughterhouse for Al-Sheher town in Hadhramaut.

In addition, six household biogas units were installed in the Otmah nature sanctuary. The six homes were chosen using criteria that included household availability of livestock and willingness of homeowners to contribute to the excavation works and provide sand, water and unskilled laborers. The units produce biogas from animal (cow) manure that can be used for cooking and lighting. The goal of the units is to replace firewood with biogas, and thus gradually reduce woodcutting. Three engineers and two local instructors were trained to manufacture the units. In addition, toilets were linked to the biogas units to maximize their impacts.

Water and soil conservation

Three water and soil conservation projects were approved to serve 11,160 beneficiaries through irrigation networks with a total length of 400 meters; in addition to retention walls to protect agriculture land from flood.

Training and awareness raising

Nine projects were approved for training and awareness raising. Some of these projects focused on building the capacity of SFD project officers and consultants in evaluating the environmental impact of SFD interventions.

Several training courses were conducted for SFD project officers and consultants on the implementation and requirements of its Environmental Management Plan. In addition, two workshops, targeting 50 contractors, were held on the plan's requirements during project implementation.

In addition, in collaboration with the Ministry of Public Health and Population's Malaria Combating and Eradication Program and the local World Health Organization office, a training course was held for 39 people on biological and engineering measures to combat carriers of two infectious, water-borne diseases (malaria and bilharzia).

A project was also approved to raise awareness about the adverse effects of qat. The project, targeting schools in the Capital City as well as the general public, includes printing 20,000 copies of an awareness book for students and producing 10,000 audio cassettes and 10 television spots for the public. Preparations included conducting awareness campaigns during the first semester of the 2006/07 school year. In addition, two workshops were conducted with the participation of four schools to discuss and enrich the awareness book with students' comments, opinions and ideas. The book was then printed and distributed to the students of 150 schools in the Capital City.

Another book, on managing medical waste in health facilities, was also printed and issued, to raise the awareness of medical staff and help improve the environmental aspects of the SFD's health interventions.

The SFD also participated in a November 2006 symposium on reusing municipal treated wastewater for irrigation, and had a lecturer from this event conduct a seminar on wells, underground water and the reuse of treated grey water. The seminar was attended by 14 specialists from government agencies working on water and sanitation.

Follow-up

Field visits were made to SFD wastewater management project in Al-Saddah (Ibb) and Tarim (Ibb) solid waste management project, which is still under preparation.



Cleaning a rainwater-harvesting cistern by beneficiaries prior to the rain season: An environmental awareness campaign in Dhafer Al-Feel (Shaharah,



Health and Social Protection

The Health and Social Protection Unit conducts SFD activities related to health and groups with special needs. In 2006, the unit approved 93 projects worth an estimated \$7.1 million (table 5).

Table 5. Indicators for the SFD's Health and Social Protection Unit by sector, 2006 and cumulative

<i>Indicator</i>	<i>Health</i>		<i>Groups with special needs</i>	
	<i>2006</i>	<i>Cumulative</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	42	463	51	332
Commitments (millions of U.S. dollars)	4.9	37.4	2.1	20.4
Disbursements (millions of U.S. dollars)	5.05	26.8	2.88	15.0
Direct beneficiaries (millions)	0.3	2.6	0.02	0.2
Female share of direct beneficiaries (%)	67	57	39	39
Temporary employment created (millions of days)	0.2	1.1	0.05	0.6

Health

The SFD's health projects in 2006 continued to target deprived rural areas and disadvantaged groups. During the year, the SFD approved 42 health projects—2 of which were completed and 34 of which are being implemented—worth an estimated \$4.9 million. The projects are expected to benefit 315,745 people, 67% of them female. The projects provided support for health care facilities; for health institutes, to improve health education; for psychiatric care; and for training of health providers.

Projects focused on enhancing the quality of and expanding access to primary health care services—including at hospitals, health centers, health units, reproductive health and family planning facilities, and mother and child care centers—and enhancing the role of communities in these services, drawing on lessons from the past. In addition, efforts were made to strengthen health education and its outputs, and to improve and ease access to health service providers (particularly female ones). These goals were pursued by upgrading infrastructure, training and qualifying health workers, and searching for best practices and support systems to ensure the sustainability of services and increase trust from groups being targeted for services.

Improving access to primary health care

This component was designed to improve and expand health facilities in underserved areas with the aim of increasing access to primary health care. During 2006, 12 projects were developed to build, renovate and equip health units and centers, where sufficient staff is provided and operating budgets secured

Training health service providers

Training efforts sought to increase the number of mid-level health workers in all specializations—especially primary care, mother and childcare, and birth delivery (including emergency birthing). Courses focused on increasing the number of women trained in health services through implementing projects to train community midwives in all governorates. Such midwives strengthen the health status of both mothers and children.

During the year, the SFD trained and qualified 150 male and female mid-level health workers in Al-Jawf and Shabwah governorates to meet the needs of these deprived rural areas by providing health staff from the same areas. In addition, training was provided to 160 community midwives and 45 traditional birth attendees from various governorates throughout the country.

Strengthening health education and its outputs

This component aimed to enhance health institutes by developing curriculums, upgrading lab skills, enhancing the role of libraries, training and qualifying medical teachers, and developing and improving health facility structures. Seven projects were developed to expand the capacity of health institutes by enhancing the education process. Efforts targeted all components of the process, starting with infrastructure (buildings, equipment, furniture) and continuing with expansion and improvement of the overall learning environment, development of theoretical and practical teaching curriculums, and qualification of medical teachers by offering specialized diplomas in modern teaching methods and bachelor's of science degrees for health institute teachers in all governorates.

In addition, projects sought to develop and improve medical students by introducing modern education technologies (such as computers and audio-visual aids) and providing modern, scientific books and references. To achieve these goals, libraries in health institutes must be either improved or established.

Promoting reproductive health and neonatal care

During the year, eight projects targeting reproductive health and family planning centers were developed. These included projects providing first-time neonatal care services, including construction of seven basic and comprehensive emergency obstetric centers at the district and governorate levels. These centers aim to improve mother and child health and reduce maternal and infant mortality (box 5).

Box 5. Girls in Sa'adah help improve reproductive health care

The SFD helps provide training to mid-level health workers—with a focus on female staff—to help communities suffering from absences or shortages of them. This goal is pursued by training female school graduates from within the communities themselves, thus enhancing primary and preventive health care, upgrading reproductive health services, improving the health status of pregnant women, mothers, infants and children, and ensuring the provision of ongoing health care.

As Ali Muhammad Abbas (Vice Rector of the Sa'adah Health Institute and Head of its Pharmacy Department) recently noted, Al-Safra' district (Sa'adah governorate) suffers from low indicators of reproductive health services. "There used to be only one community midwife, from the nearby Saqeen district, working in the Al-Safra' Health Center," he said. "To improve matters, the SFD decided to provide training for 20 community midwives and 20 female health workers for prenatal, postnatal and neonatal care." The project started by training 16 girls from Al-Safra' and Al-Hiswah, followed by 19 others from Al-Sahar district.

Ibtisam Nagem Al-Deen (Head of Midwifery at the Sa'adah Health Institute, and specialized in teaching methods) explained that the two-year training course in midwifery is concluded by practicing at the local hospital or health center, with each trainee participating in at least 20 deliveries. "After that, the SFD conducts follow-up to measure the trainees' benefits from the classroom (theoretical) study and the lab and hospital (practical) application."

Naseem Al-Qahtani and Yasmeeen Mansour (first-year students) said that their courses focus on nursing basics, anatomy, the role of community midwives, first aid, nutrition, medications and contagious diseases. In addition, "we receive practical training at the lab." Fatima Muhammad and Gawaher Ali (second-year students) explained that training in the second year shifts to topics such as postpartum care, health management, birth delivery, and neonatal and postnatal care. "Practice is provided at the hospital," they added.

Groups with special needs

SFD projects to support groups with special needs help the disabled, children at risk (orphans, children in conflict with the law, street children, children of imprisoned women, child laborers), women at risk (incarcerated and former prisoners) and socially marginalized groups (institutionalized elderly people and slum dwellers—including the *Al-Akhdam*, a minority group traditionally engaged in garbage collection that lives in slums and shanty housing). Efforts focus on integrating these groups with mainstream society through inclusive and special education programs, as well as institutional support for government and non-governmental institutions that care for such groups. In addition, the SFD supports the development of national policies and strategies related to these groups, working with local and international partners. Particular attention is paid to improving social care centers and prison services.

In 2006, the SFD approved 51 projects for groups with special needs; 8 have been completed and 42 are being implemented. The projects are expected to reach some 18,000 beneficiaries (about 39% female) at an estimated cost of nearly \$2.1 million.

Integration and inclusive education program

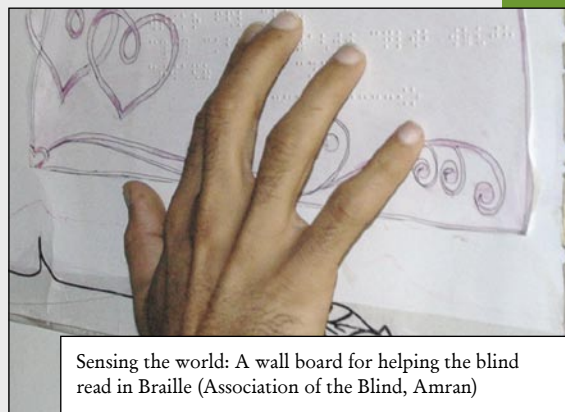
This program aims at integrating targeted groups of children with special needs in the public education system. To do so, the SFD supports the Ministry of Education's inclusive education policy, which aims to eliminate the obstacles facing such children, enroll them in neighborhood schools and encourage their classroom participation. The SFD's role is to

- Expand the program's outreach.
- Develop the institutional and technical abilities of program workers.
- Renovate and rehabilitate inclusive education schools, including with equipment and furniture for classrooms and offices.
- Establish education source units (rooms used to teach the deaf, children with learning disabilities and child laborers).
- Provide specialists to support these schools.

To further these goals, the SFD has supported establishing and improving inclusive education departments in several Yemeni universities.

To support NGOs that help children with special needs obtain education services—such as rehabilitation and preschool—the SFD first sponsors pre-integration programs in these organizations, then actual integration in public schools. Efforts include educating the organizations' workers and the schools about integration and disabilities, providing technical training in areas such as speech therapy, movement skills and hearing impaired education, and furnishing the organizations and schools and providing them with special equipment.

During 2006, 12 projects were implemented under this program—targeting 1,550 students in 21 public schools, training 188 teachers in these schools and providing support to 10 social care associations and centers. In addition, 17 schools were renovated to receive disabled students, and 13 education source units were established and provided with equipment and furniture.



Sensing the world: A wall board for helping the blind read in Braille (Association of the Blind, Amran)

Building the capacity of organizations working with groups with special needs

Many government and nongovernmental organizations are effective partners with the SFD in its work for groups with special needs. But their capacities are limited. So, the SFD helps build their institutional and technical capacity by providing administrative training and assisting in the development of strategic plans and transparent accounting systems. During 2006, 20 projects were developed to build the capacity of 611 workers in 82 such agencies, in addition to 4 projects to establish sport and rehabilitation activities in associations caring for the disabled.

Supporting early interventions

The SFD helps government and nongovernmental organizations implement early interventions because of the programs' potential for mitigating disabilities. In addition, it works on educational early intervention programs such as kindergartens.

Two such projects were developed in 2006, with the first helping an NGO in Ibb establish an early intervention program targeting 50 children and training 13 of its staff in early identification and treatment of disabilities. The other project aims to create an early childhood department or section at Sana'a University.

Preparing national trainers

The SFD aims to provide services to special needs children in all governorates using staff well trained in various technical areas, including physical therapy, movement skills for the blind, speech therapy, early childhood development, teaching of children suffering from weak sight, and early identification and interventions for the disabled. One such project was developed, to prepare 26 instructors, working in schools and centers for the disabled, in speech therapy.



Children in Dar Al-Rahmah, the Capital City

Improving services for orphans, street children and juvenile delinquents

The SFD provides orphans, street children and juvenile delinquents with a safe environment and health, social and education services (box 6). This is done by building centers for street children and training their workers, and by equipping and furnishing centers for orphans and juvenile delinquents, constructing additional buildings, training their workers, adjusting their administrative frameworks, helping prepare their regulations and strategies, and building centers in governorates lacking them.

Four such projects were approved in 2006, targeting 108 children with special needs. The projects focused on improving the services provided by several houses and centers for orphans and juvenile delinquents, and on supporting the Ministry of Justice and Primary Juvenile Court in managing the cases of juvenile delinquents.

Supporting socially marginalized groups and improving prison services

The SFD serves socially marginalized groups as part of its overall integration efforts, with focus given to integration in education. Four such projects were developed in 2006 in Taiz governorate, with two aiming to integrate 645 students (male and female) from the Al-Akhdam group in two schools by building new classrooms. Another project aims to build and equip a leprosy ward (with facilities) in the Dermatological and Venereal Disease Hospital in Taiz City. Finally, the fourth project was developed to improve the water supply in an area of Taiz where the Al-Akhdam dwell, by providing a water tank.

In addition, four projects were developed to improve services and care for incarcerated women and their children, as well as prisoners with psychiatric problems. The projects targeted 2,561 male prisoners, 100 female prisoners and 100 children of imprisoned women. Interventions involved establishing a sanatorium in Al-Hudaidah prison, equipping and furnishing a psychiatric infirmary in Aden prison, rehabilitating the water network in Sana'a prison and constructing a new division for women in Lahej prison.

Adopting new approaches

The SFD has adopted new approaches in its work with groups with special needs. In 2006, it met with all of its government and nongovernmental partner organizations to explain these new approaches. In addition, several training courses were held to introduce these partners to the new approaches and help them prepare plans and programs in line with them. Beginning in 2007, the SFD interventions for groups with special needs will focus on programs, not projects. These programs include inclusive education, early childhood development, early interventions, child protection, autism, community-based rehabilitation, extension of services to rural areas, teaching children with poor sight and programs for alternative and later care.

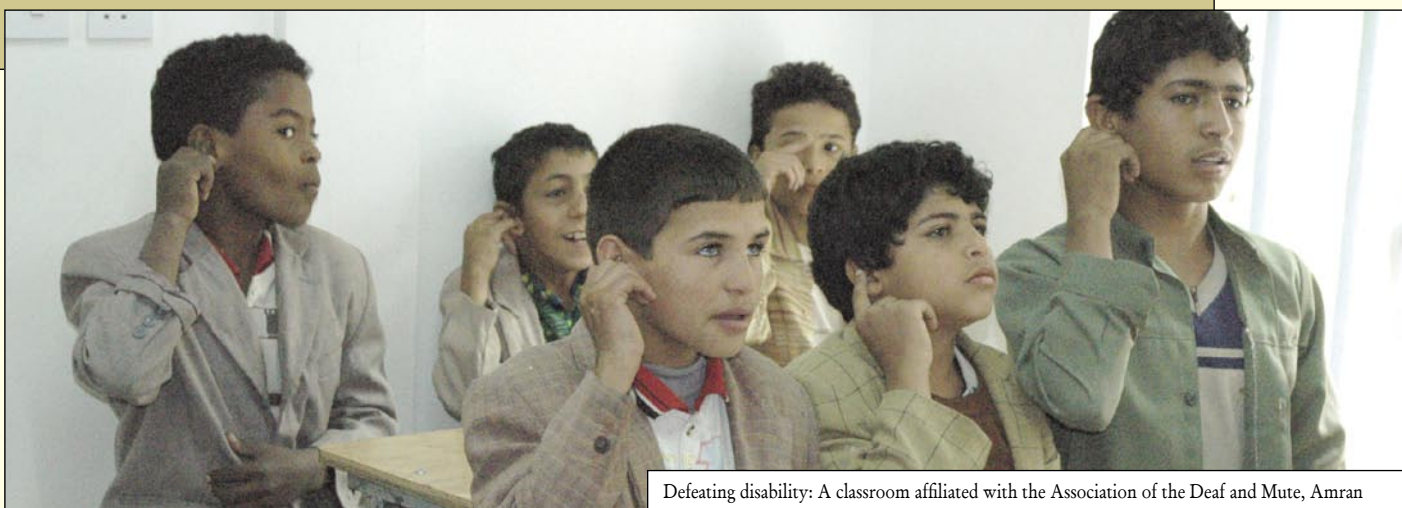
Box 6. Helping children with special needs

“Since 2001, the SFD has been helping us expand houses for orphans,” said Ruqaiyyah Abdullah Ahmad Al-Hijri (Head and Executive Manager of the Al-Rahmah Association for Human Development) and Fayezah Abdo Mukred Al-Aghbari (Vice Head). “The SFD helps provide a safe place and care for both male and female orphans, and gives them access to education and entertainment activities—thus protecting them from deviation and oppression, and preparing for their integration in mainstream society,” added the two women.

The Al-Rahmah Female Center (Al-Rahmah means mercy, clemency, and compassion) was established in 2000. At the time, it was restricted to girls. But in late 2003 and early 2004, male orphans were added in a separate building, and the orphanage was renamed the Al-Rahmah Association for Human Development. During 2001–03, the SFD provided assistance and funding to cope with the growth in resident and nonresident orphans as well as in activities. The project involved furnishing and equipping the building.

In 2005, the SFD began building the capacity of the association’s staff by providing training abroad and a 16-passenger bus to transport orphans attending school. During 2006, the SFD continued training staff, focusing on project design and reporting, computer, English, archiving and equipment maintenance skills. With training already having been provided to 83 female and 54 male staff members, training will now to be extended to the orphan girls, and will include home economics.

During a visit from the SFD, Hani (a 7-year-old orphan boy) and Ibtisam, Dhikrayat and Nagwa (11-, 10- and 9-year-old girls) shook hands with the visitors and murmured a few words. The children’s gratitude was evident both from their words and the smiles on their innocent faces. As the SFD visitors were preparing to leave, Ruqaiyyah and Fayezah also expressed their gratitude to the SFD.



Defeating disability: A classroom affiliated with the Association of the Deaf and Mute, Amran



Agriculture and Rural Development

Activities supported by the SFD's Agriculture and Rural Development Unit include agriculture, integrated interventions, rural roads and community contracting. In 2006, the unit approved 128 projects worth \$7.9 million for the first three sectors (table 6), and delivered 18 courses on community contracting.

Table 6. Indicators for the SFD's Agriculture and Rural Development Unit by sector, 2006 and cumulative

<i>Indicator</i>	<i>Agriculture</i>		<i>Integrated interventions</i>		<i>Rural roads</i>	
	<i>2006</i>	<i>Cumulative</i>	<i>2006</i>	<i>Cumulative</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	3	8	39	78	86	270
Commitments (millions of U.S. dollars)	0.21	0.4	0.88	6.2	6.85	37.2
Disbursements (millions of U.S. dollars)	0.2	0.2	0.6	3.1	2.1	22.1
Direct beneficiaries (millions)	0.005	0.005	0.06	0.1	1.0	2.3
Female share of direct beneficiaries (%)	60	57	52	52	49	50
Temporary employment created (millions of days)	0.004	0.004	0.2	0.3	1.2	2.5

Agriculture

The SFD began supporting agriculture projects in 2006. Among other agricultural projects, the SFD is helping implement the five-year Rain-fed Agriculture and Livestock Project. This project aims to help develop remote communities—enabling them to raise their living standards by building capacity and supporting productive projects.

The project's development goal is to alleviate poverty in rural areas and improve management of natural resources by increasing traditional agricultural production, preserving natural resources, strengthening agricultural practices and organizing small farmers into groups to develop economic and productive activities. The project targets small rural farmers and producers (male and female) in rain-fed regions—including areas that rely on floods or springs for irrigation. Nearly 5.7 million beneficiaries have been targeted in the five pilot governorates, with the area of cultivated land approaching 88,000 hectares and livestock (cows and goats) exceeding 4.5 million.

Rural production development

The Rain-fed Agriculture and Livestock Project has three main components: seed improvement and management, livestock husbandry development and veterinary services, and rural production development. The first two components are being implemented by the Ministry of Agriculture and Irrigation, while the SFD is implementing the third in 23 districts in five governorates: 5 districts each in Al-Hudaidah, Hajjah and Sana'a and 4 each in Al-Mahweet and Lahej (table 7).

Table 7. Governorates and districts covered by the Rain-fed Agriculture and Livestock Project

Governorate	Districts
Al-Hudaidah	Al-Hojailah, Al-Luhayyiah, Al-Mansouria, Baraa, Jabal Raas
Al-Mahweet	Al-Khabt, Al-Mahweet, Al-Rujjm, Khamis Bani Sa'ad
Hajjah	Al-Mahareq, Aslam, Bakeel Al-Mur, Mustaba, Khairan
Lahej	Al-Madhariba and Ras Al-A'raa, Al-Maqtira, Al-Qabbaitah, Tour Al-Baha
Sana'a	Arhab, Bani Matar, Bilad Al-Rous, Jihana, Hamdan

The pilot phase of the SFD component started in 2006 in five locations (one in each governorate). The districts were chosen using several criteria, including diversity in geography and terrain as well as in harvesting and agricultural crops; population and crop densities; availability of livestock; climatic and environmental conditions; dependence on rain-fed agriculture of more than 70%; and living conditions and annual incomes of farmers (table 8).

Table 8. Districts chosen for the rural production development survey and for the pilot project

Governorate	Districts chosen for the survey	Districts chosen for the pilot project
Al-Hudaidah	Al-Hojailah, Al-Mansouria	Al-Hojailah
Al-Mahweet	Al-Khabt, Al-Mahweet	Al-Khabt
Hajjah	Bakeel Al-Mur, Mustaba	Bakeel Al-Mur
Lahej	Al-Maqtira, Tour Al-Baha	Al-Maqtira
Sana'a	Arhab, Bilad Al-Rous	Bilad Al-Rous



The rural production development component aims at mobilizing communities and introducing the project's approaches and components as well as testing its methodology in working with communities to draw the lessons needed to inform full project implementation, which will begin in 2007.

Several activities took place, with implementation occurring in seven stages: selecting communities and raising their awareness, organizing and mobilizing them, building capacity, and preparing, reviewing, financing and implementing projects. In addition, assessments were conducted, and these stages were repeated using enhanced, more intense approaches.

Implementation of rural production projects began in September 2006, and generated considerable enthusiasm and competition among farmers—both male and female—in the five governorates (table 9). During this stage, 58 projects were proposed, and 48 received financing (table 10).

Table 9. Male and female participants in the pilot rural production development project

Governorate	Men	Women	Mixed	Total
Al-Hudaidah	5	4	0	9
Al-Mahweet	5	4	0	9
Hajjah	4	3	1	8
Lahej	7	6	2	15
Sana'a	8	4	0	12
Total	29	21	3	53

Table 10. Projects proposed and financed under the pilot rural production development project

Governorate	Number planned	Number financed
Al-Hudaidah	11	9
Al-Mahweet	11	9
Hajjah	8	4
Lahej	15	13
Sana'a	13	11
Total	58	46

Livestock and beekeeping accounted for 75% of the financed projects (in terms of both number and cost). Of the livestock projects, 21 (72%) were in the three coastal governorates (Al-Hudaidah, Hajjah and Lahej). In addition, the number of women's groups exceeded men's in Al-Al-Hudaidah and Lahej. None of the projects in Hajjah involved beekeeping, because locals lack the required expertise. Due to the high rates of illiteracy in the five governorates—especially among women—the SFD's consultant teams faced many difficulties in educating and training both men's and women's groups (particularly the latter).

Field visits found that all production groups understood the project's approach to their formation and financial support, earning the SFD considerable trust and credibility among the targeted groups. Moreover, project implementation proceeded well—particularly among women's groups, with about 60% having completed their projects and made financial profits.

Other activities

Other agricultural projects implemented by the SFD in 2006 included six training projects benefiting more than 288 (male and female) farmers, researchers and extension workers, and technicians working on planting, livestock and poultry. Training focused on livestock and veterinary care, cultivation of and caring for coffee plants, integrated management of agricultural plagues and poultry farms, and sustainable agriculture. In addition, technical support was provided to the Cooperative Federation of Agricultural Associations and its branches in eight governorates.

Integrated Interventions Program

This Integrated Interventions Program involves multiple sectors, and is aimed at improving social and economic conditions in targeted areas and building community capacity to implement development initiatives. The first phase of the program (2001–05) was piloted in four areas in different parts of Yemen. The program was evaluated in 2005 and, based on the findings of the evaluation, a second phase was introduced in 2006 to cover eight areas targeting more than 56,000 beneficiaries (table 11).

Preparations for the second phase began in late 2005. These activities included selecting intervention areas, completing studies for a database on targeted areas and a study of priority needs, and forming local development committees and community structures, with participation by local authorities at the district level. During 2006, development of projects meeting the higher priorities of communities started, including economic activities and capacity building. The estimated costs of these 39 projects totaled about \$4 million.



Distribution of land ownership documents for the socially marginalized inhabitants of the Al-Amal (former Al-Hameshiyyah) village in Haradh

Table 11. Targeted areas and distribution of projects under the second phase of the Integrated Interventions Program

Governorate	District	Sub-district	Number of villages	Population	Type of project								Total
					Water	Basic education	Literacy	Roads	Health training	Workshops for local authorities	Capacity building for community committees		
Al-Hudaidah	Al-Luhayyiah	Al-Bouj'iyah	5	8,231	3	0	1	0	2	1	3	4	
Amran	Khamer	Al-Gashem	3	9,628	3	0	1	0				4	
Dhamar	Wesab Al-Safel	Bani Muanis	4	6,058	4	0	1	1				6	
Hajah	Haradh	Al-Otainah	9	7,849	2	0	0	0				3	
Ibb	Al-Kafer	Bani Mubariz	4	6,227	4	0	1	0				5	
Lahej	Tor Al-Baha	Tor Al-Baha	7	5,227		1	1	0				3	
Raymah	Al-Jabin	Al-Khedm	11	6,808	3	0	1	0				4	
Taiz	Mawiah	Asawedah	7	6,251	4	0	1	0				5	
Total			50	56,279	23	1	7	1	2	1	3	39	

Economic activities and capacity building

The program started by addressing the limited human and technical resources and poor performance of relevant staff in communities—among the main challenges facing the targeted areas. The program also assessed local human and natural resources before developing interventions to strengthen basic infrastructure, improve economic and social conditions, and promote community participation in the development process. Based on these assessments, the program decided to focus on health, water and education projects (box 7).

Health. During 2006, a training course on reproductive and primary health care was conducted for 16 workers from local Ministry of Health and Population offices in the eight areas targeted by the program. The course was designed to introduce the SFD and its Integrated Interventions Program, train participants in evaluating the performance of health workers in these areas and highlight the importance of evaluation and follow-up in improving health services.

The program also trained 24 girls as health workers. In addition, a manual was prepared for promoters of health and environmental awareness. The manual included guidelines and mechanisms for conducting awareness campaigns based on the program's approach—which focuses on involving local authorities, community volunteers and health workers in targeted areas.

Another training course was held for the Al-Bouj'iyah Association in Al-Awla village (Al-Hudaidah governorate) and its branch committees. This training, focused on preparation and management of small projects, aimed to help participants acquire the administrative, accounting and legal skills needed to conduct their duties in the association and enhance their roles in communities. Based on the course's outcomes, the association adopted two programs and action plans to implement weaving and income-generating projects supporting female literacy teachers.

Water. Water services continue to be the top priority of targeted communities. In response, in 2006 the SFD developed 23 water projects, each involving several interventions.



Box 7. Helping flee marginality

With a population of nearly 8,500 in more than 1,240 households, the Al-Otainah sub-district of Hajjah's Haradh district consists of Al-Hajawerah and Al-Sadad (comprising Al-Qafiyah, Bani-Kaladah, Bani-Ouaid, Ghazza and Gubran) and Sa'afan (comprising Al-Mawasemah, Al-Muhaggabiyyah, Sa'afan and the former Al-Hameshiyyah, now Al-Amal; see below).

The SFD has targeted Al-Otainah with multi-sector interventions under its Integrated Interventions Program. These include the ongoing Al-Khoulood School expansion project, a hygiene and environmental awareness program, and two water projects (in Al-Hajawerah and Sa'afan). The Al-Khoulood School project aims to add 6 classrooms (to be split into 12 sub-classrooms), facilities, an administration room, teacher residences, a fence and four toilets. The area's local council is the sponsoring agency for the project, which is expected to benefit about 350 girls and boys.

Each of the water projects consists of a water network with a tank, pump and project management room, and involved forming and training project committees. Local communities contributed 9% to the cost of the projects, which are sponsored by a local development committee encouraged and formed by the SFD. Some 9,000 people are expected to benefit from the projects.

The SFD met with one of the two female members of the sub-district's community development committee, Wahbah Abbas Ahmad Al-Dhebiyani—who is also the only girl in the sub-district to have completed secondary school. Having been elected by the community in 2004, she is now Al-Otainah's education coordinator. Her enthusiasm and self-confidence were clear. She said, "We do our best to tackle low enrollments, particularly among girls, in the area. This problem persists primarily due to a lack of girls-only classrooms and an absence of female teachers. We also promote girls' education and literacy."

The SFD has also supported the development of a unique project to help socially marginalized populations in the area receive titles to land, with each individual receiving 100 square meters at a cost of just 1,200 Yemeni rials. Members of the Al-Outnah community development community—including Muhammad Ahmad Mwassem, Yahya Ahmad Shami Kudaish, Abdo Ali Saleh Oubadi and Muhammad Shou'ei Ali Mouri—explained how SFD helped convince landowners to transfer this land.

"After this project in particular, and the other ones, we changed the name of our area from 'Al-Hameshiyyah' (Marginality) to 'Al-Amal' (The Hope)," said some of those who had just received ownership documents, including Ali Shou'ei Darweesh, Abdullah Ali Othmani, Gudhaimi Eissa Gudhaimi, Abdo Muhammad Sa'ad Sa'eed, Sha'aban Ali Garboush and O'rdhi Ali Muften.

Education. In 2006, the Integrated Interventions Program developed seven literacy projects targeting 1,600 women. Activities include building the capacity of executive organs of local authorities to participate in training of female literacy teachers and implement follow-up programs for those activities in cooperation with the SFD and district-level illiteracy eradication offices. In addition, the SFD completed the Al-Fajr Al-Gadeed School project in the Asawedah sub-district (Taiz governorate).

The program also developed a project to form and train fathers and mothers councils in 32 schools in the targeted areas. This project—implemented in collaboration with local authorities, represented by local education offices—will help deliver education inputs and enhance education, focusing on girls' education and redressing problems with basic education in these areas.

Building community capacity

One of the goals of the Integrated Interventions Program is to enhance social capital in the targeted areas, to ensure sustainable development. To that end, the program makes efforts to strengthen local development committees and community organizations, to enhance their interactions with local authorities.

In this regard, the program organized 16 training courses for local development committees, addressing situation analysis and management of development activities with community participation. Training involved producing development plans for the targeted areas, based on previous studies conducted in these areas, and bylaws outlining the jurisdiction of community committees and their relationships with community structures. The training reached 105 committee members (35 of them women) and 7 representatives of district authorities.



The SFD encourages communities to be deeply involved in the development of their areas, including through discussions to prioritize integrated interventions projects

In addition, eight training courses and eight coordination workshops were held, targeting members of local development committees, project administrators, engineers and technicians overseeing projects, and local authorities in the targeted districts. Training aimed to enable participants to implement community contracting projects and enhance community participation in every phased of the project cycle (planning, implementation, follow-up and maintenance)—thus, ensuring sustainability of projects and services.

Building the program's capacity

Working with regional experts, a training course on community mobilization was conducted for 30 SFD project officers and consultants preparing to help implement the second phase of the Integrated Interventions

Program. This training led to the production of a training manual on enhancing community self-initiatives. The manual includes guidelines on basic communication skills, advocacy, negotiations, conflict resolution and team building. The training also involved study tours so that participants could share information on similar experiences.

In addition, training was provided to 23 (male and female) consultants in participatory learning and action. The consultants were carefully selected, and will implement several sector and community mobilization activities.

The program's project officers also participated in a training course on community-contracting approach, to build their capacity for implementing water projects using the integrated approach. Practical applications were conducted in a village in the Amran's Al-Madan district.

Finally, experiences from the Integrated Interventions Program were conveyed to the SFD's Amran branch office by assigning the program's projects in the Al-Fousaira, Al-Masigid and Al-Afri villages to the branch. This was part of a larger effort to gradually transfer the program to other branches, to build their capacity in managing similar initiatives and extend the program to other areas.

Rural roads

SFD procedures and criteria for rural road projects have been carefully reviewed to avoid duplication of efforts with other actors involved in this sector. This led to careful screening and approval of planned projects in 2006. During the year, 86 projects worth an estimated \$16.4 million were approved, including 47 rural road, 35 street pavement and 4 training projects.

About 316 kilometers of rural roads were constructed or rehabilitated, and 307,686 square meters of urban roads were paved—benefiting nearly 957,000 people. In addition, four training courses were conducted in 2006, aiming to enhance the capacity of rural road project officers, consultants and technicians in branch offices, particularly in project oversight and community contracting (box 8).

Box 8. Wadi Al-Leem Rural Road: retaining acquired know-how

“Until 2005, there were no roads in the Wadi Al-Leem valley (Al-Suhoul Bani Sa’ad sub-district, Raimah governorate),” said Taher Muhammad Ali Zaid Al-Sa’eedi, a member of the Al-Ga’afriyyah district’s local council and head and project coordinator of the community committee. “Accordingly, all works to construct a rural access road had to start from scratch. So, the SFD extended a helping hand to link the area to nearby markets (particularly the closest one, Al-loughah Market), cities and basic services by constructing the 10-kilometer road. Works included protection, general construction, and building of rainwater and flood conduits,” he added.

The project’s accountant, Abdul-Rahman Yousuf Ali Abbas (a teacher), explained that the project, implemented using the SFD’s community contracting mechanism, benefits about 6,000 people directly and indirectly. In addition to Al-Suhoul, the road benefits several nearby villages, including Haddah, Gahfalah, Al-Migban, Kharisan, Al-Mabrak and Al-Guboub Al-A’ali. The project was completed in early 2006.



The rural access road is highly regarded by the local population, with many of the people met by SFD monitors expressing positive opinions. Muhammad Ali Zaid and Ghaleb Mahdi Muhammad said that they can now transfer their agricultural products (such as coffee beans and mangos) and cattle to nearby markets and benefit from services provided in the adjacent sub-district of Bait Al-Faqeeh. In addition, the costs of transferring food products and other materials have dropped by 30–40%, and the time required by 70–75%.

During the SFD’s visit to the finished road, members of the Maintenance Committee were adding additional retaining walls and maintaining the road after recent rainfalls. These included Omar Sa’ad Abdo, Da’oud Ali Abdo and Sa’ad Muhammad Yousuf, who explained two crucial features of the rural access road. The first is the enthusiasm of the local population and their readiness and willingness to contribute to the road and complete works on time. The second is their active participation in maintaining the project. They added that, “the maintenance committee encouraged, formed and trained by the SFD has continued maintenance works, including erecting more retaining walls—thus, retaining the know-how that committee members acquired during implementation of the project.”

Community contracting

During 2006, community contracting training continued to involve members (male and female) of community committees as well as SFD consultants and staff—in line with the SFD’s aim of expanding this method in implementing projects. Nine training courses trained 132 (male and female) community committee members, 13 consultants and 3 project officers. In addition, eight training courses were held for 166 consultants. Another course was held for 26 project officers.

Community contracting efforts had satisfactory social impacts, lowering project implementation by 25–50% relative to contractors. As a result, implementation of projects using community contracting was extended to include rural road and water projects.



Training and Organizational Support

The Training and Organizational Support Unit has supported the SFD's evolution during its third phase (2004–08), as such projects are integral to the cohesive progress of any development agency. During 2006, the unit developed 98 projects worth an estimated \$2.4 million (table 12).

Table 12. Indicators for the SFD's Training and Organizational Unit by sector, 2006 and cumulative

<i>Description</i>	<i>Training</i>		<i>Organizational support</i>	
	<i>2006</i>	<i>Cumulative</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	66	380	32	336
Commitments (millions of U.S. dollars)	0.72	6.1	1.72	11.1
Disbursements (millions of U.S. dollars)	0.6	4.4	0.4	9.0
Direct beneficiaries (millions)	0.003	0.03	0.006	0.5
Female share of direct beneficiaries (%)	25	34	44	49
Temporary employment created (millions of days)	0.01	0.09	0.06	0.3

During 2006, the unit's projects focused on training and building the human and institutional capacity of consultants and project officers working in and with the SFD's eight branch offices. In addition, efforts were made to foster participation and mobilize and raise awareness among beneficiary communities and committees—as well as small contractors, technicians, local authorities, individuals, NGOs, and official, semi-official and private organizations.

Moreover, institutional support was provided for several government and community organizations. Support included training, designing and constructing computer networks, and providing needed equipment, with the goal of institutional development, providing information services and upgrading data in the organizations involved.

Training

The SFD's training efforts target its beneficiaries, to help build their capacity. During 2006, 66 training projects were developed for NGOs, communities, private and government organizations.

Nongovernmental organizations

Many types of training were provided for NGOs, reflecting the activities of individual or groups of these organizations in one or several governorates. Training activities covered fund raising, administrative development, identification of goals, preparation of plans and reports, project proposals, product marketing, monitoring and evaluation, control and inspection, bookkeeping and accounting systems, fishery accounting systems, methods to control overfishing and preserve fish stocks, partnerships between development associations and local authorities, and information exchanges in various development fields. In addition,

training was provided to enhance skills in areas such as computers, handicrafts, hair styling, and sewing and embroidery.

About 50 NGOs were targeted, including individual organizations in the governorates of Al-Hudaidah, Amran, Hajjah, Sa'adah and Taiz, steering committees of NGOs benefiting from collective training—including charitable, fishing, rural, local and development organizations—and productive families' centers and friends of environmental clubs. These activities covered the governorates of Aden, Al-Baidha, Al-Dahle', Al-Maharah, Al-Mahweet, Hadhramaut, Lahaj, Shabwahh and Taiz.

Government organizations

Two courses were held for district facilitation teams as part of the SFD's decentralization support program. The courses sought to train trainers—enabling them to implement practical field training in preparing plans and budgets as well as in following up on and implementing program activities—in line with training manuals developed by the program.

Communities

Training projects for communities aimed to expand beneficiary committees, support empowerment and organize collective work among community members and community committees (by using locally available resources and services to solve the challenges facing communities). Focus was given to supporting sustainable development, transforming community committees into development organizations capable of serving local needs, and lowering the costs of

community participation by training rural university graduates to implement community participation activities based on volunteer work (box 9).

Interventions included forming and training 210 committees for water, education, rural roads and health projects in SFD branch offices in Dhamar, Amran and Ibb—involving 70 committees in each governorate. In addition, eight beneficiary committees were trained in maintenance and operation of feeder road projects in Raimah governorate, and in Aden 42 community committees were formed and trained in general project management, organization, maintenance and operation. Moreover, training was provided to 20 farmers on Socotra Island (Hadhramaut) in palm tree farming, and five “base associations” were established in rural and semirural areas meeting criteria for population, location, education and proximity to communication services.



Field training of local community members in Al-Naderah, Ibb

Private individuals

SFD training projects target various groups of individuals working in the private sector, including consultants, engineers, onsite technicians, rural university graduates, private training centers, small contractors and beekeepers and other groups working in income-generating activities. Courses help reinforce the capacities and skills of these individuals, enabling them to perform their tasks more efficiently. In addition, some—especially consultants and small contractors—receive training on SFD policies, regulations, financial criteria and contracting procedures. In 2006, major training interventions for private individuals included:

- *Training trainers involved in forming and training community committees, as well as some SFD project officers, in participatory learning and action.* This training program is part of a series of community participation approaches—also including participatory learning appraisal (PLA) and participatory rapid appraisal (PRA)—that evolved from development approaches focused on empowering communities through participation and on ensuring reciprocal learning to enable communities to build their capacities and resources.
- *Qualifying consultants (from among rural university graduates) to work with the SFD branches in Dhamar and Sana'a.* Training covered development issues and concepts, analysis of social problems, participatory learning and action, and field training in forming community committees.
- *Qualifying project officers and consultants.* This training included strategic planning, accounting and needs



The university-student volunteers during practical training following field visits

identification and aimed at making project officers and consultants more efficient, to prepare them to train community organizations and agencies to improve their services and sustainability. Efforts also included follow-up on previous training of trainers who had participated in courses on participatory learning and action and on identifying and analyzing training needs and implementing institution-building studies.

- *Training consultant engineers, onsite technicians and small contractors.* Training was provided to consultant engineers in quality and control concepts and in ways of dealing with common errors during the design, implementation and supervision of projects. In addition, training acquainted onsite technicians working with the SFD's Sana'a branch on methods for technical supervision of civil works projects. The training familiarized the technicians with the nature of tasks assigned to them by consultant engineers hired by the SFD to implement such projects. Training was also provided to small contractors working with the Ibb and Sana'a branches, to acquaint them with SFD mechanisms as well as technical and contracting methods based on best practices. These include issues related to tenders and quotations, implementation of civil works projects, community participation, quality control and common errors in project implementation.
- *Continuing training of beekeepers.* Training was provided to beekeepers in Al-Saddah and Al-Nadirah districts (Ibb governorate) as part of a series of courses in various governorates (box 10). These courses have shown that there is considerable need for practical training of beginner beekeepers, using simplified methods and locally available tools. Beekeepers were also trained in the districts of Al-Qanawes and Al-Zaidiyah (Al-Hudaidah).

Box 9. Partnerships between community development organizations and local authorities

A program to strengthen partnerships between community development organizations and local authorities represented the final phase of SFD interventions targeting the activation and sustainability of 52 such organizations in five districts (Al-Sawadiah, Khamis Bani Sa'ad, Ghail Bin Yamin, Mocha, Dar Sa'ad) in five governorates (Al-Baidha'a, Al-Mahweet, Hadhramaut, Taiz, Aden). These community organizations had been established during 1999–2003 by the Community-Based Regional Development Program under the supervision of the Ministry of Planning and International Cooperation, and with financing from the United Nations Development Programme. The following discussion covers steps taken after the Council of Ministers transferred the program to the SFD in 2004.

SFD interventions during the interim phase

The SFD covered the Community-Based Regional Development Program's operating costs during the interim phase (about a year) and supported an evaluation of the program by a local team and an international expert. After that, workshops were held—involving representatives of the 52 community development organizations, as well as heads of regional units and coordinators—to prepare guidelines for the organizations' work, support them in accordance with the SFD's work mechanism and enhance their activities.

Strengthening partnerships

This was the final phase of SFD interventions in the program. It aimed to learn more about the activities performed by community development organizations, support them and raise their awareness—both to help continue such activities and link these organizations with local authorities by establishing a two-way relationship, with the organizations providing assistance and the authorities taking a control and supervisory role.

A number of onsite training courses and workshops were held, targeting the community development organizations and local authorities in the five governorates. Training goals included reactivating these organizations and raising their awareness about essential development concepts. In addition, the training sought to instill concepts of community partnership in local development, in accordance with relevant laws and by-laws—including the NGO Law and Local Authority Law—with participation by local authorities. Training also aimed to enhance partnerships between the organizations and local authorities through workshops involving both. These workshops led to the signing of the Partnership Strengthening Document, which specifies the reciprocal roles between the organizations and local authorities, as well as the nature of future relationships between them.

Impressions of the program

Participants in the training expressed admiration for activating the ninth chapter of the executive statutes of the Local Authority Law, on self-initiatives, which had been unknown to them. They also showed a desire to benefit and to gain know-how and skills that will help activate community development organizations, as well as provide better services to beneficiaries. Participants also appreciated from the training's contribution to developing their areas and building capacities.

Trainers involved in the program said that it strengthened local authorities' supervision of and support for community development organizations, and made it likely that local councils would draw on the skills attained by some community development organizations—supporting sound, sustainable development efforts. The trainers also indicated that the program made community development organizations recognize their responsibilities and the need to enhance the services they provide to their target areas. Finally, the trainers said that the program created a positive atmosphere for collaboration between the community development organizations and local councils, based on mutual trust and a desire to enhance the role of the organizations in development efforts.

Box 10. Training beekeepers: dreams realized

The SFD has helped make the dreams of beekeepers become reality by providing trainers who deliver valuable information and modern skills to beekeepers' homes, farms and forests. This happened during the third phase of the SFD's training project for beekeepers—implemented in the districts of Alwazie'ah (Taiz), Al-She'er (Ibb) and Haraz (Sana'a)—and continued in its fourth phase, which covered most villages in the districts of Al-Saddah and Al-Nadirah (Ibb).

The project inspires admiration, respect and even surprise, as beekeepers living on mountaintops are surprised to see donkeys bringing them training equipment, accompanied by trainers committed to providing information and expertise despite the effort and time involved. In turn, trainers are impressed by the commitment of trainees—who are not satisfied with a single morning session but also attend evening training. Some even stay with the trainers until late at night, to exchange information and discuss their problems in detail.

These activities reflect the SFD's recognition of the importance of practical training for novice beekeepers, using simplified methods and field applications as well as locally available tools. This approach meets the goal of expanding SFD interventions to include small entrepreneurs, particularly in fields that help create new skills and improve local living conditions. The first phase of the beekeeper project started in 2001, targeting Al-Dhale', Al-Hudaidah, Ibb and Taiz. This was followed by the implementation of an analytical field study for measuring the impact resulting from these training courses.

Due to the SFD's belief in promoting learning, it diversifies training teams to include academic trainers, beekeepers, new workers in the field and members of various beekeeping institutions. As a result, their meetings reflect in-depth experience, modern information, and extraordinary enthusiasm and initiative. Indeed, the SFD's support project has not just served beekeepers—it has also enlivened the research spirit in trainers, enabling them to apply their expertise and enriching their research based on actual practice. The SFD had helped tie this wealth of expertise to beekeeping research centers, linking trainers to government and nongovernmental beekeeping institutions to facilitate communication between beekeepers and these institutions.

Organizational Support

The SFD's organizational support aims to build the capacity of its partners involved in community development and provision of productive and literacy services. Projects are designed to strengthen the sustainability of these partners by delivering support in the fields mentioned in the previous section on training—based on the needs of each organization—and providing needed equipment, databases and management systems. During 2006, 32 organizational support projects were developed.

Nongovernmental organizations

Projects for NGOs included basic organizational support as well as institution building and monitoring and evaluation.

Organizational support and institution building for associations. NGOs in Al-Baidha, Al-Hudaidah, Al-Maharah, Al-Mahweet, Amran, Hadhramaut, Ibb, Lahej, Shabwah and Taiz received SFD support, both individually and collectively, in accordance with their needs:

- *Targeting individual associations.* Onsite training was provided for five associations in Al-Maharah, Hadhramaut and Shabwah. Training covered management, planning, accounting systems, control and inspection, and needs assessments for income-generating projects.
- *Targeting several associations.* Female trainers were trained in Shibam (Hadhramaut) on weaving traditional ma'awez, and weaving tools were provided. In addition, onsite and specialized training was conducted and equipment provided for the steering committees and trainers of 10 associations.

Establishment of public libraries. In 2006, four public libraries—as well as children and youth libraries—were established in Al-Baidha, Al-Mahweet, Ibb and Taiz. These libraries, managed by associations and sports clubs, are among a series that the SFD has established and supported in a number of governorates. Focus is given to rural and semi-urban areas.

Project monitoring and evaluation. Monitoring and evaluation efforts aimed to measure the benefits of previous SFD-provided training in a number of associations and organizations in several governorates. Some of these activities were conducted by trainers who had implemented the original training.

Government organizations

SFD organizational support for government organizations included a second phase of assistance for the Yemeni Center for Social Studies and Labor Research. This phase involved training in operating and maintaining the center’s database as well as providing needed equipment and designing a Website. Support for other government organizations included institution building for the Department of Institutional Development and Training (part of the Ministry of Local Administration), as well as provision of required equipment. In addition, the SFD is helping to establish and equip a public library in one of the Capital City’s social clubs—with the goal of developing women’s cultural and sports interests and helping them make optimal use of their leisure time by engaging in recreational activities.

Local councils

During 2006, the SFD implemented three projects targeting local councils. Two were part of a second

phase of support for the decentralization and local development support program being implemented by the SFD, government, United Nations Development Programme and other donors. The two projects accompanied others being supported by the SFD in Al-Hudaidah, Amran and Taiz governorates. The new interventions aim to continue building the capacity of local authorities and executive organs in various development fields, as well as activities involving decentralized planning and financing of local development—supporting the overall decentralization process and encouraging community supervision of local authority performance.

The third project supported the budgets of the Al-Ma’afar and Haifan districts (Taiz governorate). This project also continued the SFD-supported decentralization and local development program. (The SFD had provided support for both districts through its partnership with the Ministry of Local Administration and United Nations Development Programme, achieving tangible results.) The new intervention will enable the executive and administrative organs of the two districts to build their capacities and implement development activities.

In addition, the SFD supported a comprehensive institution building study related to the directorates (*Diwan*) of Amran’s main government offices. The study aims to activate the role of the Diwan in light of the Local Authority Law and its by-laws by establishing an analytical base to pursue this goal, identifying training and other needs, and supporting the Ministry of Local Administration and the national decentralization strategy by providing information on the status of the main offices.



Training beekeepers to help them raise honey production in Al-Naderah (Ibb)

Cultural Heritage

During 2006, the SFD developed 25 cultural heritage projects worth an estimated \$3.1 million (table 13). Seven of these projects were completed (with investments reaching \$1.4 million).

Table 13. Indicators for the SFD's Cultural Heritage Unit, 2006 and cumulative

<i>Indicator</i>	<i>2006</i>	<i>Cumulative</i>
Number of projects	25	155
Commitments (millions of U.S. dollars)	3.1	23.0
Disbursements (millions of U.S. dollars)	3.6	12.3
Direct beneficiaries (millions) ^a	0.2	0.6
Female share of direct beneficiaries (%) ^a	48	47
Temporary employment created (millions of days)	0.2	1.2

a. These indicators do not apply to most cultural heritage projects.

The SFD continued to employ all available capacity including that of the concerned foreign agencies (scientific centers stationed in Yemen) for maximizing the size and effectiveness of its operations. In line with such policy, the SFD assigned implementation of three archeological projects in Sana'a to the German Archeological Institute, and endorsed further activities to be conducted jointly with the French Center for Archeology and Social Sciences. In addition, the SFD received grants to support its cultural heritage activities from the United Nations Educational, Scientific and Cultural Organization and the U.S. Embassy. These grants were provided as initiatives by the donors themselves—reflecting donor confidence in the SFD's overall performance, particularly in cultural heritage. The SFD coordinates its cultural heritage activities with central and local agencies.

SFD commitments for cultural heritage projects have grown steadily in recent years as it begun supporting new stages of significant, long-term projects—such as restoration of the Great Mosque in Sana'a (which will take five years), archeological documentation of the Great Mosque in Shibam (Kawkaban) and its surroundings, and restoration of the Al-Ashrafiya Mosque and *madrasa* (religious school) in Taiz.

SFD continued to support restoration of the Mahen Bin Amran Mosque (in Al-Za'ala' sub-district, Ibb governorate) by assigning a specialized Yemeni team to fix the decorative colors on the mosque's wooden roof. Moreover, the first stages of construction of the Mareb Regional Museum were launched by conducting technical and administrative studies, and a project to build a wall around the archeologically rich Serwah City—the ancient capital of the Sheba State—has started. In addition, works have begun to restore the Sheba God Temple ("Al-Maqh") in the Old City of Sirwah.

During 2006, the SFD also continued to support the third phase of a program to restore historical housing in Shibam (Hadhramaut)—a World Heritage site—and rehabilitation of gardens and *Maqashem* (green areas adjacent to mosques) in the Old City of Sana'a (box 3).

Rehabilitation of the three Maqashem in Amran governorate was completed, and implementation of a project to preserve the traditional Sana'ani song continued as well. (The Sana'ani song is of a highly classical style and originally composed by ancient Yemeni singers and lyricists. Arabic rhythms such as Al-Raset, Al-Beiati and Al-Hoseini strongly influenced the Sana'ani song and gave it its organized and traditional characteristics. The Sana'ani song is now included in the International Cultural Heritage, to be preserved.) In addition, a project to restore the Military Museum in Aden was completed.

Other projects under implementation include a comprehensive audio and video survey to document traditional handicrafts in the Old City of Sana'a.

As part of its efforts to expand national technical capacity, the SFD uses the implementation of its projects as training opportunities. Moreover, the SFD devotes some projects or components of project explicitly for training purposes. In line with this, the SFD is implementing a project to train a national team on the use of photogrammetry in documenting architectural monuments. (Photogrammetry produces measurable pictures on a specific scale.)



Bab Al-Qurtob, Zabeed

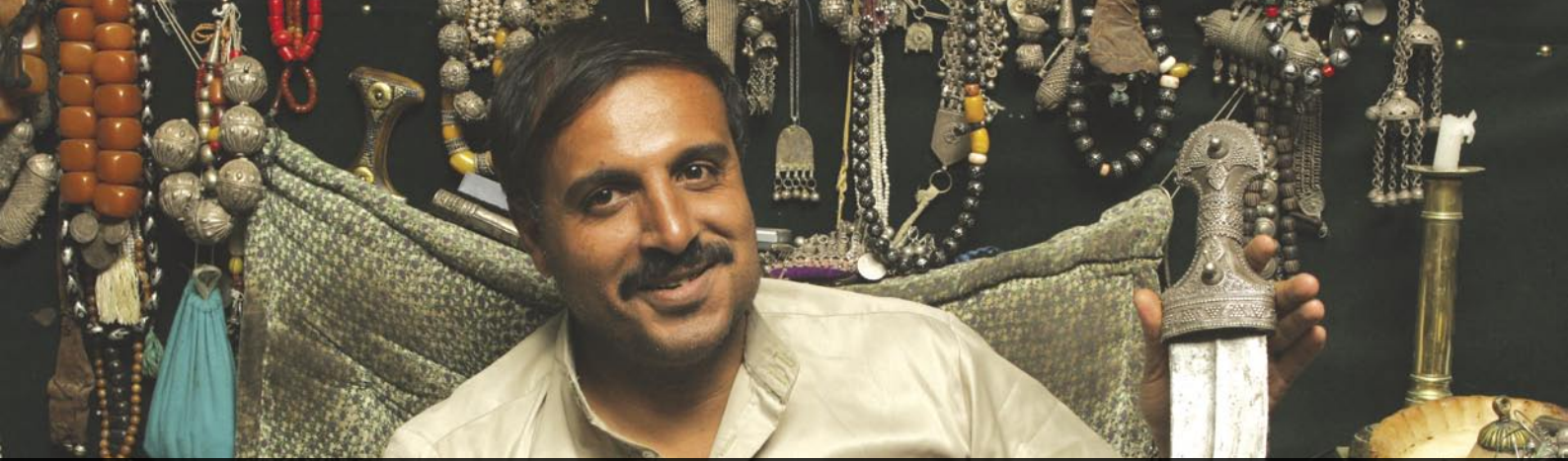
Box 11. Preserving Zabid's cultural and archeological heritage

Zabid is one of Yemen's most important historic cities; it played a significant military, economic, literature, scientific and political role in the history of the country. In 1993 it was inscribed in the World Heritage for its rich and unique architecture and history. Due to the spread and continuation of violations of its authentic architecture, in 2000 it was added to the list of endangered World Heritage sites.

In recognition of Zabid's significance and critical position, the SFD launched a number of conservation and restoration operations for the city's main monuments (such as the citadel, the southern gate and the Al Asha'er mosque) as well as other interventions mainly targeting the city's heritage. However, a lack of local technical and managerial capacity constrained the launch of comprehensive, systematic interventions that would have a substantial impact on the city's economic and conservation status. Thus, SFD negotiated with Germany's aid agency (GTZ) to launch a program aimed at enhancing the city's development and conservation status, drawing on successful joint operations implemented in recent years in Shibam city (Hadhramaut).

Over four years, the SFD will invest more than \$3 million to expand the Shibam Urban Development Program to other cities—mainly Zabid—to promote social and economic development and conserve cultural assets in partnership and close collaboration with local authorities and populations. Building local technical and managerial capacity will be one of the program's objectives.

Other, parallel operations in Zabid will take place in collaboration with other stakeholders. One of the most delicate and important will be street paving, which will have a huge visual impact, protect a previously implemented sewerage system and help with surface drainage. This project will be financed and implemented by the SFD, German Development Bank (KfW), Public Works Project (PWP) and the General Organization for the Preservation of Historical Cities of Yemen (GOPHCY). Intensive coordination is already under way to advance implementation of this project. Approval of the intended works will be sought from GOPHCY and the World Heritage Center before implementation begins.



Small and Micro-enterprise Development

The SFD's 2006 plan for small and micro-enterprise development focused on quality projects that addressed the country's need for microfinance services. The projects were also in harmony with the National Small and Micro-enterprise Strategy and SFD objectives. During the year, the SFD supported 30 new projects to develop Yemen's small and micro-enterprise industry, worth an estimated \$3.5 million. Since its inception, the SFD has supported 46 such projects, worth \$11.3 million.

The SFD continued to provide financial and technical support to all 12 of Yemen's microfinance programs, as well as related activities and income-generating programs. Technical support included workshops and training on financial and administrative issues. The number of active microfinance clients has risen steadily in recent years, from 475 active borrowers and 555 savers in 1997 to 33,400 borrowers and 27,000 savers in December 2006 (table 14). In addition, cumulative loans from these programs have reached about 7 billion riyals.

Table 14. SFD-supported microfinance programs, 2006

Program	Active clients			Outstanding loans (millions of rials)	Portfol io at risk (%)	Cumulative loan data		Areas of operation
	Borrowers		Savers			Number	Amount (millions of rials)	
	Number	Women (%)	Number					
Abyan Savings and Credit	1,626	100	0	44	0	5,147	167	Abyan
Aden Microfinance Foundation	4,259	79	9,217	93	n. a.	17,617	626	Dar Sa'ad, Al-Bureikah, Al-Mu'alla, Al-Tawwahi, Crater, Khormaksar, Sheikh Othman (Aden), Lahj
Al-Awa'el Microfinance	2,810	100	0	43	4.40	19,327	351	Taiz
Al-Hudaidah Microcredit	3,551	85	0	42	0.024	22,710	528	Al-Hudaidah city and Bajil
Bait Al-Faqeh Savings and Credit	366	87	282	3	n. a.	2,014	51	Bait Al-Faqh, Mansouriyah (Al-Hudaidah)
Hais Savings and Credit	897	92	2,589	19	43	6,032	238	Hais, Khoukha, Jabal Ras, Zabid (Al-Hudaidah)
Microfinance Development Program (Nama')	2,532	36	486	63	2.08	12,467	453	Sana'a, Taiz, Aden
National Microfinance Foundation	10,937	97	13,268	203	6	29,753	857	Capital City, Taiz, Qa'edah (Ibb), Yarim (Dhamar)
Sana'a Microfinance	3,160	92	2,906	56	2.5	10,058	326	Capital City
Sana'a Microstart	656	66	0	9	2	8518	154	Capital City
Small Enterprise Development Fund	1,815	13	0	568	2	5,273	3,090	Capital City, Taiz, Aden, Al-Mukalla (Hadhramaut)
Wadi Hadhramaut	1,011	30.8	944	25	1.93	2,858	162	Seyun (Hadhramaut)
Other activities and income-generating programs	0	0	0	0	0	6,895	260	Several areas
Total	33,620	-----	29,692	1,168	-----	148,669	7,263	

Financing small and microfinance programs and institutions

In 2006, the SFD approved a project to provide 49.5 million Yemeni rials (about \$250,000) to the National Microfinance Foundation. The project was based on a study of the foundation's strategic and action plan, which indicated its financial and technical needs for 2007. In addition, the SFD approved a project to fund the new Nama' Microfinance Development Program with 20 million rials, including a 2 million rial grant for technical assistance and capacity building and an 18 million rial loan for on-lending activities. This support was based on the strategic plan and work plan submitted by the program. The SFD also approved a project to provide the Al-Hudaidah Microcredit Program with 41.5 million rials to guarantee the continuous flow of funds to expand on-lending activities, also based on the program's strategic and action plan.

The SFD also continued to provide support to the Small Enterprise Development Fund—considered the only financing agency targeting small enterprises in Yemen and aiming to provide financial services to small entrepreneurs and owners of income-generating activities—contributing to considerable growth in its activities. SFD support began in 2003, and in 2006 it provided the Small Enterprise Development Fund with a loan of 95 million rials (nearly \$480,000). In addition, \$1.5 million has been allocated to cover the fund's needs for 2007.

In addition, the SFD provided a loan of 16 million rials to the Sana'a Microfinance Program, to serve the growing needs of the program's clients in Shumaila, Al-Safia and Noqum (in the Capital City). Finally, the SFD is preparing a new agreement to continue supporting the Abyan Savings and Credit Program, based on its plans to expand services to new areas in the governorate (box 12).



Smile-creating, self-owned micro-projects: A beneficiary of an SFD-supported microfinance program

Box 12. Abyan Savings and Credit Program: “Trading” with happiness!

The Abyan Savings and Credit Program, supported by the SFD, was launched in 2003. Gawaher Ali Hussein, the program’s managing director, reported that the SFD has supported the program since its inception, providing both grants and loans. Grants alone have exceeded 16 million rials (about \$180,000). In addition, the SFD provides technical assistance, furniture and training, and facilitates exchange visits by outside experts. The program, whose sponsoring agency is the Yemen Women Union (Abyan branch), functions in two districts of Abyan governorate (Khanfar and Zingibar) and is expected to extend its activities to Ahwar in 2007 and later to other areas.

With 12 staff members, the program focuses exclusively on women’s borrowing groups, with group sizes ranging from 5–25 (but mostly 8) members and loans from 10,000–200,000 rials (\$51–1,013). The program supports 351 such groups, with 1,769 beneficiaries (borrowers), and its repayment rate is nearly 100% on an outstanding loan portfolio of nearly 44 million rials (\$223,000). (There are also 2,313 female savers in the self-help groups.) Loans increase relative to savings, as do the periods of their repayment. The first individual loan is 5 times the savings of the entire group (with 6–8 months for repayment), while the second is 8 times and the third is 10 times (with 8–10 months for repayment). From the fourth loan onward, the loan amount reaches 12 times savings and the repayment period may extend up to a year.

The program’s goals include achieving long-term sustainability, expanding services to other districts and sub-districts, and competing with other financial providers. Accompanied by Fattoumah Nasser Salem and Salam Hussein Ahmad (loan officers in Khanfar and Zingibar, respectively), the SFD visited three women (and their families) who had benefited from the program’s loans. All the women had repaid their loans promptly.

The first woman visited was Dhiqra Muhsen Ahmad Ali Kudaf, who started saving in 2004 and then began receiving small loans. First, she opened a small grocery, which grew quickly. The grocery, now equipped with two refrigerators and fans, offers a wide range of products. As her loans have grown—blended with hope, ambition and will—Dhiqra has started a “happiness project.” She has been renting out a wooden stage for wedding ceremonies, along with fans, microphones, amplifiers and the like. She even moves the stage between wedding sites using a small truck that she bought using her most recent loan. “I try to help poor families who want to celebrate the marriages of their sons and daughters, but cannot afford the expenses required by hotels and other costly halls. I charge the families of the brides or grooms 12,000–14,000 rials (\$60–70) a night,” she said.

The second successful client was Samah Saleh Ahmad Taleb, who—along with her mother, Fattoumah Hasan Muhammad—first took a 13,000 rial loan in 2004 to trade incense. In 2005, when they received a loan for 45,000 rials, they expanded their business by adding beekeeping. By the end of 2006, they had managed to repay a 80,000 rial loan that was used to start buying and selling electric refrigerators. With their most recent loan, for 170,000 rials, they expanded their refrigerator commerce and began running a small cafeteria in a nearby school as well as a billiard table near their house.

The third successful borrower was Amenah Ali Thabet, who started with small loans and small businesses, such as selling traditional clothing for men and women. Later she received a 150,000 rial loan that helped her expand this trade—then a loan of 300,000 rial that helped her open a phone booth. With her most recent loan, for 600,000 rials, she added another phone booth, rebuilt her family’s home and started renting “lantern wood” (long pieces of wood used during construction) to builders. “Thanks to this business, my elder son has become a construction contractor,” she said proudly. In response to our curiosity about her wide range of businesses, Amenah confidently explained that, “I first conduct what is similar to what you call a feasibility study—but in the field and in my own way. I just explore the needs of the area and population and decide on the next business to embark on.”

Building the capacity of microfinance institutions

During 2006, the SFD continued to support and consolidate microfinance programs under one umbrella to become legal, powerful and financially sustainable organizations as well as to expand outreach to entrepreneurs. For example, the SFD restructured both the Bait Al-Faqeeh and Hais Savings and Credit Programs (Al-Hudaidah) to improve their financial and administrative capacity and to qualify them to join the Al-Hudaidah Income Generating Program as a single legal entity capable of serving targeted groups in the coastal region of Tihamah. This process was complemented by making the Bait Al-Faqeeh program a branch of the Income Generating Program.

Several projects were developed to provide training for staff of microfinance institutions, covering basic and advanced as well as theoretical and practical skills. Training covered topics such as accounting for non-accountants, promotion of microfinance institutions, refresher courses for loan officers, advanced accounting, management of delinquency, setting of interest rates, financial analysis and product development.

Workshops also reviewed the financial and administrative situation of the SFD's microfinance partners. Among the issues discussed was the possibility of making beneficiaries of the Social Welfare Fund—about 1 million people—clients of microfinance programs to benefit from their financial services and gradually become self-reliant, independent groups with their own income-generating activities. The discussions included developing performance indicators, ways to improve them and prerequisites for applying for funding.

In addition, a project was approved to exchange expertise in microfinance, aiming to bring an international institution specialized in microfinance to improve the know-how of microfinance institutions in Yemen. Communications occurred with Bangladesh's BRAC to explore possible cooperation in this regard.

The SFD also trained consultants as trainers in the microfinance loan life-cycle. These trainers then trained staff from microfinance institutions on data entry. In addition, the SFD intensified its efforts to promote microfinance, including through a Roundtable Microfinance Conference organized with the Consultative Group to Assist the Poor (CGAP, an entity housed in the World Bank) aimed at boosting microfinance services. The conference, attended by high-level decision-makers and international organizations, discussed the status of Yemen's microfinance industry and ways of developing it in light of CGAP's assessment—which draws on international experiences and suggestions that have helped advance the industry in other countries.

In the same context, the board of directors of the Microfinance Network in Arab Countries (Sanabel) decided to hold its fourth annual conference in Yemen in 2007. This event will have a positive economic impact and promote Yemen's microfinance industry. The conference is the largest annual microfinance event in Arab countries, and attracts many international development organizations and representatives of programs that support small and medium-size enterprises in the Arab world, as well as Arab and international experts in the field. The conference will provide an opportunity to exchange experiences and best practices, and to attract donors to finance microfinance programs.



Involving private providers in technical training: A business development services training course in Sana'a

Supporting business development services

In 2006, the SFD approved a number of projects to support business development (non-financial) services for microfinance institutions. These included the establishment and continuation of financial and technical support for the Small and Micro-enterprise Promotion Services agency, which conducts studies and internal and external scouting trips on business development services. Among the agency's activities in 2006 was the implementation of the first phase of the International Finance Corporation-supported Business Edge training program in several governorates (in cooperation with the Netherlands Embassy). The program, costing some \$350,000, benefited 900 female and male beneficiaries—a number expected to increase to 5,000 by the end of the five-year program.

In addition, the Small and Micro-enterprise Promotion Services agency helped develop some traditional products for local and international markets (such as incense) and new product lines for fisheries (such as smoked fish). The agency also organized learning visits to similar organizations in other countries.

Other activities promote coordination and cooperation between the SFD and the agency. The two parties agreed that the agency would help implement some SFD projects, such as its tailoring (dressmaking) program, school furniture manufacturing and small entrepreneur needs assessments survey.

Other business development service activities included a pilot project aimed at providing technical training for 200 male and female microfinance clients through the intermediaries sponsoring the microfinance institutions. Training covered a variety of areas, including tailoring, maintenance of mobile phones and electronically aided secretary services. In addition, NGO staff were trained in handicrafts marketing, a Website for Yemeni handicrafts was established (www.yemen-handicraft.com) and the second phase of project to improve and promote Yemeni handicrafts was launched. Within this context, a number of European businessmen involved in importing and marketing handicrafts visited a number of governorates, and agreements were signed to export and market Yemen handicrafts abroad. The Small and Micro-enterprise Promotion Services agency has mediated commercial deals worth 200,000 euros.



Feeding self-run business: A beneficiary of an SFD-supported microfinance program

In addition, a survey was conducted of the needs of entrepreneurs working in Yemen's tailoring industry, as was a study of the needs of small entrepreneurs—to identify and overcome obstacles facing small contractors working with the SFD. Another project sought to provide members of handicrafts associations with technical training (in cooperation with the Chamber of Commerce in Taiz). This was in addition to an agreement to subsidize 23 training courses for members of the Federation of Handcrafts Associations in Taiz. Workshops were also held to identify the needs and challenges of small workshops manufacturing school furniture.

Finally, the SFD organized workshops for its partners in business development services. These included a workshop aimed at introducing financial and non-financial services provided by the SFD and establishing communication channels among business development service programs and institutions, to better integrate these efforts. Another workshop was held to introduce non-financial services provided by the SFD to representatives

of different ministry offices in governorates and NGOs. In addition, the SFD held a workshop on involving the private sector in technical training and its profit feasibility, as well as a training course in monitoring and evaluation of training programs.

Enhancing the capacity of the Small and Micro-enterprise Development Unit

The SFD's Small and Micro-enterprise Development Unit has developed a new strategy and operational manual for providing small and medium-size enterprises with financial and technical assistance. During 2006, two workshops were held to draft the manual, during which broad outlines for the new directions of work were set—taking into account successful experiences around the world.

To help build the capacity of its staff, the Unit has established a library containing references and sources on the microfinance industry—to be available for Unit staff as well as researchers working in the industry. The library's goal is to enhance and develop information and skills based on international best practices. The SFD has also translated several research papers and books on the microfinance industry.

Figure 2. Number of active clients in SFD-supported microfinance institutions, 1998–2006

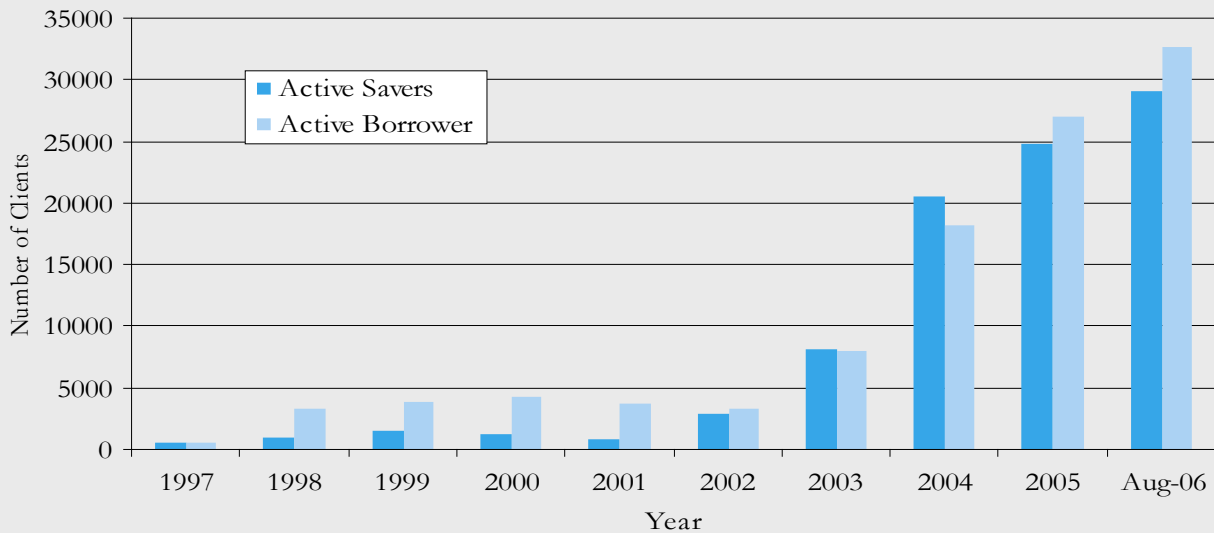
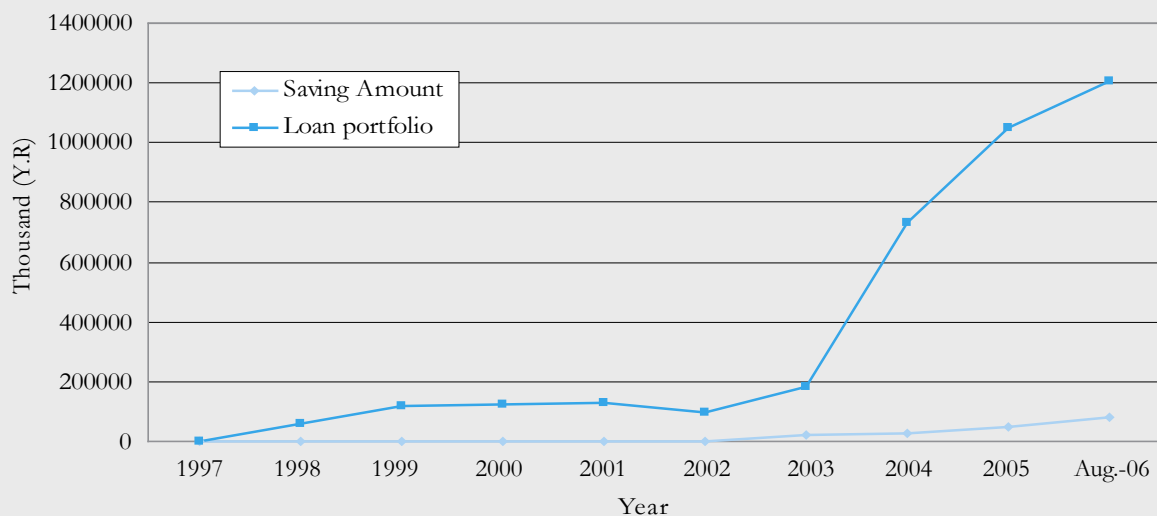


Figure 3. Loan and saving portfolios in SFD-supported microfinance institutions, 1998-2006



Institutional Development

The following activities, related to the SFD's institutional management, were conducted in 2006.

Meetings of the SFD's Board of Directors

The SFD's Board of Directors met three times during the year. The first meeting, on 4 February 2006, discussed and approved the SFD's work plan for 2006.

During the second meeting, on 13 May 2006, the Board approved the SFD's financial statements and an audit report for the fiscal year ending 31 December 2005.

At the third meeting, on 27 November 2006, the Board approved the SFD's general budget for fiscal 2006 and approved the appointment of an auditor to review the financial statements for fiscal 2005.

Updating data and indicators based on the 2004 Census

The SFD developed several analysis tables to extract important data from the 2004 Census at the governorate, district, sub-district and village levels. Indicators related to poor living conditions and other social and demographic trends were created and compared with the situation in 1994 to understand changes in such indicators and better inform SFD targeting. In addition, resource allocations were updated, and an additional \$80 million were distributed at the district level during the SFD's third phase (2004–08) based on geographic targeting.

Developing the management information system

Relevant SFD units have been reviewing its geographic and administrative framework in light of the latest administrative divisions in the Republic and the findings of the 2004 Census. Accordingly, the MIS database framework will be updated so that the SFD's projects, programs and interventions database is linked to the new administrative divisions and to develop related indicators that serve SFD interventions.

Updating the geographic information system

A users manual for the SFD's Geographic Positioning System (GPS) was prepared and translated. The GPS is used to pinpoint geographic locations, and the resulting data are transferred to the geographic information system to map SFD projects. Project officers in the SFD's Sana'a and Amran branches were trained in using GPS equipment; project officers in other branches will also be trained.

Positioning of the locations of all SFD projects (about 6,000) was completed and integrated with the management information system, providing a map of SFD projects. Data on living conditions and education at the district level were updated in the SFD's geographic information system, and such data are now being updated the sub-district level.

Supporting communication activities

During 2006, several activities were conducted to communicate with targeted communities and individuals. In addition, preparation began on a Communication Strategy.

2005 annual report

During the year, the 2005 annual report (in Arabic and English) was finalized. The report had five main sections, covering the SFD's institutional impact evaluation, 2005 operations, institutional management, monitoring and evaluation activities and sources of funding.

Quarterly newsletters

Four of the SFD's quarterly newsletter (in Arabic and English) were prepared and issued during 2006, covering key SFD programs and developments. (Each newsletter is produced in the month after each quarter ends.) The newsletters also provide summary statistical and financial tables on the status of interventions by sector and governorate—including the number of projects, amounts of commitments and disbursements, and number of expected beneficiaries quarterly, for the year and since the SFD's inception.

Brochures and calendars

In late 2006, a calendar was prepared for 2007 containing pictures and illustrations of SFD-supported activities. In addition, an updated brochure was produced.

Covering events, providing information to researchers and conducting field visits

The Monitoring and Evaluation Unit covered several events and activities organized by the SFD. The Unit also provided agencies, researchers and the media with information on and pictures of SFD activities, both periodically and in response to requests.

Field visits were conducted to a number of SFD projects in Amran and the district of Al-Luhayia (Al-Hudaidah) to document and prepare media materials on SFD interventions. The visits also surveyed communities about the benefits of SFD-supported projects.

Updating the SFD Website

The SFD Website was revised regularly in 2006. Data and news were updated, and recent publications and periodicals were entered. Currently, a dynamic site is been developed in both Arabic and English.

Study visits to benefit from SFD experiences

To benefit from the SFD's experiences in Yemen, several foreign missions visited the SFD throughout 2006. Among these was one from the recently established Social Fund of North Sudan and one from a World Bank social development specialist. During these meetings, discussions were held about the SFD's experiences, intervention procedures and operating methods. In addition, field visits were conducted to SFD projects.

Training in communication

Communication staff in the Monitoring and Evaluation Unit attended a course on aspects of media and use of technology and professional photography in media.

Fostering staff development

SFD staff participated in many courses, workshops and conferences during 2006. These included technical training as well as managerial and administrative training in project management, procurement, monitoring and evaluation, and research methods—particularly participatory rural appraisal and focus group discussions. Staff also participated in a course on evaluating and analyzing the 2004 Census results, conducted by the Central Statistical Organization.

In addition, a number of staff retreats were held during the year, during which many issues were discussed, including how to enhance the performance of SFD branch offices and units. In addition, focus was given to the Intensive Labor Works Program—particularly in water and rural road projects.

Strengthening technical support and quality control

About 444 projects under implementation were visited to ensure their technical quality. The projects covered all the sectors and sub-sectors of SFD interventions. The review found that 35% of the projects visited were excellent, 63% were good and 2% were unacceptable.

During the visits, a tangible improvement was noted in implementation. This is due to the expertise acquired by SFD staff and consultants in this regard—as well as to training courses provided by the SFD.

During 2006, the SFD also prepared two technical manuals: one for engineers and one for resident project supervisors. In addition, project officers from the SFD's various units and branch offices were targeted—by providing them with courses aimed at improving their performance.

Ensuring cost-effectiveness

The SFD continued efforts to ensure and improve the cost-effectiveness of its projects by monitoring project costs and pursuing the lowest possible costs—while also maintaining quality. Since 2003, the SFD's project costs have increased for several reasons, with the average construction cost of education projects reaching \$210 per square meter in 2006 (9% more than in 2005; table 15).

The reasons for this increase include higher costs for labor (8–15% higher in 2006 than 2005) and some construction materials (such as wood and steel). In addition, prices for other materials have been unstable—as with cement, the price of which jumped from an average of 1,150 rials per sack in 2004–05 to 1,200–1,500 rials per sack in 2006. Moreover, many contractors have raised their prices and reduced their participation in project bidding in anticipation of further fluctuations in the prices of relevant materials. Many projects and bids are also submitted by other agencies, such as local councils, the Ministry of Education (for basic education projects) and the Public Works Project.

Table 15. Average construction costs for SFD education projects, 1997–2006
(U.S. dollars per square meter)

Type of structure	1997/98	1999	2000	2001	2002	2003	2004	2005	2006
One-story building	180.3	152.2	147.1	147.8	154.2	170.8	185.5	217.4	239.0
Two-story building	155.1	131.5	125.5	121.0	126.8	152.3	164.6	189.2	214.0
Three-story building	N.A.	N.A.	N.A.	N.A.	N.A.	135.5	143.0	176.4	182.0
Average cost	163.1	139.4	137.2	127.0	136.1	154.2	167.0	192.0	210.0

Monitoring and Evaluation

The SFD's monitoring and evaluation system is designed to help staff monitor projects in a systematic way. In addition, the system strengthens the SFD's management information system and field surveys in developing and using reliable data to measure the efficiency, effectiveness, service delivery, results and impacts of its interventions. The SFD conducts internal evaluations of its activities and coordinates external evaluations to ensure its internal capacity development and maximize the benefits of the findings of such evaluations. Several activities related to monitoring and evaluations were carried out in 2006.

Monitoring

Implementation of the Monitoring and Evaluation Plan

To promote monitoring and evaluation in the SFD and mainstream it at all levels, follow up was conducted to support the 2006 Monitoring and Evaluation Plan. The plan was then implemented at the level of project officers, SFD sector units and the Monitoring and Evaluation Unit.

Quarterly internal monitoring report

As part of the implementation of the 2006 Monitoring and Evaluation Plan, quarterly monitoring reports were produced based on information generated by the SFD's management information system and from reports solicited from units and branches analyzing the SFD's efficiency and effectiveness. In addition, Monitoring and Evaluation Unit staff visited branches to provide assistance in implementing the plan.

Developing monitoring indicators

Gender indicators. To provide indicators on mainstreaming gender in SFD activities and to follow up on efforts to enhance community participation, the Monitoring and Evaluation Unit developed indicators to measure the progress in these areas. The indicators include the number of female beneficiaries, female staff and consultants, and women's participation in prioritizing projects and in forming and serving as members of community committees.

Community participation and needs identification. To ensure monitoring of community participation, a sample of approved projects is reviewed each quarter. These reviews found that community participation has improved, and that women can participate in both project prioritization and as members of community committee once there is sufficient community mobilization.

Field visit monitoring checklist. According to the Monitoring and Evaluation Plan, project officers at branches and headquarters are responsible for monitoring and reporting on their projects' implementation levels. A checklist was developed outlining the number of visits that should be made to each project, the timing and the goals.

Progress during the third phase. Indicators for the SFD's third phase have been monitored and reported to its donors. Progress has varied among sectors, but overall has been positive.

Review of baseline collection tools. To generate data for project evaluations, initial studies and baseline data collection were reviewed and updated with the SFD's sector units.



Evaluation

Dissemination of the Institutional Evaluation

A consultative workshop and meeting were held with SFD partners in early 2006. The events aimed to brief the SFD's partners on the findings of the Institutional Evaluation, which was conducted in late 2005. In addition, participants discussed the SFD's ways of working in different fields and coordination with its partners—including donors, beneficiaries, communities, governments, NGOs and individuals. Participants thoroughly discussed the findings of the Institutional Evaluation in terms of building capacity and facilitating access by beneficiaries to basic services.

The evaluation was carried out at the recommendation of the SFD's Joint Supervision Mission (December 2005) to extend the scope of the Impact Evaluation (completed in 2006) and to help initiate a national dialogue on the SFD's role in future development efforts. The Impact Evaluation is conducted every three years as part of the SFD's monitoring and evaluation activities. These evaluations are designed to assess the impact of SFD



development initiatives at the household level. In addition, they aim to assess the impact of these interventions on supporting national reforms and building the capacity of communities and local authorities in districts and governorates, as well as to bolster institutional capacity in the main sectors targeted by the SFD.

The Institutional Evaluation found that the SFD has evolved into a model organization in Yemen, operating nationwide and having broadened participatory development in rural and remote areas. The evaluation indicated that one of the SFD's greatest strengths is its contribution to nurturing decentralized governance structures at the community level. The evaluation added that the SFD's well-developed procurement systems, emphasizing that the SFD became a reliable partner committed to its mandates, helped it benefit from international expertise and played a major role in demonstrating and applying best practices of development. Finally, the evaluation confirmed the SFD's participatory approaches, transparency at all levels, efforts to make access to services more equitable and contributions to developing the basis of a democratic system through community consultations.

Impact Evaluation field surveys

Fieldwork for the Impact Evaluation—designed to evaluate SFD interventions at the household and project levels—was conducted in the first quarter of 2006. The evaluation, covering projects in various governorates, included about 5,600 households in areas where 280 SFD projects were being implemented or had been completed. The survey was conducted by a team that received 10 days of training in January 2006. The team comprised 57 female interviewers and 28 supervisors and reviewers.

Data entry and coding were completed at the end of the second quarter, and the data were submitted to a consultancy firm for analysis. The beneficiary assessment that supported the survey was commissioned to a local NGO, and its findings were summarized and translated by late May and submitted to the consultancy firm for analysis.

Training in qualitative studies. As part of preparations for the beneficiary assessment, a course was conducted for a group of male and female researchers as well as some SFD staff. The training, on qualitative research methods and tools for focus group discussions, sought to build local capacity and support the NGO hired to perform the beneficiary assessment. The training was conducted in Al-Mahweet, in locations with SFD supported projects.

Training in statistical analysis. A course in statistical analysis using Statistical Package for Social Science (SPSS) was organized for staff from the SFD's Monitoring and Evaluation, Programming, Small and Micro-enterprise Development, and Information Technology Units. The training lasted 10 days and covered subjects related to classification and analysis of data using data collected during the 2006 Impact Evaluation.

Second Phase Implementation Completion Report

The World Bank's Implementation Completion Report for the SFD's second phase (2001–03), issued in June 2006, said that the SFD's performance and outcomes during this phase were “highly satisfactory” (the highest rating awarded by the Bank). The report also stated that the SFD continues to be a key government instrument for alleviating poverty and has become a model agency of best practices, as it has contributed to development in Yemen. The Monitoring and Evaluation Unit has translated and disseminated the report.



Funding Management

The SFD's use of funds in 2006 was based on its action plan for the year. The movement of each source of funding—in terms of commitments and contracted and disbursed amounts for projects and operations—was monitored using the management information system. Responses to all funding requests from units and branches were made promptly, matching projects to the best sources available at the time. In addition, reports and withdrawal requests were prepared and sent to each donors. Monitoring of the pace of implementation of projects was done separately for each donor.

Most parts of a funding sources manual were finalized in 2006. In addition, a closing report for the Islamic Bank's credit 2YAR/50, allocated for the SFD's second phase, was prepared.

Third phase mid-term progress review

Working with donors, during 2006 the SFD coordinated and produced a mid-term report on progress during its third phase (2004–08), based on project development goals and implementation plans. The review had three main parts: development impact, program implementation results and project management review.

A team of donor representatives conducted part of the review in December 2006. Participants included the World Bank, European Union, U.K. Department for International Development (DFID), Embassy of the Netherlands (in Yemen) and German Development Bank (KfW). Preliminary findings from the SFD's Impact Evaluation as well as the draft mid-term vision were presented to the donor review team. The team indicated its agreement with the SFD's focus on enhancing community consultation, expanding economic development activities and linking communities with local councils and public administration. In addition, the donor team gave particular attention on strengthening the SFD's poverty focus—the main thrust of its operations—by highlighting possible new targeting mechanisms and SFD efforts to deepen synergies with national policies and programs. The donors also encouraged developing the SFD's organizational structure to respond to an expanding scope of activities. Finally, the team conducted field visits to SFD-supported projects in Al-Luhaiyyah (Al-Hudaidah), Aden, Dhamar, Lahej and Taiz and interviewed project staff in branch offices, local officials, community committees, NGOs and beneficiaries.

Joint donor missions

Two joint donor missions visited the SFD in 2006, one in May and one in December. Donors participating in the missions included those that participated in the mid-term progress review (see above). During the first mission, the donor representatives discussed with the SFD the Implementation Completion Report for its second phase. They also reviewed its third phase operations and launched the mid-term progress review, scheduled to be finalized by the end of that year. During the second mission, in December 2006, the mid-term review was conducted.

Evaluation mission for EU-funded projects

A consulting firm specializing in evaluation visited the SFD in 2006. The visit, commissioned by the European Union, evaluated use of an EU grant provided for the SFD's second phase. It also sought to evaluate EU support for the third phase. The visit included interviews with senior SFD staff and representatives of the Ministry of Planning and International Cooperation as well as some donors.

In addition, the mission made field visits to several SFD-supported projects in Amran and a project to develop traditional skills in the Old City of Sana'a.

Funding sources for the third phase

The third phase of the SFD's operations began in 2004. Given the considerable project needs during this phase, SFD management has increased its efforts to attract financing—resulting in new credits, loans and grants from donors such as the World Bank, Organization for Petroleum Exporting Countries (OPEC), European Community, Saudi Fund for Development, and governments of Germany, the Netherlands and the United Kingdom. By the end of 2006, \$236 million in funding had been generated for the third phase. Some of these resources were allocated to special programs not projected at the start of the phase, as with International Development Association (the grant-making arm of the World Bank) funding for the Rain-fed Agriculture and Livestock Project (table 16).

Arab Fund for Economic and Social Development Loan 2005/480

This loan, for 15 million Kuwaiti dinars (\$50 million), was signed in April 2005 to finance projects during the SFD's third phase. In 2006, the loan was announced effective. It focuses on community development (12 million dinars)—including education, water, health, roads, the environment, groups with special needs, cultural heritage—as well as small and micro-enterprise development (1.5 million dinars), with the remaining 10% (1.5 million dinars) designated for contingencies. The loan will cover 90% of the costs of the two programs, with the government providing the rest. By the end of 2006, the grant had committed support to 331 projects worth an estimated \$39.8 million, with disbursements totaling \$11 million.

European Community

Trust fund grant 053450. The SFD uses this 8 million euro (\$9.4 million) grant for community and local development projects, water supply and sanitation, rural roads and capacity building. The grant is in the form of a trust fund administered by the World Bank and is expected to close by August 2007. The grant has committed funds for 121 projects, and disbursements have reached \$5 million.

Grant for demographic and health sector MED/2003/005-973. This 2.9 million euro (\$3.6 million) grant, signed in late 2006, will help the Ministry of Health and Population implement a component under the framework of European Community support to the ministry. Under the agreement, the SFD will support health offices in the governorates of Lahej and Taiz develop plans and execute projects.

German Development Bank

First grant 2003 65 155. This grant, received in March 2004, provided 4 million euros (\$4.8 million) for the SFD's community development and capacity building programs during the third phase. The entire grant has been committed and disbursed.

Second grant 2004 65 757. This grant, received in August 2005, will provide 5 million euros (\$6 million) for community development and capacity building programs. The grant supports 92 projects worth an estimated \$6.6 million (including the government's share of 10%). By the end of 2006, disbursements had reached \$3 million.

Third grant 2005 66 059. This grant, for up to 6 millions euros (\$7.2 million), was committed during October 2005 negotiations about German financial cooperation with Yemen.

Netherlands

Netherlands education grant 10784 . This grant, received in November 2004, provides \$6.1 million for SFD education projects during the third phase—with the aim of supporting Yemen’s progress in achieving the Millennium Development Goals for education. The grant finances 55 projects worth \$6.4 million. The SFD was able to cover the extra costs (\$0.3 million) with interest generated by this grant.

Netherlands education grant 13202 . This \$8.85 million grant, to expand and improve basic education, was delivered in November 2005. The entire grant has been committed, financing 96 projects. Nearly three-quarters of the funds have been disbursed, and the grant is expected to close by mid-2007.

Netherlands health grant 10829. This grant, received in November 2004, provided \$2.75 million to establish emergency obstetric care centers—supporting Yemen’s progress toward the Millennium Development Goals on indicators related to maternal mortality. The grant supported 10 facilities.

Netherlands health grant 13253. This \$0.92 million grant, received in November 2005, supports and improves reproductive health services—including emergency obstetric care in Salakhana hospital (Al-Hudaidah). This project achieved savings of about \$0.3 million, which be used to support other facilities.

Netherlands health grant 13256. This \$3 million grant, received in December 2005, focuses on improving reproductive and neonatal health care. The entire grant has been committed, to finance 39 projects, and disbursements have reached 70%.

Netherlands microfinance grant 0060844. This \$0.75 million grant, received in November 2005, was provided to help implement the International Finance Corporation’s Business Edge Subsidy Scheme.

OPEC Fund for International Development loan 959P

This \$13 million loan, which was signed in February 2004 and became effective in October 2004, finances projects involving education, water, the environment, groups with special needs, health, rural roads and capacity building. This loan has been fully committed. The estimated cost of the projects, including the government’s share, is \$14 million. Disbursements have reached \$11.4 million.

Saudi Fund for Development loan 422/24

An agreement was signed in December 2004 between the government of Yemen and the Saudi Fund for Development to provide a loan for 75 million Saudi riyals (\$20 million) to support the SFD’s education projects during its third phase. The agreement became effective in September 2005. The loan had been committed by the end of 2006, with contractual amounts reaching \$14.6 million and disbursements \$6.4 million.

United Kingdom (U.K. Department for International Development) third phase grant 188-542-008

This grant will provide £12 million (\$22.8 million) will support 327 projects during the SFD’s third phase, including projects involving education, health, water, the environment, rural roads, integrated interventions, training and organizational support, and small and micro-enterprise development. In addition, £0.3 million has been allocated to provide the SFD with technical assistance managed by the donor.

United Nations Educational, Scientific and Cultural Organization

Two project financing contracts have been signed between UNESCO and the SFD. The first, signed in November 2005, seeks to preserve endangered tangible cultural assets at an archaeological site in Al-Sawda' (Al-Jawf). The second, to preserve and promote intangible cultural heritage in Sana'a, was signed in December 2005. The two contracts are worth \$140,540, and disbursements have reached \$91,000.

United States

Health grant 2002. As part of support provided to the Ministry of Health through the U.S. food aid program, a subsidiary agreement was signed in April 2005 between the Ministry of Planning and International Cooperation, U.S. Embassy and SFD to implement a \$0.5 million training project for health workers in Shabwah and Al-Jawf governorates. Training did not begin until the 2006/07 school year due to the limited capacity of high health institutes. By the end of 2006, disbursements had reached \$1.2 million.

Community development grant 2003. In April 2005, the U.S embassy agreed with the Ministry of Planning and International Cooperation to provide the SFD with \$0.5 million to implement community development projects in the Tehama and Hajjah regions. A subsidiary agreement between the ministry and the SFD was signed in November 2005. The entire grant has been committed.

Infrastructure grant 2004. In July 2006, the Ministry of Planning and International Cooperation signed a subsidiary agreement with the SFD to implement small and medium-size infrastructure projects in five governorates: Al-Jawf, Amran, Mareb, Sa'ada and Shebawah,. The first installment of this funding was received in October 2006. The entire grant, \$1.4 million, has been committed to 16 projects.

World Bank/International Development Association

Credit YEM-3861. This credit, signed in April 2004 for 41.7 Special Drawing Rights (\$60 million), finances the full range of SFD activities during the third phase. The credit became effective in August 2004, and has been fully committed to 679 projects.

Rain-fed Agriculture and Livestock Project. This project has three components: introducing a farmer-based system of seed improvement and management, providing livestock husbandry and veterinary services, and promoting productive rural development. The SFD will implement the rural development component, which includes support for farmers in rain-fed areas in 23 districts of five governorates. The Ministry of Agriculture is responsible for the other two components. The project and credit agreements were signed in January 2006 for 14 million Special Drawing Rights (\$20 million), and the SFD component is for 7.4 million Special Drawing Rights (\$10.4 million). The project is not yet effective.

Table 16. Source of external funding for the SFD's third phase, December 2006

Agreement	Amount	Currency	Amount in U.S. dollars	Signature date	Effective date
OPEC Fund for International Development loan 959P	13,000,000	US\$	13,000,000	4/2/2004	29/10/2004
German Development Bank grant 2003 65 155	4,000,000	Euro	4,800,000	16/3/2004	16/3/2004
World Bank/International Development Association credit YEM-3861	41,700,000	SDR	60,000,000	23/4/2004	15/8/2004
United Kingdom (U.K. Department for International Development) grant 188-542-008	12,000,000	Pound	22,800,000	31/8/2004	31/8/2004
Netherlands education grant 10784	6,100,000	US\$	6,100,000	20/11/2004	20/11/2004
Netherlands health grant 10829	2,750,000	US\$	2,750,000	20/11/2004	20/11/2004
Saudi Fund for Development loan 422/24	75,000,000	SR	20,000,000	12/12/2004	3/9/2005
European Community trust fund grant 053450	7,840,000	Euro	9,408,000	2/2/2005	2/2/2005
U.S. health grant 2002	500,000	US\$	500,000	17/4/2005	17/4/2005
German Development Bank second grant 2004 65 757	5,000,000	Euro	6,000,000	20/8/2005	20/8/2005
German Development Bank third grant	6,000,000	Euro	7,200,000	October 2005	
U.S. community development grant 2003	500,000	US\$	500,000	8/11/2005	8/11/2005
UNESCO grant for Al-Sawda' project	91,000	US\$	91,000	18/11/2005	18/11/2005
Netherlands education grant 13202	8,850,000	US\$	8,850,000	28/11/2005	28/11/2005
Netherlands health grant 13253	920,596	US\$	920,596	28/11/2005	28/11/2005
Netherlands health grant 13256	3,000,000	US\$	3,000,000	3/12/2005	3/12/2005
UNESCO grant for cultural heritage	49,540	US\$	49,540	28/12/2005	28/12/2005
Netherlands microfinance grant 0060844	750,000	US\$	750,000	1/1/2006	1/1/2006
World Bank/International Development Association credit for Rain-fed Agriculture and Livestock Project	7,400,000	SDR	10,400,000	20/1/2006	Not effective
Arab Fund for Economic and Social Development loan	15,000,000	KD	50,000,000	29/1/2006	
U.S. infrastructure grant 2004	1,413,000	US\$	1,413,000	27/3/2006	27/3/2006
European Community grant for demographic and health sector	2,861,500	Euro	3,605,490	late 2006	

Annex: Additional Data

Table A1. SFD commitments by program, 2006 and cumulative
(millions of U.S. dollars)

Program	2006	Cumulative
Community development	80.9	445.0
Capacity building ^a	5.6	53.7
Small and micro-enterprise development	1.7	13.0
Total	88.2	511.7

Note: Amounts are estimated based on annual approved projects as well as operating and fixed asset costs. Commitments may fall by 5–7% as a result of cancellation of approved projects.

a. Includes only SFD operating expenses and fixed asset costs

Table A2. SFD disbursements by program, 2006 and cumulative
(millions of U.S. dollars)

Program	2006	Cumulative
Community development	79.4	347.3
Capacity building ^a	10.6	51.9
Small and micro-enterprises	01.6	9.1
Total	91.6	408.3

Note: Amounts include operating expenses for SFD headquarters and branches (less than 5% in 2005).

a. Includes only SFD operating expenses and fixed asset costs.

Figure A1. Distribution of SFD commitments by sector, 2006

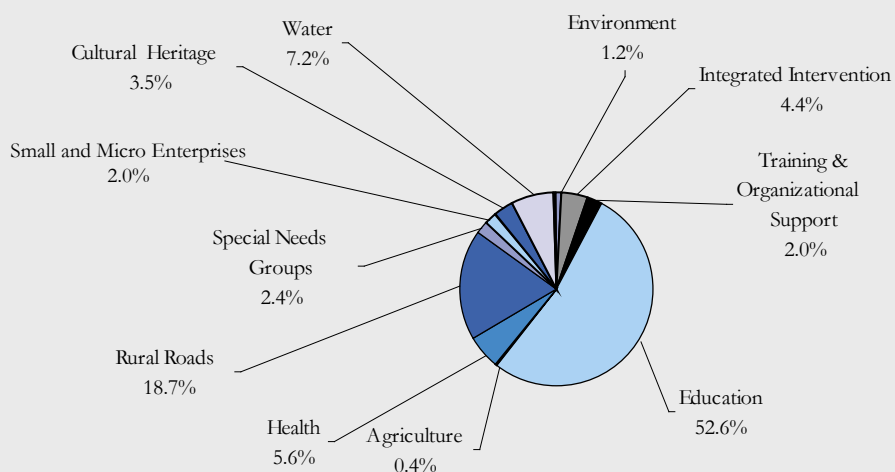


Figure A2. Distribution of SFD commitments by sector, 1997–2006

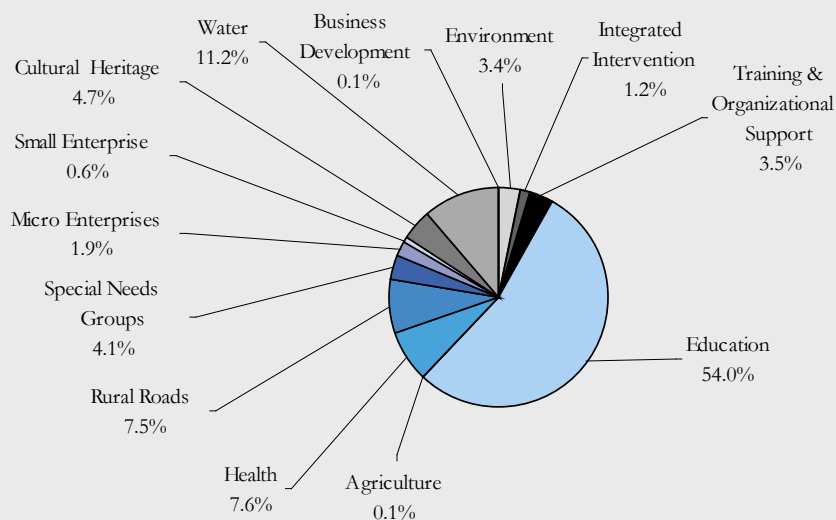


Figure A3. Distribution of SFD commitments by governorate, 2006

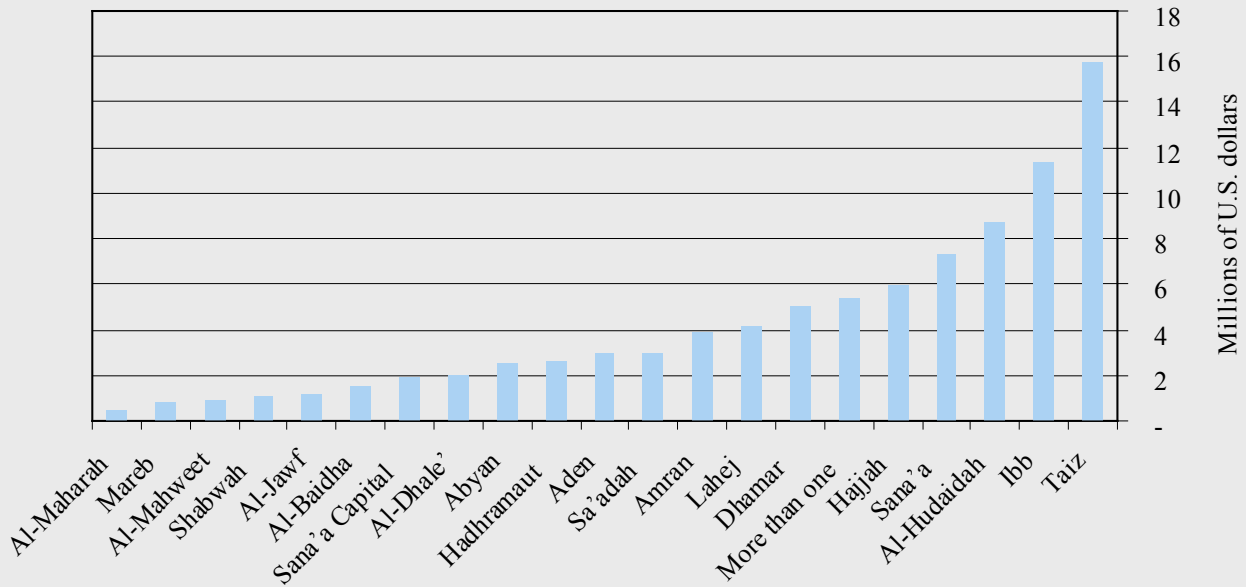
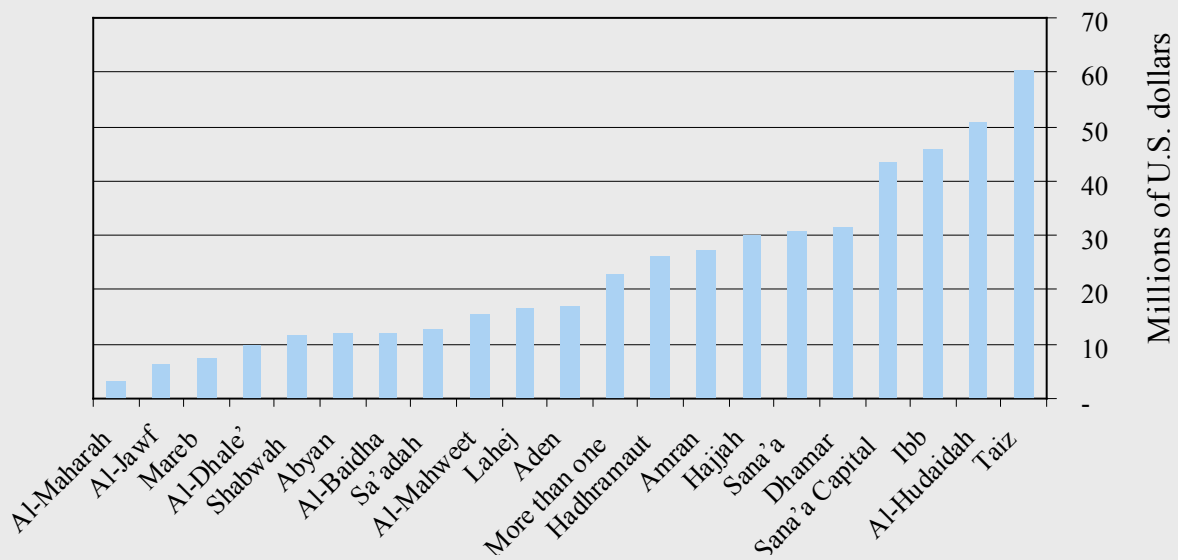


Figure A4. Distribution of SFD commitments by governorate, 1997-2006



Note: Projects committed for Sana'a Capital include those that also benefit other governorates.

Figure A5. SFD Commitments, 1997–2006

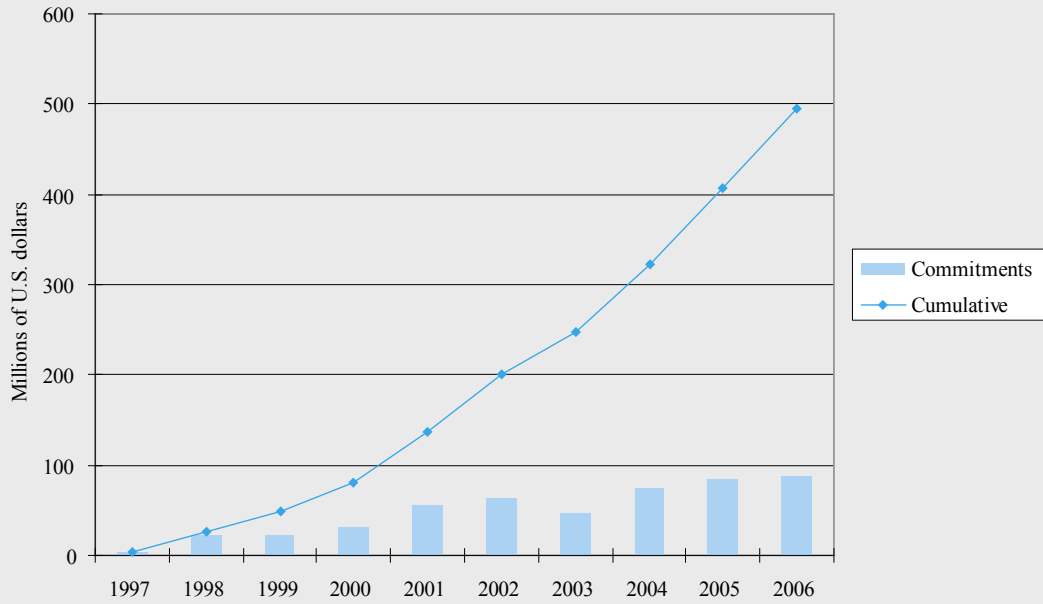


Figure A6. SFD Disbursements, 1997–2006

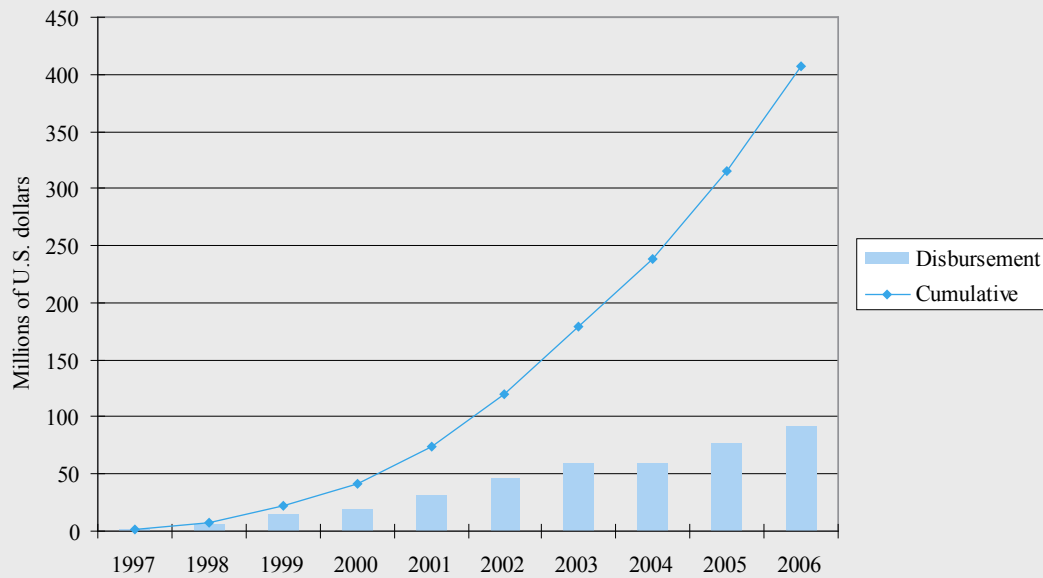


Figure A7. Temporary employment created by SFD projects, 1997–2006

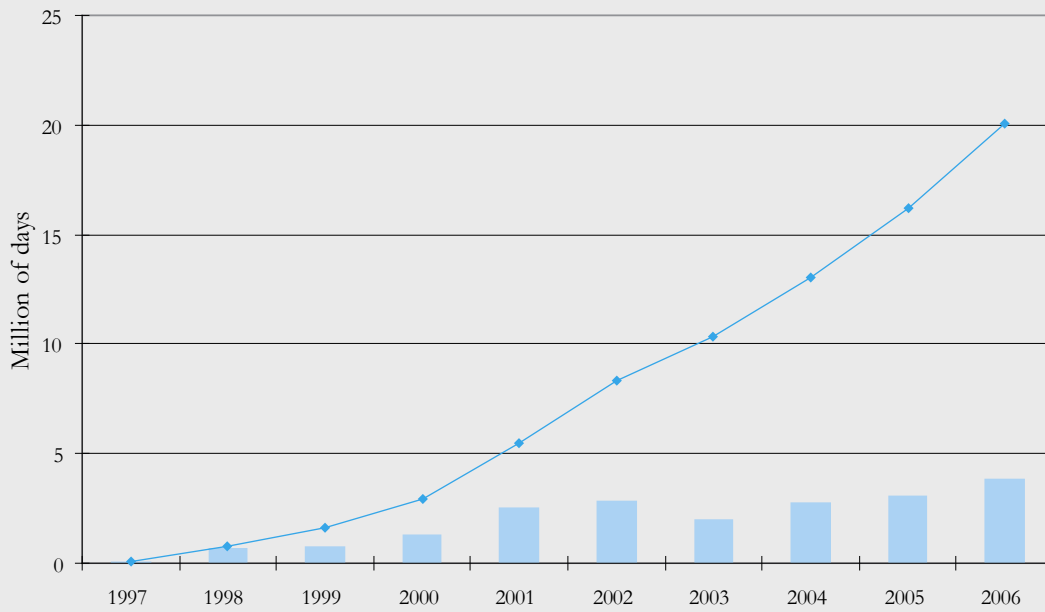
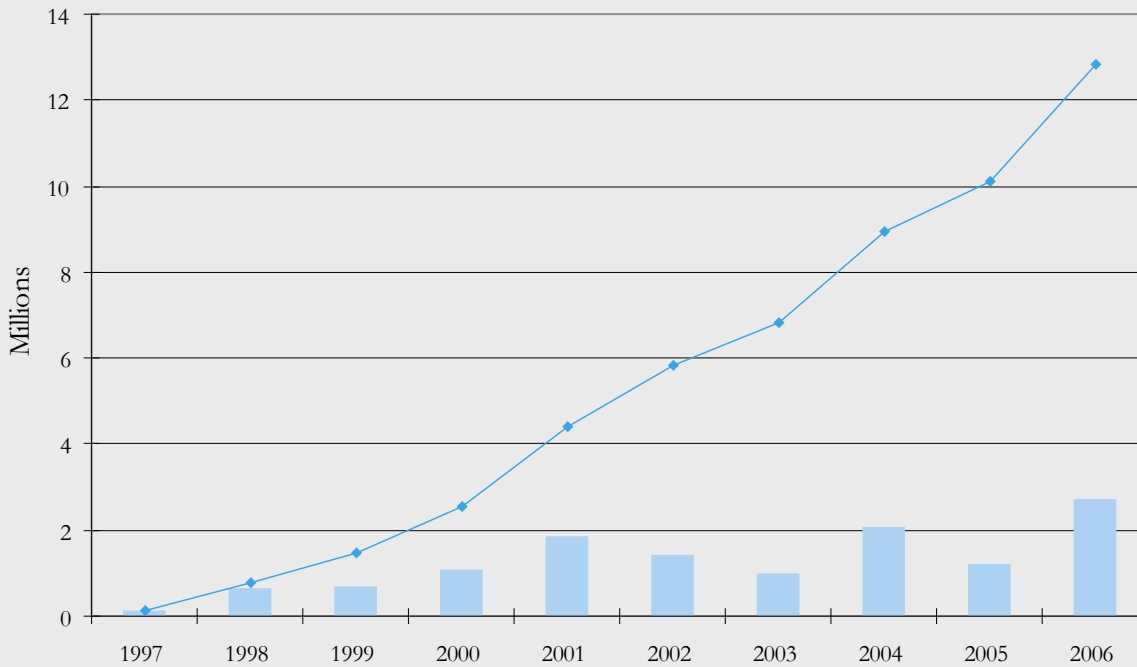
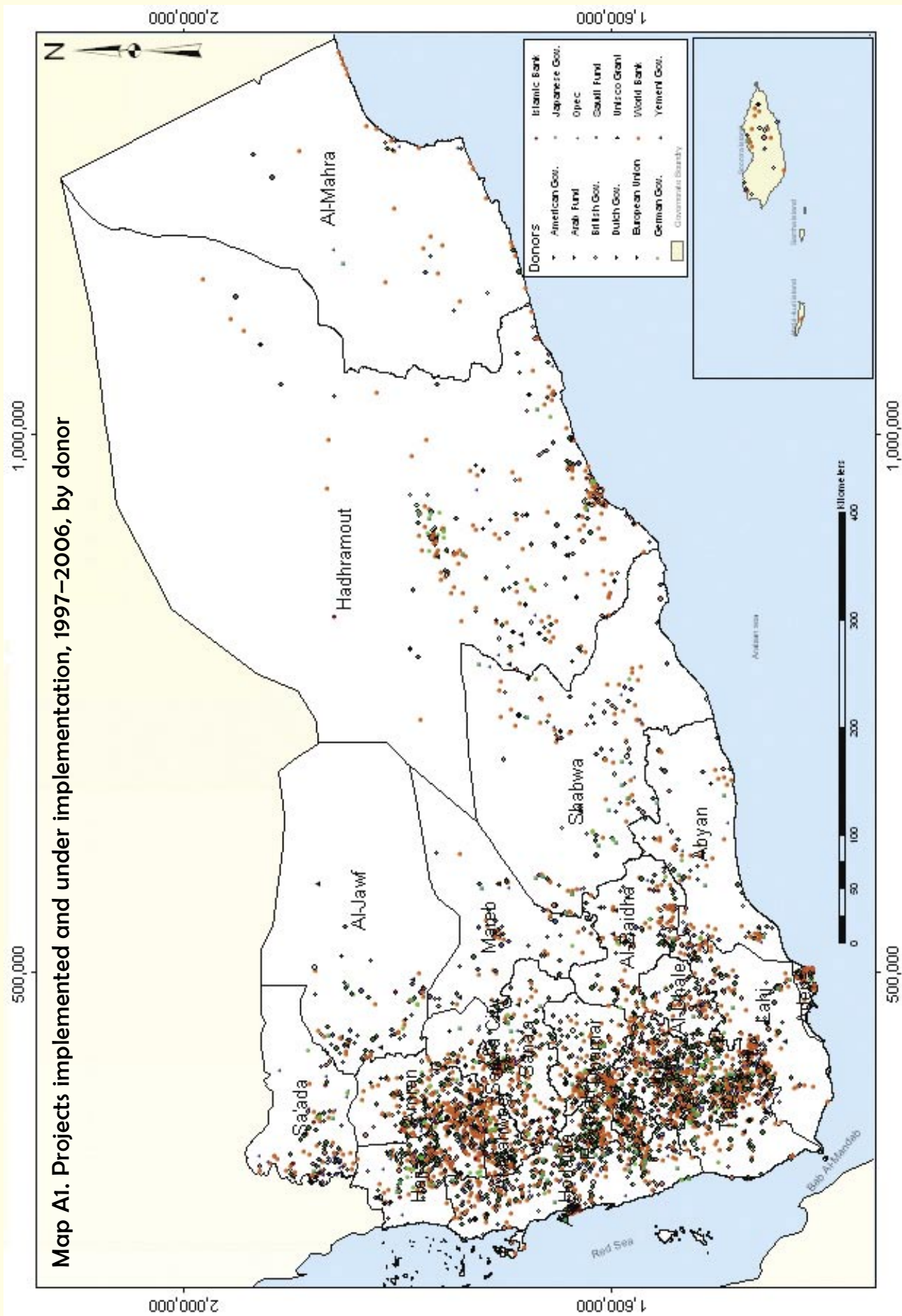


Figure A8. Direct beneficiaries of SFD projects, 1997–2006



Note: The rise in the number of direct beneficiaries between 2005 and 2006 is due to the increase in the number of rural road projects approved in 2006; such projects serve a large number of beneficiaries.



Map A2. Projects implemented and under implementation, 1997–2006, by sector

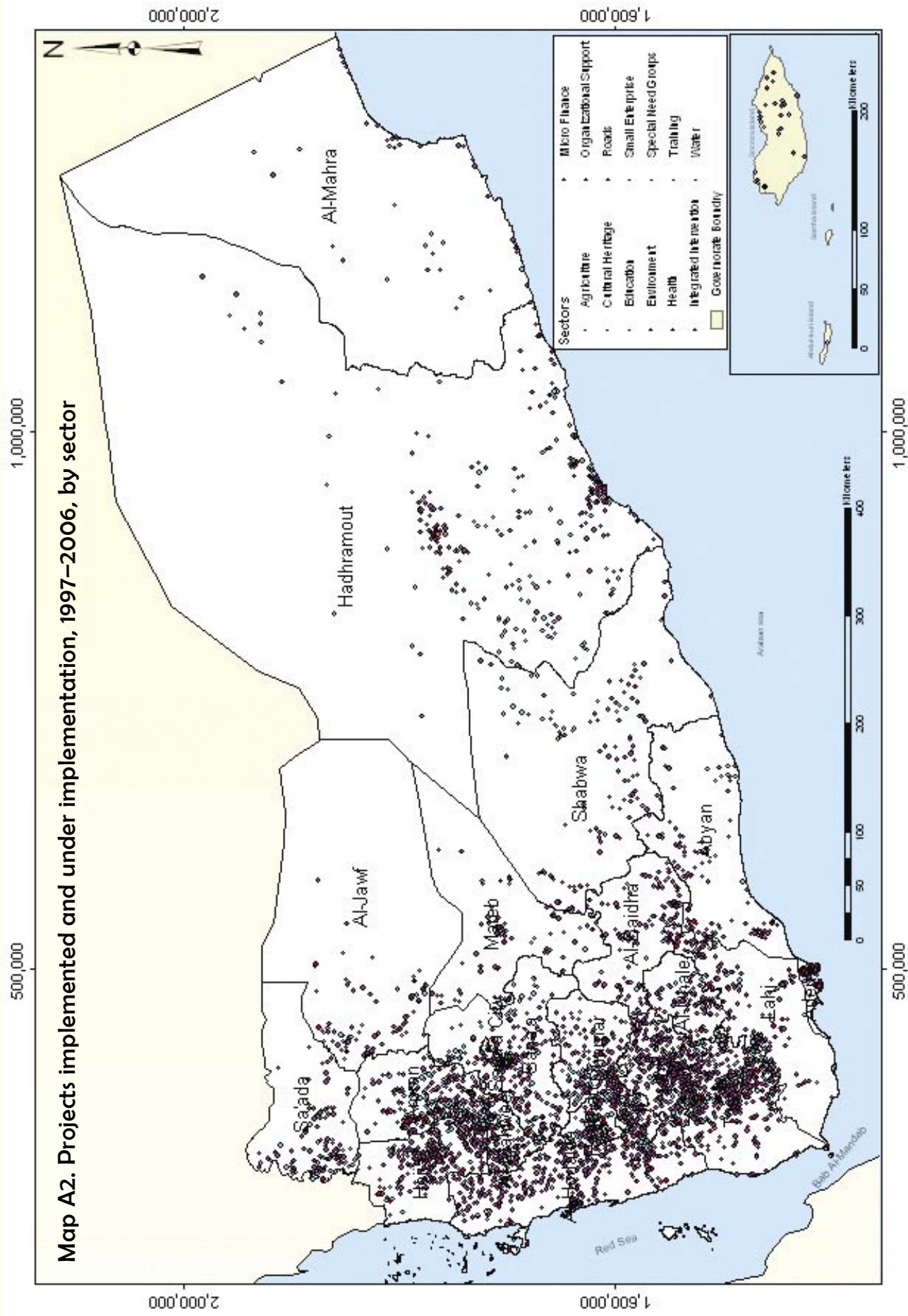


Figure A9. SFD organizational structure

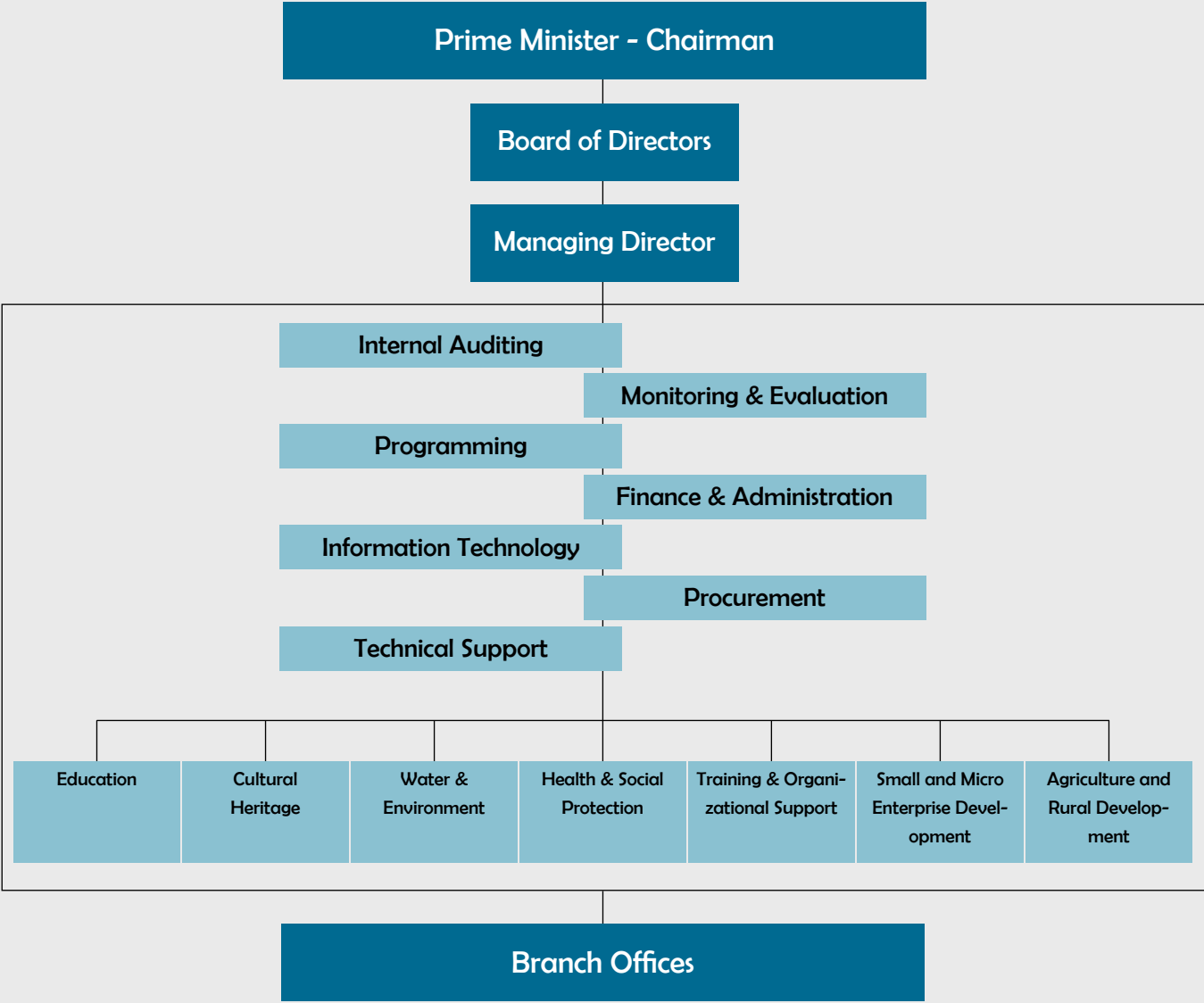


Figure A10. SFD branch offices

