

Annual Report



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**Social Fund for Development
FajAttan - P.O. Box 15485
Sana'a, Republic of Yemen**

Telephone: (+967 1) 449 669/8
(+967 1) 449 671-77
Fax: (+967 1) 449 670

sfd@sfd-yemen.org
www.sfd-yemen.org

Design By: Aymen Alfakih
www.aymen2d.net

The Social Fund for Development at a Glance

The Social Fund for Development (SFD) was established in 1997 to contribute in reducing poverty and achieving Yemen's development goals. SFD contributes to increasing access to basic services, enhancing economic opportunities and reducing the vulnerability of the poor in the country.

SFD achieves its goals through four main programs: Community and Local Development, Capacity Building, Small and Micro Enterprises Development and the Labor-intensive Works (Cash for Work) Program.

SFD's operations implemented across the country invest in 13 main sectors and programs, through which SFD responds to the most pressing needs in the poorest communities.

During the period 2011–16, SFD has completed 4,786 projects at a contractual cost of nearly \$673 million. These projects benefited directly more than 8 million persons (54.6% female) and created more than 32.4 million workdays. Through these projects, SFD constructed and repaired 9,637 classrooms (of which 6,730 are new), supported 1,306 km long of constructed/ improved/ protected rural roads and more than 1 million m² of street pavement areas. The projects also provided 3.4 million m³ of improved water and more than 3.8 million m³ of water for agriculture and livestock use as well as more than 60,102 rooftop rainwater-harvesting tanks with a total capacity exceeding 3.1 million m³ and provided MFIs with nearly 768 thousand loans at a total amount of YR81 billion (nearly \$280 million). The completed Cash-for-Work projects benefitted 0.21 million households. Since its establishment in 1997, SFD has completed the implementation of 13,487 projects at a contractual cost of \$1.47 billion.

In 2015, SFD has been actively responding to the conflict in the country. Since then, SFD has been focusing on providing social protection by creating temporary employment for the most affected families and individuals, particularly internally displaced persons (IDPs).

Board of Directors

SFD's Board of Directors (BoD) consists of 14 members as follows: the Prime Minister (Chairman of the Board); the Minister of Social Affairs and Labor (Vice Chairman of the Board); the Ministers of Planning and International Cooperation, Local Administration, Finance, Education, and Technical Education and Vocational Training; 2 NGO representatives; 2 private sector representatives; an expert Representative; a banking sector representative; and the SFD's Managing Director (Rapporteur of the Board).

Statement of the Managing Director

As a direct result of the continued war throughout 2016, Yemen witnessed further deterioration in the already tragic human situation. Wider spread food insecurity, doubled number of IDPs, non-payment of salaries of more than 1.2 Million civil servants, collapse of basic services and breakout of epidemics deepened the crisis to become the world's largest.

As a direct result of the continued war throughout 2016, Yemenis have suffered further deterioration in the already tragic humanitarian situation. Wider food insecurity, doubled number of IDPs, non-payment of salaries of more than 1.2 Million civil servants, collapse of basic services and breakout of epidemics deepened the crisis bringing the country the world's largest humanitarian crisis. Under such sad reality, preserving and activating the role of Social Safety Net becomes a priority more than ever before. SFD as a major part of this net provides an important contribution beyond this role through its rich portfolio of social and developmental interventions.

While international organizations worked on mobilizing necessary resources within and beside the Yemen's Humanitarian Response Plan YHRP, SFD managed to mitigate the 2015 shock on its organizational and operational equilibrium, staying active and autonomous and presenting once again a story of resilience, which prepared it for faster recovery this year.

Meanwhile, SFD managed also to protect its image and reputation as a credible, politically neutral organization widely accepted all over the country despite the tense and deeply divided political and territorial context.

In 2016, SFD returned to its HQ premises; re operated its affected branches, and its partners continued support mainly a strong support from the World Bank through the UNDP in restoring its full implementation capacity.

Such support helped expanding and or re-launching a package of badly needed diverse services, which provided temporary income and helped protecting livelihoods and living conditions of hundreds of thousands of most needy people. While doing that it developed a clear vision for its contribution to any possible relevant reconstruction activities. SFD also highlighted the expected operational challenges for reconstruction process.

The above presents SFD as a valuable element of Yemen's planning and implementation capacity for social and developmental programs.

I highly appreciate the vital support of SFD's partners and honest and hard work of many of SFD's staff in the Headquarters and all Branch Offices.

Abdullah Ali Al-Dailami
SFD Managing Director

Executive Summary

SFD's operations have steadily improved since the beginning of 2016, compared to 2015, due to the stable flow of funds received from donors who continued to make payments to SFD. In 2016, SFD also signed 8 agreements totaling an equivalent of \$47.9 million, notably the Yemen Emergency Crisis Response Project (YECRP).

Over 2016, SFD developed 156 projects worth approximately \$37.5 million, with direct beneficiaries estimated at 0.3 million people and created employment of 1.5 million workdays (53% female). Disbursements during 2016 amounted to nearly \$53.9 million.

Disbursements during SFD Phase IV (2011–16) reached about \$838.6 and they cumulatively (1997–2016) reached \$1,755 million approximately.

Cumulatively (1997–2016), the total number of projects committed in all sectors has amounted to 13,886 projects worth approximately \$1.8 billion, creating 62.21 million workdays. Some 13,487 of these projects were completed costing nearly \$1.44 billion.

Summary of Sectors

During 2016, SFD developed a modest number of projects due to the limited resources available at that year. Toward the end of the year, new sources of funds were signed and it is expected that the SFD's investments in projects will pick up in 2017.

SFD continued the implementation of its operations with its available resources, which responded to the priorities erupting in the new emergency context of the country and according to the provisions stipulated in the agreements with funding sources.

The Education sector's share amounts to 12% of SFD committed investments during the year. Focus was given to the implementation of the Vocational and Literacy Project (VoLiP) aiming to alleviate poverty, especially among youth, women and rural populations, through providing skills and appropriate funds necessary to enable them to achieve self-development. VoLiP focuses on reading, writing and professional skills geared towards the needs of the labor market, and then facilitating the beneficiaries' access to financial services.

In Water and Environment, SFD continued to emphasize traditional rainwater harvesting projects and awareness-raising hygienic and environmental campaigns. 03% of investments were committed to these two sectors.

SFD also continued its support for the Labor Intensive Works Program (LIWP), which was paid special attention due to the difficult economic conditions Yemenis has been experiencing. LIWP was designed to target the poorest communities and individuals affected by conflict, notably IDPs, as well as the youth to enable them to acquire on-the-job skills. In 2016, SFD's commitments to the Cash for Work Program reached 22% and to the rural-access roads 04% of the SFD total investments.

Health projects, accounting for 13% of SFD investments, focused on the provision of nutrition services, to complete projects to support reproductive health through providing training for rural health workers (particularly females).

SFD continued to support agriculture and rural development through completing some relevant interventions in capacity building and financing of rural female and male producing groups as well as rehabilitating watersheds in rural areas (03% of investments).

SFD also continued to support community-based organizations through training and organizational support, aiming at enhancing their participation in self-help initiatives and to increase communities' resilience. During the year, the focus was given to youth employment through the Rural Advocates Working for Development (RAWFD) and Empowerment for Local Development (ELD) programs that tend to form and support community structures, motivate them to contribute in mitigating the effects of the conflict, play a role to support IDPs and seek support to poor and most affected communities. The share of this sector accounted for 07% of SFD investments in 2016.

In addition, SFD benefited from small grants that continued the support of the cultural heritage sector through various labor-intensive activities, with the share of this sector amounting to 02% of SFD's 2016 project investments.

SFD allocated 34% of investments to support small and microfinance programs and business development services. The investments are intended to enable these programs to increase the resilience and revitalize the financial and non-financial services in order to continue their activities and generate jobs.

Program and Sector Investments in SFD IV

The Social Fund for Development (SFD) is a national agency that seeks to channel its investments to the most vulnerable communities across the country. SFD responds to the most urgent needs, and plays an active role in targeting vulnerable groups and poor communities, particularly those living in remote rural areas. SFD targeting policies rely on poverty-related indicators as well as on qualitative tools that further identify the poorest areas and neediest communities.

During the time-period of SFD's Phase IV (2011–16), the country has experienced critical conditions and challenging developments. Nevertheless, SFD managed to continue the implementation of 4,786 projects costing \$673 million _including 2,827 projects financed from resources devoted to SFD phase IV and completed during the mentioned period at a cost of \$365 million.

Targeting and Distribution of Allocations during Phase IV

During phase IV, the SFD has applied three key strategies for targeting and allocating resources: geographic, program and social. The following description assesses the targeting effectiveness for Phase IV projects that have commenced since 2011 and completed in 2016.

Geographic Targeting

The largest share of the SFD Phase IV resources has been allocated based on deprivation index at the governorate and district levels. Needy areas have been identified based on the number of poor residents as well as the availability of services and quality of living conditions in the areas, relying on poverty-related indicators provided by the 2004 Census and 2005-06 Household Budget Survey as well as on qualitative tools that further identify the most

impoverished areas and the neediest communities. Most projects fall under this type of targeting being related to basic infrastructure of education, health, water and feeder roads.

During the period 2011–16, SFD has completed 1,415 projects under this type of targeting, costing approximately \$272 million (75% of total investments) (Table 1).

Program Targeting

This SFD targeting policy seeks to reach remote and poor communities with additional resources to its districts' allocation specified under the geographical targeting. The labor-intensive cash for work was the dominant intervention. Other programs include special interventions, girls' education, vocational

literacy, and water interventions in areas suffering from scarce water.

During the aforementioned period, some 1,273 projects have been completed costing about \$89 million (24% of total investments).



Social Targeting

The SFD plays a proactive role in targeting the most vulnerable groups. This includes groups with special needs such as persons with disabilities, at-risk women and children and the most underprivileged groups, including the socially marginalized people and male and female prisoners.

The SFD has completed about 139 projects through social targeting, at a cost of \$4 million (1%).

Table 1: Completed projects and costs in 2011–16, by targeting type

Targeting	No. of projects	Percentage (%)	Costs (million USD)	Percentage (%)
Geographic	1,415	47	272	75
Program	1,273	48	89	24
Social	139	5	4	1
Total	2,827	%100	365	%100

Analysis of Geographic Targeting in 2011–16

Of the \$272 million the SFD invested through geographic targeting, the projects and investments were allocated for the urban and rural areas across four categories of village poverty index (VPI) as follows (see also figures 1 & 2):

- **Group 1 (VPI of 0–25%):** This group includes the relatively better off (albeit located within rural poor and needy areas), that received \$32 million (12% of the total geographic-targeting investments).
- **Group 2 (VPI of 26–50%):** This group received \$38 million (14% of the total investments).
- **Group 3 (VPI of 51–75%):** This group is poor, and required more services than Groups 1 and 2; thus, it

received \$72 million (26% of the total investments).

- **Group 4 (VPI of 76–100%):** The populations under this group, residing in the poorest and neediest areas, utilized \$130 million (48% of the total geographic targeting investments).

As figures 1 and 2 show, during SFD IV (2011–16), \$202 million (74% of the total geographically targeted investments) went to areas with a VPI above 50%, i.e. to the neediest and most impoverished areas, while \$70 million (26%) went to the relatively better-off areas whose VPI is less than 50%.

Revised Targeting

By end of 2016, a revised targeting methodology was introduced to further reflect the conditions in the country. Two targeting approaches would be followed: a) general geographical targeting and resource

allocations by governorate; and b) thematic and sectoral approach to address challenges emerging during the crisis including targeting districts that have been hit hard by severe malnutrition.

Geographic targeting

The fund allocations to each governorate are determined based on a Distress Index that consists of a number of indicators related to food insecurity, internal displacements and people in needs. A multi-layered targeting approach is being used: governorate level fund allocations, targeting of districts within the governorates, community targeting, and the selection of the neediest families within the targeted communities. The composite Governorate Distress Index, determining the allocation at the governorate level, consists of six indicators: the level and intensity of population with food insecurity (i.e. the number of

food insecure people in the governorate and their share of the total population), the level and intensity of displacement (i.e., the number of IDPs and returnees in the governorate and their share of the total host population), and the level and intensity of population in urgent need for assistance.

At the district level, the Distress Index is determined by the level and intensity of displacement, including IDPs and returnees (defined as the share of total IDPs in the district out of the total number of the host population of the district) and the level and intensity

of food insecurity (defined as the share of the severely and moderately food insecure out of the total population of the district). The targeting approach is benefiting from recent data updates of the UN system and from improvements in data availability at district level.

Additionally, a special program is devoted to address

malnutrition in the most affected districts. Data is obtained from the UN-led Nutrition Cluster. SFD is also supporting small and micro entrepreneurs affected by the conflict by providing a package of support to sustain the microfinance institutions, support micro entrepreneurs to re-start their activities, enable farmers to produce food and to create and sustain jobs.

Figure 1

Distribution of geographic targeting-based investments for SFD Phase IV completed projects, by targeted group (Million USD)

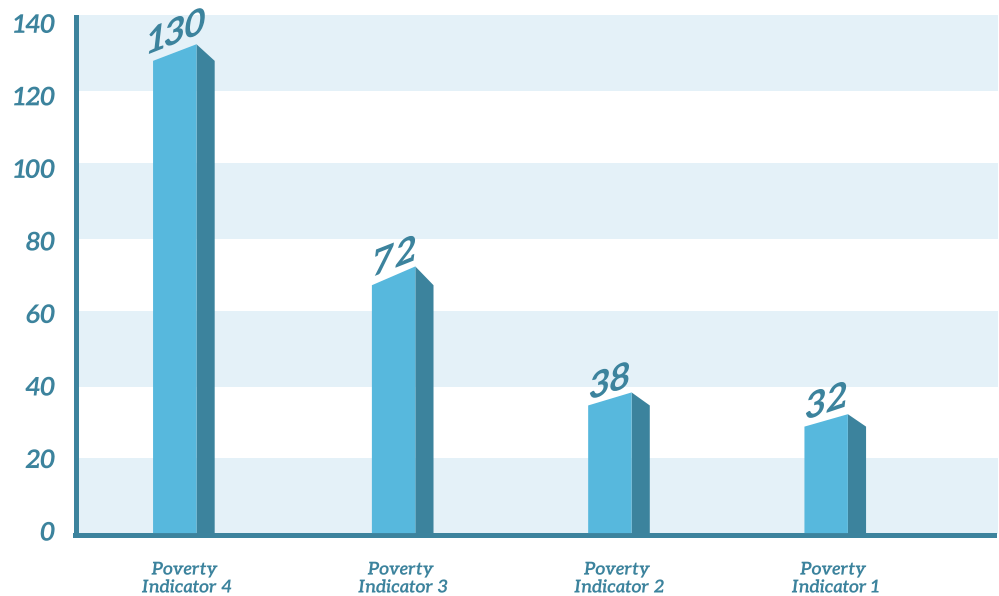
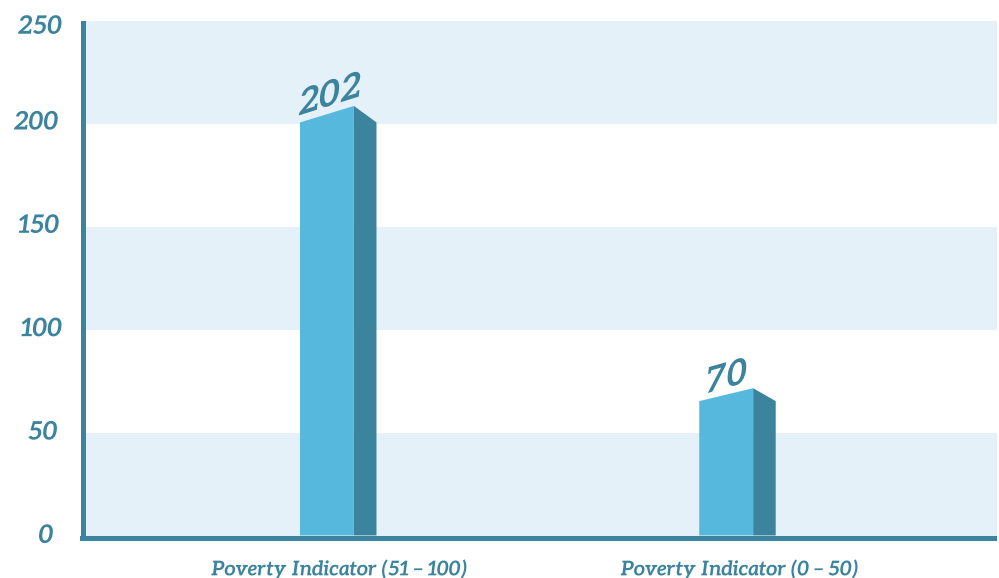


Figure 2

Distribution of geographic targeting-based investments for SFD Phase IV completed projects, by target group (Million USD)





Education

In 2016, SFD has focused on the implementation of two activities the Vocational Literacy Project (VOLIP) and the Girl's Education Program, which involves reproductive health and life skills capacity development. The education sector continued to complete some of the projects that have started prior to 2015, which are detailed below.



PROGRESS UPDATE

During 2016, SFD constructed and rehabilitated 480 classrooms, from which 16,362 students are expected to benefit. Besides, SFD trained 698 non-formal teachers and 429 professionals.

During Phase IV, moreover, some 1,828 projects have been developed cumulatively at a total cost of USD

403.7 million, of which 1,339 projects were completed at a total cost of USD 267.9 million generating nearly 4.72 million workdays. Also 9637 education facilities were constructed or rehabilitated cumulatively since 1997 SFD constructed or rehabilitated more than 36,000 classrooms.

TABLE 1: PROGRESS IN EDUCATION SECTOR – OUTPUT INDICATORS

Results Indicators 2016	Achieved		
	2016	2011–16	
No. of classrooms constructed/rehabilitated	Built	416	6,730
	Repaired	64	2,907
	Total	480	9,637
No. of pupils benefiting from space created by SFD constructed classes	Boys	8,436	146,344
	Girls ¹	7,924	125,702
	Total	16,362	271,446
No. of children with special needs integrated in ordinary schools	Boys	376	3,597
	Girls	289	3,943
	Total	665	7,540
No. of formal education teachers trained (average 8 training days)	Male	0	232
	Female	0	226
	Total	0	458
No. of non-formal education teachers trained (average 18 training days)	Male	4	34
	Female	325	3,008
	Total	329	3,042
No. of educational professionals ² trained (average 8 training days)	Male	377	1,126
	Female	52	612
	Total	429	1,738
No. of non-formal education teachers qualified (average 90 training days)	Female	369	780

The results framework above provides an overview of the progress made towards achieving the SFD IV objectives and indicators. SFD has exceeded all the indicators set for education sector, and some achieved indicators are even 200 percent higher than the planned. SFD had planned to construct and rehabilitate 9,000 classrooms to increase access to basic and secondary education services in the targeted areas. By the end of 2016, SFD constructed and rehabilitated 9,637 classrooms and handed them over to the MoE. A total number of 272,046 students, of whom 46 percent are females, are expected to benefit from these classrooms. SFD had also planned to train and qualify 1,400 formal and non-formal education teachers in order to increase the educational opportunities for women and provide alternative education for non-enrolled girls, with more focus on life skills. By the end of 2016, SFD had trained and qualified 4,280 formal and non-formal education teachers to improve quality and access to more women and girls in targeted communities, especially with the availability of some earmarked

grants.

To promote decentralization of educational services and capacity building for MoE and its offices, SFD had planned to train 1,382 educational professionals. During Phase IV, however, SFD has trained 1,732 administrative staff members and mentors working in the education various units, girls' education departments and community participation section. Fields of training included strategic planning, effective management, educational leadership skills, monitoring and follow-up, etc. During the phase IV extension period (2016–17), SFD has been continuing to complete the ongoing projects and achieve the set indicators.

Besides, in order to ensure the provision of equal opportunities and access to education services, the distinct needs of women and girls are taken into consideration throughout the process of funds' allocation, project selection and implementation cycle. Special attention is also paid to barriers of girls' education through activities that meet their needs.



VOLIP... the strongest link to Mohamed's new life

As **Mohamed M. Ezzi** had been attending his university lectures in Al-Hudaidah City with empty pocket, all his concerns focused on his village, Shejinah, near Al-Sukhnah town (Al-Hudaidah Governorate).

Once he whispered to his closest classmate, *"the better-off can never see or feel the pain triggered in my little brothers' eyes as they follow smoke coming out of the neighbors' kitchen and their noses sniff their hot bread on an empty stomach. My father and I hoped to die every day to avoid that daily scene."*

Mohamed completed his story, *"An SFD phone call pulled me out of this pain and threw me into a new dream when SFD selected me for a training on mobile phone maintenance."*

Mohamed always believes in dozens of ways to survive the impact of the nationwide chain of political conflicts if he and other fellow youths have an access to a supporting link such as the one he had, the SFD-supported VOLIP.

Mohamed said, *"Since this access had been provided, my significant role was to wisely select an appropriate profession and a demand-based place of work. After the training, I started to work well in Al-Sukhnah town, and I managed to rent a small shop, provided my family with cash and continued my education. Now my life has changed as I have a dream to improve my work skills and increase income till I become a big name in mobile phone trade."*



VOLIP bridges the need gap of Khuloud's family

"I feel totally desperate whenever my kids were daily asking me about the time their father would turn home with the bread! I could not find an answer as he used to come back once with bread and several times with nothing. Working as a motorcycle driver, he was not able to even secure his daily need for insulin injections from his work that was not feasible due to the war's economic impact.

I tried my best to help him but I failed, especially that I had dropped out from education at the elementary level. I was not aware that the key to my problem was at the hands of VOLIP that opened up the life horizons granting me training and access to the labor market. I, Khuloud Derwish of 22 years, finished the training course on bride beautification and started my work that has changed the course of my life and improved the living situation of my family, and stimulated my professional energy.

We live with our two children in Al-Zaidia town in Al-Hudaidah Governorate. When I talk about my experience, I remember the most painful moments when I stood helpless before my frustrated children unable to afford buying their festive clothes so they can play with the neighbor children. Now, I was trained on (coiffure) and the fame of my experience spread across my community. My income is on the increase and thank God it reached YER45 thousand despite the lack of electricity and some equipment".

Khuloud Derwish
Al-Zaidia Town, Al-Hudaidah Governorate





Health

SFD focuses on supporting the efforts of the Ministry of Public Health and Population (MoPHP) to expand coverage of basic health services, to enhance the performance of the health system, and to improve human resources management. More specifically, SFD builds, furnishes and equips health facilities and trains traditional birth attendants and primary health care service providers.



PROGRESS UPDATE

During 2016, SFD completed the following activities:

- 10 health facilities were constructed/renovated and equipped, and seven facilities were furnished and equipped.
- 20 community-midwives were trained on community-based maternal and newborn health care.
- 78 primary health care personnel (53% female) were trained on integrated management of childhood illnesses (IMCI) and preterm and neonatal care.
- 79 high-school graduates (95% female) were qualified through a three-year diploma in the fields of physician assistance, technician nursing, and physical therapy, to deliver primary health care services to targeted communities.

In 2016, SFD resumed its program of the youth employment opportunity in nutrition as part of the Emergency Crisis Response Project. Within this interventions, 221 eligible young women were hired as community educators to deliver community based services such as holding health education sessions as well as screening and identifying malnutrition cases among children under 5 and pregnant and lactating women and referring them to the health facilities for treatment with payment of transportation and accommodation fees. In tandem with the youth employment in nutrition services, SFD is implementing a Conditional Cash Transfer Program (CCT) to transfer cash assistance to poor households with children under 5 years old and pregnant and lactating women that are beneficiaries of the Government’s cash assistance through the Social Welfare Fund (SWF), 4,222 eligible women have enrolled in project activities since October 2016.

TABLE 2: PROGRESS IN HEALTH SECTOR – OUTPUT INDICATORS

Results Indicators	Achieved		
	2016	2011–16	
No. of health facilities constructed/renovated and equipped	10	107	
No. of health facilities furnished and equipped	7	74	
Total	17	181	
No. of community midwives trained ¹	20	2,058	
No. of community midwives qualified ²	-	255	
No. of primary health care personnel trained ³	Male	36	1504
	Female	42	943
	Total	78	2447
No. of primary healthcare personnel qualified ⁴	Male	5	271
	Female	94	294
	Total	99	565

As of the end of 2016, SFD has exceeded most of its planned targets during Phase IV for health sector. For instance, regarding the main off target indicator, i.e. the number of primary health care personnel who have been qualified and trained to deliver services, the achieved indicator had exceeded the target by 82

percent by the end of 2016. Also, SFD has planned to construct/renovate, furnish and equip 150 health facilities to improve access to primary health care (PHC), maternal, newborn and child health services. However, the actual achieved number of such facilities amounts to 181.

(1) Training of CMW: Average 18 days

(2) CMW qualification diploma two - three years (After the ninth grade)

(3) PHC training course of average 18 days

(4) PHC qualification-Nursing, laboratories, medical assistant Diploma (three years after high school)



Roqaya: happy to fight malnutrition and earn income

"I've become the first community educator on nutrition in my village of Dir Al-Ruwayi after two weeks of training in health and nutrition education. During the training, I benefited greatly from the new information that sometimes are important to the lives of children under the age of five or their mothers, and I felt they should reach them. The SFD officer gave me the names of 25 mothers in my village and all the presentation and education tools I need to start my educational mission in my village. I carried out two monthly sessions on health education and on girl education, in addition to house-to-house visits to raise awareness and to discover any malnutrition cases for mothers, the pregnant or children. One of the key results of my work was that I discovered acute malnutrition of two little girls, and I convinced their parents to bring them to treatment centers. Each case spent 5 days in treatment at both Al-Quta'i center and Al-Thawra Hospital in Al-Hudaidah. They then were discharged after their situation had improved, and they are now exercising their normal lives"

**Roqaya Salem Al Abdali (Community nutrition educator)
AL-Marawe'ah District, AL-Hudaidah Governorate**



Taghreed saving lives during critical times

"My training in some SFD-supported midwifery and maternal and neonatal health programs has resulted in success at community and at my family levels. Given the medical package provided by SFD and the increased demand of my services especially during the conflict times, I have opened a private clinic at my home and made house-to-house visits to mothers. The villagers' interest and acceptance have motivated me to take an active role in reducing the number of safe births, provide health and nutrition awareness to mothers and children, and correct some harmful beliefs. Personally, I am now working at a health center and carrying out home deliveries. I contributed to improving the material and educational aspects of my family. I supported my sister and brother to study community health in health institute in Ibb City"

SFD had also planned to train and qualify 2,240 community midwives and 2,475 primary health care personnel to increase the coverage of health service providers in the targeted communities and increase the rate of birth deliveries attended by skilled health personnel. By the end 2016, SFD has managed to achieve the target as follows:

- 255 ninth-grade female graduates have been qualified with a two/three-year diploma. They became community-midwives and engaged in providing antenatal and postnatal care.



- **2,058** community midwives received a refresh theoretical and practical training to enhance their skills and knowledge and deliver a package of community home-based services.
- **565** high-school male and female graduates were qualified through a three-year diploma to deliver primary health care services to targeted communities. Trainees included physician assistants, nurses, radiologists, laboratory technicians, pharmacists, and physical therapists.
- **2,447** primary health care (PHC) personnel had been trained on integrated management of childhood illnesses (IMCI) and the manual of integrating mental health into primary health care.

**Taghreed Mohammed Khashafa (Community Health Institute):
Ibb Governorate**

***A national team graduated to provide
psychological support services during crises***

SFD has strengthened the health sector in several governorates with providing the sector with national trainers capable to provide psychological rehabilitation services for crisis victims. The selection of the team is based on the SFD selection of professional specialists (general medicine, psychiatry, psychology and sociology specialists) enjoying effective communication skills. The national team has gained experience in practicing the profession and treated traumatized people and those who had been prone to violence in their governorates, especially as a result of the war and its various consequences.

Some 26 national trainers from the governorates of Al-Hudaidah, Dhamar, Amran, Sa'adah, Al-Mahweet and Sana'a City participated in the training, which included overlapping stages based on the Holistic Approach that includes prevention, protection and rehabilitation support. The treatment includes health, psychological, social and legal support, including income-generating small businesses. The final stage is supporting the reintegration of the victim into the community with a self-efficacy. A senior regional trainer nominated by WHO was selected to run the training.

The trainee and psychological specialist Dr. Hana Sinan (works in the Alsabeen Hospital in Sana'a) gives her impression about the activity

"I benefited greatly from the training as I became familiar with ways to provide psychological support to those affected by the ongoing war impact, especially for the vulnerable groups I work with such as women and children."





WATER & ENVIRONMENT

SFD interventions in the **water sector** contribute in increasing water service coverage in needy communities through supporting projects that rely on renewable water sources such as rainwater, springs, and surface water as the first option; if not available or not applicable, then groundwater is considered as the second option. In the **sanitation sector**, SFD's interventions contribute in increasing sanitation coverage in needy communities and augmenting the impacts of SFD's water interventions through hygiene campaigns focused on behavior change.





During 2016, SFD provided 168,459 beneficiaries with access to improved water sources and 38,517 beneficiaries to improved sanitation.

Water Sector

The water and environment unit (WEU) aims through this sector to provide access to improved water sources to beneficiaries, particularly vulnerable rural communities, in accordance with the national definition for water coverage¹.

Table (): Achievements in the Water Sector indicators

Indicator	Achievement	
	2016	Cumulative 2011-2016
Water access: Number of people provided with access to* improved water sources	168,459	941,801
(Storage capacity for improved water (m ³)	458,109	3,373,369
(Storage capacity for unimproved water (m ³)	54,080	1,893,182

To reach the Phase IV targets, SFD supported local communities to build 10,350 rooftop cisterns, 14 public covered cisterns, 10 public open cisterns in addition to laying 232 km pipelines, building 22 water tanks, 18 communal taps, 7,122 house connections and 20 pumping units.

The water sector has continued the implementation of projects funded by several donors. And towards the end of the year, it has participated in the implementation of projects funded by the Yemen Emergency Crisis Response Project using the cash-for-work modalities in water sector and specifically in rainwater harvesting schemes.



SFD support to the Dhi Masnona water supply system - Al Baydha

(1) The national definition of water coverage for rural areas is "The availability of 30l/c.d of improved quality water within fetching time not more than 30 minutes roundtrip year-round". Improved water includes covered rainwater tanks, protected wells and springs, and open surface water such as dam lake/open rainwater cistern with roughing filter.



Dhi Masnoma's IDPs Returned as Low-cost Improved Water is Provided

In a few years, the drought forced several vulnerable families to leave their homes and properties and fled Dhi Masnoma sub-district, east of Al-Baidha Governorate, in search of water for survival and for their livestock. Poverty among the villagers has reached such an extent that they could no longer afford buying water from water vendors. They were extremely vulnerable as they lacked income and also due to the high prices of water trucks resulting from the high fuel prices. Nevertheless, the water quality was poor because the water vendors used to bring the water from a dam's lake exposed to contamination.

The community in Dhi Masnomah requested the SFD's support for a water supply system. As usual, the water project was developed and designed with the full participation of the community. The water source for the new project was agreed to be a hand dug well near an existing dam to ensure continuous recharging and the project's components include a hand dug well (community contribution), fuel-fed water pump, water tank, distribution network and house connections (community contribution). The civil work was completed before the national crisis. while the contract for the pump unit was separated and delayed till the completion of the civil work. The crisis resulted in severe fuel shortage and rocketing prices to the extent that SFD became reluctant to go ahead with the fuel pump or go for renewable energy pumping.

After consultation with the community, a decision was taken to go for solar energy pumping, though, some community members doubted it will work. The solar pump was installed and operated and the water reached the water tank with the required quantity as designed.

"Ten displaced families returned to their homes and livelihoods after months of humiliation and exposure to the war risks", said Awadh Hussein, a member of the newly formed Water Management Committee. Awadh adds that the SFD intervention surprised the villagers with its innovative solutions and economic and development benefits as follows:

Operating expenses are virtually non-existent after the introduction of the solar system, which ensures low water cost for beneficiaries and sustainability of the project. *"None of us believed that this new technology would work for us, but now we see the water have reached the reservoir,"* Awad said.

The beneficiary Abdelkawi Alduraibi said: *"Pumping the water to the tank using the diesel pump took 5 hours, but with solar power it was much faster and at no cost"!*

Beneficiaries were consulted at all project stages, and a 5-person community-based committee was established to manage and operate the project and ensure its sustainability. The members of the committee were trained in operating the system as well as in running the financial and administrative issues.

The project created another development goal, the price of the water unit is equivalent to only 10% of the cost from water vendors, yet the water quality is better. The number of houses connected to the system reached 35 houses.

Out of the revenues, the community is building literacy classes and there is a plan to sell the excess water above domestic use to farmers.

The project's other fruits are demonstrated in the return of 60 displaced persons and the release of women and kids from the burden of daily chore for fetching water, and kids have enough time to play and go to school.



Sanitation Sector

SFD aims through this sector to provide access to improved sanitation to targeted beneficiaries through implementing sewerage projects and conducting hygiene campaigns focused on behavior change.

Table (): Achievements in the Sanitation Sector

Indicator	Achievement	
	2016	Cumulative (2011–16)
*Sanitation access: Number of people provided with access to improved sanitation	38,517	279,232
*Number of SFD-supported Open Defecation Free communities	164	896

To achieve the results shown in the above table, SFD supported local communities and authorities to establish a sewerage network of total length of 75 km with 346 manholes and inspection chamber and 289 house connections in addition to conducting 350 hygiene campaigns using community-led total sanitation approach.

Communities fight epidemics and build sanitation facilities at no cost

During the ongoing war and with the lack of basic health services across the country, epidemics have spread and damaged the public health of the population who have not received sustainable response or community initiative. Five villages, Fayez, Qal'at-Makdam, Sharaqi-Alharf, Saadeddin and Harf-Thamer (114 families) were among hundreds of Yemeni villages where most houses remained for decades without safe sanitation such as toilets or soak pits.

The villagers, in Alshaghadra district (Hajjah) were unaware of the relationship between outbreak of epidemics such as cholera and diarrhea and the open defecation behind houses and on the roads, and how Human waste move through insects to their food and drinks.

In the face of this endemic humanitarian landscape, where sanitation facilities were not available in 84% of their homes, the persuasive approach of the Community-led Total Sanitation Program (CLTS) have succeeded in encouraging the community to build toilets and drainage pits, reducing that aforesaid figure significantly to only 5% within 6 months only without costing the SFD anything and the community paid little funds but using the local resources efficiently.

The CLTC program carried out a series of awareness sessions to ignite the community's sense of responsibility for combating the chronic epidemics in order to spare the health bill cost by focusing social solidarity on the issue. The issues also spared a lot of embarrassment for women whose privacy was exposed to many risks, especially at night.

Walid Thamer says that the TCLC has succeeded in changing the behavior of the villagers completely after the outdoor defecation practice had been a prevailing societal culture. When the team presented a large image of a fly with its feet filled with filth, it was enough for the community to understand the fly danger after it was a constant friend of families and children.





Agriculture and Rural Development

SFD pays special attention to rural development to contribute in reducing poverty through several interventions aiming to promote appropriate technologies to increase productivity, improve income of workers in agriculture, especially the rural poor, and improve quality and rationalize the consumption of water for agriculture.





SFD also seeks to build and strengthen the rural communities' capacity in order to gain access to livestock development services, as well as to coordinate and cooperate with the local and relevant authorities and promote women participation in development.

The Agriculture and Rural Development Unit (ARDU) has been responsible for implementing several agricultural activities, namely Water for Agriculture, Rain-fed Agriculture and Livestock Project (RALP), Beekeeping Program, and Village Savings and Loans Pilot Program (VSLA).

PROGRESS IN AGRICULTURE – OUTPUT INDICATORS

Results Indicators	Achieved	
	2016	2011–16
Storage capacity of water for agriculture and livestock use (m ³)	141,662	3,827,680
Total potential area of land to be irrigated by water sources (Ha)	-	998
Total area of rehabilitated agricultural land and terraces (Ha)	-	318

Water for Agriculture

Three projects are still under implementation with an estimated cost of USD 845,500. They are expected to benefit seven thousand farmers and irrigate a total potential area/land of 102 hectares. As shown in the table above, ARDU cumulatively (end of 2016) has provided a total storage capacity

exceeding 3.8 million cubic meters of water for agriculture and livestock use. However, two indicators are still behind the target set for Phase IV due to the shortfall of funding and/or occurrence of armed confrontations at projects' locations.

Village Savings and Loans Pilot Program

Key activities in 2016 included the following:

- Preparation of about 2,000 copies of saving and loan booklets to be distributed to VSL formed groups in the districts of Tor Al-Baha, Madharibah, Al-Qabbaita, and Al-Makatara (Lahj Governorate);
- Conducting field visits to governorates of Sana'a,

Al-Mahweet, Al-Hodeida, and Hajjah, for the purpose of follow up and reactivating the formed groups;

- Holding nine training sessions for formed groups on management skills of saving and loan groups in Tor Al-Baha district of Lahj Governorate.



SFD provides jobs for IDPs in Hajjah

During 2016, the SFD carried out a number of field visits to follow up on the work of the cash-for-work program, specifically in improving and developing the productive conditions of livestock in Abs District of Hajjah Governorate.

This project aims to provide job opportunities for the IDPs from the Haradh District to Abs. The intervention established animal pens, with employees from the IDPs population.

"Before this Social Fund for Development intervention, I did not know how to cut stones or to deal with clay. Now, however, I have acquired the profession of cutting bricks and using mud", Ibrahim Hazzam, one of Haradh locals who had been displaced to Abs due to the war and armed conflict, said

He added, *"Although the work in the project was not more than a month long, I am now— thank God— professional in the mentioned type of work. I have even started to build my own mud house here in Abs."*

"In addition to the profession I have acquired, I got Yemeni Riyals 75,000, which came at a time when we were in difficult circumstances. I bought food supplies for my food-insecure family and bought clothes for my children," he concluded.





Training & Organizational Support

Interventions in the two sectors of Training & Organizational Support aim at providing services through training as well as building the human and institutional capacities of SFD partners including consultants, community committees, small contractors, local authorities, governmental and non-governmental organizations, etc. whose activities are linked to SFD objectives represented by local development and poverty reduction.



The Unit consists of Training Sector, Organizational Support

Sector and Integrated Interventions Program (IIP)

During 2016, the number of active Village Cooperative Councils (VCCs) the unit's teams created and supported reached 333. Moreover, SFD provided training to 254 LA members on ELD program and 263 consultants.

PROGRESS IN CAPACITY BUILDING – OUTPUT INDICATORS

Results Indicators	Achieved	
	2016	2011–16
Number of active Village Cooperative Councils	333	4,316
Number of people trained in RAWFD, M&E, participatory methods, planning or other strategic information management disaggregated by:	Male	887
	Female	702
Local Authority members trained on ELD program	254	5,122
Number of SFD consultants trained	263	6,745
Number of NGOs supported	-	55
Number of local authorities supported	-	50
Number of Beneficiary Committees formed and trained	-	1,832

During Phase IV, achievement in the first indicator of “active village councils” exceeded the planned. VCCs continued their activities during the crisis and played a leading role in helping their communities as facilitators of a large number of community initiatives and humanitarian activities. This reflects a clear-cut evidence of the importance of work with these CBOs during hard times.

During the year, the sector has engaged under the Emergency Crisis Response Project (ECRP), to contribute in increasing the youth employment engagement in in the facilitation of social services. Young men and women under 35 years received

training and had the priority to short-term job-opportunities in community mobilization, training, activating VCCs to implement community initiatives and enhancing social cohesion within communities. In 2016, the sector continued to implement empowerment for local development activities to enhance the resilience of rural communities by forming and training VCCs and developing village resilience and district recovery plans, introducing coordinated resilience approach to reduce vulnerabilities and contributing in improving levels of community stability in targeted areas and local governance.

(Empowerment for Local Development “ELD”

ELD supports local communities by organizing them in networks and platforms in the forms of VCCs and sub-districts development committees. The collaborative activities widen the VCC members’ knowledge of the impact of the current situation and increase their commitment to be involved in local

development and basic services delivery. VCCs are particularly drawn into such networking activities to promote social accountability and magnifying citizen’s voices while creating greater participation, increasing leadership in the community, and creating social cohesion.

Self-Help Initiatives Implemented by VCCs

During the reporting period, VCC and sub-districts’ committees implemented 2,393 self-help initiatives in 42 districts of 14 governorates with total estimated cost of YR1.01 billion. These initiatives were totally funded and implemented by communities using their

available local resources- either in kind or cash contributions. Some of those self-help initiatives responded in roads, water, sanitation, educations and health sectors.



VCCs' Facilitation of Humanitarian Interventions

Because of their capacities and presence at the village level during the reporting period, VCCs facilitated the response of 925 humanitarian interventions funded

by humanitarian agencies and INGOS in 32 districts of 14 governorates costing nearly YR2.5 billion (equivalent to \$9.9 million).

Co-Financing Small Scale Community Infrastructure Initiatives

Under this type of community-based initiatives, which requires part of resources from outside the community, SFD invested some resources to match the community's contribution (mostly in-kind materials), whereas the community's contribution

comprises of the available local resources. As of Dec 2016, ELD has completed the activation of 30 new small-scale projects in Dimnat Khadir District (Taiz Governorate).

ELD Youth Employment for Community Empowerment Project

ELD aims to provide temporary job opportunities for youth to add new VCCs to its network of 4,500 VCCs in 70 districts in 14 Yemeni governorates. The plan of this new project will include the employment of 2,000 youths (40% females) in 33 sub-projects in 33 districts. The youths will mobilize communities in rural areas and help citizen **live up to** the challenges facing them and start depending on themselves in involving in community initiatives that meet their

priorities. The projects started by identifying and training youth social workers, who then signed a labor contract under field mentoring from experienced ELD consultants. The youths train the communities and support them in developing their villages resilience plans. In 2016, ELD started training and employing 300 youths to lead the empowerment of rural communities in 7 districts.



Consultants from Socotra being trained on forming community committees



Mashaf community mobilized to improve their rural road, Kuaydena



Awareness event before forming VCCs in Al-Udain - Ibb



Roads provides Almohel villagers access to a better life

Not only conflicts in Yemen worsen the population's lives and result in deaths, but also difficult roads do. About 4,000 villagers of Almohel village and other neighboring five villages (Hajjah Governorate) were in critical isolation as the mountain roads leading to it were rutted.

This challenge had prevented access to services and aid by NGOs and even visitors to assist the villagers, especially in emergency situations. Pregnant women who needed medical attendance during delivery and critical medical cases died or sustained significant complications as they crossed this difficult geography. And they had to pay high transportation fares for using that difficult 3.5 km road.

The ELD ERRY project team reached Almohel, identified the improvement of this road as their priority, motivated villagers to elect their Village Cooperative Council (VCC) members. A VCC member gave an account of the rest of the story; *"The SFD team made the villagers aware that we have all resources to improve the road to our Bani-Qais district ourselves without the need to wait for the government's response for further several years."*

As the VCC members mobilized the local people for this project, their response was unexpectedly amazing. Everyone brought his tools and voluntarily joined the large working group. We took soil from neighboring lands to level the road and cut stones from the mountain for paving. The reality started to change slowly and this continued the volunteers' enthusiasm.

We implemented 14 self-help initiatives during the first month and half till November 2016, and all of them focused on roads because we realized that such efforts would ease access of any humanitarian relief especially during the horrific ongoing crisis.

Now it is much cheaper, smoother and faster for us to get into the district and this has helped in the medical emergency cases. The villagers noticeably increased their return trips to purchase their families' needs, and we communicate with the district local authorities to inform the NGOs of the improvement of access to our villages.

ELD builds the rural communities human capital and increases their resilience against war impact

"The population of 15 villages had long awaited relief aid to respond to their basic needs that sharply increased due to impact of the ongoing war and the increasing inflow of displaced people. We were surprised as SFD teams gathered us at the villages' public areas and told us that rather than waiting, everybody should move to help ourselves sooner and better than anyone else could do it. Six months later, we established 144 Villages Cooperation Councils (VCCs) and implemented 30 sustainable projects benefitting 21,000 people at a cost of YER 34 million of which the community contributed with in-kind share worth YER 21 million (61%), and the rest was paid by the SFD." This was a summary recounted by a member of the VCCs in Khadir Albawd sub-district located close to the conflict areas in the central Taiz Governorate.

The initiatives included 11 small-scale water supply projects, the establishment of two health clinics, the creation and paving of 5 rural roads, building additional classrooms in 6 schools, establishing 5 irrigation channels and a village council building, including health awareness, road maintenance, collection and distribution of schoolbooks, and removal of harmful plants. In addition, 12 different training courses were implemented benefiting 410 persons, 88% women.

The community's initiatives included active participation by women across the projects' components. The community acceptance of the role of women has had encouraged them to benefit from interventions. Among other evidences, some seven training sessions benefiting 246 women has ended with most of them creating income-generating small projects. ELD has enabled the villagers to elect 95 male and 90 female members to run the VCCs, who were trained by ELD to develop development plans for the next five years at the village and district levels.

Dimnat Khadair has been one of nine affected districts of Taiz governorate including Al-Misrakh, Al-Mukha, Al-Ma'afir, Al-Rawna, Haifan, Al-Mawasit, Sami'e and Ashamayatain. In these districts, ELD contributed to the establishment of 700 VCCs and worked with 8,500 VCCs' members, half of them women. These VCCs implemented a total of 2,500 initiatives.





Cultural Heritage

Projects in the cultural heritage (CH) sector contribute to rescuing and restoring the country's rich and diverse endangered cultural heritage and preserving both tangible and intangible assets of historic and aesthetic value. Projects in this sector also help build national capacities in this regard.





During 2016, SFD provided training to 66 master builders and 35 professionals including architects, archaeologists and engineers.

Results Indicators	Achieved	
	2016	2011-16
Master builders trained/gained skills	66	516
Professionals trained and gained skills (architects, archaeologists and engineers)	35	230
No of sites and monuments documented and saved/conserved	-	40



The oldest part of Al-Asha'irah mosque discovered during 2016, Zabid - Al Hodeida

Restoration of the Great Mosque in Sana'a (Phase V)

The restoration of the Great Mosque in Sana'a continued in 2016 despite the difficult political and security conditions. Therefore, carrying on this project per se is deemed a success story.

In this regard, priorities in the project have been rearranged along with adapting work time and workforce according to the changing security and financial status. All works have been restricted only to the already ongoing activities; easy to be implemented and to be closed (if needed) safely. At the same time, the SFD team is aware not to open any work unless it is sure that it is able to control it and implement it quickly. Works include archaeological, structural excavations and soundings, architectural documentation and conservation of ornamented coffered wooden ceiling as well as *Qadad* and other different works.





Labor Intensive Works Program

The Labor Intensive Works Program (LIWP) targets poor communities, aiming to provide two sets of benefits: immediate wage income to protect poor families against shocks, and community assets that would generate future benefits. LIWP comprises the Cash-for-Work (CfW) Program and Rural Roads Sector.



CfW Program

The program targets the very poor communities in rural areas and gatherings of unskilled labor in the urban areas. It provides temporary job opportunities for the poor in areas affected by the crisis, economic shocks; climate change, such as drought; increase of food prices; and/or unemployment. CfW activities are prioritized according to the needs of target communities, moreover, which are directly involved throughout projects' phases. Such activities are usually labor-intensive and technically simple to carry out with at least 60 percent of their total cost transferred as labor wages.

Since 2016, targeting within this program has aimed at providing social protection to the most impacted communities and groups by the armed conflict including the internally displaced persons and communities that are most affected by food shortages.

During 2016, the number of people who directly benefited from LIWP's short-term workfare assistance

reached 93,360, of whom 17.6 percent were in the urban areas, and the number of indirect beneficiaries was 23,340. In addition, LIWP generated 1.2 million workdays and rehabilitated agricultural land with a total area of 138 hectares.

During Phase IV, LIWP has cumulatively developed 719 projects at an estimated cost of USD161 million. Of these, 112 projects are under implementation at an estimated cost of USD 22 million. As of December 2016, about 12 million workdays have been generated, and one million people have directly benefited from the conditional cash.

As shown in table 13 below, the multi-year workfare program has not been started. It is not currently perceived as priority due to the emergency in the country. Due to the collapse of the economy, there is a large number of people who are becoming poor and in need for assistance.

PROGRESS IN LIWP – OUTPUT INDICATORS

Results Indicators	Achieved		
	2016	2011–16	
Number of people directly benefiting from short-term workfare assistance disaggregated by rural/urban	Rural	76,905	725,617
	Urban	16,455	426,026
	Total	93,360	1,151,643
Number of workdays employment created under workfare assistance program for short-term activities disaggregated by rural/urban	Rural	1,217,048	10,227,388
	Urban	12,501	1,865,763
	All	1,229,549	12,093,151
Indirect beneficiaries: Number of people benefiting from community livelihood assets		23,340	287,910
Land: Total area of agricultural rehabilitated land and terraces (Hectares)		138	4,579
% of resources paid as wages		0.70	0.70

PROGRESS UPDATE

This program is becoming the largest recipient of donor funding as the transfer of conditional cash to the hands of the most food-insecure has been the priority of SFD. The new funds from the World Bank, through the United Nation Development Program, the German government through KfW and the DFID support opened the opportunity to expand the interventions and add new categories of beneficiaries, such as the educated youth under the nutrition services and youth-led community initiatives. SFD sectors of water, agriculture, roads, and cultural heritage are participating in executing the YECRP to expand the implementation and outreach, as they are

implementing similar activity to that of the CfW. They modified their mode of implementation to carry out projects through the CfW approach.

WOMEN PARTICIPATION

Women's participation has been improved with an increase of women participating in the work and receiving payment directly. A participation target of 30 percent has been set for women and it is being monitored. LIWP has continued to facilitate women's participation by designing work components that suit women and selecting close sites to their homes.



*Shelter and safe sanitation, dignity-strengthening
services for displaced females*

Before she sleeps, Laila Hagli now feels pleased that she won't plan for a rigorous task in mid-night after the newly-built roof and walls of the hut has provided her with a space of protection and freedom so to do feminine private practices. In the morning, Laila uses the mud latrine remembering weeks of suffering: *"When I was sick, some women would have been pushing me out to a remote and high place in order to do it in the open, but now women have access to this latrine any time with dignity protected."*

Laila has expressed the relief that her peers have felt for the latrines and huts supported by the Social Fund for Development (SFD) for their families in western Mustaba (Hajjah). Before this shelter, the IDPs were living in basic tents that had relatively relieved them from the hot weather during the day, and relieve women from wearing top-to-toe black cloths.

The displaced woman "Shawiyah Rassam" described the situation of the women and girls, who were displaced from war zones in Sa'adah Governorate and western Hajjah *"We fled the war siege and arrived here in another siege, fatigued and humiliated. This area is void of trees, and in the night, I and other women go together to do it in the open. Each one of us guards her peer friend as we had felt afraid that someone was watching."* Shawyiah added that her family was unable to find a shelter to protect them from the harsh weather. *"In the past, we had done a shelter of chopsticks and cloth sheets that could not protect us from rains, sun heat or dust. During the rainfall, we had send our kids to take shelter at houses of the host community."*

The project tended to compensate the IDPs for the least stability and reassurance they lost after the war had destroyed their homes and sources of income and felt that displacement affected them as they were seeking safety for their and their kids' lives. Again, Shua'l Attin tells about the experience of his family and his community from Sa'adah *"We moved from place to place. And as soon as we settled, the war and bombing reached us pushing us to run away until we arrived at Mustaba. We do not have cash for renting shelter. We left our houses and furniture. We only took flour and one mat. We saved our lives after our entire village was destroyed."*

In response to this tragedy, the cash-for-work program funded by the World Bank through UNDP was launched with aim to protect 257 families in Al-Hamra, Kaddafa and Al-Juhainiyah villages providing 19,761 jobs (7,503 women) for six months. Using the project, the displaced families built 251 mud huts, 45 public latrines attached to safe sanitation pits and six public baths for the host community that agreed on the construction of these facilities on their land.

Today, Mrs. Ghobra Shaw'l also feels safe and stable. *"When we arrived, we suffered a humiliating situation, and we got embarrassing situations. We worked with the SFD in building our shelter and latrines for wage that helped us buy flour, rice, sugar and shelter tools"*.





Road Sector

Due to the geographic dispersion of the population in Yemen, where the population is distributed to more than 130,000 agglomerations and 3,426 urban areas, the rural road play a vital role in linking these communities, especially the remote ones, with the urban areas. Rural roads facilitate access to basic services, such as health, education, and basic food commodities, break the barrier of isolation and poverty in these areas, and support the economy by facilitating the transportation of agricultural products, which consequently reduces the transportation's cost.

The SFD Road Sector's key trends are to: (i) link villages with markets and social services; (ii) increase the operational content (higher employment rate) of the projects; (iii) create temporary job opportunities by minimizing as possible the use of equipment during projects' implementation and relying on manual labor; (iv) improve the quality of targeting by focusing on poor rural areas, the most needy, and pockets of poverty in rural areas; and (v) capacity building of project officers and consultants and improve performance technically and administratively.

PROGRESS IN ROAD – OUTPUT INDICATORS

Results Indicators	Achieved	
	2016	2011–16
Total length of roads improved/built (km)	138	1,306

RURAL ROADS

The total cumulative length of protected and improved rural road is 1,306 kilometers, of which 138 kilometers were constructed during 2016.

STREET PAVEMENT

During phase IV, 672,293 workdays have been generated cumulatively from the completed and ongoing projects of street pavement. As of December 2016, some 84 projects have been

implemented at an estimated cost of USD 26.6 million, most of which were put on hold due to funding suspension.





Small and Micro Enterprises Development

The Small and Micro-enterprises Development sector helps reduce unemployment and raise the standards of living for low-income people by improving skills and providing financial and non-financial services to the micro-finance institutions (MFIs).





Despite the relative improvement in the security situation in Yemen, the deterioration of the economic situation has continued during 2016, triggering a significant decline in the value of the Yemeni currency and aggravating the deterioration of the living

conditions of people due to the suspension of salaries starting from August, in addition to rising inflation and a marked decline in the purchasing power of the population.

I SMED Unit

Activities of the SMED Unit during 2016 have continued at a steady pace despite the ongoing conflict in Yemen. SMED has continued to implement its 2016 annual plan, which focused on the quality projects such as the Decent Life Project, which has been strongly welcomed by the microfinance institutions (MFIs). In such unstable circumstances, the staff paid much attention to monitoring the SFD's partnering MFIs, and has SFD provided various forms of financial and technical assistance.

The implementation of new initiatives has continued steadily, namely the establishment of the Loan Guarantee Program, the MFIs' Takaful Fund which together aimed at helping the existing MFIs cope with the negative effects of the ongoing conflict in Yemen.

As a result of continuing demands by small and micro-entrepreneurs for financial and non-financial services in 2016, the SMED Unit has continued to provide MFIs with the needed funds, including: Hadhramaut Microfinance Program, National Microfinance Foundation, Azal Microfinance Program, and Al-Ittihad

Microfinance Program, totaling some YR879.4 million (US\$3.52) in loans.

Grants and Funding

MFIs have been experiencing a difficult situation since the conflict escalated, yet they were still able to repay the loans due to SFD for a total amounting to YR593.3 million (about \$2.4 million). SFD has also provide a total of nearly YR625.7 million in grants to the Small and Micro Enterprise Promotion Services agency (SMEPS) to finance its ongoing projects, to the Yemen Microfinance Network (YMN), to provide MFIs with technical and training activities and to cover its operational expenses, and to Al-Amal Microfinance Bank as expenses for technical assistance to help start issuing small loans. In addition, a total of YR194.8 million in grants were provided to five MFIs to cover their operational expenses gap caused by the war.

The total amounts of loans and grants that SFD has provided to partner MFIs during the year to SMEPS and YMN totaled YR854.1 million (USD3.42 million).

Table () - Total grants and funding provided by SFD to MFIs in 2016

S/N.	MFI	Amount of loan funding (YR)	Amount of loan funding (USD)	Amount of grants (YR)	Amount of grants (USD)
1	Hadhramaut Microfinance Program	100,000,000	400,000	21,392,100	85,568
2	National Microfinance foundation	400,000,000	1,600,000	57,532,761	230,131
3	Azal Microfinance Islamic Program	350,000,000	1,400,000	15,779,363	63,118
4	Union Microfinance Program	29,400,000	117,600	0	0
5	Nama' Microfinance Program	0	0	50,100,000	200,400
6	Aden Microfinance Foundation	0	0	50,000,000	200,000
7	Small and Micro Enterprise promotion Services (SMEPS)	0	0		2,502,740
8	Yemen Microfinance Network	0	0	24,055,107	96,220
9	Microfinance and labor force survey	0	0	3,310,730	13,243
10	Al-Amal Microfinance Bank	0	0	6,250,000	25,000
	Total	3,517,600	854,105,058	854,105,058	3,416,420



Other activities

SMED has developed all the mechanisms, standards and templates related to the client compensation

project that seeks to address the war effects on microfinance clients in order to restore their activities.

FIELD VISITS

In order to explore the MFIs' needs for loans, technical assistance, and training, the SMED team carried out field visits to follow up on the activities conducted by Aden Microfinance Foundation, Azal Microfinance Program, SMEPS, Yemen Microfinance Network (YMN),

and Al-Kuraimi Islamic Microfinance Bank. The team also carried out field visits to the cities of Al-Hodeida and Al-Mahweet to explore the activities of the SFD-piloted Village Saving and Loan Associations (VSLA), and they closely studied a sample of beneficiaries.

II. Partner MFIs' activities

During the year, MFIs have continued to collect the installment of the outstanding loans from their clients to maintain productivity, retain their employees and ensure the sustainability of their lending activities. MFIs have introduced a new lending products to cope with the war situation, in particular, loans for electric power alternatives, as well as agricultural and food production loans. Although the security situations has slightly improved, the performance of the MFIs' in terms of key indicators and income gained in the first half of 2016 have deteriorated again in the second half of 2016 due to the liquidity and salary crises in Yemen. While the outstanding loan portfolio has

increased slightly from YR 6.7 billion as of the end of 2015 to YR 6.9 billion at the end of 2016, the number of active clients has decreased from 93,199 to 90,416, respectively. The ratio of the portfolio at risk as of the end of 2016 was 61% compared to 41.4% in the same date of the previous year. The ratio hit its lowest level since the war begun at 33% in May 2016. On the other hand, given the current unstable conditions, the number of active savers has increased from 509,590 (as of the end of 2016) to 622,673 (as of the end of 2015), reflecting the trend of most clients to save in order to meet potential future difficulties in times of war.

III. Loan Guarantee Program LGP

The SMED unit initiated this new program in 2016 in order to enhance its continuing support of the microfinance sector, where this new entity is expected to guarantee rural, youth and start-up loans for those clients who are unable to provide sufficient guarantees to the MFIs. In this context, the LGP Managing Director has been appointed, and two

guarantee officers selected. During the year, many of the internal mechanisms and procedures of the program have been developed, such as the Operations Manual, the Accounting Manual, and the MIS. The pilot operational phase is expected to start during the second half of 2017.

IV. Technical support provided to MFIs

SFD has provided technical support for MFIs aimed at improving their performance by developing their internal systems and regulations such as HR, risk

management, accounting and procurement manuals, and good governance.

V. Yemen Microfinance Network (YMN)

SFD funded the YMN to implement a number of activities during the year, such as field studies, workshops and training courses. In terms of research and studies, YMN developed the financial leasing product for MFIs based on practical data and conducted a number of seminars. YMN began implementing the second phase of the Vocational

and Literacy Project (VOLIP), which the SFD supports with training and capacity-building targeting those poor people that aim to be new entrepreneurs. During 2016, YMN held a training course on the preparation of project proposals and another eight-day course on financial analysis using the SEEP Framework.

VI. Small and Micro-enterprises Promotion Agency (SMEPS)

During 2015, SMEPS proved its ability to continue its work and cope with the most difficult conditions that have affected the developmental and economic environment. The SMEPS' work continued during 2016 with trends to develop the private sector and

build the capacities of youths with emphasis on innovation in the use of methods and the diversification of interventions. SMEPS, therefore, has had access to several beneficiaries in conflict areas through several activities, notably the scale-up of





food security support, introduction of modern technologies for farmers and enabling the community midwives to manage their service and income-generating activities.

2016 has been the year for large projects to be implemented by SMEPS in the coming couple of years. Counting on SMEPS as one of its most effective subsidiary entities in reaching its objectives, SFD continued to play a key role in communicating with the donors on supporting the SMEPS's activities and enabling it to implement development and income-generating projects. SMEPS managed to secure a total funding of US\$ 11 million, most of which focused on supporting the private sector and the agricultural sector and sustaining their production, adapting to the new needs created by the current crisis and introducing effective solutions to end the war effects on the products. The outputs of the two sectors focused on enhancing food security, providing food sources for the community and raising the capacity of their employees.

SMEPS will implement those large projects including the Islamic Bank-supported BRAVE project of US\$ 6 million. The project aims to enhance the private sector adaptation to the impact of the ongoing conflict by building the capacities of enterprises to ensure business continuity that directly benefits some 820 entrepreneurs. In addition, the World Bank approved a US\$ 3 million funding agreement to finance, through UNDP, the emergency project and support business continuity of 800 farmers affected by the crisis in agricultural crop production. The project's grants will help those businesses scale up its productivity and strengthen food security in light of the difficult conditions. The third \$ 2 million support was discussed with USAID to provide some 1,480 affected farmers and fishermen with solar power products and to support the coffee sector with new technologies and business development services to help them continue their businesses, enhance productivity and quality, reduce costs, and create more jobs.

The five projects SMEPS carried out during 2016 were a continuation of the projects activities of the previous year. The projects have included the Wabel Project supported by the Islamic Bank and the WBOT project, funded by SFD IV, targeting female business owners. These projects included three entrepreneurial activities, a VCD value chains project and a business development service development project. Three new projects have been added (two of which are to develop the value chains and one to support business entrepreneurship).

Supporting such large projects in the near future has been a positive sign of the donors' interest in SMEPS to continue playing an important role to contribute to

control the deteriorating humanitarian and livelihoods situation during this critical period. SMEPS has also secured two projects, begun planning for another one and initiated the preparation of a monitoring and evaluation file.

SMEPS has carried out several self-help activities initiated by the project officers, notably the "Saturday Entrepreneur" activity at the beginning of the year. The activity targeted three main governorates, in addition to the "Tomouhi" Program in Aden Governorate, which aimed to build the capacities of the youths. The activity was followed by the "Entrepreneurship Cup" activity, which coincided with the World Leadership Week, targeting youth and hosting panel discussions during the event. The "Online Mentoring" Project was implemented in partnership with the Cherie Blair Foundation aiming to guide women entrepreneurs to achieve greater success in their projects.

Key monitoring and evaluation findings: SMEPS has been concerned with improving food security in light of the continued decline in food production and lack of income. Therefore, in 2016, SMEPS undertook a rapid assessment on a number of farmers to examine the impact of its interventions (amounting to 127 interventions) on their farms and on achieving the set objectives. The key results of the survey included the provision with more than US Dollars one million to the agricultural economy during the year, the expansion of agricultural land to more than 128 hectares, the rise in production in SMEPS intervention areas to more than 230% compared to prior periods, and the increase of profits by about 1500%. On the other hand, these projects provided technical and innovative solutions and reduced 70% of the water used for irrigation and more than 60% of the fuel used in production. All that has led to a reduction of 50% of the total costs.

With a view to improving health services and income generation, SMEPS has been able, through a separate evaluation, to increase the administrative capacity of midwives in the health sector and to improve their performance and services. The trained groups were able to scale up their services to 73,440 patients during 2016. SMEPS trained 135 midwives, 127 health workers and 35 women owners of businesses. The number of their employees increased by 71% after they had gained skills and knowledge of ways to market their services, reached the largest number of surrounding families and improved their quality of services.

These improvements have increased the number of customers and the profit rate by 82% after they had organized their random work and understood ways to manage the fixed and variable expenses and to address weaknesses in managing their projects.



Figure 3

Active Borrowers

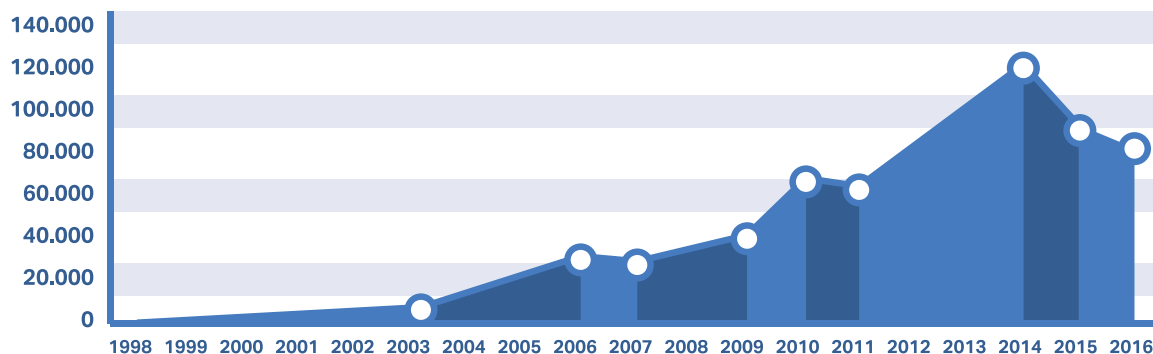


Figure 4

Active Savers

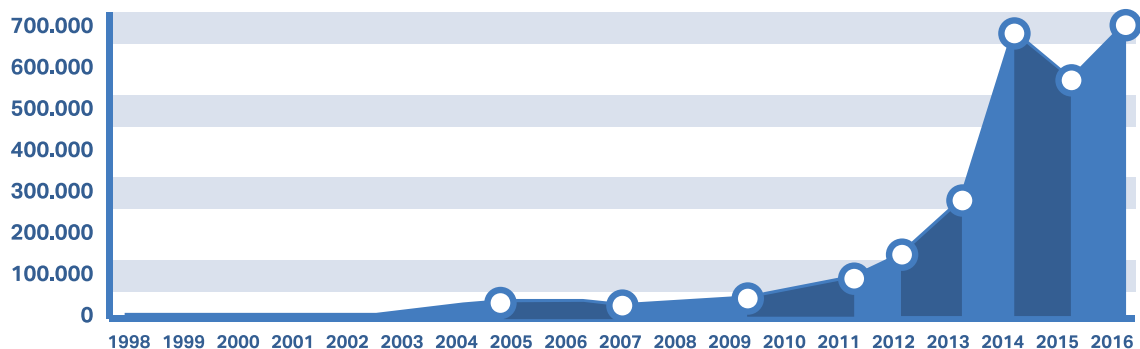
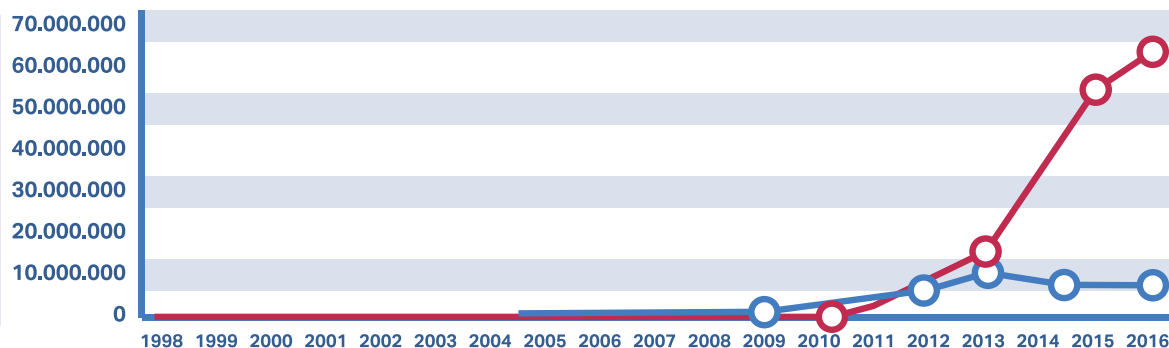


Figure 4

Outstanding Loan Portfolio and Saving Amounts (Thousand Yemeni Riyals)



The Union's program, a hope for the poor of Abyan to address successive conflicts

The Union Microfinance Program is the most MFI that has suffered successive wars and the hardest security environment since 2011. The program has encountered many difficulties during the last conflict in 2015, which hit all its operational areas in the governorates of Abyan, Aden and Hadhramaut. However, its level of flexibility and its multiple experiences with the strongest conflicts in the country made it steadfast. It learned a lot of ways to continue working during emergencies with continuous financial and consultative support from SFD and logistical cooperation from the Yemeni Women's Union and some local institutions.

These experiences have helped to improve the efficiency of program management and staff and avoid damage wherever possible.

The SFD is the sole financier of the program with a total of YER 800 million by the end of 2016. In the beginning of 2016, it rescheduled its YER413 million loans due on the program in order to help it to address its problems because of the 2015 war. The program has managed to convey its voice and experience to several competitors of better situation in other governorates that have followed its policy and experiences during emergencies. The program began cooperating with some INGOs interested with such matters such as Action Against Poverty and Garmeen Jameel that provided it with financial and technical support.

Due to the recent war of 2015, the program has reached only 3,500 beneficiaries (84% women) with an outstanding portfolio of YER316 million in 2016. The Executive Director of the program Jawhara Ali Hussein hopes that

"the program will manage to implement its 2017 plan that aims to reach 5,000 conflict-affected families, and to get access to a grant in order to meet its operational costs and avoid continuing capital erosion, as well as technical and advisory support in crisis management, provision of relief to affected clients."





Monitoring and Evaluation

The objective of the SFD Monitoring and Evaluation M&E system is to provide SFD's stockholders with information on the status of the SFD's effectiveness and efficiency. SFD's monitoring and evaluation relies on various sources of data including the SFD's Management Information System (MIS), field visits, project records and field surveys.





In 2016, a number of activities were carried out to achieve the above mentioned objective, notably monitoring the projects status, following up on the accessibility to all districts of the country. The M&E

team carried out an analysis of the status of completed projects in terms of service delivery and prepared for evaluation studies for nutrition-targeted interventions.

MONTHLY SITUATIONAL ANALYSIS

Given the volatile situation in the country, SFD continued to monitor the status of its projects in the field as well as the accessibility to the different districts by providing a relevant monthly analysis. The analysis includes details on the SFD's projects damaged by the current conflict. The sources of data for these analysis are fed by the SFD's branch offices. As of December 2016, the number of districts that were deemed inaccessible is only 21 (out of 333 districts in the country). Some other 44 districts deemed to be difficult and partially accessible.

In terms of conflict damage, some 225 projects had been affected, most of them located in Sa'adah Governorate (50 projects), Abyan (31), Hajjah (25), Aden (24) and Taiz (21). The remaining projects located in Al-Dhale' (14), Sana'a City (11), Lahj (10), Al-Baidha (7), Ibb (6), Dhamar and Mareb (5).

Monitoring of the SFD's activities, operations and progress against objectives, the ways the SFD targeted resources at the district level and the SFD performance effectiveness as well as the operational constraints has continued during the year.

PROJECT SURVEY

The three rounds of the project survey conducted in 2014 – 15 were compiled and the synthesizing report has been issued.

The report **included** all the governorates **surveyed** by the three different rounds during late 2014 – 2015 in the governorates of Sana'a City, Sana'a, Mareb, Al-Jawf, Lahj, Abyan, Al Dhale', Shabwah, Hadhramaut and Al-Maharah. The analysis covered 1,023 projects in the sectors of education, health, water, roads, labor intensive works, training and institutional support, and empowerment of local development. The objective of the survey was to measure and evaluate the results achieved by the interventions, status of operation and utilization.

increasing the children enrollment in education, especially girls and students coming from other remote villages locating out of the areas selected by geographical targeting.

Health sector: The results showed that 91% of the SFD-supported health facilities are functioning and providing services to the people. 87% of the surveyed respondents reported that at least one of the families interviewed visited the health facility looking for health service (treatment, counseling, etc.).

Below is a summary of the survey results for each sector and program:

Education sector: The results of the survey of 337 schools showed that 96% of the education projects were operational at the time of the visit, and providing services to a total number of 176 thousand students (40% female). The benefits of the SFD investments have led to the following results: the education levels have increased in the schools as the number of additional classrooms increased in many such schools. This has helped school administrations take action to build on these outputs in terms of adding higher grades.

Of those who visited the facility, 97% reported they benefited from their services provided in one way or another. 88% reported that the project achieved its goals. The average number of community visits to a facility was 893 visits per month. The utilization rate of the health facility ranged from 3.8 visitors per day per health worker in the urban health facilities to 1.9 in the rural health units, reaching an overall average of 2.8 visitors per day per health worker.

According to the key respondents (persons in charge of the health facilities), the on-duty facilities face the challenges of the shortage of health staff, the Ministry of Public Health and Population's suspension of their operational budgets and the lack of housing for the workers.

For example, they upgraded the educational level by upgrading their primary schools (top grade 6) to basic schools (top grade 9), separating female students in segregated classrooms, turning a number of schools that work two shifts (morning and evening) to work in the morning, and reducing rates of overcrowding in schools. All these results have contributed in

Water sector: The SFD has achieved the objectives set out in the results framework in terms of indicators of duration of water availability and the travel time required to fetch water.



The results showed that 76% of the respondent households rely on the SFD-supported water facility as a major source of water in the dry season and 59% rely on it in the dry and rain seasons. The results also showed a decrease in the time required to fetch water to 31 minutes (one-minute increase over the maximum 30-minute standard).

The percentage of households bringing water in less than 30 minutes has reached 67%, and the average travel time of fetching water during the dry and rain seasons ranges between 30 and 40 minutes, respectively. The decline in water fetching time is attributed to the communities' preference to rooftop harvesting cisterns rather than the public rainwater harvesting tanks.

In terms of water availability, 86% of households confirmed the availability of water in the sources, and the number of months of water availability has increased from 7 to 9 months.

This is evident in rooftop rainwater harvesting projects compared to other projects. In addition, 84% reported that they felt the improvement of the cleanliness and quality of water. The satisfaction rates of the SFD interventions are high; 90% of respondents selected the "excellent" grade for the SFD water projects.

Rural roads (392 households): There are three main dimensions to measure the results of the rural road projects: the time to the nearest market /city, the number of trips per person per week and the fare to the market/city. The survey findings showed significant project results; the trip time is 50% less than that before the intervention (ranged from 138 to 74 minutes).

These results confirmed that 77% of the respondents reported that the SFD's project reduced the trip time to the market/city.

As the journey to the nearest market/city became easier, faster and less expensive, the frequencies of weekly trips to the market increased by three times more than before the intervention (1.2 to 3.7 times per week) and the transportation fare declined by 25% per passenger to the market/city. Qualitative data (open questions) also showed positive indicators when reading the respondents' opinions and their level of satisfaction; 98% of respondents said that the road was easy to move to nearby villages, and it enabled beneficiaries to have an access to services more quickly, comfortably, and at a lower cost than that before the intervention.

Cash-for-work program: The results showed that 84% of the community assets rehabilitated or built by SFD were still functioning and benefiting the local

community.

In 93% of the projects areas visited, the key respondents to the survey said that the cash-for-work employment opportunities helped in meeting their basic needs especially increasing food consumption and paid off their debt.

They reported that some households were able to save some of the funds they had received as labor wage from the program, and bought productive assets (e.g. sheep, goats, cows, motorcycles, beehives, etc.).

Training and Organizational support: The SFD supports various governmental and non-governmental institutions and local authorities.

The survey results show that three-quarters of these visited facilities were functioning and providing services to the population. 88% of the respondents to the main statement in the functioning projects reported that they met with the SFD team and discussed with them their basic needs and requirements, and they praised the transparency, clarity and ease of work with SFD.

SFD targeting evaluation

SFD carried out an office review on data of the SFD's MIS to monitor the targeting performance during the year. The targeting analysis is based on comparing the deprivation index in each village hosting SFD active projects. The analysis included 217 on-going active projects in rural areas under the Cash-for-Work Program (CfW) and Community Development Program. The results showed that the SFD's resources accessed about 69% of the deprived population (a total of 240 thousand beneficiaries) in the targeted villages (an 8% increase above the benchmark).

CfW projects have been found to be more effective in targeting the disadvantaged villages (76%), reaching nearly 85% of the disadvantaged population. Of the \$268 million invested by the SFD over the year, approximately 58% went to the villages with a deprivation index higher than the benchmark (61%).

Communication activities

M&E team continued to monitor the impact of the SFD's interventions through the reflecting its service delivery to the local communities, learning the volume of project utilization and preparing case studies for projects to be presented to decision makers and donors despite the difficult communication and field access due to the deteriorating security conditions in the country since March 2015 .

M&E also produced interactive communication products including publications that comprised the SFD 2015 Annual Report, four quarterly newsletters along with disseminating them to all SFD partners. The SFD website has been updated continuously, and the SFD social media pages have been updated with relevant news stories, data, information and case studies regularly.





Cost Effectiveness

Table 14: Average cost per cubic meter for education projects (schools) during 2011 – 16 by number of floors (in USD)

Facility type	2011	2012	2013	2014	2015	2016
One-floor facilities	364.32	349.46	378.94	380.21	296.82	—
Two-floor facilities	293.18	316.61	322.17	324.84	286.08	292.20
Three-floor facilities	268.00	286.75	312.59	298.76	273.66	266.89
Four-floor facilities	237.35	—	285.95	273.13	—	—
Average cost	284.47	307.68	322.00	318.75	282.09	281.12

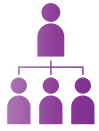
Source: Procurement Unit (SFD)

Table 15: Average cost per cubic meter for education projects (schools) during 2016 by area group (in USD)

Group	No. of projects	Average cost
Urban area	-	275.00
Semi-urban area	1	255.36
Medium-remote area	3	404.81
Remote and hard accessed area	-	-
Remote and very hard accessed area	1	-
Total/average	5	281.12

Source: Procurement Unit (SFD)





Funding Management

Financial Resources

During phase IV, which started in 2011, 38 agreements were signed and or becoming effective until the 2014 with a total amount of \$829 million. Out of them, 16 agreement were closed with a total amount of \$ 126 million.

With the start of the armed conflict in March 2015, 14 agreements have been suspended with an amount equivalent to \$451.8 million, and the undisbursed amount is equivalent to \$181 million.

Since mid-2015, additional agreements were signed and become effective. As of Dec 2016, 11 agreements were signed with an amount of \$59 million.

Effective Funds of SFD IV (2011-2015) and its Extension (2016)

As shown in the following below, donors have continued to make disbursements to SFD, such as the governments of UK, Germany, and Netherlands, and

Arab fund grant, to contribute to the implementation and completion of SFD IV plan.

Table1: Effective funding agreements

Donor	Agreement	Sign. Date	Value of agreement per donor currency	Orig. currency	Value of agreement in USD \$	Undisbursed from donors in USD equivalent
German government	German Grant No. 2012 67 327 for Water Crisis Program in Abyan	19-12-2012	12,000,000	EURO	15,600,000	2,469,245
	Germany/KFW GRANT for LIWP-BMZ-No.: 2013 65 279	20-05-2014	10,000,000	EURO	13,400,000	181,651
UK Government	DFID Grant for SFD 4	19-01-2011	100,000,000	GBP	159,000,000	3,899,968
Netherlands	Netherlands Grant No. 2 for SFD Water & Sanit. projects in 9 Governorates	13-11-2014	3,640,000	USD	3,640,000	182,000
	Netherlands Grant for Girls' Education and Literacy Program. Act No. 26489/SAA0118554	28-05-2014	3,947,368	USD	3,947,368	648,412
Arab Fund for Econ. and Social Development (AFESD)	Arab Fund for the Great Mosque Grant - Phase IV	20-04-2014	500,000	KWD	1,770,000	1,129,630
Total					197,357,368	8,328,906



TABLE 2: Closed funds of SFD IV (2011 – 15)

Donor	Agreement	Value of agreement per donor currency	Orig. currency	Value of agreement in USD
EU	EU Grant to support health sector (2)	2,785,000	EURO	3,620,500
	EU Grant No. 2007/019-212	10,802,000	EURO	14,100,000
Islamic Development Bank (IDB)	Islamic Development Bank for Abyan - Grant	192,000	Islamic Dinar	288,000
	Islamic Development Bank for Abyan – Loan	1,000,000	Islamic Dinar	1,500,000
German government	Germany/KFW Development Bank grant for Schools Rehabilitation No. 2011 65 471	7,000,000	EURO	9,190,000
	Germany/KFW Grant for SMED 2005 66 067	4,500,000	EURO	5,850,000
	Germany/KFW Grant for LIWP 2012-66-691	7,439,496	EURO	9,671,345
US Government	CLP - USAID grant for Water Sector	87,022	USD	87,022
	USDA grant for water sector	1,600,000	USD	1,600,000
	CLP - USAID grant for Labor Intensive Works Program	1,295,983	USD	1,295,983
Netherlands	Netherlands Grant activity no. 23740 for SFD LIW Program - SFD IV	6,000,000	USD	6,000,000
	Netherlands Grant activity no. 22011 for SMED program SFD IV	2,430,000	USD	2,430,000
	Netherlands Grant No. 24731 for Water projects	3,639,484	USD	3,639,484
Arab Fund for Econ. and Social Development (AFESD)	Arab Fund Great Mosque Grant - Phase III	500,000	KWD	1,800,000
Kuwaiti Fund	Kuwaiti Fund for Arab Development Grant for SMED	6,000,000	USD	6,000,000
World Bank	WB Grant for SFD 4	38,700,000	SDR	58,900,086
Total				125,972,420

New Funds during 2015 – 16

In 2015 and during the current conflict, three funding agreements were signed with UNDP with a total amount of \$1.2 million. In 2016, seven funding agreements were signed with a total amount of \$47.9 million as follows:

1. Two agreements were signed with the German government through KfW at a total amount of EUR 10 million to carry out LIWP projects;
2. Four agreements were signed with UNDP as follows:
 - a. An agreement for WB-funded YECRP at a total amount of \$30 million;
 - b. An agreement for Community Services Delivery, Peace and Transition Support Project at a total amount of \$0.114 million;
 - c. An agreement a total amount of \$5 million from USAID to support health, education, agricultural, and fishery sectors;
 - d. An agreement at a total amount of \$2 million for Yemen Rural Population Resilience Project.
3. An agreement with a total amount of \$18,370 was signed with Prince Clause Fund to support cultural heritage in Zabid City (Hodeida) and Sana'a Old City (Sana'a).



Table 3: New funding agreements

Donor	Agreement	Sign. Date	Value of agreement per donor currency	Orig. currency	Value of agreement in USD \$	Undisbursed from donors in US\$ equivalent	Agreement Status
German gov.	Germany/KFW GRANT for LIWP-BMZ-No.:2015 67 577	21-10-2016	5,000,000	EURO	5,400,000	5,400,000	Effective
	Germany/KFW grant No.: 2014 41 005 for Strengthening Resilience through LIWP	21-10-2016	5,000,000	EURO	5,400,000	5,400,000	Effective
UNDP	UNDP Grant for Implementation of Rural Resilience in Yemen Project	27-07-2016	1,933,833	USD	1,933,833	1,451,035	Effective
	Yemen Emergency Crisis Response Project-UNDP	14-08-2016	30,000,000	USD	30,000,000	18,405,000	Effective
	Yemen Emergency Crisis Response Project-USAID	10/12/2016	5,085,697	USD	5,085,697	5,085,697	Effective
	UNDP Project for Youth Economic Empowerment II	1/8/2015	107,000	USD	107,000	-	Closed
	SFD-UNDP-WEEP	15-09-2015	800,000	USD	800,000	-	Closed
	SFD-Peace and Transition Support Project	25-10-2015	200,000	USD	200,000	-	Closed
	SFD-Community Services Delivery-Peace and Transition Support Project	12/7/2016	115,000	USD	115,000	-	Closed
Prince Claus Funds	Prince Claus Funds for Zabid	18-10-2016	18,370	USD	18,370	9,602	Effective
					49,059,900	35,751,334	





Annexes: Additional Data

Table A1. Commitments by Program (Millions of U.S. Dollars)

Program	2016	Cumulative (1997–2016)
Community and Local Development	7.2	1,682.5
Labor Intensive Works Program	17.4	333.4
Capacity Building	0.6	90.2
Small and Micro Enterprises Development	13.1	104.2
*Total	38.3	2,210.3

Note: Amounts are estimated based on annually approved projects as well as operating and fixed assets costs. Commitments may fall by 5–7% due to cancellation of some approved projects.

*Includes an estimate of beneficiaries' contribution

**SFD receives funds in multiple currencies; therefore, there may be differences in the amounts due to fluctuation of exchange rates.

Table A2. Disbursements by Program (Millions of U.S. Dollars)

Program	2016*	Cumulative (1997–2016)
Community and Local Development	22.2	1,306.4
Labor Intensive Works Program	15.1	272.4
Capacity Building*	9.5	109.2
Small and Micro Enterprises Development	7.1	67.2
Total	53.9	1,755.2

*Includes operating expenses and fixed assets' costs (approximately 5% of the total).

**Disbursements are for 2016 projects as well as for previous ones that commenced in preceding years.





Figure A1

Distribution of
Commitments by Sector,
2016

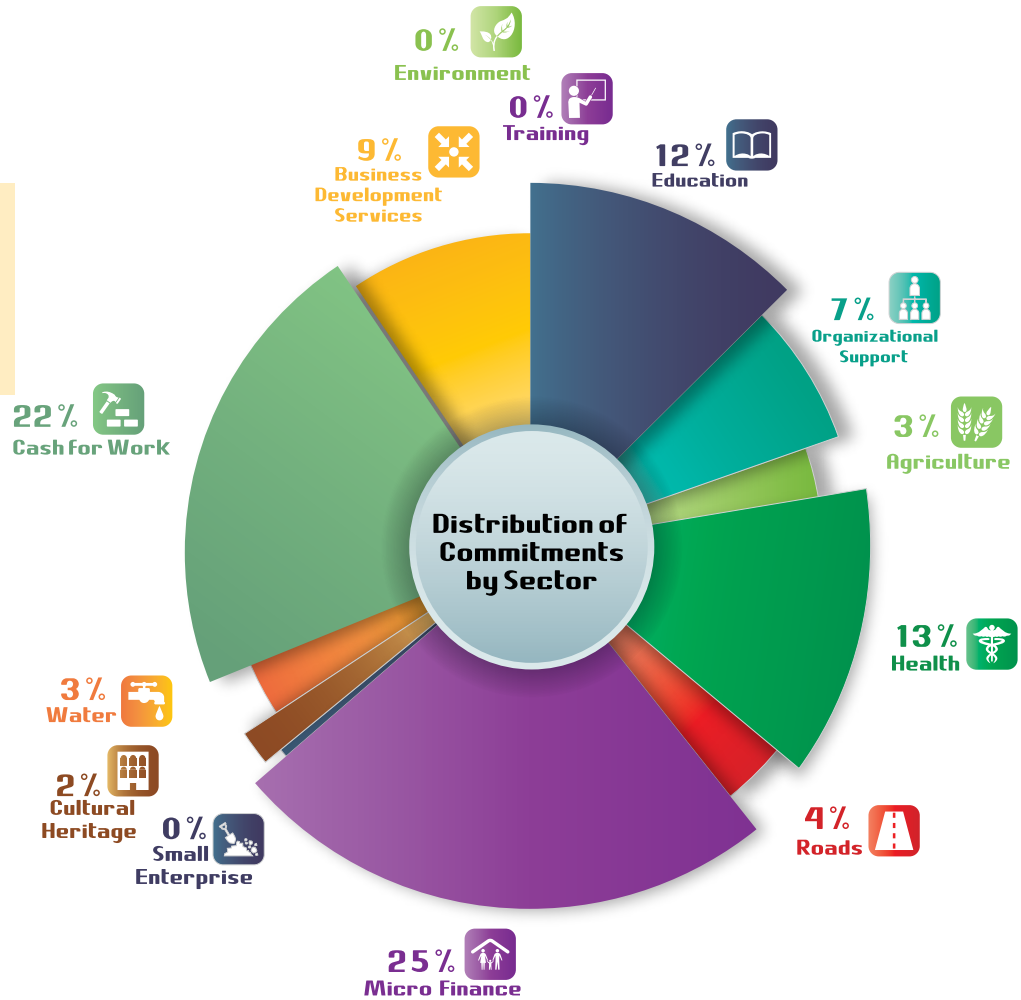


Figure A2

Distribution of
Cumulative
Commitments by Sector,
1997-2016

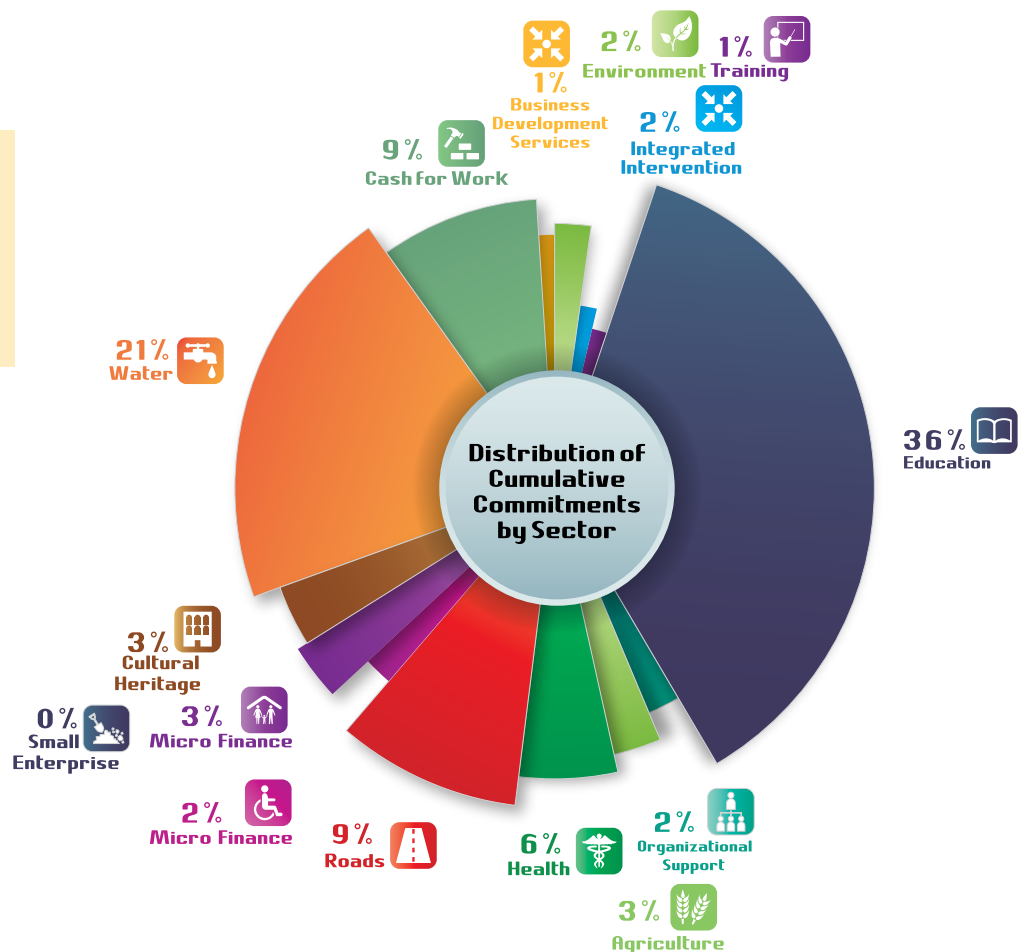


Figure A3

Distribution of Commitments by Governorate, 2016
(Millions of U.S. Dollars)

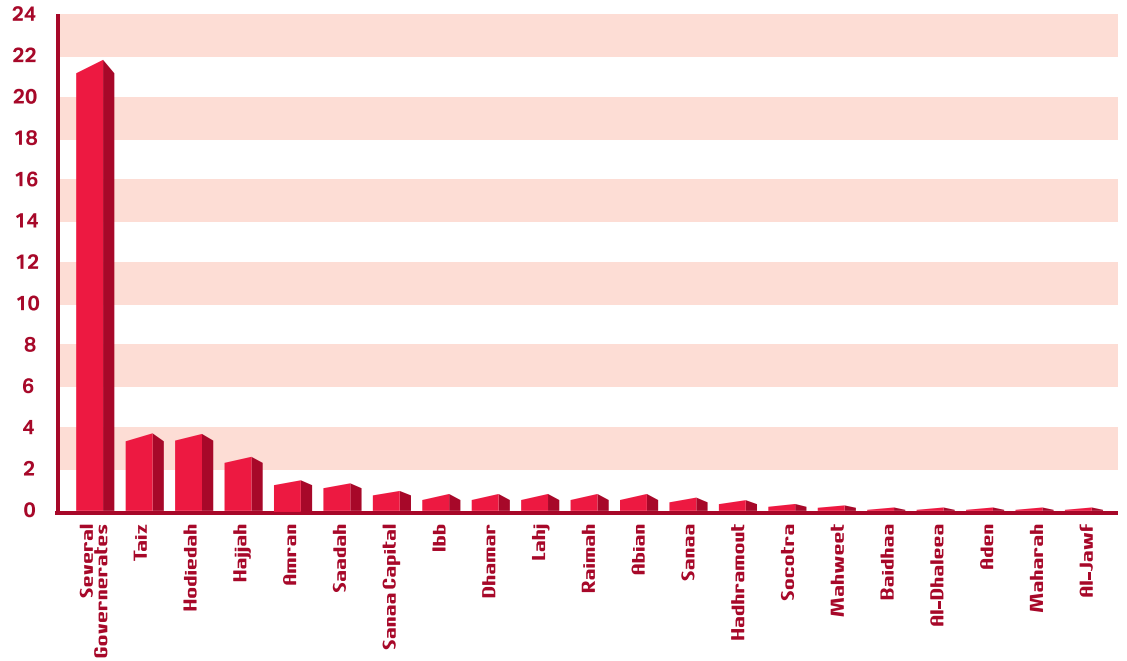


Figure A4

Distribution of Cumulative Commitments by Governorate, 1997-2016
(Millions of U.S. Dollars)

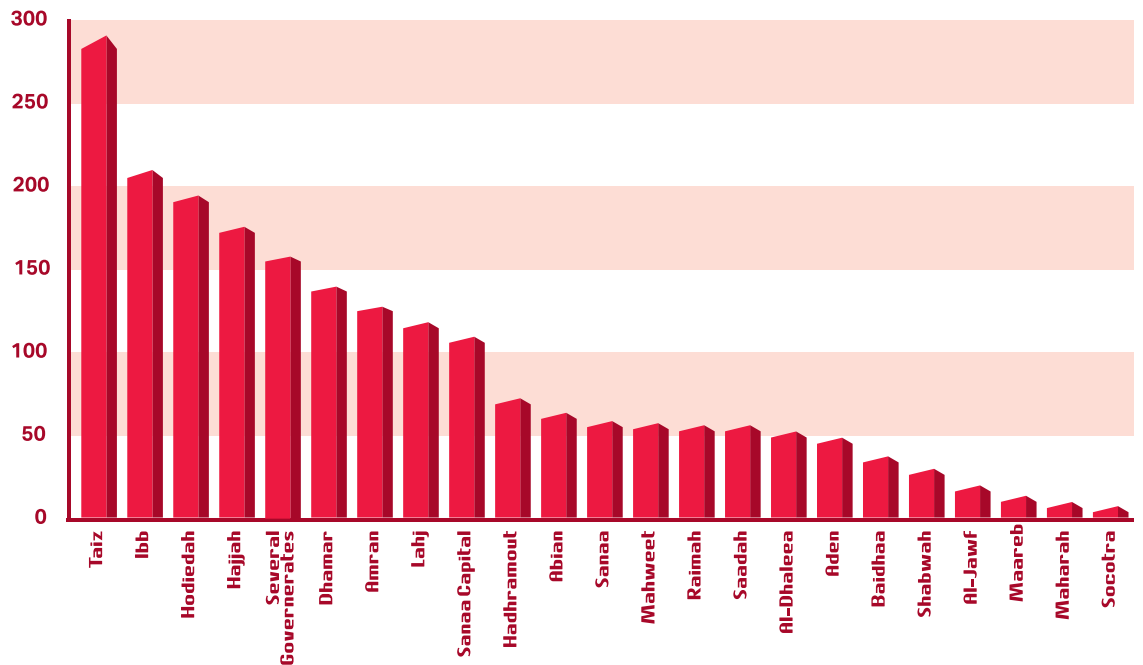


Figure A5

Commitments, annually & cumulatively (1997-2016)
(Millions of U.S. Dollars)

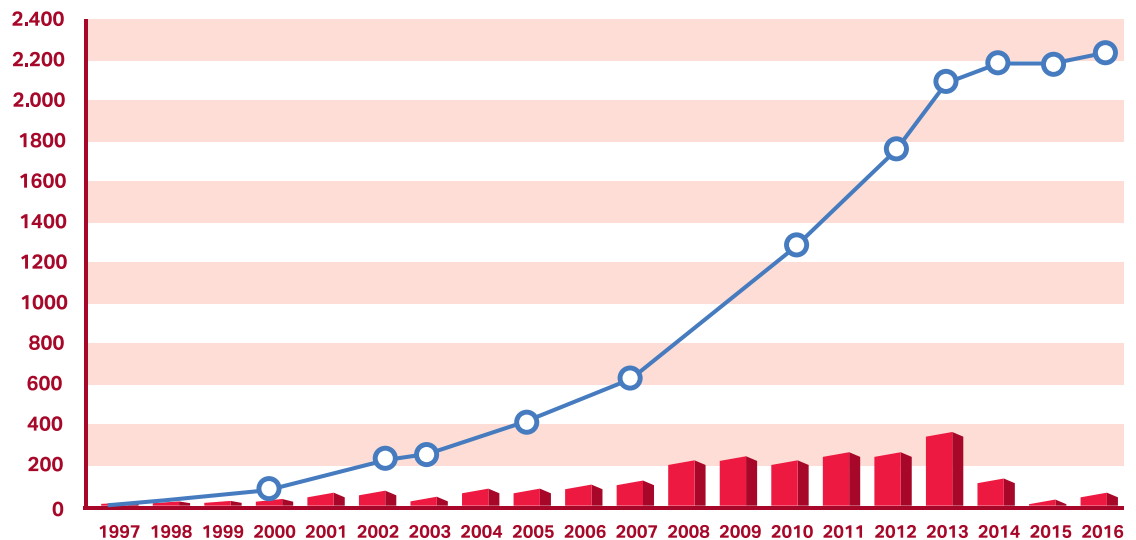




Figure A6

Disbursements,
annually &
cumulatively
(1997-2016)
(Millions of U.S.
Dollars)

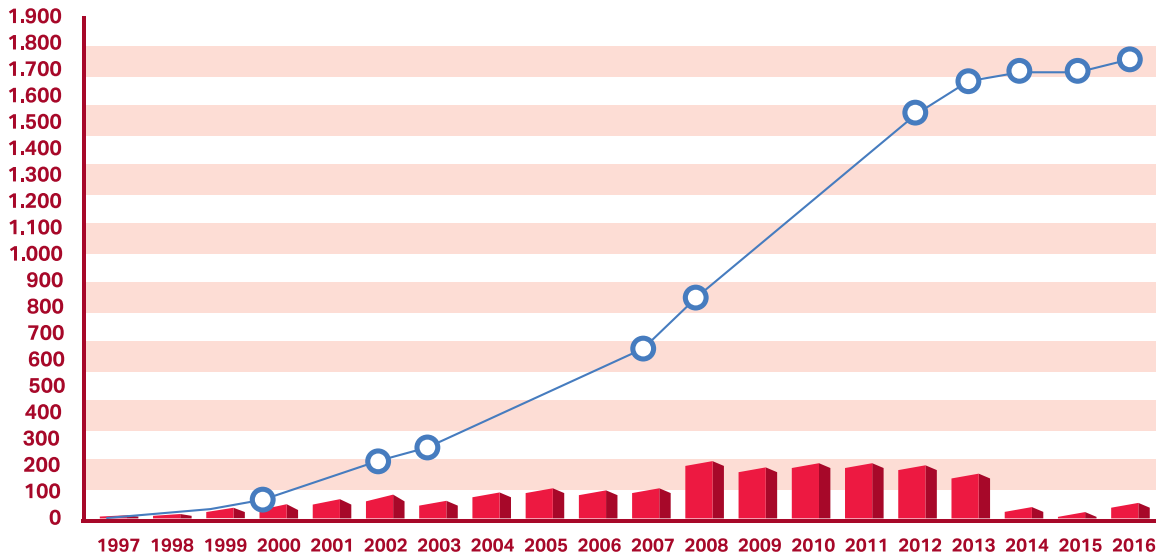


Figure A7

Employment
Created by
SFD-Supported
Projects,
annually &
cumulatively
(1997-2016)
(Millions of days)

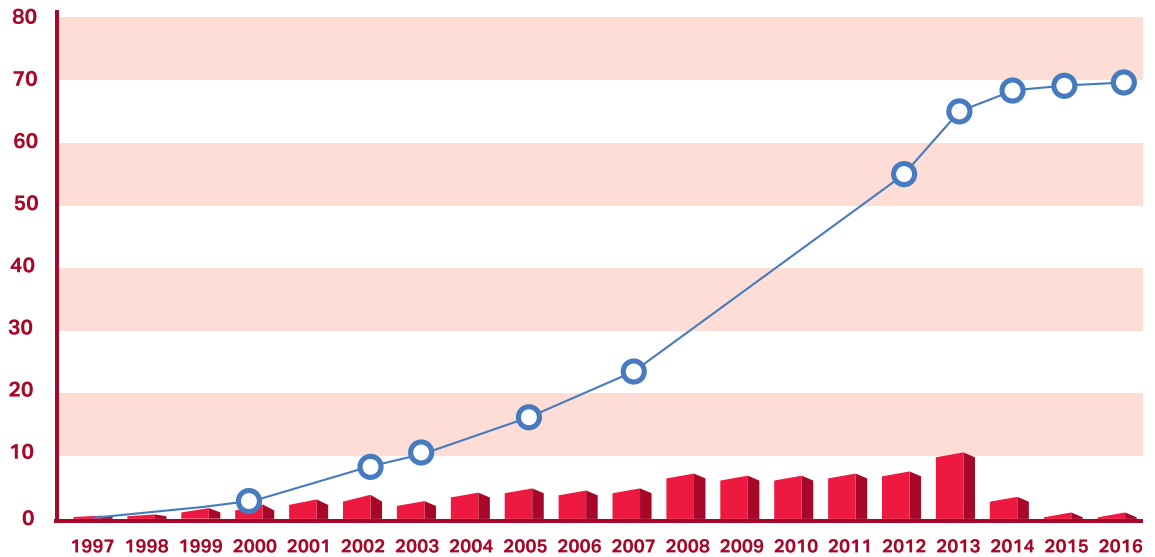


Figure A8

Number of Direct
Beneficiaries of
SFD-Supported
Projects, 1997-
2016 (Millions)

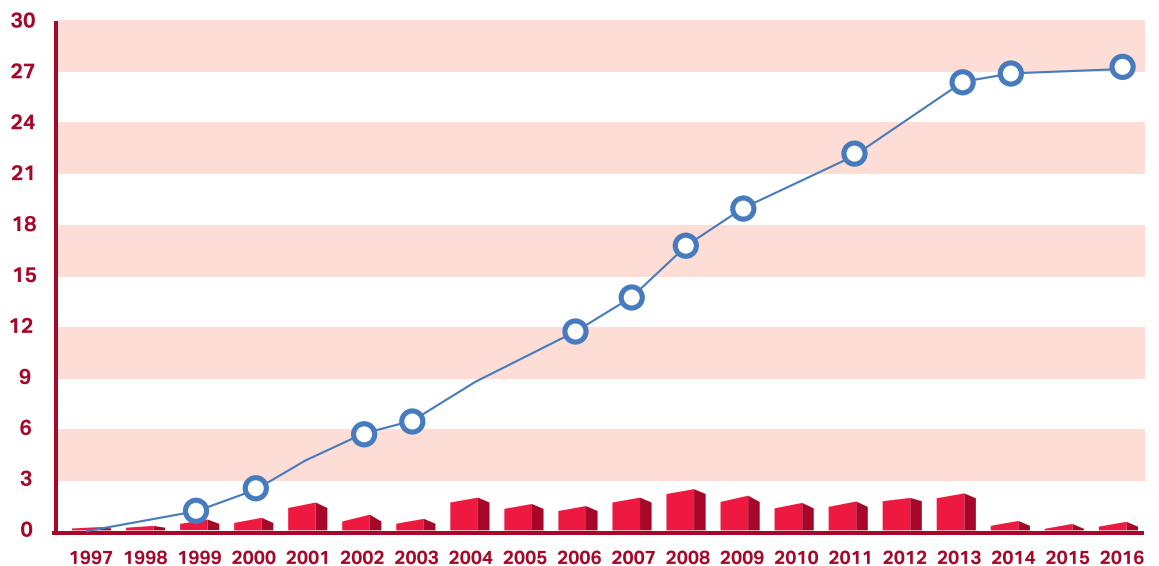
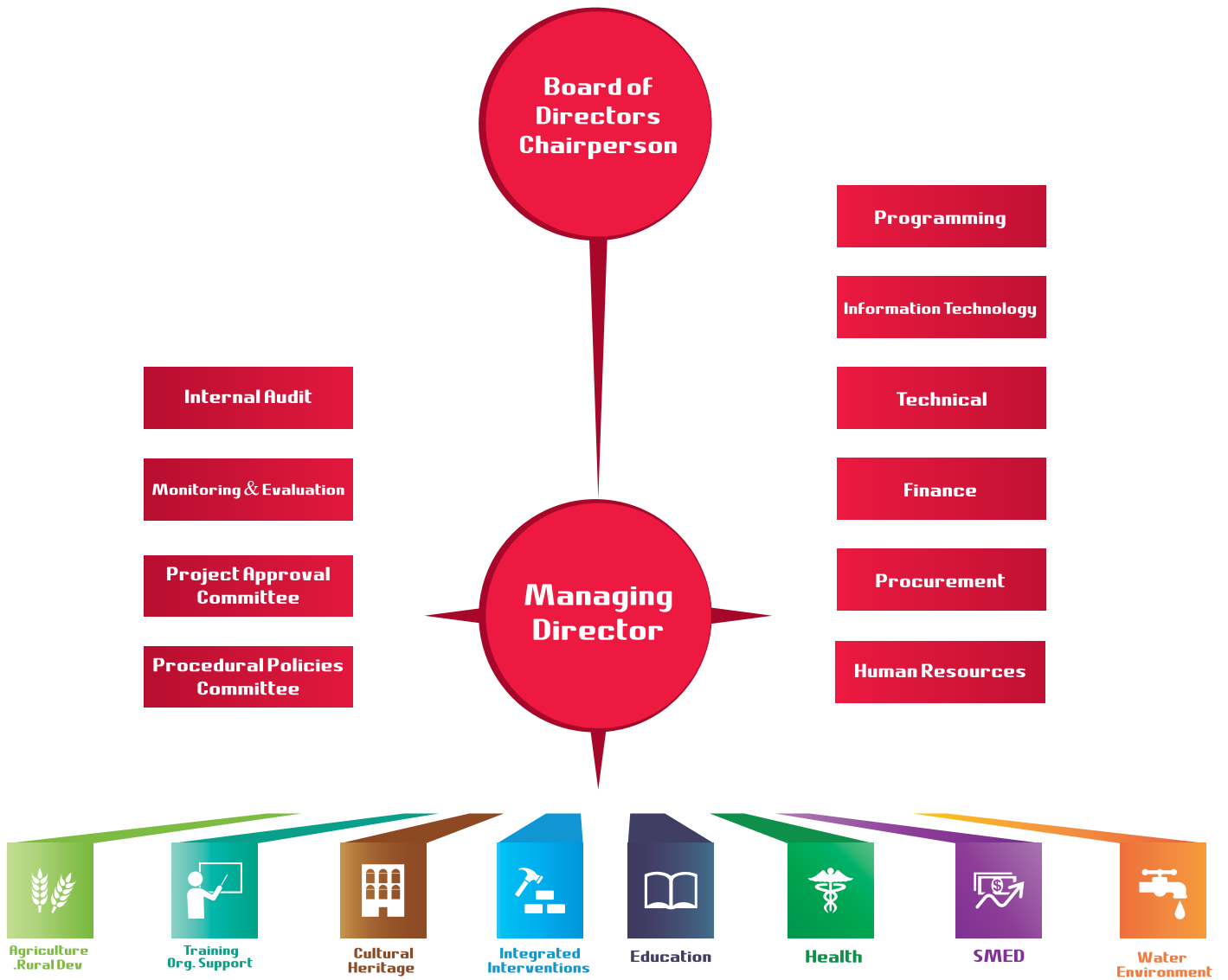
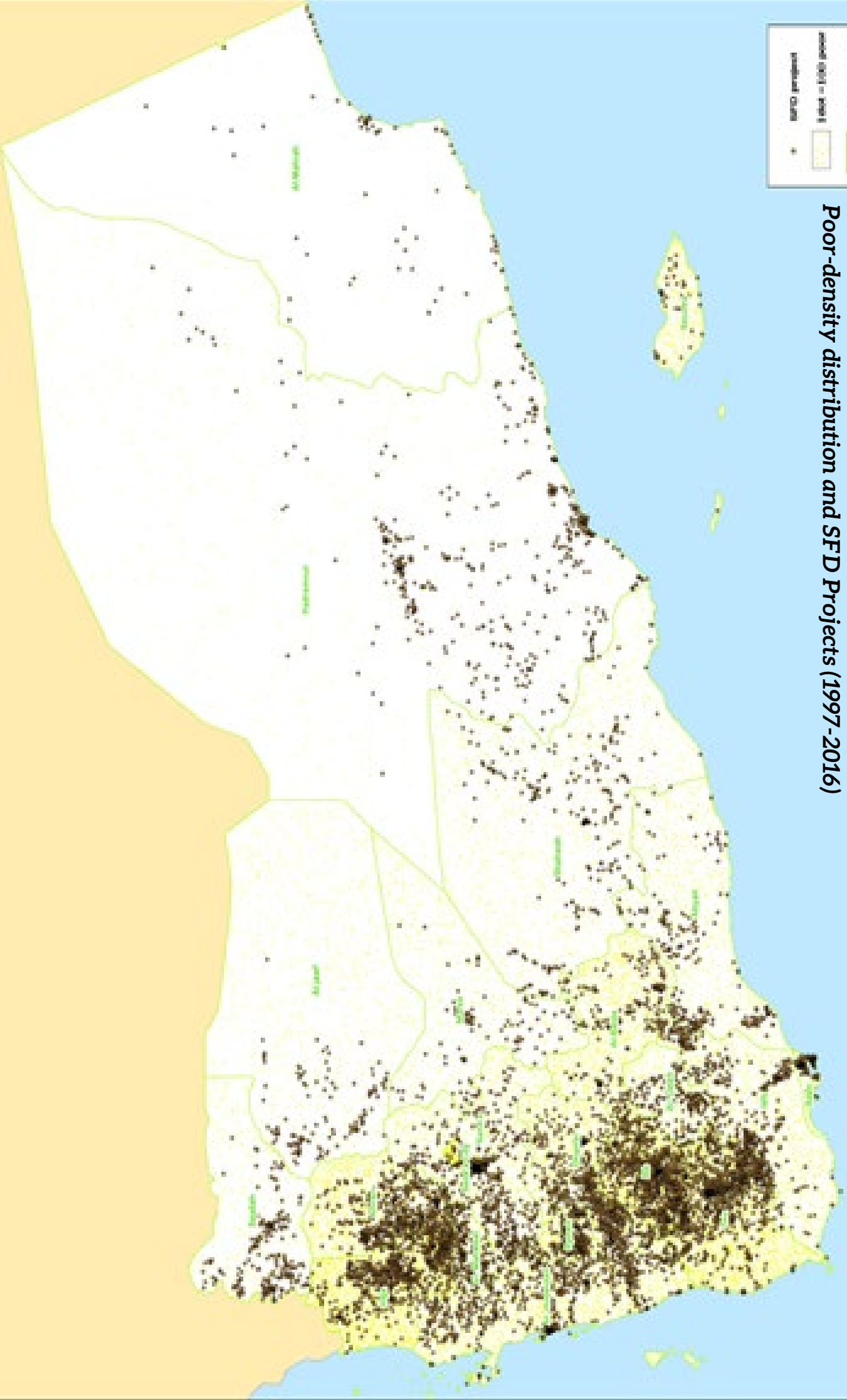
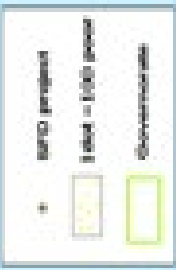


Figure A9
SFD Organizational Structure



Poor-density distribution and SFD Projects (1997-2016)





Social Fund for Development

FajAttan - P.O. Box 15485 - Sana'a, Republic of Yemen

Telephone: (+967 1) 449 669/8 (+967 1) 449 671-77 Fax: (+967 1) 449 670

www.sfd-yemen.org  /SFDYemen  /SFDYemen - /SFDYemenAr  user/SFDYemen

