In the Name of Allah, the Most Beneficent the Most Merciful
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The Social Fund for Development (SFD) was established in 1997 to contribute to the implementation of the government’s social and economic development plans. The SFD contributes to reducing poverty and improving the living conditions of the poor by increasing the access of the poorest local communities to basic social and economic services; by providing and increasing employment opportunities; by building the capacities of local partners; and by empowering communities and local councils to carry out developmental tasks in their areas.

The SFD has become an active State institution with operations implemented throughout the country, prioritizing needs of poorer communities and investing in several sectors and programs. These sectors include: Education, Health, Water, Environment, Agriculture and Rural Development, Rural Feeder Roads, Small and Micro Enterprise Development, Social Protection, Labor Intensive Works Program, Cultural Heritage, Integrated Interventions and Training & Capacity Building of Partner Institutions.

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

In 2011, the SFD completed its first year of SFD Phase IV (2011–15), which synchronizes with the government’s Fourth Five-Year Plan for Economic and Social Development and Poverty Reduction (2011–15) and the Public Investment Program in order to mobilize efforts and available resources to meet the development needs.

In 2011, the SFD faced funding and operational challenges as a result of the political, social and economic instability in the country. SFD responded by setting priorities and directing its interventions to respond to the urgent needs of the people, including the creation of temporary employment through the implementation of labor-intensive projects through the Community Development and Cash-for-Work programs. The Small and Micro Enterprises (SMEs) Development and Capacity Building programs also continued to support micro-finance programs and institutions with sustained financing and technical assistance as well as supporting programs targeting youth.

During the year, the SFD developed 1,349 projects worth approximately $234.5 million. However, only 617 of the projects had been assigned to a funding source due to the precarious conditions in 2011, which limited donor funding flow to the country. The year also witnessed the continued implementation of more than 2,390 projects (including projects developed in previous years), with 980 projects completed.

Cumulatively (during the period 1997–2011), the total number of projects committed in all sectors has amounted to 12,047 projects worth $1.44 billion, with temporary employment exceeding 50 million workdays.
The SFD’s Board of Directors 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; two NGO Representatives; two Private Sector Representatives; an Expert Representative; a Banking Sector Representative; and SFD’s Managing Director (Rapporteur of the Board).
EXECUTIVE SUMMARY

The political and economic instability that hit the country in 2011 impacted the SFD’s efforts to distribute benefits to its target groups. The SFD has responded to these changed conditions by preparing a contingency plan that outlines ways to address the new risks that have ensued or may arise in the future. The contingency plan makes use of the SFD’s flexibility to adapt its work in ways that can minimize the impact of destabilizing events, while allowing the SFD to continue its mission to serve the poorest and neediest communities throughout the country.

The SFD’s primary goal has been to ensure the continuity of the projects most needed by the communities served by the SFD. In 2011, the SFD continued its focus on creating employment opportunities through the implementation of infrastructure and microfinance projects, as well as through engaging new courses of work, including projects to help repair and rebuild damaged schools. The SFD has also explored the possibility of developing and implementing programs to address childhood malnutrition.

It was found that the projects that were the most resilient throughout the duration of the destabilizing events were those that were carried out with direct participation of the community and through community contracting mechanisms. These programs, which have made use of local materials and capacities, have continued operations. For example, while SFD’s overall suspended projects in 2011 ranged between 14 and 23% of the total projects developed during the year, Labor Intensive Works Program (LIWP) projects, implemented through the Cash-for-Work program, accounted for less than 1% of the suspended projects. Water projects, in which community contracting is often used, amounted to 6% of suspended projects.

Owing to their resilience against the destabilizing events that occurred in 2011, as well as their effectiveness as a means of cash transfer to beneficiaries in various regions, 70% of the total projects approved and funded by the SFD in the second half of 2011 were implemented through the LIWP. The LIWP projects also meet the significant need of the poor for employment opportunities in light of the return of many workers back to their villages due to the country’s economic stagnation and deteriorated security situation.

Disbursement during the year reached $132 million for more than 2,390 projects currently under implementation. These projects have been distributed throughout the country, and have included approximately 94% of districts (310 out of a total of 330). A total of 980 projects were completed, providing 4.3 million temporary job opportunities. More than 1.7 million of these temporary job opportunities were generated by the Cash-for-Work Program.

During 2011, the SFD also developed 1,347 projects worth approximately $234.5 million. These newly developed projects are expected to serve a geographical area of approximately 1.93 million direct beneficiaries (of which 52% are female) and to create more than 5 million temporary job opportunities.

Education – a principal basis for comprehensive development as well as for creating local job opportunities – continued to account for the largest share (35.4%) of SFD project investments during the year. In the education sector, focus was given to the provision of equal educational opportunities for males and females, as well as across urban and rural areas.
In the water sector, the SFD continued to emphasize traditional rainwater harvesting projects, with a focus on raising hygienic and environmental awareness. Water and environmental projects accounted for 27.9% of SFD investments.

The SFD also continued its support of the Labor Intensive Works Program (LIWP), designed to target the communities and individuals most affected by the crises, including the 2011 economic recession and increase of food prices. SFD’s commitments to the LIWP (17.4% of total investments) are distributed across two programs: the Cash-for-Work program (8%), expected to create approximately 1.7 million workdays benefiting 27,318 poor families; and the Roads program (9.4%), creating more than 900,000 workdays, and benefitting approximately 300,000 people. During the last six months of 2011, the SFD focused on directing its available resources to Cash-for-Work projects.

Health projects accounted for 2.4% of SFD investments. These projects focused on improving access to primary healthcare services, supporting reproductive health, training rural health workers (particularly females), and improving the performance of existing health institutes.

The SFD also continued to support groups with special needs, accounting for 1% of investments in 2011. By targeting the groups themselves as well as NGOs working with groups with special needs, these projects have helped to integrate these groups into mainstream society.

The SFD continued to support rural development through the Rain-fed Agriculture and Livestock Project and the Integrated Interventions Program, which accounted for 6.2% and 1.7% of investments, respectively.

The SFD also continued to support efforts to enhance the human and institutional capacities of NGOs and community-based organizations, through training and Organizational Support as well as other programs aimed at enhancing their participation in development programs and projects. These programs amounted to 2% of SFD investments in 2011.

In addition, the SFD continued to support efforts towards the conservation and restoration of historical monuments and archaeological sites of significant cultural value, and to build national and local capabilities in this field. The Cultural Heritage sector received 2.5% of SFD investments.

The SFD disbursed 3.4% of its 2011 investments to support small and microfinance programs, and business development services, to enable these programs to expand and improve the financial and non-financial services they provide.
Targeting and Distribution of Allocations
SFD targeting policies rely 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 most needy communities. The SFD uses three key strategies for targeting and allocating resources: geographic, program and social.

Geographic Targeting
A portion of the SFD Phase IV (2011-15) resources has been allocated on the basis of need 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. In 2011, roughly 731 projects were committed under this type of targeting, costing approximately $182 million, 78% of total investments (Table 1).

Program Targeting
The SFD also targets its efforts in order to help bridge gaps in specific sectors, such as girls’ enrollment in basic education in areas with low female enrollment, or the protection and maintenance of agricultural terraces that have been exposed to erosion and flooding. The SFD also contributes to preserving cultural heritage monuments, creating job opportunities for laborers skilled in traditional crafts. The Small and Microfinance and capacity-building programs are also included in this type of targeting. In 2011, the SFD developed 545 programs worth about $50 million, 21% of total investments.

Social Targeting
The SFD plays a proactive role in targeting vulnerable groups. This includes groups with special needs, such as persons with disabilities and at-risk women and children; and the most underprivileged and socially marginalized groups, including male and female prisoners. The SFD has committed about 71 projects through social targeting, at an estimated cost of $3 million during 2011.
Table 1
Projects committed and funded in 2011, by targeting type

<table>
<thead>
<tr>
<th>Targeting</th>
<th>Projects</th>
<th>Commitments (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Committed</td>
<td>Funded</td>
</tr>
<tr>
<td>Geographic</td>
<td>731</td>
<td>245</td>
</tr>
<tr>
<td>Program</td>
<td>545</td>
<td>317</td>
</tr>
<tr>
<td>Social</td>
<td>71</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>1,347</td>
<td>613</td>
</tr>
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Geographic Targeting as Committed in 2011 Plan

Of the $182 million the SFD invested through geographic targeting, the projects and investments were allocated across the four categories of village poverty as follows (see also figures 1 & 2):

Group 1 (Poverty index of 0–25%): This group includes the relatively better off (albeit located within rural poor and needy areas), and received 12.5% ($23 million) of the total investments.
Group 2 (Poverty index of 26–50%): This group received 18% ($32 million) of the total investments.
Group 3 (Poverty index of 51–75%): This group required more services than Groups 1 and 2, and received 35.3% ($64 million) of the total investments.
Group 4 (Poverty index of 76–100%): Group 4 populations resided in the poorest and most needy areas, and utilized 34.5% ($63 million) of the total investments.

As figures 1 & 2 show, in 2011, 69.8% ($127 million) of geographically targeted investments went to areas with a poverty index above 50%, while 30.2% ($55 million) went to the relatively better-off areas.

Targeting in 2011: Committed and Funded Projects

The conditions that overwhelmed the country in 2011 led to the suspension of funding by several donors supporting SFD IV. Despite these setbacks, the SFD was able to finance and implement 613 projects at an estimated cost of $95.7 million. A total of 245 projects, worth $66.3 million (or 69.3% of the total available funding in 2011) and allocated through geographic targeting were funded, while 486 approved projects (worth approximately $116 million) had no funding. A total of 317 projects worth $27 million (28.4% of available investment) were allocated through program targeting. Programs allocated through social targeting included 51 projects worth $2.2 million (2.3%).

The geographic targeting analysis of planned projects for 2011 shows that $51.3 million (78% of the available funding for geographic targeting) has been allocated to areas located in the third and fourth categories of village poverty, while those in the first and second categories were allocated only $15 million (22% of the available funding). It should be noted, moreover, that the projects funded in 2011 and geographically targeted towards the fourth category were projects administered through the Labor Intensive Works Program and Water Scarcity Mitigation Program, neither of which requires an operational budget (as is required, for example, in education and health projects).
Figure 1
Distribution of geographic-targeting-based investment in 2011, by targeted group

Figure 2
Distribution of geographic-targeting-based projects in 2011, by targeted group
The SFD's vision for the education sector is to assist and support the Ministry of Education (MoE) in implementing the National Basic and Secondary Education Development Strategy, the Literacy Strategy, the Millennium Development Goals and the declared global goals focusing on providing good education for all.
In 2011, the SFD developed 430 projects at an estimated cost of $83 million. The projects are expected to directly benefit an estimated 187,000 people, including 102,080 male and female students.

Between 1997 and 2011 the SFD approved 4,682 education projects, worth over $596.3 million, with the total number of classrooms (new, rehabilitated and completed) reaching 28,250. Of these projects, 3,870 were completed (totaling 24,642 classrooms), 607 projects are under implementation (totaling 2,884 classrooms), and 205 projects have been developed and ready to enter the implementation phase (with approximately 920 classrooms expected). The projects directly benefit an estimated 2.6 million people (52% female) (Table 2).

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<tbody>
<tr>
<td>Approved projects</td>
<td>430</td>
<td>4,682</td>
</tr>
<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>83,042</td>
<td>596,331</td>
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<tr>
<td>Completed projects</td>
<td>250*</td>
<td>3,870</td>
</tr>
<tr>
<td>Disbursements (USD, in 1,000s)</td>
<td>47,572</td>
<td>446,686</td>
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<tr>
<td>Direct beneficiaries (in 1,000s) - estimated</td>
<td>187</td>
<td>2,600</td>
</tr>
<tr>
<td>Female beneficiaries (%)</td>
<td>45</td>
<td>52</td>
</tr>
<tr>
<td>Temporary employment created</td>
<td>2,514</td>
<td>19,178</td>
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*Includes projects from previous years which were completed in 2011

The SFD’s educational interventions in 2011 focused on providing equal opportunities for male and female students in rural and urban areas. The goals of the SFD included increasing enrollment, narrowing the gender enrollment gap in basic and secondary education in rural areas, and improving the quality of the education process through supporting literacy programs, pre-school programs, kindergartens, and programs for gifted and talented students. In addition, the sector focused on the administrative and institutional development of relevant sectors of the Ministry of Education and its offices in the governorates and districts.

In 2011, the SFD sought to ensure the continuity of educational provision in areas affected by the destabilizing events that took place during the year. In this regard, the SFD has developed a proposal for the German Bank for Development (KFW) aiming to repair the affected infrastructure of schools and to provide training to the teaching and administrative staff, as well as to the parents’ councils, on managing education during emergencies.

Providing Equal Opportunities in Education

This program aims to contribute to providing equal educational opportunities for males and females, in both rural and urban areas. This goal is being achieved through the establishment of new school buildings to accommodate additional school-age children, the rehabilitation of existing educational facilities, and the improvement of the educational environment to make it more conducive to student development and stability, to encourage enrollment, and to reduce dropouts. This program is also expanding educational opportunities by adding classrooms to schools, and service facilities in order to alleviate overcrowding and to accommodate sub-classrooms. Finally, the program furnishes and equips school buildings, providing additional stability to the schools. During the year, the education sector developed 342 projects under this program at an estimated cost of $77 million. These projects include the establishment of 2,359 new and 193 rehabilitated and completed classrooms. The projects were estimated to benefit about 171,340 students, of which 46% are female.
Rural Girls’ Education

The Rural Girls’ Education program targets areas where the gender enrollment gap exceeds 90%, aiming to enhance the role of the community in supporting and advocating for girls’ right to education. The program addresses the specific needs of rural girls, including infrastructure, appropriate teaching methods, and issues related to daily life. The program has four components: infrastructure, capacity building, community awareness and mobilization, and establishing community formations. In 2011, 21 projects were developed, establishing 6 community centers to promote the educational development of rural girls in Maqbanah District (Taiz Governorate), Damt (Al-Dhale’) and Al-Sukhnah and Bait Al-Faqeeh (Al-Hudaidah). The SFD also offered multiple training programs. For example, 34 female facilitators received training in methods of community education, active learning, and life skills, benefiting 425 youth ages 8-14. Similarly, 47 male and female facilitators from Maqbanah and Al-Sukhnah were trained in multi-level classroom management, with 106 parent councils’ members (including 49 females) trained in methods of community participation. An additional 24 people received training in how to support and advocate for girls’ education in rural areas, and how to implement community awareness campaigns on the importance of girls’ education. Training was also provided to youth; for example, 390 boys and girls received instruction in children’s rights, drawing, sculpture, handicrafts, and first aid. Finally, a manual explaining how to establish Community Education Centers was developed.

Education Quality

The SFD pays special attention to raising the quality of education by supporting pre-school programs, kindergartens and gifted and talented students’ programs; experimenting with new approaches in quality education development; introducing new technologies in teaching and learning; and piloting several new concepts, methods and applications to aid with capacity building.

Despite the suspension of many of the projects under this program due to the country’s precarious conditions in 2011, the SFD has continued to develop projects for future implementation. The sector has developed 18 projects at an estimated cost of $1.8 million, expected to benefit 8,705 students (67% of whom are female). The projects were distributed as follows:

**Pre-school Education and Kindergartens.** The SFD developed 7 projects to promote pre-school and kindergarten education, including 3 to build, furnish and equip 3 kindergartens in Hajjah City (expected to benefit 558 male and 457 female students); and two projects to furnish and equip 2 kindergartens in Hadhramaut Governorate. The two remaining projects provided training to 50 female pre-school teachers in Hadhramaut, Shabwah and Al-Maharah governorates. The teachers were trained in diverse topics, including kindergarten teaching skills and methods, the use of teaching aids, classroom management and learning by playing.

**Gifted Students’ Education.** Four projects were developed at an estimated cost of $177,850. These included projects to support activities and competitions for gifted students; to introduce a National Talented Students Program; to qualify gifted secondary-school graduates from the Capital City, Aden, and Taiz governorates in computers and the English language; and to evaluate the gifted student program and set a strategic vision based on the evaluation outcomes. The projects benefited approximately 1,296 male and female students.

**Education Quality Schools.** The SFD continued to support Education Quality Schools in 2011 by developing 7 projects at an estimated cost of $547,964. Four of these projects aimed to strengthen the infrastructure of schools in Taiz, Ibb and the Capital City by building and equipping computer rooms. The 3 remaining projects focused on the development of a management database; conducting an institutional analysis of Education Quality Schools (second phase); and completing an evaluation of the Douroub Program, and creating a vision and an action plan based on the evaluation outcomes.
**Literacy and Adult Education**

During 2011, the SFD developed – in close association with the Ministry of Education's Literacy and Adult Education Organization – 35 projects worth $569,347, of which 32 projects aimed to build the capacity of 1,438 administrative and technical staff and literacy teachers (1,146 female) in several governorates. The activities included training courses for teachers and facilitators in literacy centers, as well as classes on teaching skills and methods, the preparation of teaching aids, life skills, handicrafts, and other skills. The three other projects aimed to prepare a trainer and trainee manual in literacy and adult education for school counselors; to conduct a workshop to develop tools for evaluating literacy programs; and to equip and furnish literacy offices in various governorates.

**Institutional Support**

The SFD continued its efforts to provide institutional support to the Ministry of Education’s departments and offices in all governorates. In 2011, SFD approved 12 projects worth $2.6 million aimed at building, furnishing and equipping 9 district education offices in 6 governorates. These improvements have provided stability for the staff working in the offices, and have also facilitated communication between the district education offices and the educational institutions that they oversee. The remaining projects included furnishing and equipping the National Center for Educational Measurement and Evaluation and the learning resource rooms in the Capital City and Aden; and preparing the School Laboratories Guide (Part II).

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**Box 1**

**Empowering Rural Women Through Life Skills**

One of the SFD’s activities in the education sector in rural areas was to prepare and publish a life skills guide targeted towards rural women. The guide built on a field study, which identified three basic skill needs in selected areas of the country: personal and social skills (6 skills), health and environmental skills (20), and domestic economic project skills (8). The process was followed by intensive Training-of-Trainers (ToT) to prepare trainers to use the guide. A group of the trainers was selected to train rural female adult literacy teachers. The objective of the program was to help rural women gain skills enabling them to cope with various daily situations. An additional aim was to reduce the economic vulnerability of rural women and their dependents, as the fact that their husbands often live and work away from the family make them particularly prone to economic vulnerabilities and difficulties in obtaining basic needs.

The SFD selected 112 villages located in 87 districts across 11 poor and rural governorates in which to implement this initiative. The SFD seeks to engage local structures to supervise the program as well as to learn from the experience. These local structures include the government’s Adult Literacy Organization, local councils, community development committees and parents’ councils.

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**Samia’s Ambitions**

Samia descends from a poor family in the village of Karish, in the Karish Sub-district of Al-Qabbaithah District (Lahej). She is the mother of five children, three of whom suffer from a hereditary disease. Despite her circumstances, Samia enrolled in an adult literacy class that was offered in 2009. She now attends the follow-up class and is determined to continue her studies, especially after the SFD added a new subject, “Life Skills,” a hands-on course to combat illiteracy and poverty. Samia passionately sought to attend the course – which met for three hours per week – in order to learn new and useful skills that would help her improve her family’s day-to-day well being. Before the course, Samia and other women had noticed that some women were selling incense to women at high price, despite the inferior quality of the product (“it is all sugar and has no aroma,” said Samia), and the fact that they had purchased it from outside governorates.

Samia saw an opportunity to apply the new methods of processing incense and perfumes that she learned from several of her “Life Skills” sessions. She used these newly gained skills to produce a superior product, which in turn could help generate income for her family. Samia asked her husband to bring her materials from governorate of Aden, which she then used to produce incense according to this new process. She sold a portion of the incense she produced in her own village and sent the remainder to her mother in another village, to sell there. “It is true that I sold the products with no profit, but I did not expect the products to be of this good quality and so popular with the women. Next time, I will sell them at a higher price. I bought some materials from the city of Al-Rahidah to apply methods of perfume making at home that I learned,” says Samia. Samia also benefited from the first aid sessions, which trained her to repair her nephews’ fractured bones. Samia’s ambition is unlimited and she seeks to take advantage of all lessons she has learned in the “Life Skills” class. Her next plan is to process “tomato sauce and cheese once the electricity is back.” Not content to stop with the skills she has already learned, Samia now has even more ambitious plans and wishes to learn new skills in the area of housekeeping and cooking.
The SFD’s vision for health focuses on supporting the efforts of the Ministry of Public Health and Population (MoPHP) to expand coverage of basic health services and enhance health system performance and human resource management—thus contributing to attaining the MDG’s health indicators by 2015.
The SFD continued to target underserved poor areas and disadvantaged groups. In 2011, 96 projects were developed (of which 58% went without funding) at an estimated cost of $5.6 million. It continued implementation of ongoing projects from previous years. The projects are expected to directly benefit about 383,000 people (56% female). Cumulatively, the number of health projects amounts to 1,049, worth nearly $130.7 million. The health projects benefit directly a geographical area of more than 2.4 million people (48% female) (Table 3).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>Cumulative (1997-2011)</th>
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</thead>
<tbody>
<tr>
<td>Approved projects</td>
<td>96</td>
<td>1,049</td>
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<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>5,588</td>
<td>130,677</td>
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<tr>
<td>Completed projects</td>
<td>105*</td>
<td>862</td>
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<tr>
<td>Disbursements (USD, in 1,000s)</td>
<td>7,115</td>
<td>62,096</td>
</tr>
<tr>
<td>Direct beneficiaries (in 1,000s)</td>
<td>383</td>
<td>2,417</td>
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<tr>
<td>Female beneficiaries (%)</td>
<td>56</td>
<td>48</td>
</tr>
<tr>
<td>Temporary employment created</td>
<td>101</td>
<td>4,724</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

The SFD's health projects pursued their goals through four main programs designed to expand and improve the coverage of primary healthcare services (PHC); to support maternal and child services; to improve health education; and to improve access to mental healthcare. The SFD also provides institutional support to the MoPHP.

**Primary Healthcare Program**

This program aims to expand the coverage of primary health services and to increase the number and improve the capacity and skills of health services providers. These aims are achieved through improvements in the infrastructure of health facilities in poor and disadvantaged areas, as well as by providing health workers with pre-employment and on-the-job training. During the year, the SFD developed 30 projects at an estimated cost of $2.4 million, expected to directly benefit about 70,000 people (51% female) as follows:

**Increasing access to PHC facilities.** The SFD developed 14 projects at an estimated cost of $1.4 million, aiming to build, equip and furnish 8 health units and 2 health centers in 7 governorates, as well as to furnish and equip 4 health units in 3 other governorates.

**Increasing the number of PHC services providers.** Four projects were developed to train and qualify 48 female and 137 male students as medical assistants, nurses and laboratory technicians to meet the needs of PHC facilities in Dhamar, Al-Baidha, Taiz and Al-Maharah governorates.

**Enhancing the capacities of PHC services providers.** Twelve projects were developed, 10 of which aimed to train 254 paramedic health staff (96 female) from Dhamar, Taiz, Al-Mahweet, Al-Baidha, Hajjah and Sana’a governorates, with a focus on Integrated Medication for Child Illness (IMCI). The two remaining projects aimed to improve institutional performance in several PHC facilities in Ibb and Hadhramaut governorates. One project provided training to 38 female and male health workers according to the health-quality program's training packages (Ibb). The other project trained 20 trainers (of both sexes) from Hadhramaut, Shabwah and Al-Maharah, in the provision of quality health services.
Reproductive Health Program

This program aims to increase the number of child deliveries under medical supervision and to reduce maternal and neonatal mortality by constructing and equipping basic and comprehensive EmOCs and MCH centers; enhancing reproductive health services at health centers; providing internal scholarships for female students to study midwifery and health counseling; and providing pre- and in-service training to services providers. In 2011, 39 projects worth $2.5 million were developed to improve access to EmOC and MCH services and to build the capacity of community midwives. These projects benefitted approximately 71,833 women and 7,583 children.

Increasing access to reproductive health services. Seven projects were developed at an estimated cost of $2 million, benefiting directly 73,449 women and children. These projects include building, equipping and furnishing basic and comprehensive EmOCs and mother and child health centers in 7 governorates.

Increasing medically supervised deliveries. This component focuses on conducting pre-job and on-the-job training for community midwives by providing midwifery scholarships for girls from all governorates to improve the quality of healthcare for mothers and newborns, to provide technical support to midwives, and to provide health education. The SFD has developed 32 projects worth more than $500,000 to train 24 trainers (from Dhamar Governorate) in midwifery, and 573 community midwives (from several governorates) in home care to promote the health of mothers and children. The SFD also developed a project to raise awareness of tetanus and the importance of vaccination against the disease, targeting 5,350 female students in secondary schools of Salah District (Taiz Governorate).

Newborn Health Program. In an effort to enhance child healthcare and reduce newborn mortality, the SFD developed 4 projects worth $64,643 in 2011, to train 46 health staff and assistants in premature and newborn healthcare in Al-Baidha', Hajjah and Dhamar.

Mental Health Program

The program aims to contribute to the expansion and improvement of mental health services, in accordance with the directions of the National Mental Health Strategy. The program components include enhancing existing mental healthcare services, building new mental healthcare centers, raising awareness, and building additional capacity.

During the year, the sector developed 20 projects at an estimated cost of $400,651, expected to benefit about 13,000 people (26% females).

Increasing access to mental health services. Seven projects were developed, five of which aimed to provide counseling centers, mental healthcare promoting schools, and juvenile centers with psychological and psychometric tests and measures, as well as to furnish and equip a mental health clinic at Al-Thawrah Hospital in Ibb City, and the educational and psychological counseling center at Dhamar University.

The two other projects aimed to enhance mental health in Al-Hudaydah and Ibb cities, by equipping and furnishing mental health promoting schools, as well as by holding workshops with relevant ministries and school headmasters to discuss the important role school psychologists can play in enhancing mental health outcomes.

An additional project was developed to train a national team of 25 people in techniques of psychological rehabilitation for crisis victims. The program is intended to provide rehabilitation services in multiple governorates. SFD also developed a project to train 25 social workers in Al-Mukalla and Ghail Bawazeer, Hadhramaut, to provide psychological counseling.

Integrating mental health within primary healthcare. Ten projects were developed, 9 of which aim to provide training to 340 medical and assistant staff (31% female) from PHC centers in several governorates in mental health diagnosis, disease management, signs and symptoms, and in providing counseling and treatment. The remaining project aimed to train 50 people as national trainers in providing mental health services within primary healthcare.

Developing mental health manuals. The SFD also developed a project to prepare mental healthcare training packages for nurses and psychologists, as well as a project to develop psychological counseling training packages for social workers.

Enhancing partnership

The SFD seeks to strengthen its partnership with the Ministry of Public Health and Population and other partners in order to achieve the Millennium Development Goals in the health sector. In this framework, the SFD’s 2011 health projects plan was discussed with the Ministry’s Planning Sector. The SFD also took part in the activities of the sectoral coordination team to study the social determinants of health as well as in the workshop pertaining to the adoption of the Reproductive Health National Strategy (2011–15).
A number of government health centers suffer from low-quality health services, a poor supply of medicine, unqualified health staff and a lack of basic equipment. Consequently, government health centers are often unable to provide the health services listed in the directory of the Ministry of Public Health and Population (MoPHP).

The SFD, in collaboration with the German Agency for International Cooperation (GIZ), responded to this challenge by beginning to expand the Health Quality Program in Hadhramaut Governorate. The program targets five health centers in the coastal districts of Hadhramaut, in coordination with the MoPHP, the Yemeni-German Reproductive Health Program (YG-RHP), and the Office of Health in Al-Mukalla.

The SFD program aims to improve the quality of primary healthcare services at these facilities by providing on-the-job training to health workers in the targeted facilities, providing equipment to the facilities, and promoting health services in the community.

One of the beneficiaries of the program is the Director of November 30 Health Center in Al-Dees District (Al-Mukalla City), Mr. Awadh Al-Ammari. Mr. Al-Ammari explained that the Center’s services covered 18,000 people, and that prior to the SFD intervention in June 2010, the average number of visitors was stable at 40 people. Eight months after the intervention, the number of visitors had doubled to 80, with the number reaching 250 by November 2011. “In addition, some visitors from out of the district come to receive treatment,” added Al-Ammari, “and the center presents new services such as health education and means of reproductive health and maternal and child health services and promotion activities for the center services.”

In the Rawkab Health Center in Al-Mukalla City, an administrative staff member explained how the information system introduced to the center has supported the administrative staff there, helping them to identify the medicines, vaccines and tools needed for the center during a specified period, according to visitors’ needs. She also noted that the staff holds periodical meetings to discuss the center’s problems, and to follow up with the Office of Health or the local council for assistance in solving them. The center’s Director, Omar Saleh Bamansour, added that the center’s work and organization has reached 80% of its target so far, and that the staff members had become capable of planning and implementing their activities systematically and satisfactorily. A final benefit of the center is that they have been able to understand the health issues of the local people. The center has also improved its recordkeeping for visitors in order to have better information for follow up visits.

Box 2
The Health Quality Program: Towards Integrated Health Services
The SFD's engagement with Special Needs Groups focuses on promoting social integration and equal rights and opportunities for children with disabilities and children vulnerable to abuse.
Activities during the year focused on supporting the infrastructure and improving the quality of educational and health services provided to people with special needs. This included programs for rural service outreach, building the capacity of service providers, expanding low-vision education programs, and targeting new categories of persons with disabilities (PwDs), such as children suffering from autism and learning difficulties. The SFD continued to support and develop participatory and right-based policies and strategies. In 2011, the sector developed 71 projects at an estimated cost of more than $2.9 million, directly benefiting approximately 22,000 people (50% female). Cumulatively, the number of projects numbered 630, worth approximately $72.6 million, and is expected to benefit a geographical area of more than 870,000 people (56% female) (Table 4).

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Approved projects</td>
<td>71</td>
<td>630</td>
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<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>2,935</td>
<td>72,576</td>
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<td>Completed projects</td>
<td>60*</td>
<td>508</td>
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<td>Disbursements (USD, in 1,000s)</td>
<td>2,019</td>
<td>26,017</td>
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<tr>
<td>Direct beneficiaries (in 1,000s) -</td>
<td>22</td>
<td>870</td>
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<tr>
<td>estimated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female beneficiaries (%)</td>
<td>50</td>
<td>56</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

**Inclusive and Special Education**

This program aims to integrate targeted children with special needs into public education. Through this program, the SFD supports the efforts of the Ministry of Education in promoting inclusive and special education by providing institutional support to inclusive education departments in several governorates; establishing classrooms; and providing for the rehabilitation, furnishing and equipping of mainstream schools. In addition, the program seeks to establish learning resources units, to provide training to the relevant staff, and to provide schools with learning means and tools. During the year, 23 projects were developed at an estimated cost of $704,607, to support the program’s activities. Seventeen of the projects developed aimed to support Inclusive Education, while 5 projects were developed to support Special Education, including a project for Evaluation of the Education Integration Program of Al-Aman Society (in the Capital City). The projects, distributed between infrastructure and capacity building, target 6,140 persons (50% female).
Early Childhood Development

Early childhood is considered an important phase in childhood development and later growth. This recognition has led the SFD to pay attention to early childhood through a number of related activities to serve children in multiple fields (education, hygiene and psychology). In this area, the SFD made use of its multi-sectoral potential and capabilities.

In 2011, the SFD approved 8 projects, at an estimated cost of $670,691, and directly benefiting approximately 1,773 male and female children. The projects aimed to build and equip a Centre for Early Childhood Development at Sana’a University; to establish early intervention services (therapeutic, preventive and rehabilitative) in 5 health centers and a hospital in Al-Mukalla in Hadhramaut Governorate; and to rehabilitate and equip a children’s ward at the Artificial Limbs and Physiotherapy Center in Aden Governorate. Other projects were undertaken to promote early intervention services at a number of associations, in order to provide rehabilitation services to children. The projects also provided training for 71 kindergarten teachers, in addition to establishing pre-school classrooms for children with cerebral palsy, and supporting pre-school education for blind and vision-impaired persons (at the Blind Care and Rehabilitation Association in Al-Hudaiedah Governorate). An additional project was carried out to combat blindness in Al-Khaznah Village (Abs District, Hajjah Governorate). This included the distribution of vitamin A and B supplements to children, and equipping the village’s health center with tools to aid in the early detection of vision impairment. The project also provided the relevant training to the health staff and raised community awareness about visual impairment.

Community-Based Rehabilitation

Community-based rehabilitation (CBR) is a strategy that is well established within the general framework of community development, and is geared towards rehabilitation, the realization of equal opportunities, social integration, and the inclusion of all PwDs in the community. CBR strategy is implemented through the combined efforts of PwDs themselves, their families, organizations and communities. This program aims to reach more children with disabilities and to empower them to access services and opportunities, so that they may become active members of society. A second aim is to motivate local communities to overcome the obstacles that hinder the full social participation of children with disabilities.

The sector in 2011 continued its support for CBR activities through the implementation of 10 projects targeting 2,674 children with disabilities at an estimated cost of $363,562. Six of the projects aimed to establish CBR services for children with disabilities in 3 cities: Thula, Yarim and Aden, and 3 districts: Al-Mahabeshah (Hajjah), Belad Al-Te’am (Raimah) and Qlenciah (Hadhramaut). This was pursued by forming 6 community committees in the program areas and furnishing and equipping the CBR centers associated with these projects. As part of the project, logistical, technical and institutional support was provided to 295 community committee members. The program also educated communities, families, and community workers about disabilities and CBR-related concepts.

The remaining four projects aimed to enhance and strengthen existing CBR services in Al-Qaeda in Dhi Al- Sefal (Ibb Governorate), Rada’ (Al-Baidha) and Al-Haimah Al-Dakhelyah (Sana’a) by providing training to 91 school teachers, CBR workers, health assistants and health workers on growth delay, early educational intervention, methods of teaching children with visual and mental impairment, orientation art, physiotherapy, personal hygiene, and self-care. In addition, CBR has been enhanced by the building, furnishing and equipping of educational resource rooms and classrooms in two schools, targeting 49 children with vision, hearing and mental impairment and learning difficulties, as well as through equipping and furnishing two kindergarten classrooms, targeting 17 children of vision and mental impairment.

Institutional Support

This component aims to provide institutional support to government institutions and non-governmental organizations to develop their performance and provide better services for people with special needs by qualifying these institutions and building their institutional and technical capacities.

The SFD developed seven projects aiming to provide institutional support for two associations working with people with disabilities in Sa’adah and Ibb governorates. The projects provided administrative and financial training for 38 of the association members. A final aim of the project has been to enhance school programs for the vision-impaired, by cooperating with the Ministry of Health, as well as by enhancing institutional support for the National Blindness Combat Program. The SFD has also developed action plans to support persons with disabilities by providing support for the National Disability Strategy.
Child Protection

This program aims to contribute to improving the quality life of children exposed to abuse (orphans, juveniles, street children, working children, children in refugee camps and trafficked children) and vulnerable population groups (such as the elderly and marginalized groups). This is pursued through the support of infrastructure improvements and of centers that provide services to these groups. This support in turn strengthens the capacity of the organizations working to protect children, aiding the development of systems and mechanisms to provide long-term protection for children.

In 2011, the SFD developed 23 infrastructure and capacity-building projects at an estimated cost of $938,138, targeting 5,732 persons (51% female). In infrastructure, support was provided to establish an automated birth registration system in a number of districts and to build, equip and furnish the juvenile social guidance section of the central prison in Amran Governorate. The psychological rehabilitation unit of the Childhood Friends Assembly in Ibb City was also furnished and equipped through this program. In capacity building and awareness, the projects covered several fields related to children and children's rights in international conventions and national laws.

Additional projects provided training on self-empowerment for the 30 female orphans and staff of a Taiz-based orphanage, as well as training on providing psychological support for children under difficult conditions to 40 social workers working with displaced persons in Al-Mazraq (Haradh, Hajjah) and 5 vicinity schools. The projects also undertook a campaign to raise awareness of child labor by printing 100 handbooks and 1,000 posters on child trafficking.

The SFD established the Community-Based Rehabilitation (CBR) Program in Al-Qaeda City (Ibb Governorate) by setting up a community committee to administer the project and build its institutional and technical capacities to support PwDs. It also provided the project center with furniture and necessary equipment, and conducted a survey to determine the number of persons with disabilities in the city. Through the CBR program, the SFD also trained 24 young men and women from the community in survey administration, physical therapy, and early detection of disabilities. The 24 trainees will be responsible for providing home rehabilitation visits for children, tailored to each child's specific needs. The program funded household visits for 110 children with disabilities, ranging from one month to 10 years of age. The home visitors also worked to educate families about physical therapy exercises that may help their children. The therapy sessions have brought about a noticeable improvement in the condition of the participating children.

Nisreen

Nisreen (a 14-month-old female) is one of the beneficiaries who took part in 25 physiotherapy sessions. As Nisreen's grandmother explained to an SFD team: "Nisreen was just a mass of meat that could not move. She could not move her head and could barely eat and drink. When the rehabilitation worker visited us and started helping her to exercise, Nisreen started moving her head to the left and to the right. We felt she has improved much, praise be to God."

Ameen

I am a teacher in the "Right to Life" Institution in Sana’a city. The institution serves children suffering from brain atrophy, which causes several troubles, including speech disorders. I did not initially have the skills to assess speech disorders and ways of treatment. I was unable to help the children [who suffered from speech disorders] in my role at the institution. Fortunately, I had the opportunity to participate in an SFD training course in speech therapy. This session gave me the necessary skills in this area, and enhanced my abilities in my field. I became confident and capable of dealing with children who have problems in speech, like the case of the child Ameen, who joined the Foundation and was suffering from several problems, including pronunciation difficulties. His mother thought he was dumb, unable to express his day-to-day needs. This made Ameen introverted and isolated, and this negatively impacted the psyche of his family, especially his mother. When I checked on him I was able to diagnose his condition as a state of speech disorder and not dumbness. Ameen underwent a program of speech therapy, learning how to express himself and interact socially through communication with others. This matter has created pleasure in the heart of his mother.
SFD interventions in the water sector contribute to increasing water service coverage in needy communities by supporting projects relying on renewable water sources, such as rain and projects relying on ground water in areas where rainwater harvesting is not practical and do not have surface water. In the environment sector, SFD interventions contribute to increasing sanitation service coverage in needy communities by supporting sewerage systems and conducting hygiene awareness campaigns focusing on sanitation, washing hands and water treatment at the point of use.
During the year, SFD committed to 272 projects for the water and environment sectors at an estimated cost of $65.4 million. It approved 222 water projects at an estimated cost of $63.6 million and 50 environment projects worth about $1.8 million. Cumulatively, the number of water projects numbered 1,811 at an estimated cost of $196.3 million, benefiting about 3.2 million people (54% female), while the environment sector developed 293 projects worth approximately $27 million, benefiting a geographical area of 2.7 million people (51% female) (Table 5).

<table>
<thead>
<tr>
<th>Indicator</th>
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<th>Environment</th>
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<tbody>
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<td>Approved projects</td>
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<td>1,811</td>
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<td>Commitments (USD, in 1,000s)</td>
<td>63,566</td>
<td>196,305</td>
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<td>Completed projects</td>
<td>215*</td>
<td>1,394</td>
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<td>Disbursements (USD, in 1,000s)</td>
<td>12,699</td>
<td>100,464</td>
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<td>Direct beneficiaries (in 1,000s)</td>
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<td>Female beneficiaries (%)</td>
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<td>Temporary employment created</td>
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<td>(workdays, in 1,000s)</td>
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<td></td>
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</tbody>
</table>

*Includes projects from previous years which were completed in 2011

**Water**

The water sector focuses on implementing low-cost projects to provide water services to the poor while complying with the water coverage definition that has been agreed upon by all actors in the sector. The SFD’s projects emphasized community participation and the use of traditional knowledge and experience. The water sector has 4 sub-sectors: rainwater harvesting (public tanks), rooftop rainwater harvesting tanks (private tanks), piped water systems, training and awareness.

**Rainwater Harvesting (Public Tanks)**

This sub-sector aims to provide improved water to communities, particularly those living in mountainous areas, where rainwater harvesting is the only option to provide the population with sustainable and affordable water. This is accomplished by installing covered public tanks with enough capacity to collect rainwater pouring from clean catchment areas during summer and store it for winter.

In 2011, the SFD developed 60 projects that included 109 public tanks. The projects included building roofs to 2 previously built cisterns, and establishing 80 covered tanks and 27 karifs (manmade depression) at a total capacity of 209,616 m³. These projects are accompanied normally by other facilities to improve the water quality, such as sand and floating materials traps and animals’ trough, and pipes to transport water to the communities’ locations.

**Rooftop Rainwater Harvesting (Private Tanks)**

This sub-sector aims to provide improved water, especially for rural populations in the mountainous areas. Private tanks collect rainwater from the rooftops of the beneficiaries’ houses, and the water is then stored in the tanks for use during the winter. The tanks have capacities ranging from 20 to 90 m³.

In 2011, the sector developed 129 projects, including 17,190 tanks with a total capacity of 876,844 m³, serving about 164,000 beneficiaries. In addition, the sector developed two pilot projects in Taiz City. The first provides 1,000 rooftop rainwater-harvesting tanks with a total capacity of 35,000 m³, aiming at promoting rainwater harvesting as a complementary option to help easing the water scarcity persisting for more than 3 decades as well as developing a policy for future interventions in rooftop rainwater harvesting in urban areas. The second project provides five rooftop rainwater-harvesting tanks with total capacity of 5,700 m³ to Taiz University, for use during the winter months. This project is expected to be a model for government agencies, demonstrating the feasibility of providing water to their facilities through rainwater harvesting.
Piped Water Systems

Through this sub-sector, the SFD aims to provide and transport improved water to the nearest location to the community and, in some cases, to the houses, from surface or groundwater sources. In 2011, the SFD approved 21 projects to provide improved water to 33,052 people. These projects include water distribution networks with a total length of 125,762m, 2,747 house connections, and 12 public taps. Among the 21 projects there are 4 distinctive projects in Al-Baidha Governorate. These projects are distinctive in terms of size where they serve several sub-districts bringing no. of beneficiaries to more than 10,000/project (much higher than SFD’s average beneficiaries/project which is about 800/project) and in terms of sustainable water sources which are shallow wells directly recharged from nearby existing dams.

Training and Awareness

The objective of this sub-sector is to train SFD’s partners so that they will have the skills to assist in project implementation and improve overall outcomes. During the year, SFD approved 14 projects with the goal of training 650 male and female consultants to design and study water projects, as well as to develop the administrative and technical skills necessary to supervise the projects. Most of the projects focused on introducing consultants to the water sector and to SFD’s policy in each sub-sector. The projects also provided opportunities for experience exchange between the consultants and SFD branch offices in the governorates, thereby helping to improve future interventions.

Special Programs

Two programs are under implementation. The first program is the rooftop rainwater harvesting program, which was launched in mid-2009 and is nearing completion, with a total of 265 projects at an estimated cost of $15 million. The components of these projects include 22,300 tanks with a total capacity of 1,018,600 m³, serving 215,000 people. The second is the Water Scarcity Mitigation Program that coincides with the implementation of SFD IV, and for which $100 million has been allocated. During the year, 119 projects were approved, at an estimated cost of $14 million. The projects serve about 125,000 people, 70% falling under the poorest category (Group 4) and 30% falling into the next poorest category (Group 3). However, the SFD strives to further improve targeting in order to reach more poor and needy villages.

Box 4
Rooftop Rainwater Harvesting in Bani Gholafan

Bani Gholafan is a poor community of 575 people located in a rugged area of Al-Sawd, one of the poorest districts of Amran. It consists of three major villages: Al-Muftah, Al-Khoza’a and Al-Qahd. Due to its mountainous location, the only source of water is the rainwater harvesting tanks. Decades ago, the village members constructed 22 open rooftop rainwater harvesting tanks to cover their need of water during the rainy season, albeit the tanks are open and subject to contamination. However, the tanks’ capacity isn’t enough; consequently, women, children and animals from the villages spent most of their days traveling to remote valleys in order to fetch water. The roundtrip takes about 3 hours, and is not without risk.

In response, the SFD evaluated the needs of the area and offered several solutions to the community members. The community opted to build 54 private rooftop rainwater tanks at a total capacity of 3,400 m³.

The project was implemented as a partnership between the beneficiary community and the SFD, with the latter providing cement, steel reinforcement and pipes and the beneficiaries (including women) contributing labor, locally available materials and implementing the work under the supervision of SFD’s consultants.

One year later, all of the tanks were completed and filled with rainwater. The post-project assessment found that the beneficiaries had a positive impression of the project. The participants’ views were positive, indicating that this was their “lifetime” project that would bring relief to women and allow children (including girls) to focus on their education. They reported they felt a tangible improvement in their lives and reassured of the future.
**Environment**

The interventions in the environment sector focus on the integrity with the water sector through conducting hygiene campaigns to deliver three messages: sanitation, hand washing and water treatment at the point of use in order to help poor communities to reach a life free of water borne diseases. The activities of the environment sector include the following:

**Wastewater Management**
This sub-sector aims to solve acute sanitation problems in the poorest communities through the implementation of sewerage networks, natural treatment plants, and reuse of treated wastewater (wherever possible).

During the year, the SFD approved 3 projects, serving about 11,115 people. These projects' components included the installation of 15,517 meter-long sewerage networks, 926 manholes and inspection chambers, and 981 house connections.

**Solid Waste Management**
This sub-sector aims to solve the acute environmental pollutions in poorer communities, resulting from poor disposal of municipal and medical wastes through the creation of systems for sorting, collecting, transporting, processing and recycling of these wastes. Projects under this sub-sector include many activities such as the establishment of biogas production units and healthy slaughterhouses.

In 2011, the SFD approved one project to build and equip Yarim City's slaughterhouse to provide hygienic and environmentally safe slaughtering services.

**Training and Awareness**
In addition to providing training and building the capacity of its partners, the SFD also aims to complement this sub-sector with the water-sector interventions to ensure healthy life of the beneficiaries free of water-related diseases. The environmental and hygienic awareness campaigns are the most important component of this sub-sector, as they convey three health messages: the importance of proper sanitation, hand washing, and water treatment at the point of use. The SFD adopts the Community-Led Total Sanitation (CLTS) approach in implementing such campaigns.

In 2011, the SFD committed to 52 training and awareness projects, including 44 projects to implement hygiene awareness campaigns in 915 villages, and expected to benefit 313,500 people. In addition, the SFD celebrated 23 villages as open defecation free villages; these villages were located in various districts of Al-Mahweet, Dhamar, Amran and Taiz governorates. In order to acquire effective and low-cost alternative to scale up the campaigns, 24 natural leaders (male and female) from villages previously declared open defecation free were hired to conduct hygiene campaigns in vicinity villages and the results were encouraging.

Four training courses were held for male and female consultants and project officers in SFD Branch Offices (BOS) in conducting such campaigns. During the field practical training, the CLTS tools were applied in 31 villages. Likewise, training was provided to consultants (of both sexes) from the Yemeni Red Crescent and within the training 10 hygiene campaigns were implemented. Moreover, training was provided to selected employees from the General Authority for Environmental Protection and the General Authority for Rural Water Projects. A workshop was also held to introduce the CLTS approach for field workers of CARE organization, along with training them to implement Water, Sanitation and Hygiene (WASH) components in schools.

**Infrastructure of the Historic City of Shibam (Hadhramaut) Project:** The historical city of Shibam (Hadhramaut) suffers from the poor state of its infrastructure, which led to a continued leakage of water and sewage into the foundations of the mud buildings, posing a threat to the city. A project to improve these conditions began in 2009, with the participation of the German Agency for International Cooperation (GIZ) which decided to walk out as a result of the political instability; hence the project is currently being implemented by the SFD. The project’s components include sewerage, water, electricity, lighting, and telephone networks - all underground, and finally comes the surface stone pavement. By the end of 2011, the general cumulative performance rate had reached 40%.

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The town of Al-Sukhna is located 63 km southeast of Al-Hudaidah City, at the bottom of Bora’ protectorate mountain. Al-Sukhna’s hot sulfur underground water has been regarded as one of the most important therapeutic destinations in Yemen for sixty years; each year, an estimated 50,000 local and foreign tourists visit the town’s natural baths (“hammam”) for natural therapy.

Between 60 and 80 cubic meters of used water are being drained out of the hammam per day through an open 1.5 meter wide canal that passes in front of houses and dispose the wastewater into the Al-Melh Valley, which is a broad valley located at the bottom of the mountains, at a safe distance from the residences and people. In some parts of the town, the insufficient ground slope creates large swamps of stagnant water, which emit a foul odor and become good habitat for mosquitoes breeding.

To improve the health and environmental condition of the town, the SFD supported the Al-Sukhna community in its efforts to restore the damaged internal parts of the hammam. SFD also worked with the community to develop a suitable drainage network for the hammam by extending an existing network of plastic pipes and manholes so that they would drain water away from the town.

The project was completed, bringing a decent and new appearance for the area and its people.

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**Box 5**

**Al-Sukhna Natural Springs**

The project was completed, bringing a decent and new appearance for the area and its people.
AGRICULTURE AND RURAL DEVELOPMENT

The Agriculture Sector and Integrated Intervention Program (IIP) are the major components of the SFD’s agriculture and rural development activities. Projects in the IIP improve the living conditions of poor target groups by financing income-generating and infrastructure projects. They also help to build the capacities of the targeted groups and provide developmental support to communities.
In 2011, the SFD developed 97 projects in the agriculture sector at an estimated cost of $14.6 million. 37 projects (worth approximately $3.9 million) were approved as part of the Integrated Intervention Program. Cumulatively, the number of projects in agriculture totaled 336, worth more than $31.5 million, and benefiting approximately 552,000 people. 237 projects were developed by the IIP, costing more than $25.4 million, benefiting a geographical area of nearly 400,000 people (Table 6).

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<tr>
<th>Indicator</th>
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<th>Integrated Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects developed</td>
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<td>336</td>
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<tr>
<td>Commitments (USD, in 1,000s)</td>
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<td>31,540</td>
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<td>Completed projects</td>
<td>40*</td>
<td>111</td>
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<td>Disbursements (USD, in 1,000s)</td>
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</tr>
<tr>
<td>Direct beneficiaries (in 1,000s) - estimated</td>
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<td>Female share of direct beneficiaries (%)</td>
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<td>18</td>
</tr>
<tr>
<td>Temporary employment created (workdays, in 1,000s)</td>
<td>428</td>
<td>950</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

**Agriculture**

The SFD’s agriculture sector aims at increasing the productivity and income of poor farmers living in target areas through enabling them to upgrade and diversify their agriculture and livestock production. The SFD focuses on soil protection, water collection management, flood protection works, improvement of traditional irrigation systems and recharge of groundwater, and cultivation of high value crops.

**The Rain-fed Agriculture and Livestock Project**

The SFD is implementing the third component of the Rain-fed Agriculture and Livestock Project (RALP) in 23 districts in 5 governorates (Al-Mahawet, Lahej, Hajjah, Al-Hudaidah and Sana’a) in addition to its interventions in Water for Agricultural Development.

The program enables farmers in the target areas to develop, diversify and market their products.

In 2011, the SFD began the implementation of a project to install supplementary irrigation tanks in Lahej and Hajjah as well as the implementation of a water and soil conservation project in Al-Hudaidah, which is expected to benefit approximately 2,000 people. The implementation of watershed and agricultural terraces projects is also underway in Wadi Shareem (Al-Hudaidah) and in various sites of the watershed in Wadi Majbar (Al-Mahweet), with sites’ treeing and cultivation of more than 9,000 olives and coffee seedlings.

During the year, 47 rural producer groups were formed and 567 groups were financed, with assistance in capacity building provided to 729 groups. Training was also provided to 238 male and female farmers in techniques in the cultivation of seeds and coffee. In addition, 70 village workers received training in animal health, and 143 consultants (of both sexes) were trained to follow up with the groups and provide them with technical counseling. Cumulatively (as of the end of 2011), the sector formed 2,183 rural producer groups and funded 1,415 groups, distributed throughout the 23 target districts (Table 7).
### Water for Agricultural Development

During the year, the SFD approved 44 projects worth about $8 million, targeting 63,043 beneficiaries. In Irrigation Systems, the SFD approved 2 projects worth $12,159, to train 61 project officers and consultants in water for agriculture development policies and implementation mechanisms. In Soil and Water Conservation, 11 projects worth $1.7 million, serving 14,283 beneficiaries, were approved. One of these projects aims at updating the intervention policy of this sub-sector, while the remaining projects aim to rehabilitate watersheds through different types of interventions. In addition, 26 Small Dams projects worth $6 million were approved, targeting 32,982 beneficiaries. These include 23 projects for the construction of dams, 2 for training and 1 for the preparation of studies. Dam projects are distributed in Mareb, Al-Jawf, Shabwah, Sana’a, Ibb and Al-Baidha governorates. Finally, the SFD approved 5 projects worth $81,233 for Qat substitution, aiming to produce and print materials to help raise the awareness of more than 15,700 schoolchildren and parents.

### Rural Producer Groups

The Rural Production component of the Rain-fed Agriculture Project aims to organize small farmers in groups to develop productive economic activities.

The SFD has strived to help small farmers by implementing a series of projects and initiatives, including forming, financing and training Rural Producer Groups (for both sexes) in various fields such as beekeeping, and sheep and goat fattening.

In the district of Aslam (Hajjah) the SFD funded 27 producer groups to breed and fatten sheep and goats. The female members of “cooperation group” in ‘Al-Dhahr’ community, who are fattening sheep, stated that before they had joined the program, they would pick empty water bottles and sell them for recycling in order to make enough income to pay for basic food items, such as flour and tomatoes. Their situation has changed now that they can sell some of their products; now they can afford to purchase enough food.

In the district of Al-Hudainah, Mr. Mohamed Ali Mohamed, a member of the 22 May Group, said that the SFD had financed 46 groups in his area in fattening and raising sheep and goats, in beekeeping, and in providing veterinary services. The SFD trained members of each group using specialized packages for each of these activities, covering health, nutrition, and the application of inexpensive time saving technologies.

Mr. Ali Tayeb Ali, a member of the Union Group, says that his group continued its investment in 12 beehives, increasing the collection to 23 hives. He adds that the group members are now capable of producing honey more efficiently, without sacrificing quality. “We were not good at making honey. The SFD gave us training on the proper feeding [of the bees] and they gave us the Kenyan beehives, which we were not aware of before then. Working with them is easy as they have spongy covers. Before, we used to use animal residue and mud. We used to spend a half a day; now it takes one hour,” continues Ali. He added that he had also communicated the lessons from the SFD’s training program to several of his friends working as beekeepers outside of the village. Ali also appreciated the SFD’s visits to the carpentry shops in nearby Haradh.

In the more remote community of Alanbwa, district of Al-Maqaterah (Lahej Governorate), Mr. Hamoud Abdullah Mohammed, a member in ‘Alwafa’ group, said that the SFD had provided him with a ‘rare’ job opportunity as a veterinary technician after he had attended a two-month training course. Hamoud said that the owner of an infected animal was in the past forced either to travel to the district center looking for treatment, or to leaving the animal to die. “Now the situation is no longer the same. Now we are treating the livestock of Alanbwa, and if we encounter a difficult case, we contact the trainer. The SFD also gave us two shipments of drugs, and if I come across a shortage of drug, I buy it in order to complete the cycle of our investment,” Hamoud concluded.

### Table 7

<table>
<thead>
<tr>
<th>Governorate</th>
<th>No. of districts</th>
<th>Livestock</th>
<th>Bees</th>
<th>Agriculture</th>
<th>Others</th>
<th>Total</th>
<th>No. of groups formed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hajjah</td>
<td>5</td>
<td>250</td>
<td>79</td>
<td>61</td>
<td>11</td>
<td>401</td>
<td>279</td>
</tr>
<tr>
<td>Al-Hudaidah</td>
<td>5</td>
<td>269</td>
<td>74</td>
<td>22</td>
<td>33</td>
<td>398</td>
<td>353</td>
</tr>
<tr>
<td>Lahej</td>
<td>4</td>
<td>404</td>
<td>177</td>
<td>21</td>
<td>91</td>
<td>693</td>
<td>373</td>
</tr>
<tr>
<td>Sana’a</td>
<td>5</td>
<td>125</td>
<td>13</td>
<td>25</td>
<td>121</td>
<td>284</td>
<td>169</td>
</tr>
<tr>
<td>Al-Mahweet</td>
<td>4</td>
<td>184</td>
<td>120</td>
<td>27</td>
<td>76</td>
<td>407</td>
<td>241</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>1,232</td>
<td>463</td>
<td>156</td>
<td>332</td>
<td>2,183</td>
<td>1,415</td>
</tr>
</tbody>
</table>

The Rural Production component of the Rain-fed Agriculture Project aims to organize small farmers in groups to develop productive economic activities.

Box 6

Rural Producer Groups

The Rural Production component of the Rain-fed Agriculture Project aims to organize small farmers in groups to develop productive economic activities.
Community contracting is a process of signing and administering works and services contracts with providers (such as consultants, builders, drivers and professionals) working exclusively within the sub-district. The beneficiary community then takes over the signing and management of those contracts through its representatives or through an elected community committee.

This mechanism relies on the commitment of the contracting parties to the principles of transparency, effectiveness and efficiency and provides an opportunity for all members of the community to participate and benefit from the projects.

The SFD applies community-contracting mechanisms to many of its construction projects, such as roads, water harvesting, agricultural and terrace land reclamation, and field management of the cultural heritage projects.

This interactive mechanism has created economic opportunities for skilled and unskilled laborers. Consultant technicians, for example, gain knowledge and experience that may enable them to work as consultants with the SFD. The stores selling building materials and owners of quarries and transport trucks may experience greater demands for their goods and services. The community contracting mechanism creates social change in a number of ways, including amidst individual providers, members of local councils, and community leaders, some of who resume education in order to continue their careers.

The SFD’s development of this mechanism and its proven results have been a powerful incentive to apply the experience to other areas such as the Road Project Unit of the Public Works Project, as well as to small projects run by a number of local councils. Several members of the beneficiary communities used these mechanisms to build their houses as well.

During the events of 2011, the SFD’s community contracting-based projects were the most resilient. This is likely due to the fact that the mechanism distributes the responsibility for implementation over several local contractors, lessening the need for fuel and transportation.
Integrated Interventions Program (IIP)

This multi-sector intervention development program was expanded in 2011 to 9 new sub-districts to be operated through SFD’s BOs (Table 8). IIP activities during the year focused on interventions in water, education, roads and literacy as well as in building the capacity of target communities – according to each community’s priorities and target area’s development plans.

<table>
<thead>
<tr>
<th>Ser. No.</th>
<th>Governorate</th>
<th>District</th>
<th>Sub-district</th>
<th>Number of villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Al-Hudaidah</td>
<td>Al-Tohaïta</td>
<td>Al-Mutainah</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>Hadhramaut</td>
<td>Broom Maïfa’</td>
<td>Maïfa’</td>
<td>17</td>
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<tr>
<td>3</td>
<td>Lahej</td>
<td>Al-Qabbaitah</td>
<td>Karesh</td>
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<tr>
<td>4</td>
<td>Ibb</td>
<td>Hazm Al-Odain</td>
<td>Bani Asa’ad</td>
<td>8</td>
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<tr>
<td>5</td>
<td>Hajjah</td>
<td>Ku’aidnah</td>
<td>Bani Nashr</td>
<td>23</td>
</tr>
<tr>
<td>6</td>
<td>Al-Mahweet</td>
<td>Meihan</td>
<td>Bani Ali</td>
<td>11</td>
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<tr>
<td>7</td>
<td>Amran</td>
<td>Bani Suraim</td>
<td>Wade’ah Hashid</td>
<td>20</td>
</tr>
<tr>
<td>8</td>
<td>Taiz</td>
<td>Maqbanah</td>
<td>Al-Quhaïfah</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Dhamar</td>
<td>Wesab Al-A’ali</td>
<td>Al-Athlooth</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>145</strong></td>
</tr>
</tbody>
</table>

Table 8: IIP targeting in 2011

In community organization and capacity building, development committees were formed in various target areas, electing 172 members (71 female) who were trained in community analysis and participatory development management. Moreover, training courses were held in management, performance development and accounting targeting members of the administrative body and supervisory committee of Al-Atanah Association (Haradh, Hajjah). Community contracting management structures were applied in these areas.

To target the district-level local authorities, 9 workshops were held in different regions, to discuss development plans and field study outputs. The workshops also introduced the IIP and participatory work mechanisms.

In education interventions, the SFD approved the establishment of 48 classrooms in a number of target areas. The SFD also conducted 9 courses to train male and female teachers of Al-Atanah and other target areas in creating effective learning environments. In 7 sub-districts, parents' councils, awareness teams, local development committees and associations were called upon to help increase enrollment (especially for girls). Additionally, 3 schools were completed in Al-Atanah, Al-Mashareej (Lahej) and Al-Oubaliyah (Al-Bu’jiyah, Al-Luhaiyah, Al-Hudaidah).

In literacy, 8 literacy and awareness projects were approved in various target areas. Preliminary studies of the Literacy and Community Education Program were also conducted in 8 target sub-districts. Moreover, training courses for female literacy teachers in a number of target areas were conducted. Training was also provided to 25 female teachers from Wade’ah Hashed (Amran), with 22 classrooms opened, and to 24 literacy teachers in Bani Asa’ad (Ibb) as well as to female trainers from different governorates.

In interventions in water, 15 projects were approved in various areas, including 5 rainwater harvesting and spring improvement projects, with a capacity of 3,995 m3, and 10 projects to set up 1,086 rooftop water harvesting tanks, with total capacity of 54,300 m3, and benefiting about 54,000 people.

Interventions in health included the approval of a project to train 10 community midwives in Al-Quhaïfah (Maqbanah, Taiz), 2 projects in other areas to train 20 community midwives, and 1 project to train 24 traditional birth attendants in Al-Athlooth (Wesab Al-A’ali, Dhamar). The second phase of hygienic and environmental awareness was also initiated in various areas, and 3 health units were equipped in Bani Mubarez (Al-Qafr, Ibb) and Al-Bu’jiyah and Al-Za’alaiyah (Al-Luhaiyah, Al-Hudaidah).

In addition, two Community-Based Rehabilitation (CBR) projects are being implemented in Al-Atanah and Al-Mashareej sub-districts, with the CBR program management formed and trained, female workers selected, projects survey prepared and equipment provided.
In **agricultural and economic activities**, the SFD approved 2 projects to provide training to teachers of animal health and traditional crafts. A study on natural and economic resources in IIP areas was also conducted. Likewise, the SFD initiated projects to rehabilitate agricultural canals in Maifa’ Sub-district (Al-Mukalla, Hadhramaut). Moreover, 11 students (from Al-Bu’jiyah) graduated from Surdod Agricultural Institute (Al-Hudaidah), forming the second batch of the agricultural institute’s graduates.

Finally, in **interventions in roads**, the SFD approved two projects to rehabilitate and improve rural roads in Al-Athlooth (Dhamar) and Bani Ali (Al-Mahweet). Work is also underway to construct and improve another road in Bani Ma’anes (Wesab Al-Safeel, Dhamar), and is approximately 45% complete.

Aisha Khalouf is a poor student in the sixth grade. She is struggling for life but has an unwavering determination for education. Asm’a is a mother and a student. She comes from one of the richest families in her sub-district. Both women are about 30 years old. Both enrolled in education at a late age and then dropped out for years.

When the Integrated Intervention Program (IIP) came to their area in Almutainah sub-district (District of Attuhaita – Al-Hudaidah) and set up awareness campaigns, Aisha and Asm’a nominated themselves to the Development Committee to represent women. After they were elected, they began to see the ways in which they could serve their community, if only they could resume their education.

The two women enrolled in school in 2010 and accomplished much. They attended a training course, volunteered to raise awareness in the area villages about the importance of education and literacy, kept records of newly enrolled students, and motivated mothers to enroll their daughters and sons. Their activities led to an increase in first-grade enrollments in 2011. Aisha and Asm’a also helped raise the numbers of female students enrolled in the first 12 grades, to more than 210 girls. In addition, Aisha and Asm’a opened two adult literacy classrooms to serve the community’s women; 70 women enrolled in the classes and one educated woman was even convinced to open a literacy classroom in her nearby village (Bani Gilmod), which then served nearly 30 female students. They have also demanded that the school headmaster and the District Director follow up with the Local Council to build a secondary school for the sub-district.

Finally, the two women requested to join a training program for themselves and the other educated women in the community, in order to help replenish the gap of trained literacy instructors. Throughout all of these events, Aisha and Asm’a have proven strong and persuasive advocates for the women in their community.
The programs in these two sectors aim at reinforcing the capacities of SFD partners from governmental and non-governmental organizations, local authorities, local communities, and individuals in order to contribute to the implementation of sustainable development projects.
Despite the events of the year 2011, which limited the SFD’s activities and interventions due to the scarcity of funding and slow performance, training and capacity building efforts were intensified. Training sites were relocated to areas that were secure and easily accessible. In addition, the sector focused on providing on-site training in rural areas, where events were less intense.

Beneficiaries of these activities and interventions have included governmental and non-governmental organizations, local authority, various community committees, and trainers for the RAWFD (Rural Advocates Working for Development) program. In addition, the projects helped to raise the capacities of individual consultants, qualifying them in fields as varied as community participation, institutional assessment, the monitoring of SFD projects (which involves engineering and technical skills), teacher training, and the training of small contractors. The projects also helped to raise the capacities of the NGOs’ Steering Committees in various administrative and technical skills.

In 2011, the SFD approved 152 projects at an estimated cost of $4.7 million. This sum includes 95 training projects, worth about $3.8 million, and 57 projects for the organizational support sector, worth nearly $0.9 million. Cumulatively, the first sector has developed a total of 819 projects (worth about $102.6 million) and the second sector has developed 589 projects (worth nearly $90.1 million). Together, the projects benefit directly a geographical area of more than 2.6 million people (Table 9).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Training</th>
<th>Organizational Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved projects</td>
<td>95</td>
<td>819</td>
</tr>
<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>3,769</td>
<td>102,581</td>
</tr>
<tr>
<td>Completed projects</td>
<td>64*</td>
<td>688</td>
</tr>
<tr>
<td>Disbursements (USD, in 1,000s)</td>
<td>1,183</td>
<td>12,222</td>
</tr>
<tr>
<td>Direct beneficiaries (in 1,000s) -</td>
<td>23</td>
<td>1,319</td>
</tr>
<tr>
<td>estimated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female beneficiaries (%)</td>
<td>41</td>
<td>44</td>
</tr>
<tr>
<td>Temporary Employment created (workdays, in 1,000s)</td>
<td>49</td>
<td>3,889</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

**Governmental Organizations**

Technical support was provided to the Ministry of Planning and International Cooperation (MoPIC) to help update the 2010 poverty indicators in accordance with the 2005/06 Household Budget Survey. Organizational support projects were also funded, targeting a number of Productive Families’ centers in some governorates and districts, including the districts of Al-Shamaitain and Shara’ab Al-Salam (Taiz) and Ataq district (Shabwah). Support covered training the administrative committees, and providing the necessary equipment to facilitate training.

**Non-Governmental Organizations (NGOs)**

In this sub-sector, 6 projects for training and 40 projects for organizational support were developed, benefiting roughly 74 organizations, including associations, centers, cooperatives, trade unions, and organizations in 13 governorates.

In addition to providing necessary equipment for the organizational support, the projects included several training programs, including on the techniques and methods of training, the preparation and management of projects, fund raising, administrative regulations, marketing, and advocacy support. Alongside these efforts, the sub-sector initiated a project to produce training manuals to help develop the capacities of NGOs and associations.
Local Authority

Twenty-nine projects were developed to target the local authorities, with components designed to support local authorities in participatory planning, community organization, assessment of the development situation, and preparation of development reports for a number of target districts within the Empowerment for Local Development (ELD) Program, in addition to institutional development for some local authorities in the governorates and districts where the Program is involved. The interventions included training and equipping the staff, as well as conducting institutional assessment studies in several local authorities’ main offices in governorates and districts, in order to establish a database through which future interventions could be identified. The process included illustrating to the local authority leadership and their partners the deficiencies that need to be addressed. Other components included the training of local authorities’ members in project control and monitoring in 7 districts across various governorates, in addition to the construction and equipment of an information center for local authorities in Sa’adah Governorate to reinforce the operations of planning, management, implementation and training.

Local Communities (Empowerment for Local Development Program)

The Program of Empowerment for Local Development implemented a number of capacity building activities, targeting local authorities’ leadership and members and community committees’ members. Interventions in this sub-sector also included the training of consultants; the implementation of a needs assessment and setting of priorities for the 2012 development plan; and the formation and training of the community contracting committees and beneficiary committees for ongoing projects in a number of SFD’s branches in the governorates. An additional project aimed to raise awareness and local support for reducing the problems of environmental degradation in Al-Oudain natural sanctuary (Ibb). Also developed were 5 projects targeting sub-districts’ development committees, and 11 projects targeting villages’ cooperation councils, with onsite training and empowerment for the development committees in a number of districts. About 2,520 individuals (male and female) benefited from onsite training.

Private Sector (Individuals)

Twenty-nine projects were developed in this sub-sector. Targeting components included training and qualifying approximately 1,250 engineers, consultants, trainers, and technicians in fields covering community research, methodology of Participatory Rapid Appraisal (PRA), the development of needs assessment studies for the year 2012, community contracting, quality control, developing the capacities of NGOs and grass-root associations, SFD’s work mechanisms, and simplified accounts’ system for NGOs. Moreover, about 525 consultants (males and females) received training in methods to strengthen their capacities for implementing the ELD Program. Additionally, 200 small contractors were trained in the technical and contractual methods by the branches of Amran, Hajjah, Dhamar, Taiz and Al-Hudaidah.

University Graduates (RAWFD Program)

Six projects were approved for the training of approximately 1,410 university graduates (male and female) from rural areas. The first project focused on teaching trainers (from various governorates) how to maintain and expand the trainer database, and how to use the trainers to perform training tasks in the framework of the first phase of the RAWFD Program. The second project focused on educating university engineers in the fields of supervision and quality control (Dhamar branch). The remaining four projects target qualified university graduates to work as advocates for development issues in a number of districts not targeted in former interventions.
Since ancient times Yemen has been known for its traditional professions such as handicrafts. After conducting an assessment of the needs of the handicraft professions, the SFD established a center to help handicrafts associations to train craftsmen and women to develop and market their products. The center will help to build the capacities of the associations, which will in turn build the capacities of the craftsmen and women. The aim is to train 2 to 3 associations, enabling them to develop and market their own products. This should help to ensure the continuity of the associations’ work and also to contribute to improving the living conditions of those targeted.

The SFD rehabilitated a heritage facility in the Marna’ Talha area (in the Old City of Sana’a) to help link the crafts industry to the heritage sites. Through a competition between 6 handicraft and marketing organizations, Al-Bara’ah (Innocence) Association was chosen to manage the Center under direct supervision by the SFD. The Association appointed a board for the Center composed of four of its members and representatives from the private sector and partner associations. During the year, the Center continued to provide its services to the associations, selecting for participation 9 associations from Al-Hudaidah, Aden and Sana’a governorates in accordance with criteria that ensure impartiality and transparency. The Center organized a number of training courses for members of the partner handicrafts associations to educate the participants in producing competitive products with marketable quality. One of these courses targeted 10 female artisans working in weaving and knitting natural wool products. Afterwards, another course was organized and attended by 50 trainees (half of whom were then selected to attend another training concerned with embroidering and sewing). At present the trainees are considered quality control supervisors for production and finishing.

In a field visit to the Baitana (Our Home) Foundation, one of the Center’s partner associations, SFD representatives learned that a company had requested 10 models of manually-embroidered pillow cases, in order to select one for a 100,000-piece order. This will contribute to improving the living conditions of the women working in the foundation.

Ms. Nisreen Al-Sufiani (age 23), a trainee holding a vocational diploma in sewing and working as a sewing and design trainer, participated in a course in knitting and weaving wool belts, rags, and other traditional products. She mentioned that the Center had enabled her to improve the skills that she had acquired during her diploma course, indicating that she could design and sew new embroidered pieces with traditional touches added to them; these products are popular with customers in the local wedding market. At present, Nisreen is teaching others to design and sew women’s dresses, school uniforms, traditional Yemeni dresses and jalabiyas.

It is worth noting that the Marna’ Talha Center is planning to establish a joint Yemeni-Qatari heritage center in Doha, to promote handicrafts made of wood, palm fronds, textiles and leather. The Center will take responsibility for the marketing and sales’ operations in the state of Qatar. The Center is also in ongoing discussions with an international expert regarding conducting a study on the European German-speaking market (Germany, Switzerland and Austria), to look into potential opportunities and demand for Yemeni products.
The SFD carried out a qualitative study aimed at identifying the impact of the 2011 events on various target communities. The SFD also used the study to find out about the ways that target communities overcame the 2011 challenges, as well as the impact of the 2011 events on SFD development activities and efforts. The study, based on qualitative data collected from field visits, was conducted in 47 urban and rural areas distributed across 47 districts in 20 governorates.

The most remarkable findings of the study are as follows:

- Development needs for the people in urban and rural areas in Yemen have increased as a result of the disruptions of their everyday lives caused by the 2011 events. The situation was compounded by the suspension of most government and non-government development projects and worker layoffs in many small factories and workshops. The rise in prices, and shortage of fuel, commodities and services, hit economic activities and the tourism sector particularly hard. These shortages also encouraged monopoly practices in local markets, further exacerbating the situation. High transportation costs, along with road blockages accompanying the deterioration in security, added to the costs of bringing goods to the market, while workers faced a considerable deterioration in wages, income and work opportunities.

- The situation also forced poor families to sell their productive assets, such as livestock, and even their personal belongings such as gold, weapons, and valuables, to cover their basic living expenses. The study noted that as savings in many areas were depleted, spending was targeted to only the very essential needs, such as for health and education. New spending behavior appeared to cope with the new needs that arose, for example purchasing alternative lighting materials due to the total loss of electricity in some areas, as well as the increase in expenditures for domestic gas. Moreover, during this time the cost of potable water nearly doubled; major cities were particularly vulnerable to water price increases. Housing costs also rose, while the tensions in several areas of the country forced families to flee.

- The study also found that rural women faced increasing burdens, which led women in several target areas to work on farms for meager wages. Rural women had to adapt in other ways as well, including providing wood for fuel instead of the unavailable domestic gas, and facing an increased burden of fetching water due to shortages and rising costs.

- The situation also negatively impacted student enrollment and attendance. The rising transportation costs also decreased the number of people who could benefit from the outreach, educational, and health services provided by government and non-government programs.

- The study also examined the pattern of reverse migration from urban to rural areas. Job losses, rising unemployment and income losses in urban areas contributed to this movement of people back to rural areas. The declining economic situation in the cities also led to a decrease in the value of remittances sent to the countryside, further aggravating rural problems.

Agricultural production was severely impacted due to the rising costs of agricultural inputs and transportation (driven in part by the high cost and shortage of diesel and oil products in many areas), and to the blockage of roads, which affected the ability of farmers to bring their products to market. The rising cost of fuel has also weakened the ability of hospitals and health centers to provide health services. This has caused equipment in hospitals and health centers to go unused, and has also increased the risks of the spread of contagious diseases in urban and rural areas. Service facilities in tension areas were also directly affected. This included schools, health centers, and government buildings, where some facilities were used as military barracks. The events also resulted in several positive developments, including the increase in social solidarity in certain target areas and the involvement of several civil society organizations in establishing cooperation with the affected communities. However, the events in some areas were accompanied by other negative behaviors such as the increase in illegal migration and human smuggling, the carrying of weapons in main cities, thefts, roads blocking, as well as begging by men, women and children. In addition, environmental problems increased in urban areas due to pollution, and the accumulation of rubbish and overflowing sewers, resulting in the spread of diseases.

- The local communities resorted to alternative behaviors and practices to cope with these challenges. These practices included reducing spending by cutting out luxury items, and even dispensing with many food ingredients. Communities also responded by borrowing from each other, selling belongings and drawing down their savings. In rural areas many households took to selling assets such as land and animals. The behaviors were reversed in urban and semi-urban areas, where some households started to raise livestock as food.

The SFD has drawn from the findings of this study in order to wage a more effective response to the actual development requirements in this changed situation.
Empowerment for Local Development Program empowering Al-Akhmas community (Far’a Al-Udain – Ibb) to shape their area’s resources map.

Representatives of S’afan Sub-district (Sana’a) analyzing the development status of their area before they carry out self-initiatives.
CULTURAL HERITAGE

Projects in the cultural heritage sector contribute to protecting the country’s varied and rich cultural heritage and preserving both material and intangible assets of historic and aesthetic value. Projects in this sector also help build national capacities in this regard.
In 2011, the SFD approved 24 projects at an estimated cost of $5.9 million, bringing the sector’s cumulative total from 1997 to 2011 to 266 projects, worth about $24.8 million (Table 10).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>Cumulative (1997-2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved projects</td>
<td>24</td>
<td>266</td>
</tr>
<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>5,892</td>
<td>24,787</td>
</tr>
<tr>
<td>Completed projects</td>
<td>22*</td>
<td>186</td>
</tr>
<tr>
<td>Disbursements (USD, in 1,000s)</td>
<td>3,874</td>
<td>40,697</td>
</tr>
<tr>
<td>Employment created (workdays, in 1,000s)</td>
<td>226</td>
<td>813</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

The difficult conditions that overwhelmed the country in 2011 resulted in a departure of international restoration experts from the country. Despite this setback, local cadres who received earlier training have been able to continue with the restoration efforts. These projects created labor-intensive job opportunities, and improved the local environment as well. In light of the 2011 events, some projects have also expanded their activities to include providing necessary services (in particular, water) to nearby residents.

**Paving the Historic City of Zabid (Al-Hudaidah)**

Street paving projects in the historic city of Zabid are underway in 3 areas, covering a total area of 30,889 m². In one of these areas, the project is 93% complete. These projects aim to protect the existing infrastructure by improving the surface drainage of the roads, and will also better serve vehicle and pedestrian traffic. The roads have been constructed in accordance with the material and quality specifications approved by the General Organization for Preservation of Historic Cities (GOPHCY) and experts from UNESCO.
Restoration of the Great Mosque in Sana’a

The Great Mosque is one of the oldest mosques in the world, built by a direct order from the Prophet Muhammad (Peace be upon Him) in the seventh century AH. The SFD is implementing a comprehensive restoration project for the mosque and its annexes, funded by a grant from the Arab Fund for Economic and Social Development and from a local donor. The restoration is being carried out under the guidance and technical supervision of a number of international experts and restorers, including technicians from the Italian Istituto Veneto peri Beni Culturali (IVBC). During this year, projects to restore the wooden coffered ceiling and to repair structural damage in the eastern wing were completed. Similar projects in other parts of the mosque are underway. The project also provides clean water to the population in the vicinity.

Restoration of the Great Mosque in Shibam Kawkaban

This mosque is considered as one of the most important mosques in Yemen, due to its significant archaeological and architectural value. The mosque was built in the third century AH of the Yafori era, and is characterized by its unique carved and colored wooden coffered ceiling. Archaeological excavations for the ablution area and remnants of aqueducts and water cistern have been completed. A women’s prayer area was also annexed to the mosque. In addition, buildings around the mosque with code violations were demolished. Efforts are also underway to complete the restoration of the al-Thuluth caravanserai and the Qadad works at the roof of the caravanserai.

Training on making pottery
Restoration of Al-Ashrafiya Mosque and Madrasa in Taiz (5th Phase)

The Al-Ashrafiya Mosque is considered as one of the most important historical and architectural relics of the Rasulit era, dating back to the ninth century AH (1397AD). The SFD has begun to implement a comprehensive restoration project for the mosque. During the year, the restoration was carried out by a qualified local team of more than 50 restorers and laborers, in cooperation and communication with Italian restoration experts.

Completion of the First Phase of the Restoration of Dar Al-Ezz (Jiblah, Ibb)

Dar Al-Ezz was the palace of the queen, Al-Sayyedah Bint Ahmed al-Sulayhi (sixth century AH). It is considered one of Yemen's most important historical and architectural monuments. A project is underway to restore and preserve various parts of the building and its annexes. Excavation at the site has uncovered tombs carved in the rocks, and foundations and aqueducts, providing rich archaeological documentation for the entire area. In addition, agricultural terraces have been constructed in order to protect the site its surroundings from landslides. At Al-Najmeah Mosque, which belongs to the palace, restoration work for the roof had been completed, and rehabilitation of the ablution area and the old water closets is near completion. A special study of the coins discovered at the site is underway.

Restoration of Architectural Monuments in Hasn Al-Hajarah Village (Manakha, Sana’a)

The village of Hasn Al-Hajarah is considered one of Yemen’s most important tourist attractions. It represents a model of a preserved Yemeni village with an outstanding urban and architectural style uniquely integrated with its mountainous surroundings. A project has also been approved to safeguard parts of the village and improve services to its residents. During the year, projects to restore the gate of the village and the stairs of the entrance were completed. The village’s dam and city gate were also repaired in 2011, providing jobs for the village’s residents during a downturn in tourism. Projects to remove garbage from the village, reconstruct the Grand Mosque baths outside of the village, and restore and re-cultivate agricultural terraces with proper plants were also completed.
Al-Asha'er Mosque in Zabid (Al-Hudaidah)

The Al-Asha'er Mosque is considered one of the oldest and most important Islamic archaeological and architectural monuments in Yemen. Founded in the eighth year AH by the Companion Abu Musa al-Ash'ari, the building and its annexes have since suffered severe damage due to urban encroachment. In 2011 a project was underway to save this important archaeological monument. The restoration efforts are being carried out with the cooperation of archaeologists, traditional master builders, and skilled and unskilled workers. Finished projects included the demolition of buildings in violation of code, and the construction of new toilets for the mosque. The team also carried out an archaeological evaluation to discover more information about the early stages of mosque’s history.

Documentation and Restoration of Manuscripts at Dar Al-Makhtotaat – Phase III

Dar Al-Makhtotaat in Sana’a is considered as one of Yemen’s most important national repositories for unique and valuable manuscripts. Of the more than 16,000 manuscripts held by the center, 8,400 have been catalogued manually and 4,600 electronically. Efforts are also underway to rebind and maintain hundreds of manuscripts. In addition, 1,270 distinct watermarks were discovered, and are believed to have been used by artisans as a sort of secret “signature” to distinguish their work from that of other artisans. A specialized training course on maintenance and restoration of manuscripts was provided to 14 specialists from Dar Al-Makhtotaat in Sana’a, Tareem and Zabid, and from the National Center for Documents. The project has paid monthly the wages of 55 graduates in archaeology, history, and library sciences, who had been trained through the project.

Architectural Heritage Preservation Curriculum and Translating and Printing a Book about Yemen

Despite the threats to Yemen’s rich architectural heritage, there exists no appropriate conservation curriculum to train future conservators. Efforts are now underway to design a standardized curriculum that applies the standards currently adhered to by international specialized bodies to the particularities of conserving Yemen’s rich cultural heritage. Accordingly, the SFD and ministries of Culture and Higher Education and Scientific Research have signed an agreement and memorandum of understanding for a project which accomplish this goal through cooperation with the International Center to Preserve the Cultural Property (ICCROM) in early 2012.

In addition, a project to translate and print a book was completed. Renzo Manzoni’s book, entitled El Ye’men - Un Viaggio a Sana’a 1877-1878 (Yemen: A trip to Sana’a, 1877-1878), documents many aspects of social, economic and political life in Yemen (in particular, Sana’a) during the late nineteenth century. The book has now been indexed, designed and printed according to prepared specifications, with 2,000 copies distributed to the relevant entities.
In ancient times, Yemenis creatively excelled in water management. The Gail Al-Awar Canal is evidence of the sophistication of the pre-Islamic ancestors who constructed the canal under the village of Shibam – Kawkaban. A marvel of engineering work, the water network system was engraved in the rock at depths of up to 17 meters and a length of 600 meters. It carries water from its source at the bottom of Zkhar Mount northwest of the city to a reservoir in the south east of the village, and then to neighboring orchards. The canal remains one of Yemen's most important pre-Islamic creative landmarks, shedding light on Yemen's long history of using sophisticated methods to distribute groundwater. As such, the canal represents an archaeologically unique and historically valuable landmark.

Over the decades, the canal was transformed into a place teeming with pollution and garbage. This was due to the fact that the local population had begun to drain their sewage in the canal, and because of the creation of wells to divert the water that used to flow in the canal to irrigate Qat in other areas. After providing a public benefit for hundreds of years, the canal became a forgotten landmark.

In recognition of the importance of the canal as a historical and tourist locale, the SFD, during the past years, undertook a series of cleaning and restoration actions in two phases. In the first phase the SFD made the canal’s facilities visible and restored its underground course. In the second phase, the SFD cleaned the reservoir and its surrounding area and repaired back to its normal functionality. Today Gail Al-Awar Canal is back to its original purpose as a lifeline pulsing with the water of life for the village of Shibam - Kawkaban.

Despite the completion of maintenance and restoration efforts of the canal and reservoir, certain obstacles and threats to the canal’s sustainability remained. One problem was that the local authorities and stakeholders did not involve the community in their efforts, failing to inform them of the threats posed by continued excessive pumping of water from neighboring wells and by the households living along the canals’ courses. Another obstacle to the project’s sustainability is the presence of modest metal stores used as trade shops directly next to the reservoir; these stores may increase pollution to the reservoir and undermine the views that could help to generate tourism.

Amid growing neglect, a substantial community need has emerged for this canal as a result of the national shortage of diesel and electricity in 2011. The shortage brought all water pumps to a standstill in the village, resulting in a shortage of water. The people’s only resort was the Gail Al-Awar Canal, which was flowing profusely after the pumps stopped working. They again started lining up before that source of life as did their grandparents in the past. The SFD seized the opportunity and launched an intensive awareness program to motivate the community through a package of awareness activities. They include introducing community members to the factors that threaten the preservation of this landmark as a reliably sustainable supplier of water that benefits all segments of society and as a unique historical attraction spot that can be generate tourism. These activities targeted all sectors of society in the village. One of the most important outputs of these activities is that the community members understood the different potential of this project in improving their lives. Immediately after the events and activities, they established public opinion and collective controlling regulations. These include prohibiting the sale of water to areas outside of Shibam, particularly to a neighboring village to irrigate Qat; scheduling the operation of pumps; and removing the small pools adjacent to the canal. A community committee also formed to follow up with the implementation of community regulations and to report on the interior status of the canal. In addition, the regulations required the local council to coordinate with the relevant authorities to rehabilitate the canal and promote it as a tourist attraction.

Today the Shibam community is benefiting from the water provided by the historic Gail Al-Awar Canal, as well as participating in its conservation efforts so that the canal may live in the memory of generations as a flowing water source and immortal historical landmark.

Box 11
Gail Al-Awar: From Oblivion to a Sustainable Lifeline
LABOR-INTENSIVE WORKS PROGRAM (LIWP)

The Labor-Intensive Works Program (LIWP) targets very poor rural areas, aiming to create temporary job opportunities to mitigate the negative effects of rising food prices and to mitigate climate and human-caused shocks, through the Cash-for-Work approach.
LIWP is comprised of the Cash-for-Work Program and Roads Sector. In 2011, the SFD developed 153 projects worth nearly $41 million.

**Cash-for-Work**

The Cash-for-Work program aims to strengthen the SFD’s role as a safety net component to help bridge the basic consumption gap of poor families and communities during periods of uncertainty. This includes shocks such as climate change and unexpected falls in crop prices. The SFD also aims to increase the productive assets of target communities so that they may be prepared for future shocks.

The first phase of the Cash-for-Work program was launched in mid-2008, achieving satisfactory results in providing jobs and cash income for participant households. This in turn increased economic assets and services in the target communities. Given these positive results, in 2009 the SFD began the program’s second phase. Phase II has targeted about 34,170 poor households across 14 governorates, 60 districts and 180 sub-districts. In 2011, the SFD approved 73 projects worth $18.7 million, expected to benefit directly 27,318 households through generating more than 1.7 million working days (Table 11).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009 - 2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects (ongoing and completed)</td>
<td>171</td>
<td>73</td>
<td>244</td>
</tr>
<tr>
<td>Disbursed amounts (million USD)</td>
<td>12.6</td>
<td>17.5</td>
<td>30.1</td>
</tr>
<tr>
<td>Number of beneficiary families</td>
<td>24,765</td>
<td>26,450</td>
<td>51,215</td>
</tr>
<tr>
<td>Number of temporary job opportunities created</td>
<td>1,089,948</td>
<td>1,186,392</td>
<td>2,276,340</td>
</tr>
</tbody>
</table>

**Findings of the Program Evaluation**

The SFD conducted a qualitative study of the projects implemented during the first phase of the program (2008–10), evaluating each project’s suitability to the community, impact, and lessons learned. The study findings uncovered that the program was successful and effective in creating jobs for most poor households, with households’ participation rate reaching 75% in the target communities. The findings also indicated that the program has been an effective tool in addressing short-term poverty, and that the participating households used their wages to purchase foodstuff, pay off debts, and in some cases to buy productive assets, such as sheep.

The SFD conducted a follow-up evaluation in 2011. The follow-up study revealed that the participating households spent 72.2% of the total wages on food, with the remaining money divided between paying off debts and purchasing productive assets. The study also found that other project interventions intended to help promote agriculture by protecting terraces from erosion were also successful.
Multiplier Effects
Data collected during follow-up activities and field visits conducted in 2011 show that 4,972 unskilled and semi-skilled laborers were able to acquire new skills through the projects. This training helped them to engage in the labor market, reducing illegal immigration to neighboring countries as well as internal migration to major and secondary cities. The program has also helped to mitigate intra-community conflicts and to revive the spirit of self-empowerment. In addition, the program helped the participating families to invest in productive assets such as sheep, goats, beehives and sewing machines (12% of wages, amounting to about $1.7 million), construct houses and meet marriage expenses.

Program’s Response to 2011 Challenges
The precarious situation that prevailed in Yemen in 2011, and the subsequent negative effects on the living conditions of urban and rural communities, has led to a reduction of jobs and the return of many people to rural areas. This has resulted in increased demand for temporary employment in areas of high inward migration. The program responded by providing 10,000 temporary jobs in addition to those already planned for 2011.

Future Plans
The program’s future plans include investing in interventions to help increase the income and food-related assets of its target beneficiaries and to pave the path for the SFD to become an implementation vehicle of the National Food Security Strategy. The program also aims to establish a development model that emphasizes the participation of local authorities and strengthens the partnerships between development groups (including ones which are outside of the SFD) working in similar fields. Finally, the SFD aims to strengthen the role of the target communities in identifying beneficiaries, managing projects and raising the capacities of beneficiaries to enable them to engage in the labor market.

The program will operate in accordance with the strategy paper, “SFD’s response to the aftermath of 2011 in Yemen through temporary employment and other strategies”, which has been developed in late 2011 to respond to the newly created dislocations by creating temporary employment in both rural and urban areas in 2012 and 2013.
Social stability has been one of the major objectives of the SFD’s LIWP. During the period of nationwide political instability, the program was under great pressure as a large number of workers migrated back from cities to villages. As the situation resulted in more unemployment, the LIWP lived up to its responsibility to create temporary jobs for the affected groups.

In the village of Al-Tawf in Qalat Hamid sub-district in Hajjah governorate, the poor villagers are working on the second phase of a project that intends to rehabilitate and protect their agricultural lands, all of which lie in a mountainous area. Mohammed Nasser is a villager who used to make his living selling simple goods in Sana’a until the security threats and declining economy challenged his livelihood. He joined the LIWP project and worked to protect his family’s lands.

His mother, Fatima, and his brother, who is partially handicapped, looked enthusiastic and busy while working on two hand-run sewing machines that they had purchased with the wages they earned from the project. Fatima said she works with the family in protecting their lands, providing food and water and taking care of the young kids. “I keep busy all day, working on the project and at home. The project opened other economic opportunities. We purchased two sheep, two second-hand sewing machines and increased and improved the quality of food,” Fatima explained. In her leisure time she sews simple plastic bags to sell at the village market.

The head of family, Ahmed Nasser, expressed gratitude for the LIWP job. He was working in Saudi Arabia when Fatima phoned him, informing him that he could come home and register to work for the project. Nasser and other villagers had found it difficult to repair their terraces before the project because it required a large investment of time and resources. The project would also require community stability in order to work, so he promised his family not to work elsewhere. “Having the lands protected, we will have enough living resources from the project, the sewing revenues, and the sheep. And with the expected profits of the crop, we will increase our returns,” explained Nasser. He believed that these resources would secure all of his family’s needs, allowing him and his son to stay in the village.
The population and geographical dispersion in Yemen is immense, with more than 130,000 settlements and 3,624 urban areas. Roads are a significant factor in linking these settlements – notably the remote ones – with the urban areas in order to facilitate access to basic services.

The SFD’s rural roads projects seek to increase the employment rate and create temporary employment. The projects accomplish this goal by reducing the role of mechanical equipment to the least possible extent, relying instead on human labor. Another aim of the project is to target it to poor and needy rural areas, as well as pockets of poverty in urban areas. Finally, the project aims to raise technical and administrative efficiency in implementation.

The SFD committed to 80 projects worth $22.1 million in 2011. These projects generated 881,000 temporary jobs, directly benefiting about 261,000 people (nearly 50% female). This has brought the cumulative number of committed projects up to 754, at an estimated cost of about $158 million. Cumulatively, these projects have generated nearly 8.2 million temporary job opportunities and directly benefit a geographical area of more than 4.1 million people (26% female) (Table 12). So far, the SFD has built and repaired 3,136-kilometer-long roads and paved 2.7 million square meters in the urban and semi-urban areas.

### Table 12

**Indicators for Roads Sector**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>Cumulative (1997-2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved projects</td>
<td>80</td>
<td>754</td>
</tr>
<tr>
<td>Commitments (USD, in 1,000s)</td>
<td>22,108</td>
<td>157,951</td>
</tr>
<tr>
<td>Completed projects</td>
<td>66*</td>
<td>541</td>
</tr>
<tr>
<td>Disbursements (USD, in 1,000s)</td>
<td>15,809</td>
<td>116,643</td>
</tr>
<tr>
<td>Direct beneficiaries (in 1,000s)</td>
<td>261</td>
<td>4,128</td>
</tr>
<tr>
<td>Female share of direct beneficiaries (%)</td>
<td>50</td>
<td>26</td>
</tr>
<tr>
<td>Temporary employment (workdays, in 1,000s)</td>
<td>881</td>
<td>8,192</td>
</tr>
</tbody>
</table>

*Includes projects from previous years which were completed in 2011

The SFD also conducted a workshop for the sector’s project officers, introducing them to software designed to manage financial and technical data from community contracting projects, and on the use of Google Earth applications for developing projects.
Bani Marjef – Almaghareb Road in Wesab Al-Safil (Dhamar)

The SFD is using intensive labor to implement roads - Shara’ab Al-Salam (Taiz)
SMALL AND MICRO ENTERPRISE DEVELOPMENT

This program seeks to develop small and micro-enterprises by establishing and supporting financial institutions, banks and other programs for small and micro financing as well as by facilitating the provision of non-financial services to entrepreneurs to help them increase their incomes and provide new job opportunities.
The SMED unit continued to follow up with its activities and programs at a high rate. Although the unit’s activities were affected by the events that swept the country in 2011, the sector still experienced a high degree of activity, with approximately 446,000 clients and a cumulative loan volume of YR29.743 billion ($13.8 million) by the end of December 2011. As of late 2011, there were nearly 64,000 active borrowing clients in small and microfinance banks. The active number of savers totaled more than 87,000 across the various banks, programs, and microfinance institutions. The total outstanding loan portfolio of these borrowers totaled approximately YR4 billion (Table 13).

<table>
<thead>
<tr>
<th>Program</th>
<th>Active number of clients</th>
<th>Outstanding loan portfolio (Million YR)</th>
<th>PAR (%)</th>
<th>Cumulative numbers</th>
<th>Area of operation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Borrowers</td>
<td>Women (%)</td>
<td>Total</td>
<td>Savers</td>
<td>Total</td>
</tr>
<tr>
<td>1</td>
<td>Al-Amal Microfinance Bank</td>
<td>15,939</td>
<td>49</td>
<td>33,058</td>
<td>534</td>
</tr>
<tr>
<td></td>
<td>Capital City, Taiz, Ibb, Dhamar, Al-Hudaidah, Al-Mu‘alla, Aden</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2</td>
<td>National MF Foundation</td>
<td>11,683</td>
<td>91</td>
<td>17,606</td>
<td>350</td>
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<tr>
<td></td>
<td>Capital City, Taiz, Ibb, Al-Pageaza, Yarim, Abs, Hajar, Lahej, Dhamar, and Al-Hudaidah</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>MF Development Program (Nama’)</td>
<td>5,119</td>
<td>33</td>
<td>928</td>
<td>226</td>
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<td></td>
<td>Capital City, Taiz, Aden, Hajar, Al-Hudaidah</td>
<td></td>
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<tr>
<td>4</td>
<td>Abyan S &amp; C</td>
<td>7,238</td>
<td>100</td>
<td>8,958</td>
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<td>Zintibar, Ahwar (Abyan), Al-Mukalla, Al-Shihr</td>
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<td>5</td>
<td>Aden MF Foundation</td>
<td>7,595</td>
<td>98</td>
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<td>Dar Sa‘ad, Al-Buraikah, Al-Mu‘alla, Al-Tawwah, Crater, Khormaksar, Sheikh Othman, Aden, Lahej</td>
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<td>6</td>
<td>Al-Awa‘el MF Company</td>
<td>4,901</td>
<td>84</td>
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<td>122</td>
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<td></td>
<td>Taiz (Al-Camb, Hawdh Al-Ashraf, Al-Rahedah, Sainah, Al-Qada’edah)</td>
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<td>7</td>
<td>Altadhamon Bank</td>
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<td>43</td>
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<td>570</td>
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<tr>
<td>8</td>
<td>Sana‘a MF – Azal</td>
<td>2,691</td>
<td>63</td>
<td>1,693</td>
<td>109</td>
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<td>9</td>
<td>Small Enterprise Development Fund (SEDF)</td>
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<td>26</td>
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<td>Social Institution for Sustainable Development (SFSD)</td>
<td>783</td>
<td>60</td>
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<tr>
<td>11</td>
<td>Wadi Hadhramaut</td>
<td>1,424</td>
<td>14</td>
<td>2,473</td>
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<td>Hadhramaut (Seyun – Tarim, Al-Suom)</td>
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<tr>
<td>12</td>
<td>Alkuraimi Islamic Microfinance Bank</td>
<td>330</td>
<td>1</td>
<td>12,386</td>
<td>73</td>
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<td></td>
<td>Capital City, Aden, Taiz, Al-Hudaidah, Dhamar, Ibb</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Other Activities &amp; IGPs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Several areas</td>
<td></td>
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<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>63,568</td>
<td>87,615</td>
<td>3,853</td>
<td>445,843</td>
<td>29,743</td>
</tr>
</tbody>
</table>

N.A= Not available/Not applicable, MC = Micro Credit, S&C = Saving and Credit, MF = Micro-finance, IGPs = Income generating projects.
Despite the difficult conditions the country was faced with during the year, the SMED unit was able to provide a total amount of YR861,250,000 (equivalent to $3,603,918) to finance the loan portfolios of a number of small and microfinance programs and institutions. In addition, the Small and Microfinance Promotion Services Agency (SMEPS), which provides non-financial services to owners of small and micro activities, received financing in the amount of YR269,389,008 ($1,249,948). The Yemen Microfinance Network (YMN) received financing of YR75,491,010 ($350,273).

The SFD continued to support new initiatives as well as to provide institutional support and capacity building for all small and microfinance programs and institutions (MFIs).

Al-Amal Microfinance Bank Awarded World Prizes

The Al-Amal Microfinance Bank was awarded several international prizes in 2011. At the Sixth Microfinance Achievement World Summit held in Geneva in July 2011, Al-Amal Microfinance Bank received the World Prize for Best Innovation of Microfinance Products. The prize was in recognition for the Bank’s savings, leasing and Islamic Takaful (solidarity fund) products. The summit was attended by more than 1,000 practitioners from 100 countries worldwide. The Bank was also awarded the Innovation Prize for Africa and the Middle East at a conference held in Nairobi, Kenya.

Graduation of Social Welfare Fund Beneficiaries

This project is intended to help its beneficiaries graduate from dependency on subsidies to economic self-sufficiency through carrying out their own sustainable economic activities. This support reached 500 poor families, located in Aden, Lahj and Taiz governorates. The beneficiaries received training and assets to enable them to start managing their income-generating economic activities. The project was funded in 2011 with YR42 million ($194,877) to cover the purchase of the required assets for beneficiaries, in addition to funding the project’s various activities.

The Use of Mobile Technology in Microfinance

At the beginning of the year, the Social Fund for Development, the General Authority for Post and Postal Savings, and the Consultative Group to Assist the Poor (CGAP) signed a document of understanding. A draft action plan was also prepared, calling for the provision of microfinance services through mobile phones. It is expected that this new service will play a major role in overcoming the difficulties caused by Yemen’s rugged terrain, geography, and dispersed population, all of which impede the provision of various financial services needed by all segments of society in all regions.

MFIs Institutional Building

The unit continued to provide technical support for the development of a loan tracking system, having installed and tested the automated accounting system in its final version in a number of institutions and programs. SMED has also been building an automated system to handle administrative affairs; this system has now been applied and tested in a number of programs. Finally, the unit developed the SMED MFI Evaluation Tool for the departments and administration units of MFIs operating in Yemen. The tool was developed according to international best practices in microfinance.

Credit Bureau

The increasing competition between existing lending institutions and programs in many areas with an activities overlap has led SMED to create a database (the Credit Bureau) documenting the credit history of microfinance clients in Yemen. The online database contains the names and information of clients and guarantors of all MFIs and should help to reduce the incidence of customer duplication. It will also help MFIs by providing access to information that impacts their decision to provide financing to a client.
Workshops

The SFD organized a workshop for its microfinance partners to discuss the repercussions of the 2011 events on microfinance. The workshop – which was attended by 20 participants representing microfinance institutions and programs and the Yemen Microfinance Network – focused on exchanging experiences, reviewing their performance in 2010 and action plans for 2011. A brainstorming session was also held to discuss the various techniques and methodologies that could be used to mitigate the effects of the 2011 events in the country. During this brainstorming session, participants also discussed the importance of preparing contingency plans to meet all possible scenarios.

In addition, a workshop was held to discuss internal auditing procedures and methods for microfinance programs, institutions, and banks. A number of these institutions’ internal audit staffs attended the workshop. The workshop focused on exchanging experiences, and learning about methods and control procedures that would detect any operational or financial imbalances to which MFIs might be exposed.

Field Audits

The SMED unit continued to carry out field audits, with results reflecting positively on the strengthened oversight and performance of MFIs. Trained field teams visited the branches of Abyan MFI (prior to the events of the Governorate), as well as branches of the National Microfinance Foundation in Sana’a, Hajjah and Al-Hudaidah.

Non-financial Services

(Small and Micro Enterprise Promotion Services Agency “SMEPS”)

The SFD continued funding projects carried out by SMEPS. SMEPS developed 7 projects to support the agency’s operations and to provide staff training for the agency.

Training Diploma in Small Business Administration

The Agency held several training programs for the Diploma in Small Business Administration. The training sessions focused on building managerial capacity to run income-generating projects, and included areas such as marketing, accounting, human resources, skills, and personal productivity. The curriculum for the diploma was drawn from the Business Edge Program, and developed by trainers certified by the International Finance Corporation (IFC). The training program has targeted 194 trainees coming from fish, agricultural, and handicraft production associations, as well as microfinance clients in Al-Hudaidah, Dhamar, and Hadhramaut governorates.

A Workshop to Review the Female Entrepreneurs’ Training Curriculum

SMEPS also organized a workshop to review the curriculum for training female entrepreneurs in Sana’a, with the participation of an advisor from the International Labor Organization (ILO) and 3 local consultants who specialized in the preparation and review of the training materials. The first training workshop for trainers of female entrepreneurs was held in mid-February, aiming at training female trainers on the use and application of the curriculum in Yemen. Twenty-five female trainees from 4 partner organizations were selected with ILO cooperation.

Trainers of the KAB Program

SMED held a ToT course on the Know About Business (KAB) program in cooperation with the ILO in Aden. This was attended by 27 trainees from specialized educational institutions (universities and institutes) from Aden, Al-Dhale’, Lahj, and Abyan governorates, in addition to representatives from Al-Amal Bank. The Agency also organized an awareness workshop in the city of Aden for the Ministry of Higher Education, with the goal of introducing the program into the Ministry’s university and college curricula. The outcome of the workshop was initial approval by the Ministry to discuss the introduction of the program into university and college curricula.

In addition, the Agency continued implementation of the KAB program by establishing a database containing the contact information and evaluations of public and private sector KAB trainers throughout Yemen. The main purposes of establishing the database were to facilitate the use of these organizations and their consultancy services; to link trainers with potential beneficiaries; and to identify instructors who may be able to play a role in developing the KAB training team. There are currently 135 trainers for the program, located throughout Yemen.
The Agency also maintained a database of the students who benefited from the program in the cities of Sana’a, Aden, Lahj & Al-Dhale’ and Abyan governorate. Prepared by SMEPS, the program’s impact assessment system contains the names of 3,200 students in order to better track and evaluate the effectiveness of the program. Results showed a significant positive increase in students’ openness to the prospect of self-employment as a career option. Sixteen short training course comprising 480 students were also held as part of this program. In addition, the Agency held 12 meetings in collaboration with the private sector to raise awareness about the program in Aden, Lahj and Al-Dhale’ governorates. The attendees – 330 high school, college, and technical institute graduates aged 18 to 30 – received lessons in leadership education and entrepreneurship. Participants discussed the possibility of self-employment as a future professional option, in addition to discussing how they might apply the lessons of the program to work productively in any field, whether in the private or public sector. At the end of the sessions, the trainees drew up a number of plans for successful small business ventures. Such possible activities included communication and game centers, internet cafés, incense making, and hairdressing. The participants’ business proposals promise both to develop the participants’ professional skills and to raise their standards of living in ways that are sensitive to the needs of their local environments.

**The “Toumouhi” Program**

SMEPS held an introductory workshop in collaboration with the Aden Microfinance Foundation. The workshop was aimed at opening new horizons for young people by funding their existing or new projects. Funding was provided according to need, and also served to provide the beneficiaries with alternative employment opportunities and reduce poverty.

**Development of Youth Skills**

**The Graphics Project.** In collaboration with the Exiotran Center, the Agency initiated a ToT course for 10 trainers from the Graphic Design Department of the Community College of Aden. The purpose of the course was to enhance the capacity of the department to graduate outstanding students and prepare them for the labor market.

**Networks.** The Agency implemented a training course in software programming, and one on the maintenance of networks and devices. The training courses were based on the international standards approved by CompTIA and were attended by 15 trainees. The Agency also implemented 2 ToT courses in designing and programming websites for 30 trainees. The courses were targeted at graduates of technical colleges in order to further develop their technical skills (particularly in fields of high demand) and enhance their labor market opportunities.

**Air Conditioning Maintenance.** As part of its efforts to upgrade the technical skills of small entrepreneurs, SMEPS held a training course in Aden. Fifteen trainees working in this sector received 3 hours of daily training in the maintenance of modern air conditioners. The program helped the trainees further develop the skills needed in this area of the labor market.

**Mobile Phones.** Thirty trainees were trained in the maintenance of mobile phones. The course was offered as a joint venture of the Toumouhi Project and the Skills Development and Capacity Building Project.

**Boat Machinery Maintenance for Traditional Fishermen.** An introductory workshop entitled “Building the Capacity of Traditional Fishermen” was held in Al-Mukalla City (Hadramaut), with the aim of training 300 fishermen from the fishermen associations of the coastal districts of Hadhramaut, Al-Maharah, and Shabwah governorates. As part of the project an agreement was made to hold 10 training courses to educate 200 traditional fishermen in marine engine maintenance and repair, as well as ToT courses for 10 trainers from the fishermen associations. As part of the second stage of the Training Project of Traditional Fisherman, the agency also held a ToT course on the use of GPS devices. The course, held in Al-Mukalla, provided instruction to thirteen trainees from fishermen's associations across the three governorates. It was offered in cooperation with Al-Shihr Fishermen Cooperative.

**Developing the Use of Improved Inputs and Training for Farmers.** SMEPS (in cooperation with a local company) carried out a training course for farmers. Twenty-five farmers working in the departments of various districts of Al-Dhale' Governorate participated in the course, which provided instruction on new agricultural methods and technologies. The course has encouraged a number of trainee farmers to use improved seeds, which are characterized by a high resistance to insect pests and a low cost of cultivation compared to the old traditional methods. Moreover, within the Value Added Chain Analysis Project, the Agency held a number of training courses for farmers to improve agricultural inputs. As part of this project, a training course was also held targeting 100
tomato growers from Lahj, with improved seedlings distributed to each farmer. In a similar course, 50 tomato farmers from Al-Dhale’ were taught about the importance of improved agricultural inputs, as well as in the theoretical and practical ways of using these inputs properly. Training was also provided to 15 watermelon farmers from the areas of Al-Abbasi and Al-Duraihmi (Al-Hudaidah Governorate), and representatives from 6 farming companies, in new farming techniques for the cultivation of watermelon. This training complements the opening of the first vegetable nursery in the city of Al-Hudaidah, which contains more than 81,500 hybrid watermelon seeds.

Moreover, as part of the Coffee Project, SMEPS contracted with Sana’a University to perform an analysis of soil and leaf samples from various sites targeted for coffee cultivation (including Haraz in Manakha, Sana’a and Talouk in Al-Misrakh, Taiz). These analyses are intended to uncover the factors promoting or impeding Yemeni coffee production.

**Training of Displaced People from Abyan.**

The Agency signed an agreement with the United Nations Development Program (UNDP) to implement a project to train and qualify 400 youths and displaced persons from Abyan Governorate in vocational and technical areas to help prepare them for employment opportunities. As the first step, the Agency undertook a needs analysis of the displaced persons.

**Opening of the Technical Advisory Center (TAS) Project.**

A technical advisory center was opened in Al-Dhale’ City (Al-Dhale’ Governorate) to link the needs of small and new entrepreneurs to local and foreign service providers (industrial, commercial, agricultural, and academic).

**Yemen Microfinance Network (YMN)**

YMN, which is co-funded by SFD and UNDP to carry out its activities, implemented a number of training courses for staff working in microfinance institutions and programs in several fields. The offerings included courses on planning skills, market research, report writing, problem-solving and decision-making, trainer training, crisis management, the preparation of contingency plans, and human resources management. A communication guide for the YMN members was also developed and a workshop held to discuss effects of the country’s precarious conditions on microfinance.

**Implementation of a Technical and Training Needs Assessment of MFIs.**

In continuation with the previous technical and training needs assessment of MFIs carried out in 2010, YMN conducted a similar study for its member institutions in December 2011 to determine such needs for the year 2012. The study’s methodology included a questionnaire and seminars for managers and employees working at key upper and middle management levels, as well as for loan officers. In the study, members of previous training courses provided by YMN were asked to evaluate the quality of the trainers, training materials and logistical arrangements, as well as the overall quality of the program.

**The Microfinance Awareness Campaign.**

YMN launched a campaign to raise awareness on microfinance for potential beneficiaries. In addition to organizing workshops and seminars to raise awareness on microfinance, YMN placed advertisements in newspapers, on television and on local radio stations. YMN also printed large banners, and set up tents to distribute brochures.
Al-Kuraimi Islamic Microfinance Bank

The SMED unit continued to cooperate with the Al-Kuraimi Bank, which is the first Islamic bank in Yemen working in the field of microfinance. It is owned and managed by the private sector, and it provides financial services through ten branches spread across the country. Since the establishment of the bank, 678 cumulative loans were distributed totaling YR256,173,952 ($1,188,631).

Linking Education to Market Needs

Hassan Fahmi, one of the trainees in TOUMOUH, works in a small advertising office in the city of Aden. He is studying graphic design at the university. Hassan considered enrolling in the TOUMOUHI ASP (website design) to complement his academic study and advance his career. Before joining TOUMOUHI Hassan had already designed websites for several institutions in the city, but the course enabled him to develop his skills to include web programming and the development of interactive and static websites. As part of his activities, Hassan worked with a group of trainees to design and develop a tourist directory website for Aden city named “Aden Panorama.”

Hassan is proud of his work implementing the program’s graduation project, and now is considering launching a website to promote his own small projects.

Abdulkadir Mohamed, a student in the Faculty of Engineering and a trainee, said about his experience with TOUMOUHI: “There are several goals of the program including to learn time management and managerial skills; to learn how to be more effective; and also to learn about accounting, marketing, advertising and financial assessment. For example, in time management we learned how to take an idea and develop it into a real project on-the-ground.”

Ahmed Lutfi, a graduate of the Faculty of Pharmacology, shares Abdulkadir’s opinion: “I took courses in marketing, project management, and accounting, and I benefited greatly from my studies because they have linked my education to my work as a promoter. I have also learned how to manage, how to lead a team, how to deal with errors and how to calculate profits and losses. Indeed, I feel I will be able to become a businessman someday.”

The SFD seeks to help youth find new jobs and also to introduce new businesses to local markets, in particular businesses relying on new technologies. The “TOUMOUHI” program is the latest pilot project, and focuses on motivating youth to channel their ambitions into building skills and abilities related to private business across a range of projects, including training, consulting, studies and credit.

The Small and Micro-Enterprise Promotion Services Agency (SMEPS) launched the TOUMOUHI program between 2010 and 2011 to train and manage to train and support more than 2000 young men and women to manage their small projects. The program is also intended to encourage young people to enter new economic sectors such as mobile phone maintenance, computer maintenance, web design, graphic design and supplying enhanced agricultural inputs. Pilot implementation of TOUMOUHI is underway in various locations in the governorates of Aden, Abyan and Lahej and Al-Dhale'.

TOUMOUHI is comprised of modern curricula as well as Yemen-specific programs, including a “value chain” program that enables owners of income-generating activities to compete at the local and global levels. The program encourages owners to overcome obstacles and to build on opportunities offered by the environment. TOMOUTHI also includes a number of management-oriented curricula such as the “Know About Business” module (KAB), an ILO approach that was recently adopted by the Yemen Ministry of Technical Education and Vocational Training for curriculum use in its educational institutes and centers. To adopt the curriculum the Ministry of Technical Education and Vocational Training signed a memorandum of cooperation with SMEPS in which SMEPS bore the expenses of training trainers and experts, training materials, and of adapting the program to the Yemeni context. SMEPS also covered the expenses of printing the related materials for the various institutes. SMEPS and the Ministry agreed to jointly carry out continual evaluations of the program and its impact.

The “Business Edge” program was one of those approaches, consisting of a series of important specialized training products and services that IFC developed to enable SME owners to run their businesses. The program focuses on helping SME managers develop core skills in financial management, operation, marketing and human resources management.

Hassan Fahmi, one of the trainees in TOUMOUHI, works in a small advertising office in the city of Aden. He is studying graphic design at the university. Hassan considered enrolling in the TOUMOUHI ASP (website design) to complement his academic study and advance his career. Before joining TOUMOUHI Hassan had already designed websites for several institutions in the city, but the course enabled him to develop his skills to include web programming and the development of interactive and static websites. As part of his activities, Hassan worked with a group of trainees to design and develop a tourist directory website for Aden city named “Aden Panorama.”

Hassan is proud of his work implementing the program’s graduation project, and now is considering launching a website to promote his own small projects.
Figure 3
Active Borrowers and Savers (1998–2011)

Borrowers
Savers

Figure 4
Outstanding Loan Portfolio (1998–2011)
(Thousand Yemeni Riyals)

Figure 5
(Thousand Yemeni Riyals)
During the year, the SFD conducted several institutional development activities.

Meetings of the Board of Directors
Headed by HE Dr. Ali Mohammed Mujawar, the Prime Minister and Chairman of the SFD Board of Directors (BoD), the BoD convened a meeting in January 2011. During the meeting, the Board approved the SFD 2011 action plan, SFD IV operations and its Operational Manual and Executive Plan.

Geographic Information System
The SFD continued to develop its geographic information system (GIS) to facilitate the planning and targeting of interventions. In this regard, a system was designed to automatically link population, demographic and social data and indicators to SFD’s Management Information System (MIS) and to automatically update information about SFD’s projects, to facilitate project review. In addition, the Participatory Rural Appraisal (PRA) needs-assessment reports were linked to the relevant villages, sub-districts and districts. During the year, the automated link to the digital map at the Yemeni Remote Sensing Center was completed. The SFD held several training courses for project officers on the use and practical applications of GIS as well as on the geographic positioning system (GPS) devices and methods of recording projects coordinates and reflecting the coordinates of the projects in SFD’s MIS.

Ensuring Cost Effectiveness
SFD places a large emphasis on evaluating and monitoring the quality and costs of its projects. In 2011, the average construction cost per meter increased from the previous year by 6.15%. This can be attributed to the precarious situation in the country during 2011, which caused exchange rates to fluctuate and fuel prices to increase (Tables 14 and 15).
### Table 14
Average construction costs for education projects by type of structure, 1997/98–2011 (U.S. Dollars per square meter)

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-story building</td>
<td>180.3</td>
<td>152.2</td>
<td>147.1</td>
<td>147.8</td>
<td>154.2</td>
<td>170.8</td>
<td>185.5</td>
<td>217.4</td>
<td>239.0</td>
<td>259.8</td>
<td>328.6</td>
<td>316.35</td>
<td>317.18</td>
<td>364.32</td>
</tr>
<tr>
<td>Two-story building</td>
<td>155.1</td>
<td>131.5</td>
<td>125.5</td>
<td>121.0</td>
<td>126.8</td>
<td>152.3</td>
<td>164.6</td>
<td>189.2</td>
<td>214.0</td>
<td>226</td>
<td>272.1</td>
<td>270.31</td>
<td>267.55</td>
<td>293.18</td>
</tr>
<tr>
<td>Three-story building</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>135.5</td>
<td>143.0</td>
<td>176.4</td>
<td>182.0</td>
<td>201.7</td>
<td>257.0</td>
<td>264.01</td>
<td>254.16</td>
<td>268.00</td>
</tr>
<tr>
<td>Four-story building</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>237.35</td>
</tr>
<tr>
<td>Average cost</td>
<td>163.1</td>
<td>139.4</td>
<td>137.2</td>
<td>127.0</td>
<td>136.1</td>
<td>154.2</td>
<td>167.0</td>
<td>192.0</td>
<td>210.0</td>
<td>225.6</td>
<td>273.9</td>
<td>272.10</td>
<td>267.98</td>
<td>284.47</td>
</tr>
</tbody>
</table>

*Source: SFD Procurement Unit*

### Table 15
Average construction costs for education projects by area, 2011 (U.S. Dollars per square meter)

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of projects</th>
<th>Average cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>23</td>
<td>252.91</td>
</tr>
<tr>
<td>Semi-urban</td>
<td>52</td>
<td>291.88</td>
</tr>
<tr>
<td>Mid-level remote</td>
<td>42</td>
<td>303.59</td>
</tr>
<tr>
<td>Remote and rugged</td>
<td>20</td>
<td>313.02</td>
</tr>
<tr>
<td>Extremely remote and rugged</td>
<td>1</td>
<td>317.50</td>
</tr>
<tr>
<td>Total/average</td>
<td>138</td>
<td>284.47</td>
</tr>
</tbody>
</table>

*Source: SFD Procurement Unit*
Communication Strategy

SFD’s Communication Strategy aims to strengthen its relationship with all partners through its activities to promote interactive communication. However, the political and social changes that took place in 2011 have posed new challenges to the SFD, including the deterioration of donors’ confidence in the banking sector and in the continuation of projects under development. This has in turn resulted in a reduced flow of resources. Consequently, the SFD focused in its communication activities on emphasizing the importance of the SFD’s continued operations to serve the target groups and regions, especially in light of the political and social circumstances, which have increased the need for such interventions more than ever. The activities also highlighted SFD’s role as a professional development institution. With respect to local media exposure, the SFD deliberately maintained a low profile, while trying to underscore the SFD’s ability to continue its operations in all regions. Most of the new communication activities during the year targeted the donor community through publications, images, videos and field case studies showing the status of the projects under implementation. These communication materials also documented the challenges of project implementation, as well as the reasoning of local partners to continue implementation. The case studies concluded that some SFD interventions were not affected by such circumstances, while others were well equipped to address the effects of the 2011 political and social changes.

The SFD also continued to develop, publish and distribute periodical communication products such as the 2010 Annual Report and 2011 quarterly newsletters as well as 2012 annual calendar.

Monitoring and Evaluation

Monitoring and evaluation activities at the SFD aim at providing the SFD’s management, the government and its donors with information on the status of SFD’s effectiveness and efficiency. The SFD’s monitoring and evaluation relies on various sources of data including the management information system, field visits, project records, and external data collected by the Central Statistics Organization and other government offices. The SFD’s monitoring and evaluation system provides real time data on its operations and allows systematic review for the performance and implementation of projects and programs. Periodically, impact evaluations are carried out to assess the outcomes, efficiency and impact of SFD’s projects and programs on the target groups. The SFD disseminates evaluation findings and encourages discussion and learning to enhance operations.

During the 2011, the SFD carried out two field surveys: the 2010 follow-up survey of the rural producing component within the Rain-fed Agriculture and Livestock Project (RALP), and the follow-up survey of the Labor-Intensive Works Program (LIWP) in addition to intensified monitoring of its operations and project implementation.

Status Monitoring

In the wake of the 2011 events, the SFD focused on monitoring the impact of the precarious situation on the implementation of its projects. To address the situation in 2011, bi-weekly and monthly reports have been issued to track the status of projects and how the challenges to implementation are being addressed. The SFD also developed an emergency plan and regularly reviewed its risk management activities. The situation monitoring reports indicated that between 14 and 23% of projects were suspended due to the precarious conditions of the country including the unstable security situation in some areas, rising fuel prices, increased materials prices, as well as by the limited funding, which by the end of the year became the main reason behind the suspension of projects.
The Second Survey of the Rain-fed Agriculture and Livestock Project (Third Component)

This follow-up survey of RALP was carried out to collect household level data in the targeted communities of the Rain-fed Agriculture and Livestock Project areas. Evaluators visited 2,136 households in 179 villages in both treatment and control areas. The follow up survey collected data on the situation of the targeted communities to compare it with the situation during the baseline in 2009, particularly to gauge their knowledge and handling of their animal assets during these precarious periods. Other aspects of the project will be analyzed, including changes in food consumption, community cooperation, and targeting.

The Second Survey of the Labor-Intensive Works Program

The survey collected data from 1,004 households and 84 villages including 528 households and 44 villages with LIWP interventions, with the remainder areas serving as controls. The data collected aim at assessing the household level effects of the interventions, comparing the results both to the situation in 2010 and to the situation of villages in control areas. The assessment measured the effectiveness of the LIWP’s cash-for-work model in targeting poverty and providing short term protection against negative consumption shocks, as well as the community infrastructure project’s effectiveness in providing medium to long term benefits to the community.

Assessment of SFD Targeting Effectiveness

In 2011, the SFD completed a desk review to measure the targeting performance of its projects. The assessment calculates a poverty index for each village in Yemen using the 2004 Population Census, and compiles these villages into four groups, with villages in Group 4 being the most impoverished, and villages or neighborhoods in Group 1 the least impoverished. This allowed the SFD to better assess its targeting performance.

The SFD reviewed 6,334 projects of the Community and Local Development (CLD) Program and LIWP. The goal of this review was to better understand the targeting performance of these two specific programs, which are the largest programs of the SFD and are meant to target poor and needy communities. The results show a progressive targeting for LIWP’s cash-for-work, water and roads projects. For example, the assessment found that 71% of LIWP’s projects and 64% of RALP’s are located in Group 4 villages.

The analysis concluded that the SFD is adopting a prudent targeting strategy by distributing more than 50% of CLD’s allocations throughout the country based on the number of impoverished people in each governorate, and then in each district. The SFD also allocated resources to special programs to further increase the share of poor and needy villages served, as well as to assist in building capacities and promoting the rights of special needs groups.
During the year, the SFD followed up with its donors on the progress of various projects for which SFD had signed funding agreements.

**Report on SFD Performance During 2011**

In 2011, the SFD prepared a periodical report for donors, demonstrating the status of its ongoing projects during the unstable political and social events nationwide. The report contains a summary of active projects and those that were suspended due to the 2011 events and other reasons. The report also detailed the reasons that led to the suspension of projects and the number of projects affected.

**Monitoring of Funding Resources**

The SFD continued to monitor the status and output of each donor’s contribution. The SFD also prepared periodical and ad hoc reports for the donors and the government. In addition, the SFD followed up with the relevant ministries and Parliament to begin procedures for loan activation.

In 2011, new sources of funds became available for SFD’s fourth phase (Table 16), including a World Bank grant for SFD IV ($60 million), two grants from the UK Department for International Development (DFID) (£100 million and £7.5 million for the LIWP, equivalent to $156 million and $11.6 million, respectively), one grant from the European Union (€11.2 million, equivalent to approximately $14 million), and grants from the Dutch government to finance LIWP ($6 million) and SMED ($2.43 million). The SFD also received a loan from OPEC ($18 million) and signed a grant agreement for SMED with the Kuwaiti Fund for Development ($6 million). In addition, the SFD followed up on a loan from the Arab Fund for Economic Social and Development ($100 million), though it is still under debate in the House of Representatives. The SFD also prepared a closure report of the Dutch government grant for education (#18959), as well as a project proposal for the German Development Bank (KfW) to fund the repair of schools damaged by 2011 events.

**Donor Missions**

During the year, two meetings were held between the SFD and donors in Amman, Jordan. The first was held on June 3-4, with the UK Department for International Development (DFID), headed by Mr. Abdulkarim Al-Arhabi, SFD Managing Director and Ms. Joanna Read, Director of DFID office in Yemen. The participants discussed the current situation and its impact on SFD operations, strategic challenges including risks and mitigation measures, and means of support and coordination by donors. The second meeting, held in December 17-21, included the Donors’ Joint Progress Review team (JPR). The meeting attendees discussed strategic and operational issues’ the progress made towards achieving SFD Phase IV objectives in the context of the current situation and the current opportunities and challenges.
## Sources of Funding

### World Bank/International Development Association (IDA)

Phase IV grant for $60 million, signed on 28 June 2010, finances SFD phase IV (2011–15). By the end of 2011, 178 projects were selected under the grant at an estimated cost of $19.5 million.

Credit 4220 for Rain-fed Agriculture and Livestock Project is co-financed by the World Bank (WB) and the International Fund for Agricultural Development (IFAD), with the WB providing $20.8 million, of which $10.8 million was allocated for the Rural Agriculture and Livestock Development Project (RALP). The project and credit agreements were signed in September 2006. To-date, the credit has been committed to finance 96 projects at an estimated cost of $8.2 million.

### European Community (EC)

The Additional Grant Agreement 212-019 / 2007, signed on 06 July 2011, amounts to €11.2 million (equivalent to $14.1 million), and was allocated in July 2011 to finance 144 projects (to date) at an estimated cost of $15.4 million.

The Social Safety Net Enhancement grant, signed on 18 November 2009, provides approximately €10.2 million (nearly $14 million). It was allocated in April 2010 to finance 103 projects at a total estimated cost of $12.5 million and at a contractual cost of $12.2 million. The grant was closed at the end of 2010.

Health Grant 2, worth approximately €1.75 million (equivalent to about $2.5 million), was signed in December 2009, and targeted Lahej and Al-Hudaidah governorates. The grant had financed 2 projects worth $330,000 by the end of 2011.

### Kingdom of Saudi Arabia (Saudi Fund for Development)

Grant 1/1429 for 375 million Saudi Riyals ($100 million) supports 636 community-development projects for SFD Phase IV. The grant has been fully committed for the projects, with contractual cost reaching $90.2 million.
**United Kingdom**

Labor-intensive Works Program grant for £7.5 million (equivalent to $11.6 million) was signed in February 2010 to fund 78 projects at an estimated cost of £11 million and contractual cost of £10.9 million. The grant was closed in March 2012.

Phase IV grant agreement of £100 million (equivalent to $156 million) supports SFD phase IV. The grant was allocated in January 2011 to finance 356 projects at an estimated cost of $64 million.

**The Netherlands**

Labor-intensive Works Program grant – Phase IV for $2.4 million was signed in November 2010, and allocated in early 2011 to finance 8 projects worth $2.2 million.

SMED program grant – Phase IV for $6 million was signed in November 2010 to support microfinance programs and business development services, with allocations from the grant commencing in December 2010 to finance 9 projects worth $1.9 million.

**OPEC Fund for International Development**

Loan 123P for $18 million was signed in February 2009, with the loan procedures completed.

**Arab Fund for Economic and Social Development**

Phase IV loan for 30 million Kuwaiti Dinars ($100 million) contributes to the financing of SFD phase IV CLD and SMED Programs and business development services. The loan was approved by the Board of Directors in October 2010. The loan’s final procedures are being processed awaiting approval of the House of Representatives (the Parliament).

**Sultanate of Oman**

A $5 million grant agreement was signed in February 2008 and is managed by the Arab Fund for Economic and Social Development. The total amount has been completely committed to finance 57 projects and the closure report was prepared in mid-2011.
### International Fund for Agricultural Development (IFAD)

Loan YE-732 for $16.4 million was signed in January 2008 to support several components of the SFD’s Rain-fed Agriculture and Livestock Project. By the end of 2011, the SFD had developed 71 projects under this loan at an estimated cost of $4.8 million.

### Islamic Development Bank

Phase III loan for $10 million was signed in May 2007 to finance 80 projects worth $10 million, with the contractual amount reaching $10.3 million as of the end of 2011.

Vocational Literacy Program for Poverty Reduction (VOLIP) Loan and Grant for 6.8 million Islamic Dinar (about $11 million) was signed on May 4, 2010 between the Islamic Development Bank and the Yemeni government, in addition to a grant of 231,000 Islamic Dinars (equivalent to $370,000). The SFD, in cooperation with the Islamic Bank, is currently completing the project setup.

### Abu Dhabi Fund for Development

In a support agreement signed between the United Arab Emirates and Yemen on 16 December 2009, the Abu Dhabi Fund for Development provided a grant of $33 million to support the Community and Local Development and Capacity Building programs.

### Yemen Government

In July 2006, the Yemeni government signed a funding agreement in which the government committed to provide the SFD with $100 million to continue to finance the Labor Intensive Works Program (LIWP) in different governorates. An equivalent of $96 million was offered as of the end of 2011 and was allocated to finance 375 projects at an estimated cost of $103.5 million.

### United Nations Development Program (UNDP)

A $550,000 grant signed in July 2008 finances the establishment of the Yemen Micro-finance Network (officially launched on 18 August 2009). The estimated project cost is $550,000 and contractual amount $530,000.
Box 41
SFD’s Ability to Absorb Funds – EU Grant as an Example

The SFD’s policies have allowed it to disburse its funds efficiently and effectively. In addition to the challenges it faces in the field, the SFD, in some occasions, finds difficulty meeting the funding agreement stipulations. The negative impacts of the 2011 events have added another challenge to the SFD’s ability to absorb funds.

In December 2008, an €11.2 million ($14 million) EU grant agreement was signed to fund SFD programs, including Girls Education, Empowerment for Local Development (ELD) and Labor Intensive Works (Cash-for-Work). However, the grant’s implementation program was not agreed upon and signed until mid-2011.

The SFD managed to fulfill its contractual obligations despite multiple challenges, including the closure of the EU head office in Sana’a, lack of fuel and power, and the declining value of the Euro. The contracts that were fulfilled benefited dozens of local contractors whose business had suffered considerably from the instable events. Through the Cash-for-Work Program, the SFD was able to provide jobs to many unskilled workers and rural families.

The SFD has already begun project implementation, which will continue over the upcoming two years. Using a portion of the grant for the Girls’ Education Program, the SFD will build 250 classrooms, expected to benefit 18,096 girls, and will train 1,657 education specialists and teachers in literacy and 773 others in basic education.

In the ELD Program, the grant will provide institutional support, and promote capacity building and the transfer of knowledge and skills, targeting 11 governorates, 21 districts, and 137 sub-districts. In addition, the grant will support 17 local authorities (10 in capacity building and 7 in institutional support). Under this targeting, about 652 village councils and 127 development committees will be formed.

The grant will allow the Cash-for-Work Program to create 347,576 working days for 29,680 persons in 4,240 families. The workers will rehabilitate a total area of 82 hectares of agricultural land and terraces.
<table>
<thead>
<tr>
<th>S/N</th>
<th>Donor</th>
<th>Agreement</th>
<th>Type</th>
<th>Amount</th>
<th>Currency</th>
<th>Equivalent in US Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>World Bank/IDA</td>
<td>Phase VI Grant</td>
<td>Grant</td>
<td>60,000,000</td>
<td>U.S. Dollar</td>
<td>60,000,000</td>
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<tr>
<td>2</td>
<td>United Kingdom</td>
<td>Phase VI Grant</td>
<td>Grant</td>
<td>100,000,000</td>
<td>Sterling Pound</td>
<td>155,000,000</td>
</tr>
<tr>
<td>3</td>
<td>The Netherlands Government</td>
<td>LIWP Grant</td>
<td>Grant</td>
<td>6,000,000</td>
<td>U.S. Dollar</td>
<td>6,000,000</td>
</tr>
<tr>
<td>4</td>
<td>The Netherlands Government</td>
<td>SMED Grant</td>
<td>Grant</td>
<td>2,430,000</td>
<td>U.S. Dollar</td>
<td>2,430,000</td>
</tr>
<tr>
<td>5</td>
<td>Abu Dhabi Fund for Development</td>
<td>Grant</td>
<td>Grant</td>
<td>33,000,000</td>
<td>U.S. Dollar</td>
<td>33,000,000</td>
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<tr>
<td>6</td>
<td>OPEC Fund</td>
<td>Loan</td>
<td>Loan</td>
<td>18,000,000</td>
<td>U.S. Dollar</td>
<td>18,000,000</td>
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<tr>
<td>7</td>
<td>Arab Fund for Economic and Social Development</td>
<td>Phase IV Loan</td>
<td>Loan</td>
<td>30,000,000</td>
<td>Kuwaiti Dinar</td>
<td>100,000,000</td>
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<tr>
<td>8</td>
<td>European Union</td>
<td>Grant</td>
<td>Grant</td>
<td>11,200,000</td>
<td>Euro</td>
<td>15,680,000</td>
</tr>
<tr>
<td>9</td>
<td>European Union</td>
<td>Health Grant (2)</td>
<td>Grant</td>
<td>2,785,000</td>
<td>Euro</td>
<td>3,899,000</td>
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<tr>
<td>10</td>
<td>Yemeni Government</td>
<td>Phase IV Grant</td>
<td>Grant</td>
<td>110,000,000</td>
<td>U.S. Dollar</td>
<td>110,000,000</td>
</tr>
<tr>
<td>11</td>
<td>Yemeni Government</td>
<td>LIWP Grant</td>
<td>Grant</td>
<td>100,000,000</td>
<td>U.S. Dollar</td>
<td>100,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>604,009,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 16
Available and expected funding for SFD IV, by donor (as of 31 December 2011)
## Annexes: Additional Data

### Commitments by Program (Millions of U.S. Dollars)

<table>
<thead>
<tr>
<th>Program</th>
<th>2011</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Local Development</td>
<td>194.6</td>
<td>1,234.9</td>
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<tr>
<td>Capacity Building*</td>
<td>22.5</td>
<td>164.9</td>
</tr>
<tr>
<td>Small and Micro Enterprises Development</td>
<td>7.8</td>
<td>38.9</td>
</tr>
<tr>
<td>Labor Intensive Works Program</td>
<td>18.7</td>
<td>50.8</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>243.6</strong></td>
<td><strong>1,489.5</strong></td>
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</tbody>
</table>

*Includes SFD operating expenses and fixed assets costs

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.

### Disbursements by Program (Millions of U.S. Dollars)

<table>
<thead>
<tr>
<th>Program</th>
<th>2011</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Local Development</td>
<td>90.7</td>
<td>846.15</td>
</tr>
<tr>
<td>Capacity Building*</td>
<td>18.7</td>
<td>139.55</td>
</tr>
<tr>
<td>Small and Micro Enterprises Development</td>
<td>5.9</td>
<td>30.75</td>
</tr>
<tr>
<td>Labor Intensive Works Program</td>
<td>17.5</td>
<td>26.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132.8</strong></td>
<td><strong>1,043.30</strong></td>
</tr>
</tbody>
</table>

*Includes operating expenses and fixed assets costs (approximately 5% of the total)
Figure A1. Distribution of Commitments by Sector, 2011

Figure A2. Distribution of Cumulative Commitments by Sector, 1997–2011
Figure A5. Commitments, 1997–2011

Figure A6. Disbursements, 1997–2011
Figure A7. Employment Created by SFD-Supported Projects, 1997–2011

Figure A8. Number of Direct Beneficiaries of SFD-Supported Projects, 1997–2011
SFD Organizational Structure

Board of Directors
Chairperson

Managing Director

Programming
Information Technology
Engineering
Research & Development
Finance
Procurement
Human Resources

Internal Audit
Monitoring and Evaluation
Project Approval Committee
Procedural Policies Committee

Labor Intensive Works Program
Cultural Heritage
Training & Organizational Support
Agriculture & Rural Dev.
Water & Environment
SMED
Health & Social Protection
Education