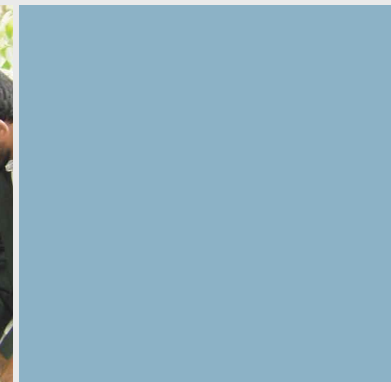


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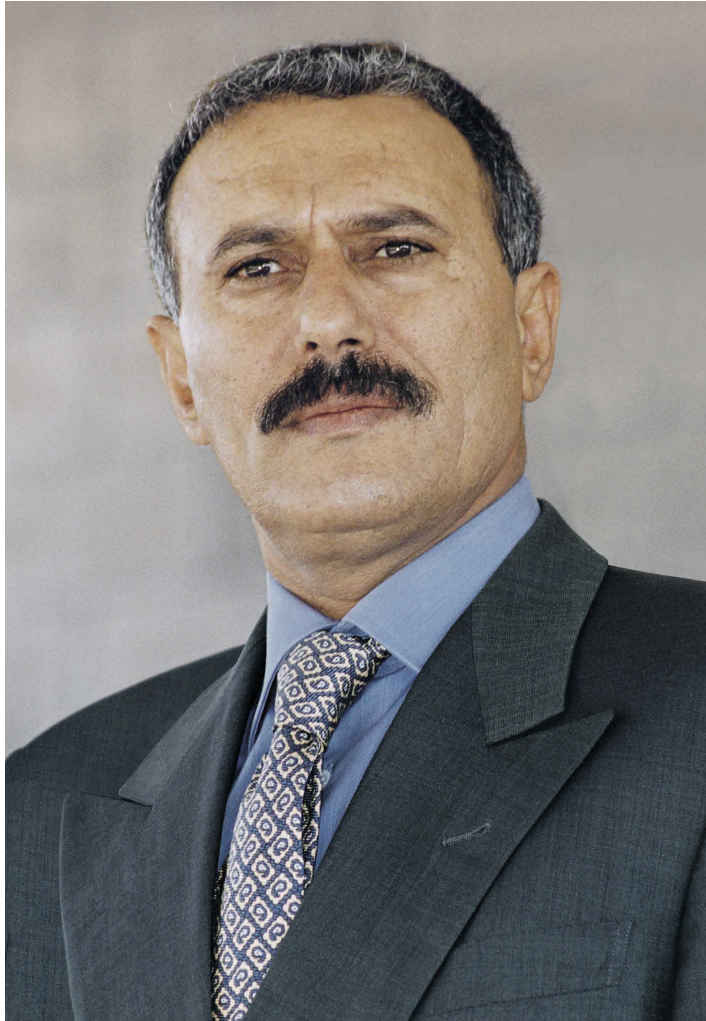
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In the Name of Allah, the Gracious, the Merciful



His Excellency Ali Abdullah Saleh
President of the Republic of Yemen

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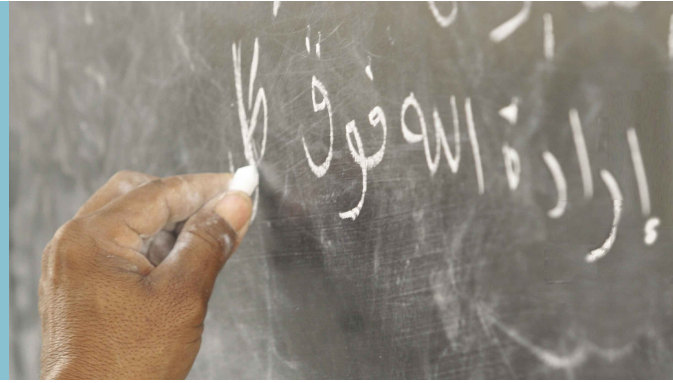
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The Social Fund for Development At a Glance



Yemen's government established the Social Fund for Development (SFD) in 1997 to help in mitigating the effects of economic reforms, fighting poverty and implementing the government's social and economic plans.

The SFD's development objective is to improve access to basic social and economic services among poorer segments of the Yemeni population—while also providing an example of an effective, efficient, transparent institutional mechanism by refining social service delivery approaches, supporting local authorities and empowering communities to take charge of their development.

The SFD achieves its objectives through a combination of community development, capacity building, and small and micro-enterprise development programs. These programs are implemented by six project units, for Education, Cultural Heritage and Rural Roads, Water and Environment, Health and Social Protection, Training and Organizational Support, and Small and Micro-Enterprise Development.

The SFD has completed its first phase of operations (1997–2000), which involved \$90 million in costs, and its second (2001–03), which involved \$198 million. Remarkable outcomes were achieved throughout both phases. In 2005, the SFD continued implementing its third phase (2004–08), with planned costs of \$400 million.

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

The SFD is governed by a Board of Directors that is chaired by the Prime Minister and comprised of representatives of the government, civil society and the private sector. SFD management, headed by the Managing Director, guides day-to-day operations and ensures that they comply with the operational manual approved by the Board.

Board of Directors

H. E. Abdulkader Abdulrahman Ba-Jammal

Prime Minister and Chairman of the Board

Alawi Saleh Al-Salami

Deputy Prime Minister and Minister of Finance

Ahmed Mohammed Sofan

Deputy Prime Minister and Minister of Planning and International Cooperation

Sadiq Bin Amin Abu Ras

Minister of Local Administration

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Dr. Abubakr Abdullah Al-Qirbi

NGO Representative

Dr. Tariq Sinan Abu Luhoum

NGO Representative

Abdulrahman Dhaiban

Expert Representative

Mohammed Ana'am Ghaleb

Expert Representative

Mohammed Hassan Al-Zubeiri

Private Sector Representative

Abdullah Salem Al-Rammah

Private Sector Representative

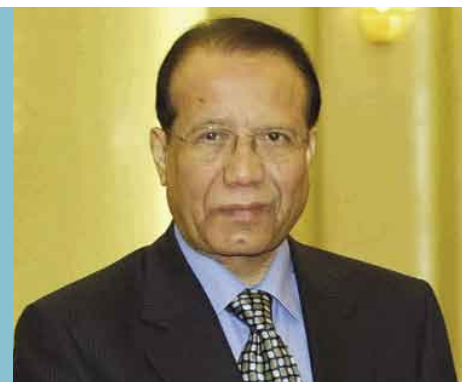
Abdullah H. Al-Olofi

Banking Sector Representative

Abdulkarim Ismail Al-Arhabi

Minister of Social Affairs and Labor, Vice Chairman of the Board and Managing Director of the Social Fund for Development

Statement of the Chairman of the Board of Directors



The Social Fund for Development (SFD) has significantly contributed to the realization of government plans, policies and strategies. As an active player in social development and poverty reduction efforts, the SFD has supported decentralization and empowered communities to become partners in the development process.

The SFD's positive outcomes are reflected in the findings of numerous donor missions and of various evaluations conducted by highly regarded international firms. The most recent of these evaluations highlighted the SFD's institutional impact and its contribution to supporting and enhancing Yemen's institutional capacity at different levels.

As the government is embarking on the third Development Plan for Poverty Reduction "DPPR" (2006–10), which is designed to help attain the Millennium Development Goals, the SFD should contribute effectively to the realization of this ambitious plan.

Abdulkader Abdulrahman Ba-Jammal

A handwritten signature in black ink, appearing to be 'A. Ba-Jammal'. The signature is written in a cursive style with some flourishes.

Prime Minister,
Chairman of the Board of Directors

Statement of the Managing Director



The SFD's activities in 2005 covered all the sectors and programs under the scope of its interventions—including education, health, water, rural roads, capacity building, training, small and micro-enterprise development, cultural heritage and protection of groups with special needs—and all of Yemen's governorates. During the year, the SFD continued to improve its performance and institutional capacity, building on past experiences and incorporating findings from evaluations of its recent interventions. In this context, the newly established Agriculture and Rural Development Unit will focus on and expand activities in this vital sector, further contributing to poverty reduction.

This report clearly illustrates the SFD's rapid growth in absorption capacity, with commitments in 2005 reaching about \$90 million and disbursements approaching \$78 million. Increasing the SFD's resources would enhance its ability to meet the needs for basic services of poor and needy citizens.

A 2005 assessment of the SFD's institutional impact—the first such study ever conducted in Yemen—was carried out as a precursor to and part of the 2006 SFD impact evaluation, which will also include household surveys and beneficiary assessments.

The institutional assessment points to the tangible effects of SFD efforts at the decentralized and community levels in fostering responsible, accountable governance structures. The assessment states that these outcomes have been attained by supporting local authorities and local councils to play a role in meeting the needs of the communities they represent as well as by enhancing democratic participation, nurturing community structures to be active in local development and promoting stronger relationships between communities and local authorities. In addition, the assessment indicates that SFD support has benefited nongovernmental organizations (NGOs) and government agencies.

The assessment's findings enhance the SFD's confidence that the development impact of its projects in the lives of poor people could be sustainable by building the institutional capacity of central and local government entities, civil society organizations and community structures.

I wish to express my sincere thanks and appreciation to the political leadership, under the guidance of H.E. Ali Abdullah Saleh, President of the Republic. I am also grateful for the support and cooperation of the government at large—particularly the members of the SFD's Board of Directors, headed by H.E. Abdulkader A. Ba-Jammal, the Prime Minister.

I also want to thank the SFD's financiers, including the World Bank, Arab Fund for Economic and Social Development, European Community, OPEC Fund for International Development, Islamic Development Bank, Saudi Fund for Development, and Germany, the Netherlands, United Kingdom and United States.

In addition, I appreciate the work of the SFD's development partners, including government bodies, NGOs and community committees and groups. Finally, I appreciate the efficiency and dedication of the SFD's staff, and their continuous efforts to achieve its goals.

A handwritten signature in black ink, appearing to be 'A. Al-Arhabi', written over a horizontal line.

Abdulkarim Ismail Al-Arhabi
Managing Director

Executive Summary



This report presents the activities conducted by the Social Fund for Development (SFD) in 2005. During the year, 948 projects were developed, with commitments approaching \$90 million across various sectors (and including costs of operations as well as needs assessment and identification).

In addition, an evaluation of the SFD's institutional impact was carried out to assess how its interventions support national-level reforms and strengthen organizational capacity at the decentralized and community levels. The evaluation found that the SFD has enhanced its contribution to capacity building and governance structures at these levels. It also concluded that the participatory methodologies underpinning the SFD's community development approach are laying the foundation for communities to become active partners—alongside local authorities—in districts and governorates, and encouraging greater transparency, more equitable access to services and increased accountability.

The SFD continued to focus on education as the pillar for overall development, allocating 60% of investments to the sector. Areas of focus included expanding education infrastructure, increasing enrollment rates for both boys and girls, and enhancing rural girls' education. In addition, support was given to Ministry of Education projects involving education evaluation and measurement, school mapping, and talented and high-achieving students.

The SFD also continued to emphasize projects that provide water to remote and isolated communities. Policies for water harvesting projects—which account for most of SFD water projects—were reviewed, with the aim of further developing these activities and maximizing their benefits. In addition, the SFD devoted special attention to projects designed to raise awareness about hygiene and the environment. Water

and environment projects accounted for nearly 9% of SFD investments in 2005.

Health projects—which also made up about 9% of investments—focused on training female and male health workers and improving health institutes' performance, access to primary health services and reproductive health care.

The SFD continued to support efforts to integrate groups with special needs in mainstream society, implementing projects targeting them and supporting nongovernmental organizations (NGOs) working with them. These projects accounted for about 3% of 2005 investments.

An evaluation of the SFD's Integrated Interventions Program was also completed in 2005. Based on the results, the program has been extended to areas whose needs have been thoroughly identified and studied.

In late 2005, the SFD established a new implementation unit, for agriculture and rural development. The unit is responsible for the Integrated Interventions Program, feeder road projects, community contracting activities, and agriculture and livestock promotion (a new area of SFD support). It is also implementing the Rain-fed Agriculture and Livestock Project to reach poor communities, respond to their needs (based on their demand) and empower them to improve their living conditions.

Rural road projects continued to be an SFD priority, since they help link remote and isolated areas to markets, cities, main roads and basic services—improving the living conditions of people in the areas they serve. Nearly 6% of SFD investments in 2005 were for rural roads.

In addition, the SFD continued to support the

conservation and restoration of historical monuments and archeological sites of significant cultural value, with just under 5% of the year's investments going to such projects. Moreover, the SFD has been building local capacity in this field nationwide.

During the year, the SFD paid considerable attention to supporting local authorities and enhancing decentralization efforts. It also helped build the capacity of NGOs and community-based organizations, and emphasized the importance of training and building human and institutional capacity throughout Yemen.

competitiveness and improve their services. In addition, the SFD organized—for the second year in a row—the Small and Micro-Enterprises Week. The event, whose theme was “Dreams Come True,” raised public awareness about the economic importance of small and micro-enterprises and encouraged poor people to access microfinance services and improve their living conditions. Small and micro-enterprises accounted for 4% of the year's investments, contributing to the development of 11 programs serving (at the end of the year) some 27,000 mostly female borrowers throughout the country.



Women expressing their opinion – (Al-Zafen/ Thula/ Amran)

About 4% of 2005 investments were for training and organizational support.

As part of its efforts to devote more attention to microfinance and small and micro-enterprise development, in 2005 the SFD consolidated several microfinance programs to enhance their

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

The Institutional Impact of the Social Fund for Development



The favorable results of recent evaluation missions by SFD donors have created an interest in consolidating and promoting proven SFD systems and processes, and incorporating their strengths into mainstream government systems and programs. Accordingly, in 2005 the SFD began preparing for an external impact evaluation, as a follow-up to one conducted in 2003. The new assessment was initially designed to have two components: a quantitative survey of 6,000 households that will assess impacts at the household level, and a qualitative assessment of beneficiaries (both of which to be commenced in February 2006).

In May 2005, a joint supervision mission by SFD donors expanded the impact evaluation to include an institutional assessment. This evaluation, conducted in 2005 by a consultant for the U.K. Department for International Development (see Jennings 2006), assessed how SFD support for service delivery contributes to national-level reforms and to improved organizational capacity in key sectors and at the decentralized and community levels.

As the methodology for the institutional evaluation evolved, Yemen's participation in the Organization for Economic Co-operation and Development (OECD) and its Development Assistance Committee (DAC) Pilot of Principles for Good International Engagement was gaining momentum. Thus, it was decided to frame the institutional evaluation in this context and to review how the SFD contributes to state building, with the goal of generating lessons that can be applied in the design of other social funds.

The definition of state building used in the evaluation included building the capacity not only of government machinery but also of communities, to enable them to act responsibly and demand accountability from government—in other words, building systems of governance in both government and civil society.

Findings of the evaluation

The evaluation's findings were based on a series of workshops, meetings and interviews with policymakers, service providers and civil society members at the central, decentralized and community levels (box 1). The evaluation found that the SFD is strengthening governance structures at the decentralized and community levels by encouraging democratic systems, strengthening relationships with government and building communities' capacity to manage their development processes. In addition, the evaluation reaffirms that working at the community level is important and should continue to be the central focus of SFD work.

The following findings are drawn from the evaluation report (Jennings 2006).

Strengthening governance structures

According to the evaluation, the SFD has evolved into a model organization for Yemen—operating on a nationwide basis and expanding participatory development efforts to rural and remote areas. One of the SFD's greatest contributions has been to foster governance structures at the decentralized and community levels for planning and implementing development initiatives. This, in turn, is strengthening relationships between these two levels.

The SFD has also provided capacity building support to several central government agencies that have direct links to its community programs. Moreover, as the main supporter of NGOs, the SFD has facilitated the establishment of a well-respected legal framework for NGOs and is promoting capacity development and good governance among them. The SFD's demand-led approach, pro-poor allocation of resources on a nationwide basis, use of verified data as a basis

for decision-making, participatory processes, transparency at all levels and well-developed procurement systems are contributing to the development of solid systems of governance that support state building.

Contributing to community and civil society development

The evaluation indicates that one of the SFD's clearest strengths—one perhaps insufficiently recognized—is its work in fostering responsible, accountable governance structures at the decentralized and community levels. SFD contributions to such structures fall into three interrelated categories: building democratic sys-

Supporting decentralization

The evaluation reaffirmed that the SFD has gained important experience in working at the decentralized level, and is the only organization that has provided capacity development training to every governorate and district in Yemen. SFD training of district and governorate councils in development, planning, finance and communication with communities is further strengthening basic governance structures. This training is helping council members better understand their responsibilities and equipping them for negotiations with the central government.



Women actively participate in institutional evaluation workshops

tems, strengthening relationships with government and building communities' capacity to manage their development processes.

The participatory methodologies that support the SFD's community development approach are laying the foundations for communities to become active partners alongside districts and governorates, and are encouraging greater transparency, more equitable access to services and increased accountability. Given the importance of stability in Yemen, along with the enormous challenges facing sector ministries in delivering services to the country's dispersed population, working at the community level is important and should remain the focus of SFD efforts. This approach is also one of the SFD's areas of comparative advantage.

The SFD also has a crucial role to play in nurturing a dynamic, accountable NGO sector that, as part of civil society, can be a partner with government in both delivering services and promoting the rights of Yemeni citizens.

Recommendations of the evaluation

Among the recommendations from the institutional evaluation, the most important is to integrate SFD efforts with those made under the Third Development Plan for Poverty Reduction (2006–10) and to define in the plan the outcomes that all stakeholders in social development—including the SFD—should work together to achieve. (The plan will be issued in June 2006.) The evaluation also recommended scaling up proven SFD systems and processes, actively promoting them, and incorporating their strengths into mainstream government systems and programs.

The following recommendations come from the evaluation report (Jennings 2006).

Adopting a strategic vision and programmatic approach

The evaluation said that the SFD could play a more strategic role if its efforts were explicitly linked to the priority social policy goals emerging from the Third

Development Plan for Poverty Reduction 2006–10. Ideally, these goals will transcend the social sector and facilitate shared understanding among various stakeholders—the government, SFD, NGOs, civil society—of the pressing need for better social development outcomes in Yemen. Pursuing such outcomes would provide a framework for the SFD (and other stakeholders) to establish its priorities, set indicators and timeframes for progress, and define its role in service delivery, capacity development and state building.

The evaluation also recommended that the SFD set strategic objectives and priorities, and enhance its programmatic approach—working at different levels, with different partners—and its strategies for attaining specified objectives.

Coordinating with line ministries and donors

Whatever the SFD's level of engagement, efforts are needed to clarify its role relative to line ministries. Coordination problems with ministries reflect differences in capabilities for planning, implementation and delivery methodologies, in access to information to facilitate decision-making, and in ministries not being adequately equipped to be demand driven and not receiving adequate or timely budgets.

At the same time, the SFD is constantly under review, with ongoing monitoring and evaluation by its donors. At times, the increasing tendency of donors to earmark funding and to promote particular approaches and timeframes for specific sectors and activities limits the SFD's ability to operate with flexibility—especially in matters related to coordination with ministries. A true partnership is needed to resolve this coordination issue. Working together toward agreed social development outcomes, as recommended above, would provide a start in terms of defining roles and responsibilities.

Donors have confirmed their strong support for the SFD, and—given the slow pace of reform in sector (line) ministries—envisage that such support will be required in the future. But donors need to be more consistent in their approach to the role of the SFD, clarify their strategic objectives for engagement with it, and reflect this in their country strategies. At a strategic level, donors need to go beyond supporting service delivery and recognize and foster the SFD's role in strengthening the wider institutional environment, which underpins state building. At a program-

ming level, donors need to demonstrate coherence between the assistance provided to line ministries and the sectoral funds provided to the SFD, and encourage coordination between line ministries and the SFD. The establishment of an informal donors group would facilitate coordination and alignment of donor approaches.

Scaling up efforts and introducing a communications strategy

There is a need to consolidate the SFD's experiences and promote its proven systems and approaches—both across SFD work streams and among government ministries and other service providers. Efforts should be made to upscale its successful processes, and to jointly identify with ministries ways to promote them and incorporate them into mainstream government systems and programs.

These methods involve both management systems and programming. At the management level, examples include application of development concepts and best practices in different environments as well as targeting mechanisms, management tools (including management information systems and operational manuals), monitoring and evaluation systems, and transparent systems for procurement. At the programming level, important lessons have been learned about issues such as improving education quality, promoting girls' education, developing integrated approaches to district planning and community development, and advancing microfinance. The SFD's procurement processes are also worthy of upscaling.

As currently structured, the SFD's work focuses on three pillars—community development, capacity building, and small and micro-enterprise development—that are implemented by six executive units. An important issue for the future is how to maximize synergies between these work streams, promote coherent and strategic objectives, and avoid vertical programming.

Finally, the role, breadth and depth of SFD activities are not sufficiently understood by all stakeholders. This lack of understanding represents a barrier to informed decision-making. Thus, the SFD should consider developing a communications strategy.

Box 1: Institutional assessment workshops and group meetings

As part of the assessment of SFD's institutional impact, in late 2005 several meetings and workshops were held to assess support for education, health, NGOs, decentralization and contractors.

Education. Two workshops were held to discuss the delivery of education services, equity of opportunities and role of parent councils. The workshops also addressed school mapping, which provides the Ministry of Education with information on all the schools in the country—assisting in decision-making and promoting the fair distribution of education resources and services.

Health. The health workshop was conducted with representatives from higher institutes of health sciences, beneficiary committees and female health trainees. The workshop discussed SFD contributions to providing health services, targeting underserved areas and enhancing relationships and communications between local authorities and communities.



NGOs. A workshop was conducted with participation by more than 15 NGOs, aiming to assess the SFD's role in helping them deliver services to and support the rights of poor people and groups with special needs. Participants also addressed relations between NGOs and ministry and governorate offices, as well as responsibilities and commitments. In addition, the workshop sought to review the potential for building a strong, accountable NGO sector that plays an advocacy role with government to mainstream and give voice to vulnerable and excluded groups.

Decentralization. The decentralization workshop was attended by more than 25 heads and members of local councils and executive organs from various governorates and districts. The workshop discussed the SFD's interventions to support decentralization and its experiences at the community level. The discussion also covered the extent to which community structures are considered legitimate and representative in terms of feeding into government bodies at the district and governorate levels. Systemic constraints to the implementation of decentralization were also reviewed.

Contractors. The workshop on contractors aimed at clarifying SFD contributions to enhancing procurement transparency, supporting small entrepreneurs and developing the contractor industry. These goals are being pursued by providing training and equal opportunities, paying bills on a timely basis and conducting monitoring and oversight during implementation.

2005 Operations



In 2005, the SFD's projects and programs were implemented by its six executive units: Education, Cultural Heritage and Rural Roads, Water and Environment, Health and Social Protection, Training and Organizational Support, and Small and Micro-Enterprise Development. During the year, the SFD approved 948 projects worth an estimated \$87 million. A 28% increase in prices of construction materials resulted in higher project costs than had been anticipated (table 1).

<i>Indicator</i>	<i>Planned</i>	<i>Implemented</i>	<i>Implemented/planned (%)</i>
Number of projects	1,035	948	92
Commitments (millions of U.S. dollars)	80	87	109
Disbursements (millions of U.S. dollars)	70	78	112

Targeting and allocation of funds

The SFD uses three types of targeting to ensure that project funding responds to pressing development concerns and reaches areas and groups in need:

- **Geographic targeting.** For the SFD's third phase (2004–08), \$220 million of the \$400 million in planned spending is being allocated to governorates and districts based on the number of poor households they contain. (Poverty data for governorates and districts are from the 1998 Household Budget Survey and 1999 National Poverty Survey.) Thus, poorer districts receive more funds. Within districts, a demand-driven approach is used—though again, the SFD favors poorer villages and neighborhoods, which are identified using a combination of methods, including field visits.
- **Sector targeting** focuses on problems such as low education enrollments among girls, shortages of health workers in rural areas and weak institutional and technical capacity among local NGOs. The SFD tailors its responses to the problems faced—for example, by sponsoring training to provide health workers in underserved rural areas, designing capacity building programs for NGOs and creating microfinance programs.
- **Social targeting** focuses on groups with special needs, including the disabled, women and children at risk and socially marginalized groups (table 2).

<i>Type of targeting</i>	<i>Number of projects</i>	<i>Commitments (millions of U.S. dollars)</i>
Geographic	551	62.3
Sector	342	22.2
Social	55	2.7
Total	948	87.2

Geographic targeting accounted for 71% of SFD investments in 2005, compared with 26% for sector targeting and 3% for social targeting. To analyze geographic targeting, 502 of the 551 projects using this approach were selected. These projects, worth \$59.3 million, were chosen because the indicators they relied on for targeting had been identified and linked to recipient cities and villages. (Poverty data for villages come from the 1994 Census.) These indicators were then aggregated into a single poverty indicator—reflecting living standards and the availability of basic services—that was used to split the beneficiary areas into two groups.

The aggregate poverty indicator—based on data from the 1994 Census (the only source of village-level data at the time of the analysis) and 1999 National Poverty Survey—is a simple average of seven basic indicators

for each location’s population. These indicators are illiteracy among those 10 and older, non-enrollment in basic education among 6–15 year olds, households using wood or coal for cooking, households lacking safe drinking water, households lacking electricity, households living in temporary (shanty) dwellings and households lacking access to appropriate sanitation.

The higher a location’s poverty indicator, the worse are its living conditions. (Nearly half of Yemen’s poor population has an indicator of 51–75%). Of the 502 projects analyzed, 382 (76%) targeted settlements with aggregate poverty indicators above 50%—indicating low living standards (figure 1). Similarly, \$40.9 million (69%) of geographically targeted investments went to areas with aggregate poverty indicators of more than 50% (figure 2).

Figure 1. The SFD uses geographic targeting to focus projects on poorer areas, 2005

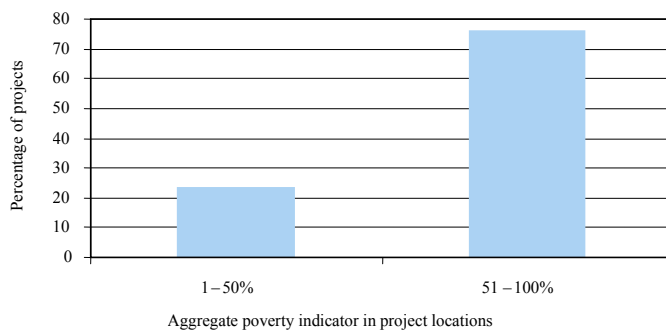
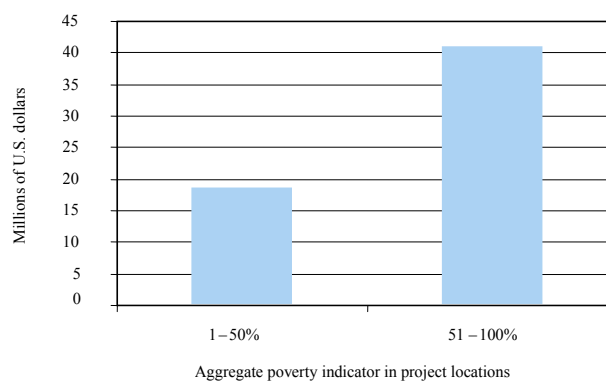


Figure 2. More than two-thirds of geographically targeted SFD investments go to high-poverty areas, 2005



2005 Operations

Education



In 2005, the SFD approved 449 education projects worth an estimated \$52 million (table 3). These interventions supported the sector goals set by the SFD for its third phase, including expanding basic education infrastructure, improving the quality of education, promoting girls' education, enhancing preschool education and building institutional capacity at all levels—from parent councils to the Ministry of Education.

<i>Indicator</i>	<i>2005</i>	<i>Cumulative</i>
Number of projects	449	2,520
Commitments (millions of U.S. dollars)	52.0	222.6
Disbursements (millions of U.S. dollars)	41.9	147.8
Direct beneficiaries (millions)	0.2	1.5
Female share of direct beneficiaries (percent)	42	44
Temporary employment created (millions of days)	2	9

Expanding basic education infrastructure

SFD projects to expand basic education infrastructure aim to increase enrollments, extend the geographic reach of education services (particularly in underserved areas), narrow the gap between the number of boys and girls enrolled in basic education, and improve the education environment. In 2005, 400 projects were developed to support these activities, including construction of 2,469 new classrooms and rehabilitation of 389, as well as provision of nearly 50,000 student benches. About 200,000 students—42.4% of them girls—are expected to benefit from these projects.



Hababa School – Thula/ Amran

Since its inception, the SFD has built and furnished 2,356 schools (box 2). Overall, the SFD has supported 17,348 classrooms, constructing 13,531 and renovating 3,817. These projects have directly benefited 1.5 million students, 44% of them female (see table 3).

Box 2: The Azzan School: Renovations improve education quality, create opportunities for girls

The Azzan School (in Azzan subdistrict, Maifa'ah district, Shabwa governorate) was established in 1962 and first renovated in 1983. Over time, the structure of the school building and its seven small, narrow classrooms eroded, with the walls and façade cracked from top to bottom and the roof leaking during rains.

In 2003/04, the SFD provided financing for the formerly coeducational to build nine girls-only classrooms (divided into 12 sub-classrooms), along with all necessary facilities and furniture. The project cost nearly \$85,000—with \$9,500 contributed by the local community. The “new” school opened in 2004.

The SFD project had several goals, including increasing girls' enrollments, easing overcrowding, improving education quality, encouraging cooperation and teamwork, and reducing illiteracy in the area. Currently, 515 girls are enrolled in the school (averaging 43 per sub-classroom), with nine male and six female teachers.

Due to the area's harsh climate, the school operates only during the morning shift. But according to the school's headmaster, Arabic language teacher and other staff members, increased enrollments indicate that one shift might not suffice for long. They also confirmed the importance of the new school building, praising the SFD and the support it provides to the area.

Improving education quality

SFD efforts to improve education quality focus on supporting some of the goals in the national Basic Education Development Strategy, as part of the global development agenda to provide education for all. To that end, in 2005 the SFD began implementing a pilot program in 18 schools in 10 governorates. The program targets school administrators, teachers, students, parents and guardians, counselors and supervisors, district education administrators and local support agencies. To advance its goals, the experiment also encourages communication between parents, the government and the private sector.

The program involves 8 schools in the Capital City and 10 schools in nine governorates, serving equal numbers of male and female students. These schools were chosen because they have students from varying income levels, and are run by efficient administrations committed to the program's basic directives. In addition, the schools' teachers should agree, in principle, to participate in the experiment. These criteria were set in cooperation with the Ministry of Education. The program has several components, including developing community structures and parent councils, training teachers and administrators, and providing equipment.

Developing community structures and parent councils. The program helps school administrations foster relationships with parents based on shared responsibilities for the education process. This has been achieved through the creation of 32 parent councils so far, with 16 each for fathers and for mothers formed in schools covered by the program. In addition, 15



The Al-Farouq Girls School (Seyoun/ Hadbaramaut)

training courses have been conducted for the parent councils in the Capital City and the governorates of Taiz, Aden, Abyan, Al-Hudaidah, Sana'a, Amran and Al-Mahweet. The training reached 112 fathers and 112 mothers, and focused on the roles of the schools and their surrounding communities in the education process as well as in follow-up and evaluation.

Training teachers. The SFD program provided 20 male and 20 female teachers with 15 days of training for trainers in the learning environment. These teachers then trained another 379 male and 567 female teachers. In addition, 73 male and 161 female teachers were trained in the use of modern technology in teaching, interactive learning and other teaching methods, phonetics, new approaches to homework assignments and classroom management, teaching of life skills and recycling of paper. The program also delivered onsite training on the Ministry of Education's Parent Councils By-law to 16 male and 14 female teachers.

Training administrators. A workshop on the Parent Councils By-law was conducted for 15 headmasters and headmistresses from the Capital City and the governorates of Taiz, Aden, Abyan, Al-Hudaidah, Sana'a, Amran and Al-Mahweet. Another workshop, on the proper use of school restrooms, was attended by eight headmasters and headmistresses from the program's schools in the Capital City.

In addition, 104 administrators and counselors (19 men and 85 women) attended 10 courses on use of a database designed for the counselors, secretaries and archive staff of the program schools. Finally, a workshop on preparing work plans was organized for 17 male and female counselors—enhancing the role of parent councils and their follow-up.

Providing equipment. The program has equipped 13 schools with computers and accessories, including laser printers, for use by counselors, secretaries and archive staff.

Promoting girls' education

In 2005, the SFD initiated a pilot program in five subdistricts where male enrollments in basic education exceed female by more than 90%: Al-Maga'eshah (Taiz governorate), Al-Mihrobi (Al-Dhale'), Al-Ramiya Al-'Uliya (Al-Hudaidah), Bani 'Utaifah (Amran) and Weld Ayyash (Sa'adah). The program seeks to raise girls' enrollments by 20% between 2004 and 2008 by reducing the educational obstacles facing rural girls. The program has four main components: strengthening community structures, building capacity, supporting construction and water harvesting, and raising community awareness and mobilization.

Strengthening community structures. Because community participation is essential to the girls' education program, the SFD program helps establish community organizations in the targeted subdistricts. In 2005, 18 parent councils (9 each for fathers and for mothers), along with one joint parent council, were formed in 10 schools. In addition, 104 student groups (for interests such as the environment, drawing and sports) were formed in 16 schools—with 947 male and 659 female students participating—as were 14 student clubs (in 14 schools) that received games and educational and cultural materials.

Moreover, 16 women's groups, with 296 participants, were formed in nine villages in the program's subdistricts. These groups provide support for illiteracy eradication and help women with sewing and embroidery skills, handicrafts, health and first aid, food production, home economics, and home incense and perfume manufacturing.



Girls receiving education in a community classroom – Al-Maga'eshah, Maqbanah – Taiz

Building capacity. This component sought to build the capacity of:

- Community participation consultants and volunteer education teams. Two workshops on strategic planning were attended by education officers and consultants from various SFD branch offices, education-supporting community participation consultants from the program's five targeted subdistricts, and leaders of local volunteer teams promoting education at the governorate level. Another workshop, on the learning environment, was held for education consultants. In addition, two training courses were conducted for consultants and volunteers: on establishing associations and preparing awareness campaigns, and on evaluating the impacts of water cisterns and mawagel (natural areas, lower than surrounding land, where rainwater collects) on girls' basic education enrollments.
- Parent councils. The program held 10 onsite training courses covering all the parent councils formed.
- Beneficiary committees. Seven onsite training courses were held for beneficiary committees in the target schools, with 42 members attending.
- Community education facilitators. Three training sessions were held for 23 community education facilitators (8 men and 15 women) from three governorates (Taiz, Al-Hudaidah, Sa'adah). The training aimed at promoting positive attitudes toward education issues, knowledge and teaching skills (including classroom management), and application of study curriculums and related applied programs.
- Student activity supervisors. A course on school activities was attended by 27 school activity supervisors (22 men and 5 women) from the schools covered by the girls' education program.

Supporting construction and water harvesting. In 2005, the SFD announced and analyzed bidding for the construction of seven girls' schools, covering all the areas supported by the program.

Raising community awareness and mobilization. During the year, 19 coordination and consultation meetings were held by government, non-government, private and international organizations involved with education and development in the program's five targeted governorates. Participants included representatives of Ministry of Education central and local offices, the Yemeni Women's Union, the National Women's Committee, local societies, local volunteer

teams promoting education, parent councils, the private sector and international organizations, including the World Food Program (WFP), United Nations Children's Fund (UNICEF), Adventist Development and Relief Agency International (ADRA) and Promotion of Self-Help in Agriculture (IDAS).

In addition, five awareness campaigns were conducted before and during registration for the 2005/06 school year. Participants came from governorate education offices, local councils, local volunteer teams supporting education, parent councils, and national and international organizations, and also included students, mosque imams (clerics), tribal sheikhs and SFD staff. The campaigns included speeches, awareness-raising rallies about the importance of education (particularly for girls), sporting events, art exhibits, folk performances and brochure distributions, as well as the awarding of certificates of recognition. Imams played an especially active role in highlighting the importance and benefits of girls' education. Moreover, private and local organizations distributed school bags, uniforms and educational toys and materials to male and female students.



One of SFD-organized awareness campaigns on the importance of girls' education – Al-Soudah/ Amran

Enhancing preschool education

In 2005, the SFD and Ministry of Education signed an agreement specifying the SFD's contributions to preschool education, emphasizing construction of schools and training of teachers and of ministry staff involved in kindergarten management. As part of this agreement the SFD has built two preschools in Al-Dhahar and Al-Mashannah (Ibb City), completed 30% of the work on the preschool in Sheikh Othman (Aden) and made commitments to construct eight others. Two of these are under implementation, in Al-Thawrah and Al-Sab'een (Capital City). Bidding for the other six has been announced, with two planned in the eastern and western sections of Dhamar City, two in Al-Mina'a and Al-Hali (Al-Hudaidah), one in Al-Hawtah (Lahj) and one in Al-Baidha'a City.



Students of Wafa Idrees Girls School – Ibb

The SFD also trained 452 preschool teachers in five governorates: Aden, Lahj, Abyan, Al-Maharah and Hadhramaut. In addition, a consultative meeting was held in Sana'a to discuss the needs (training, equipment, furniture) of preschool administrators in the Capital City and the governorates of Al-Hudaidah, Aden, Lahj, Hadhramaut, Al-Maharah, Abyan and Ibb. During the meeting, the SFD clarified its approach to the preschool program.

Supporting the Ministry of Education

The SFD has introduced several programs and projects in support of the Ministry of Education.

Gifted Students Program. This program is designed to help the ministry develop a system of support for talented and high-achieving students, including identifying academically talented students throughout Yemen and developing education programs that suit their needs and capacities. Early in 2005, a regional expert helped the ministry formulate a proposal for such a system. Later in the year, a well-known regional expert was commissioned to develop a plan to establish schools for such students and to define the program's steps and roles.

Education Buildings Improvement Project. This project aims to support the Ministry of Education in setting and applying design standards consistent with the environment of each region of the country and binding to all the agencies involved in constructing school buildings. In 2005, the SFD financed a three-month training course for 18 school construction engineers on the use of computer programs related to their work, which will help them improve their design and drafting skills. The ministry has requested the SFD's technical support in studying the potential development of low-cost designs that retain technical and educational efficiency.

Education Decentralization Support Project. This project supports decentralization of the Ministry of Education's institutional and administrative work by establishing buildings for district education offices in some governorates. Such offices provide a direct link to district education facilities, facilitate supervision and lower the cost of education services.

District education offices have been constructed in Al-Saddah (Ibb governorate), Tuban (Lahj), and Al-Qahira and Al-Mawaset (Taiz). In addition, more than 85% of the work has been completed for education offices in Al-Qafr and Mudhaikherah (Ibb) and Al-Qabbaitah (Lahj).

During 2005, contracts were awarded to construct district education offices in Zabid (Al-Hudaidah), Bani Matar (Sana'a) and Kusmah (Raimah), and the work is under way. In addition, bidding was announced to provide furniture for seven offices, with four completed and three under implementation.



Deer Al-Rudaini Basic School (Al-Awlah village, Al-Luha'iyah/ Al-Hudaidah)

National Education Evaluation and Measurement Center Project. This project is designed to support the national Basic Education Development Strategy by:

- Establishing a center to serve Ministry of Education needs for organizing testing, performance measurement and evaluation systems in a professional way, based on the latest theoretical and practical developments in these fields.
- Improving the measurement and evaluation system within the overall education framework. This system should be based on current developments in measurement and evaluation theory and its application, and on the ambitions and challenges of providing education in Yemen.
- Using results from education field studies and research on measurement and evaluation to achieve qualitative improvements in education.

To advance these goals, the SFD and Ministry of Education held discussions on the center's potential operations. Then, to prepare for the center, the ministry established the Education Evaluation and Measurement Unit. In 2005, the center's equipment and furniture needs were identified, and the unit was asked for a list of workers experienced in the fields involved. In addition, a number of relevant agencies were contacted to provide members for a task force designing the center's technical and administrative structure. Finally, a contract was awarded to implement the project, and construction is under way—with 5% completed by the end of 2005.

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

During the project's first phase, the SFD introduced a pilot school map program in Dhamar and Al-Baidha's governorates, based on scientific methodology. As part of the program, a workshop was held on school map bases and criteria, and an introductory symposium was organized for local authorities. In addition, central and local staff received training, and a field survey was conducted. The program also provided equipment to the Ministry of Education's School Map General Directorate and to the regional education offices' School Map Directorates in the targeted areas.

In 2005 the School Map General Directorate—benefiting from the methodology used in the pilot project, and from the training and equipment supplied by the SFD—developed school maps for the governorates of Sa'adah, Abyan, Shabwah, Aden, Ibb and Hajjah with less effort and in a short time. In addition, an initial evaluation was conducted of the SFD's interventions, and future needs for supporting school mapping were identified.

Building internal capacity

In 2005, the Education Unit continued to enhance its capacity by conducting workshops and study visits, and by participating in national and regional events related to its activities. These included two workshops for education project officers on strategic planning, the education environment and the educational function of school buildings. Activities also included participating in a workshop to inaugurate a rural girls' education project (funded by Japan) and in the first national workshop on information systems and education administration. The unit also participated in a regional conference on special education, in the 11th international conference on education technology and training (held in Berlin) and in a field visit to Egypt about community education and life skills for women's and youth associations.

2005 Operations

Cultural Heritage and Rural Roads



In 2005, 83 cultural heritage and rural road projects were approved, with investment commitments totaling about \$9 million (table 4).

Indicator	Cultural heritage		Rural roads	
	2005	Cumulative	2005	Cumulative
Number of projects	38	135	45	188
Commitments (millions of U.S. dollars)	3.9	19.0	5.0	20.9
Disbursements (millions of U.S. dollars)	0.3	8.8	0.8	15.2
Direct beneficiaries (millions) *	0.005	0.2	0.3	1.4
Female share of direct beneficiaries (percent) *		53	50	50
Temporary employment created (millions of person days)	0.2	1.0	0.3	1.4

* These indicators are not applicable for most cultural heritage projects.

Cultural heritage

The SFD's cultural heritage projects in 2005 involved a wide range of areas, including—in addition to protecting and restoring historical and archaeological sites—support for establishing databases in museums and interventions involving old manuscripts and urban preservation. Although the SFD approved 38 cultural heritage projects during the year (representing 97% of what was planned), progress on implementation fell short of what was planned due to a worker shortage—a problem hoped to be resolved soon.

SFD interventions have come close to achieving important goals in the cities of Sana'a and Shibam. In Sana'a a series of rehabilitation operations is nearing its goal of rehabilitating all of the city's traditional gardens (Magashem). In Shibam (Hardhramaut) the SFD has restored 30% of city housing as part of a program to preserve historical houses (box 3). Work on the program is a full year ahead of what was planned.

In addition, major progress has been made on saving cultural landmarks in Taiz, such as the Al-Ashrafiyah Madrasah and Al-Ma'tabiyah (traditional mosque

schools). Work to prevent the collapse of parts of Al-Mudhafar Mosque also continues. Moreover, the third phase of renovating the historic wall of the Old City of Sa'adah and the second phase of restoring the gardens of Al-Yabes and Al-Qasr have been approved. In Mareb governorate, restoration of Al-Maqah temple (in Old Serwah City) and fencing of the city site have been approved. In addition, renovation has begun on the historic Amran City Wall and the city's gate.

Moreover, the SFD has approved three projects to prepare preservation plans for the cities of Thela, Tareem and Jiblah. In addition, it agreed to finance documentation of the Al-Madrasah Al-Shamsiyah (traditional mosque school) in Dhamar and a study on the city's architectural and urban heritage.

The SFD has also supported the creation of databases and information systems for Yemeni museums, and the establishment of an information center in Zabid Citadel.

Box 3: Living in a World Heritage Site

The Shibam Historic Housing Program (Hadhramaut governorate)—sponsored by the SFD, Shibam Urban Development Project (managed by Germany’s Technical Cooperation -GTZ) and General Organization for the Preservation of Historic Cities—is establishing mechanisms for ensuring the sustained maintenance of the city’s historic houses. Using a comprehensive survey and documentation of each house, the program works with house residents and owners to identify priority interventions, then set schedules for implementation.

The program is demand-based; owners benefit from a 35% subsidy provided by the program but must cover the remaining costs. The subsidy is designed to cover the extra costs involved in maintaining houses to high standards of historic preservation. Expensive historic details (such as wooden and other ornaments) are subsidized at higher levels—up to 75%.

The program has completed interventions in more than 130 houses, or 30% of the city’s housing stock. It has also revived traditional mud-building trades: the volume of such work has tripled in the Shibam area, leading to 7% annual growth in the local economy.

SFD assistance has helped make up for a 30-year lag in the maintenance of these historic assets. Once that lag has been redressed, the program will be sustained over the long run through a tourism fee—allowing the citizens of Shibam to benefit directly from living in this World Heritage Site.



Rural roads

Rural roads play an important role in facilitating the provision of basic goods and services and in the overall development process. For example, rural roads lower the prices of food and other commodities taken from urban to rural areas. Because Yemen's population is scattered in more than 100,000 settlements, often in mountainous areas with harsh topography, rural road projects have direct and considerable effects on people's lives.

In 2005, the SFD's rural road projects, in addition to road improvement, included training activities and efforts to improve project monitoring and evaluation at headquarters and branch offices. Nearly \$5 million was committed to 45 projects (42 were planned). Newly constructed and improved rural roads extend 259 kilometers, while 30,412 square meters were paved in urban areas. Some 274,640 people benefited from the projects.

Training mainly targeted principal project officers, to improve and update their understanding of road projects. To support monitoring and evaluation, field visits were made to 80% of project sites under implementation and 25% of completed projects. Although the SFD committed more money to more rural road projects in 2005 than in 2004, it was still less than what the sector hoped to achieve. Further progress was limited by the costs of civil works projects, which were affected by rising cement prices at the beginning of the year and by higher oil prices in the second half of the year. These changes required the rural roads sector to raise the cost thresholds (per capita and per kilometer) used in its project funding standards.



An SFD-supported rural road project (Bani Hat, Al-Odain, Ibb)



Community contracting

The SFD's Community Contracting Program aims to build communities' capacity for procurement so that they can develop and manage contracts with contractors, suppliers and service providers in a fair, transparent and cost-efficient manner—enhancing feelings of ownership and trust in targeted communities.

In 2005, nine training workshops were held for trainers on community contracting. The courses reached 137 members of community committees, of whom 20 were women, 17 consultants and 21 project officers from different sectors. The training was a preliminary effort to expand use of this mechanism in projects.

In addition, an evaluation of the SFD's experiment with community contracting recommended that its branches expand their use of this mechanism, particularly for road and water projects. The evaluation confirmed the advantages and benefits of the mechanism, such as in strengthening community initiative and mutual trust, as well as emphasizing principles of transparency, equal opportunity, cost efficiency and ease of implementation.

Extension of community contracting to other sectors has had encouraging results, especially in terms of costs. An experiment using community contracting for rural road projects showed that it is possible to save 25-50% on cost of certain work items in contracts with SFD contractors. Such savings are even larger in comparison with non-SFD's projects.

SFD branch managers and project officers have become more enthusiastic about using community contracting to implement as many projects as possible. Communities are also pleased with this method of implementation.



Community members gather to identify priorities and elect project committees

2005 Operations

Water and Environment



In 2005, the SFD approved 106 water and environment projects worth about \$7.4 million (table 5). Since the SFD's inception in 1997, it has approved 899 water and environment projects with commitments of about \$66 million.

Indicator	Water		Environment	
	2005	Cumulative	2005	Cumulative
Number of projects	89	772	17	127
Commitments (millions of U.S. dollars)	6.0	49.7	1.4	16.2
Disbursements (millions of U.S. dollars)	0.5	38.4	0.1	9.8
Direct beneficiaries (millions)	0.2	2.0	0.05	1.6
Female share of direct beneficiaries (percent)	50	50.2	51	49.2
Temporary employment created (millions of days)	0.3	2.3	0.04	0.63

Water

During the year, the SFD approved 89 water projects worth nearly \$6 million. This is less than was approved in 2004 for several reasons, including a thorough review leading to changes in implementation methods. Priority continued to be given to rainwater harvesting (53 projects) and small dams and irrigation (14), because such projects operate by gravity and rely on renewable water sources. Other projects involved piped water (16) as well as training and hygiene awareness (6).

Rainwater harvesting. Of the 75 rainwater harvesting projects planned for 2005, only 53 (71%) were developed. This was mainly due to the current procedures used by the SFD, which require higher community contributions of works and materials and involvement in project implementation. This approach was adopted to revitalize the spirit of self-help that characterized traditional rainwater harvesting initiatives throughout Yemen and to ensure proper targeting, meeting real needs and ensuring optimal use of the schemes (box 4).

The rainwater harvesting projects included 118 uncovered and 60 covered cisterns as well as 50 karifs (excavations in impervious soil to collect rainwater, with no masonry work except at inlets and outlets) serving nearly 81,000 beneficiaries. Together, these structures have an additional volume of about 250,000 cubic meters. These projects also included 146 watering troughs for livestock, 105 sedimentation basins, and 13,000 meters of pipelines to facilitate communities' access to harvested water.

In addition, training and workshops were held to introduce project officers and consultants to alternative designs for low-cost water harvesting proposal, based on traditional and modern techniques.

During the year, SFD staff visited schools in the Capital City to assess the potential for implementing a pilot project for rooftop rainwater harvesting. This project will help address nonfunctioning toilets in schools due to water scarcity.

To support the SFD's strategy of focusing on rainwater harvesting, a computer program was developed for selecting the most appropriate ways to provide rural communities with water, based on the condition of groundwater aquifers. The program shows a map

containing villages names, basic data on the groundwater aquifers in the villages and options for providing water to them. This program will also include data such as rainfall and drought periods for different parts of the country, to help designers who choose rainwater harvesting options.

Small dams and irrigation. The 14 dam projects had a total capacity of 1,163,250 cubic meters, with piped networks extending for 6,982 meters and providing water to 37,025 beneficiaries.

Piped water systems. The 16 piped water projects provided 74,149 individuals with drinking water through networks with a total length of 42,862 meters, installing 3,400 house connections and 5 communal taps.

Training and hygiene awareness. Because rainwater harvesting projects provide nonpotable water, it is crucial to raise local awareness on how to treat the water and reduce disease transmission. During 2005, the SFD approved 26 hygiene campaigns, sending many messages to change behaviors that adversely affect health. These campaigns use the Participatory Hygiene and Sanitation Transformation approach (PHAST) , which enables even illiterate people to participate in awareness activities.

Box 4: Harvesting rainwater in a mountainous area: Easing villagers' suffering

The populations of Al-Mawsef and Al-Fares—villages hung on the Al-Sa'adi Mountain in Al-Qarrah subdistrict, Rusud district, Abyan governorate—had suffered much in having to fetch water from the distant Al-Dhalman valley. A lot of time, efforts and money had been wasted

on this chore, mainly shouldered by the villagers' women and girls. Moreover, the water available in the two villages was sufficient to cover the demand for just two months a year.

To ease water problems, the SFD financed the rehabilitation of the area's traditional cisterns, distinguished by their archeological nature. Mainly consisting of two water harvesting cisterns (one in each village), the project cost \$58,000—with the community contributing some \$8,000.

The project also includes two hand pumps and four sedimentation basins, as well as improvements to the local catchment area. With a total additional

capacity of 1,650 cubic meters, the covered cisterns provide water to about 4,000 beneficiaries residing on Al-Sa'adi Mountain.



Environment

During 2005, the SFD approved 17 environment projects worth nearly \$1.4 million. The projects involved wastewater management (4 projects), solid waste management (3), water and soil conservation (2), and training and awareness raising (8). In addition, the SFD solicited an environmental review of its 2003 projects to ensure that branch offices were committed to its environmental plan and to resolving quickly any problems that may arise.

Wastewater management. The four wastewater management projects were designed to serve 19,159 people. The projects consist of 2 wastewater treatment plants, 20,572-meter sewerage networks, 64 manholes, 633 inspection chambers, 3 septic tanks and 2,257 house connections.

In addition, physical work on a pilot project for wastewater treatment in Haridha (Hadhramaut governorate) is 80% complete. The treatment uses a natural purification method based on two-stage up-flow anaerobic reactors. The reactors are followed by a settling tank, then an up-flow gravel filter, then natural oxidation ponds. Finally, the water is channeled to the valley, where it can be used in palm tree farming. The sludge produced in this process is about one-ninth of that produced by aerobic treatment (such as the extended aeration process), and is of such high quality that it can be used as fertilizer without further treatment. Biogas will be collected and used to generate electricity for operating the desludging pump and lighting the guardhouse.

Solid waste management. Three projects were developed, including support for garbage collection systems in Al-Mahweet City (Al-Mahweet) and Socotra Island (Hadhramaut). In December 2005, five household biogas units were installed in the Bura'a nature sanctuary. The five homes were chosen using criteria that included availability of sufficient livestock and willingness of homeowners to contribute to the excavation works and provide sand, water and unskilled laborers. The units produce biogas—from animal (cow) manure—that can be used for cooking and lighting. As a result of these units, wood cutting has fallen by half in the five houses.

Water and soil conservation. The two water and soil conservation projects serve 6,950 beneficiaries through irrigation networks with a total length of 2,000 meters and four water tanks with a total volume of 1,527 cubic meters.



Wastewater management project (Al-Saddab, Ibb)

Training and awareness raising. The eight training and awareness raising projects included an event to raise public awareness about the negative environmental impacts of light plastic bags and about their alternatives. In addition, five projects to build capacity among local consultants in technical issues and community mobilization. The two other projects were foreign visits on environmental issues for 12 project officers. The trips sought to familiarize the trainees with solid and wastewater management projects elsewhere in the region that could be applicable to Yemen.

On the other hand, the SFD also completed the first draft of an awareness book for students on the adverse effects of qat. The intention is to develop a workshop for creative students to enrich the book with their caricatures, stories and ideas.



The Health and Social Protection Unit's activities, programs and projects provide access to health care and training, serve the needs of groups with special needs and include the Integrated Interventions Program. In 2005, the unit approved 130 projects with a total estimated cost of \$11 million (table 6).

Table 6. Indicators for the SFD's Health and Social Protection unit by sector, 2005 and cumulative

Indicator	Health		Groups with special needs		Integrated Interventions Program	
	2005	Cumulative	2005	Cumulative	2005	Cumulative
Number of projects	72	424	55	284	3	39
Commitments (millions of U.S. dollars)	7.8	31.9	2.8	18.49	0.4	2.2
Disbursements (millions of U.S. dollars)	1.2	21.8	0.21	12.3	0.122	2.2
Direct beneficiaries (millions)	0.3	2.2	0.02	0.14	0.001	0.04
Female share of direct beneficiaries (%)	66	56	33	39	19	51
Temporary employment created (millions of days)	0.1	1	0.07	0.53	0.019	0.092

Health

In 2005, the unit approved 72 new health projects worth \$7.8 million. The 2005 interventions focused on training for both female and male health workers (especially in deprived areas), as well as projects to improve access to primary health care, emergency obstetric care and the capacity of health training institutes.

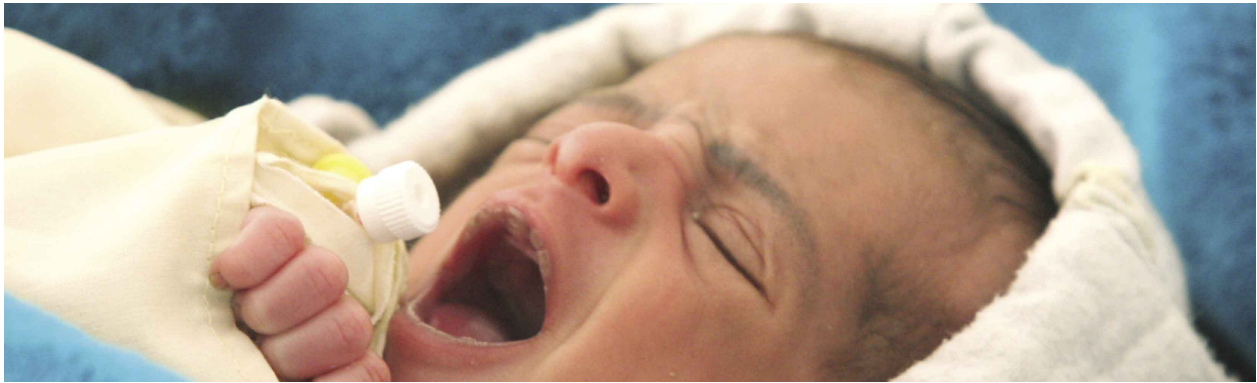
Training health workers and facilitating access to health care. This component aims to provide paramedics in all specializations of primary health services, mother and child health services, neonatal care and emergency obstetric care. Efforts focus on increasing the number of female community midwives throughout Yemen, particularly in rural areas. During 2005, 20 projects were developed, of which 18 were training for community midwives—including 360 female trainees from various governorates.

Promoting reproductive health and neonatal care. During the year, 19 projects targeting reproductive health and family planning centers were implemented.

In addition, two projects provided services for first-time neonatal care, including the construction of 16 basic and comprehensive emergency obstetric centers at the district and governorate levels. These centers aim to improve mother and child health and reduce maternal and infant mortality rates.

Improving access to primary health care. This component is designed to improve and expand health facility infrastructure in underserved areas, provided that sufficient staffing and operational budgets are secured. During 2005, 13 projects were developed to build, equip and renovate health units and centers, with the aim of increasing access to primary health care.

Strengthening health institutes. During the year, 11 projects were approved to improve the quality and capacity of health institutes, targeting infrastructure as well as the education process. Efforts included buildings, equipment, furniture, improvement of the learning environment and development of theoretical and practical teaching curriculums. In addition, health institute teachers were qualified through specialized



SFD-supported project for constructing neonatal and premature infants' section and ICU – A hospital in Taiz

diplomas in modern teaching methods and a Bachelor's of Science completion program in all governorates. These projects also contributed to student development, by introducing modern education technologies such as computers and audio and visual aids, as well as scientific books and references. Three projects built onsite housing for female students enrolled at the health institutes.

The SFD also contracted a local consultant to review the curriculums of the health institutes, including for public health workers, nurses, laboratory technicians, community midwives and medical assistants. After that, a workshop was held for those involved in teaching the curriculums at the two higher health institutes of Sana'a and Aden, as well as their branches, to review and finalize the consultant's report. The first drafts of the five curriculums will be further reviewed and edited by the regional World Health Organization office before being published.

In addition, the SFD supported three capacity building projects, with one targeting the development of an education strategy for health institutes in Yemen, drawing on participation by relevant agencies and all of the country's health institutes (box 5).

Supporting the district health system. During 2005, one project was developed to continue SFD support for the district health system (DHS) program. This support was initiated in 2004 and planned for three years, to be implemented by International Cooperation for Development (ICD), a UK NGO. The program, based in three districts of Al-Hudaidah governorate, mainly provides training for community midwives, female primary health workers and traditional birth attendants, as well as in-service training such as training of trainers involved in the DHS. The support also includes equipping health facilities and strengthening supervision.

Improving psychiatric health. Efforts continued to improve access to appropriate psychological care services. A project was implemented to rehabilitate the infrastructure of Mental and Psychiatric Diseases Hospital in Aden that offers psychiatric services.

Evaluations and reviews. Last year saw the release of the findings of a 2004 study of female health workers receiving scholarships from the SFD. The study found that 88% of these graduates are still practicing in their areas—either self-employed, with the private sector or at Ministry of Health facilities.

A second study was conducted in 2005 to evaluate 193 of 207 SFD-supported health facilities that were completed by the end of 2004. The study sought to evaluate the level of operations and benefits gained—particularly from prenatal care, delivery services and children immunization. It found that 10 facilities are lacking both male and female health staff, in addition to the inadequate number of female staff at most facilities. In addition, meetings were held with 333 households (in SFD-supported areas) that had deliveries in the year before the interview. These meetings found that two-thirds of the deliveries occurred at home, half with the assistance of qualified health staff. In addition, 60% of the women had attended health facilities during their pregnancies, with 82% of those benefiting from SFD-supported facilities. Moreover, 87% of the families visited indicated that they had their children vaccinated.

Workshops and training. SFD health staff attended a regional workshop on emergency obstetric needs that was organized by the Ministry of Public Health and Population in cooperation with the United Nations Children's Fund (UNICEF) and Columbia University (New York). In addition, the SFD organized a workshop to devise specifications and designs for health units and centers at the ministry, and participated in the meetings of the ministry's Safe Motherhood Technical Committee.

Box 5: Health Institutes Strategic Plan

The two Higher Institutes for Health Sciences in Sana'a and Aden have 17 branches distributed throughout most of Yemen's governorates—with 468 male and female teachers and 5,361 students (also of both genders) being trained in 12 specialties.

The higher health institutes aim to improve health services by providing the health facilities with trained, qualified staff. But the institutes had long suffered from the lack of a strategic vision for their development and for addressing current and expected challenges. Moreover, training has not been provided on a regular basis, taking into account overall coordination and identifying real needs. Instead, short-term plans have been developed to meet operational (teaching) needs—an approach that does not serve the country's development process.

In response to requests from their administrations, the SFD has helped the health institutes develop strategic plans. The support focused on providing experts to train rectors and principals on developing such plans, with the trainees encouraged to create them themselves to ensure they can design future strategies.

In this context, a workshop was held to enhance the planning capacity of the principals and to outline a draft strategic plan enabling the institutes to fulfill the training needs of paramedics for primary health care facilities and local communities. The 16-day workshop was attended by some 30 participants, representing the health institutes, Ministry of Public Health and Population and other relevant agencies. This extensive participation enriched the strategic plan and confirmed its significance. Attendees analyzed the current situation, identified problems and offered solutions. They also recommended other individuals and agencies that might contribute to the plan's success. In addition, general and specific indicators were developed to facilitate follow-up and evaluation and measure progress in implementing the plan.

Groups with special needs

Projects in this sub-sector aim to raise living standards and promote the rights of groups with special needs—including the disabled, children at risk (orphans, children in conflict with the law, street children, children of imprisoned women, child laborers), women at risk (incarcerated women and former prisoners) and other socially marginalized groups (institutionalized elderly people and slum dwellers, including the Al-Akhdam, a minority group traditionally engaged in garbage collection and living in slums and shanty housing). Efforts focus on integrating these groups with mainstream society through inclusive education programs, rehabilitation focused on community involvement and interventions including institutional support for government and non-government institutions caring for such groups. The SFD also supports the development of policies and strategies related to the sub-sector nationwide, working with local and international partners. In 2005, the SFD approved 55 projects for groups with special needs, with an estimated cost of \$2.8 million.

National Strategy for Children and Youth. In 2005, the SFD continued funding and supporting the development of this strategy based on two main documents: UNICEF's Childhood Protection Strategy and a study issued in 2002 by the SFD, in partnership



A child benefiting from the services provided by the Vocational Center for People with Special Needs - Aden

with the World Bank, on disadvantaged children. Such activities have been conducted based on a Cabinet decree calling for the development of a strategy for the protection and development of childhood and youth. In addition, the SFD commissioned an international expert to formulate the draft final strategy, to be presented at the National Childhood and Youth Conference in February 2006.

National Strategy for the Disabled. The SFD, in collaboration with the World Bank, has been actively involved in preparing the National Strategy for the Disabled, which will be implemented by the Ministry of Social Affairs and Labor. As part of these efforts, an international expert was hired to assess the situation facing disabled and handicapped Yemenis and the relevant programs implemented to date. In line with preparations for the strategy for the disabled, the SFD has designed a guidebook for all government and non-government institutions working in this field and translated it into English to be used as a reference and guide book. The guidebook contains all pertinent laws related to the disabled and the international agreements that Yemen has signed or committed.



Supporting disadvantaged children – Deaf and Mute Kindergarten (Dhahran City)

Promoting inclusive education. The SFD continues to support the inclusive education program, which is part of an education policy adopted by the Ministry of Education in 1997. Inclusive education aims to meet the education needs of all children, youth and adults by finding reliable ways to integrate them in schools despite differences in their needs—with a focus on those with special needs such as the disabled, working children, street children and socially marginalized groups.

SFD support for this program began in 2001, and has included rehabilitating schools, adding facilities to schools (such as education resource units) and sending 11 Ministry of Education staff overseas to obtain intensive training in special education. In 2005, the SFD developed five projects to train teachers in inclusive education, raise awareness about relevant concepts in several governorates and assess implementation of the previous year's plans.

Improving services for the disabled. In 2005, the SFD targeted the disabled with 32 projects, focusing on rehabilitation and integration. Training covered areas such as management, fundraising and bookkeeping and accounting as well as means of communication, integration, pre-integration rehabilitation, early disability detection and interventions, rehabilitation of the mentally disabled, speech therapy for the hearing impaired, mobility for the blind, sign language, and training skills and technologies. Projects included construction of buildings to provide services for the disabled, rehabilitation of buildings to make them more accessible to the disabled and provision of administrative and technical equipment to organizations serving the disabled (box 6).

Projects also included the start of implementation for a community-based rehabilitation program for the disabled. The program focuses on community involvement in rehabilitation and targets rural areas in four governorates (Al-Hudaidah, Dhahran, Lahj, Abyan). The program was developed in response to a recommendation contained in a 2004 review of the SFD's disabled programs conducted by an international expert. Another project is a center for early intervention, established in Aden, which focuses on community-based rehabilitation and will work with public preschools in the governorate.

To strengthen the capacity of Disabled Care and Rehabilitation Fund (DCRF), a project was developed with objectives that included preparing a strategy for the DCRF. The strategy aims to ensure the systematic provision of support to associations working with the disabled, particularly in enhancing their education integration programs. It also targets channeling DCRF resources to better serve the disabled. Support includes recruitment of a regional resident adviser for a year to help the fund with status analysis and work reorganization.

In addition, implementation was completed on a program to train national trainers in speech therapy for the hearing impaired. The program focused on both theoretical and practical training, targeting 30 workers in preschools and the first three grades of basic education from government and non-government institutions working with the hearing impaired in the Capital City and the governorates of Taiz, Hadhramaut, Aden, Al-Hudaidah, Dhahran and Ibb. Six distinguished trainees were awarded scholarships in a specialized regional institution for two-week practical training course.

Serving street children, juvenile delinquents and orphans. During 2005, the SFD constructed and provided technical assistance to a number of centers for street children, juvenile delinquents and orphans, and forged ties with similar institutions in Arab countries to exchange expertise. One project established a center for street children in Taiz governorate. Another provided training for social workers working with juveniles in Al-Mukalla.

Three projects were developed for orphans in Ibb, Taiz, the Capital City and Hajjah: two to improve orphanage services in Ibb and Taiz and one to build the capacity of two NGOs, Al-Rahmah (Mercy) Society in the Capital City and the Orphan Care Society in Hajjah. The SFD also helped develop Ministry of Social Affairs and Labor bylaws regulating orphanages.

Supporting female prisoners and socially marginalized groups. The SFD continued its efforts supporting incarcerated women and their children through five projects in Aden, Ibb, Dhamar and Taiz. Projects included building and equipping health units and psychiatric wards, and renovating, equipping, and furnishing women's sections in prisons.

Six projects were developed for socially marginalized groups, including the Al-Akhdam and institutionalized elderly.

Evaluations and reviews. In late 2005, a regional consultant was commissioned to assess the SFD-supported inclusive education program. The purpose was to draw lessons and provide recommendations for future interventions. The findings outlined numerous achievements, such as:

- Training a national team in inclusive education for a year in a regional institution.
- Attracting attention and raising awareness among policymakers at the central and local levels on the program and its activities.
- Forming parent councils in the schools covered by the program.
- Conducting workshops targeting teachers and administrators of the inclusive program.
- Increasing the number of the NGOs working with the disabled.
- Establishing student awareness and support teams ("friends of the disabled" committees).
- Extending the program to other areas.

The study recommended developing an inclusive education strategy and action plan in which goals, priorities, indicators and timeframes, as well as the roles of all involved parties, are specified and coordinated. The study also recommended expanding the inclusive education program.

In addition, a review was conducted of the "entrustment" pilot project (which transfers management of social care centers to NGOs), which started in 2003. The review called the program a distinguished experiment, and made recommendations for further improvement.

Workshops and training. Staff training included a workshop about women in prison (organized by the Red Cross) and a seminar on children and prisons (organized by the Ministry of Justice). In addition, the SFD participated in a conference called "Together in the Fight against Child Trafficking" (organized by UNICEF and the Motherhood and Childhood Higher Council) and conducted a study visit to areas of child trafficking in the Aflah Al-Sham district (Hajjah).

In addition to staff participation, the SFD paid for six workers from government and non-government institutions involved in childhood development to attend a regional workshop in Cyprus, organized by the Arab Resources Workshop. External participation also included three conferences on "Arab Education: Reality and Hopes" (Amman, Jordan), "Youth and Children in the Middle East and North Africa Region: Facing Educational Challenges" (Dubai, United Arab Emirates) and "Handicaps and Rehabilitation" (Bahrain).



Maternal and Child section at the Dermatological and Venereal Diseases Hospital – Al-Noor City, Taiz

Box 6: Helping the disabled in Hadhramaut and nearby

The Prosthetic Limbs and Physiotherapy Center, in Hadhramaut governorate, has received SFD support since opening in 2002. The SFD financed construction of the center's building, located in the Ibn Sina' Hospital complex in the governorate's capital, Al-Mukalla. Before the new center was built, the main center, in Sana'a, had been providing services to disabled people from all over the country. A huge burden had been placed not only on the center and its staff, but also on the disabled having to travel from various (sometimes distant) regions to the country's capital to reach the center.

The SFD coordinated its initial support with the Ministry of Public Health and Population and the management from the main center. The SFD had three main goals: reversing the deteriorating situations of the disabled, sparing the disabled from traveling to Sana'a (since they need prosthetic limbs and physiotherapy) and helping rehabilitate and train the disabled (both physically and vocationally) in preparation



for their integration in the labor market and mainstream society—improving the incomes and living conditions of them and their families.

Building the center cost about \$250,000. It has 38 staff members, as well as 9 technicians and guards paid daily wages. The center's three main sections are prosthetic limbs, administration and finance, and physiotherapy. The SFD has continued to support the new center by hiring two foreign experts: one (specialized in prosthetic limbs) provided six months of training for technicians at the center, and the other (a physiotherapist) trained eight technicians and a physiotherapy practitioner.

In 2005, the center's Physiotherapy Section treated 1,505 cases, including 618 rheumatism patients, 436 central and peripheral nervous system disorders, 168 post-operation complications, 221 cases of polio and cerebral palsy and 62 cases involving foot lesions and extreme obesity. In addition, the center provided 68 prosthetic limbs.

A promotional campaign in late 2004 raised awareness of the branch's services and encouraged disabled people from Hadhramaut and nearby provinces to use them. The branch's operational costs are covered by community contributions.

Integrated Interventions Program

The Integrated Interventions Program—now overseen by the recently established Agriculture and Rural Development Unit—is an SFD initiative that targets very poor communities using a multisector approach to their development. It emphasizes building up human and social capital in these communities by activating and supporting them to meet their development needs, and by using structured self-help methodologies.

The first phase of the program was completed in 2005. Activities in this phase included infrastructure projects and capacity building in the four targeted areas: Al-Nayef village (Al-Ghashem subdistrict, Khamer district, Amran governorate); Al-Awlah, Deer Al-Rudaini and Deer Mousa villages (Rub'a Al-Daws, Al-Luhayyah, Al-Hudaidah); Al-Mihsamah, Ambasti and Hanadh villages (Ahwar, Abyan); and Al-Lail City (Ma'een, Capital City).

An evaluation of the program recommended its expansion to new areas. So, preparations for the program's second phase were initiated. These included choosing the program's potential new areas, conducting baseline surveys and needs and priorities assessments, and formation and training local development committees in these areas.



Water project of Deer Al-Rudaini (Al-Awlah, Al-Luhayyah, Al-Hudaidah)

First phase (2001–05). In 2005, several training courses were carried out as part of the program's first phase. Local trainees, in turn, will conduct awareness raising activities in their areas. The courses included:

- Training in health and environmental awareness—covering malaria, hygiene, nutrition, diarrhea diseases, water, prenatal care and fever management—for 40 male and female students in four schools in Al-Lail City. The course aimed to form awareness teams in the schools.
- A training program on preserving and processing vegetable products targeting 22 women in Al-Awlah, Deer Al-Rudaini and Deer Mousa. The purpose was to give the trainees knowledge and skills to improve nutrition for themselves and their families and provide them with income generating opportunities.
- A training of trainers program on preparation of organic fertilizers for 30 farmers from Ahwar and Al-Luhayyah. The course familiarized the farmers with the importance of adding organic fertilizers to soil and its benefits for soil and plants.
- Another course for 30 farmers from Ahwar and Al-Luhayyah on methods for raising the economic returns to agricultural products. The course aimed at increasing the farmers' knowledge and skills in diagnosing plant diseases, safely using the proper insecticides and choosing the most appropriate chemicals at local markets. The trainees also learned ways to reduce production costs. Follow-up found that this training had raised the production of some crops.
- A course for 30 women on making kitchen gardens and improving the nutritional quality of their food.
- Four courses for 38 male and female trainers from the villages of Al-Awlah and Al-Nayef on raising livestock and treating simple diseases common to livestock in these areas.

This phase also saw the formation of the Al-Bua'ijah Society in Al-Luhayyah, with five male and three female members. This society is an extension of the local development committee formed by the Integrated Interventions Program and the local community and is one of its most distinctive activities. The society serves the villages of Al-Awlah, Deer Mousa, Deer Al-Rudaini, Al-Muqarina, Al-Zaila'iah, Al-'Tblich, Al-Qahira and Maq haz—with the Integrated Interventions Program already in place in some, while others have been nominated for its second phase.

The evaluation of the Integrated Interventions Program was conducted by an international consultant with assistance from local consultants. It sought to measure changes in the targeted areas, determine strengths and weaknesses in the program course, offer recommendations for improvement and develop a plan with expected outcomes for the future.

The evaluation concluded that the program has gained enough knowledge and experience to expand to new regions. It also found that the SFD has developed an effective model for promoting integrated community development in Yemen—delivering concrete, practical, visible results with extensive participation by marginalized communities. Finally, the evaluation suggested that the program’s methodology is less suited to urban environment than it is to more stable, cohesive communities.

Second phase (2006–09). Based on the evaluation, the Integrated Interventions Program will continue work in two areas from the first phase and expand interventions in six new ones (table 7). In preparation for the second-phase infrastructure projects starting in early 2006, the following activities were carried out:

- Coordination visits. The program team performed coordination visits to the local councils in the governorates and districts in the eight targeted areas to inform them about the program, its activities and methods for choosing locations, participation in forming development committees, and coor-

dination and follow-up mechanisms between the program, local councils and development committees elected by local communities.

- Selection of regions. Using poverty indicators, population figures and local prospects for successful interventions, 35 areas were surveyed for participation in the second phase.
- Baseline survey. A baseline survey of 2,400 families was conducted to collect socioeconomic data in the targeted areas, both quantitative and qualitative.
- Needs assessment. A needs assessment was conducted in the targeted areas to determine needs, priorities, resources, opportunities, social structures and economic activities. The study examined in detail the areas’ social groups and their relationships to each other, as well as community problems. Discussions during the study addressed potential interventions and expected implementation challenges—as well as opportunities to support local development and requirements for forming development committees.
- Formation and training of development committees. Seven development committees were formed in communities targeted during the second phase, with 58 male and 35 female members. The committees will represent the communities, discussing project implementation plans with local residents and local councils with SFD supervision. The committees will receive training in preparing plans based on needs assessments.

Governorate	District	Subdistrict	Population	Number of Villages
Raimah	Al-Jabeen	Al-Khadham	6,808	11
Dhamar	Wesab Al-Safil	Bani Mu’anis	6,058	4
Taiz	Mawiyah	Al-Sawidah	6,251	7
Al-Hudaidah	Al-Luhayyah	Rub’a Al-Daws, Al-Ba’jiah, Rub’a Bak	8,231	5
Amran	Khamer	Al-Ghashem	9,628	3
Ibb	Al-Qafir	Bani Mubaraz	6,227	4
Hajjah	Haradh	Al-’Utanah	7,849	9
Lahj	Tur Al-Baha	Tur Al-Baha	5,227	7

Next steps. The Integrated Interventions Program plans to:

- Link the areas under the program with local authorities at the district level. This will be done by helping the districts develop participatory local development plans, including those of integrated interventions.
- Make targeted areas into models to learn from, and to be potentially replicated elsewhere.
- Link community structures in targeted areas with local authorities by enhancing mutual understanding of roles and responsibilities and of the importance of local partnerships at all levels.

2005 Operations

Training and Organizational Support



The Training and Organizational Support Unit has been striving to keep pace with the development and expansion of SFD activities. Between 2002 and 2005 the number of projects supported by the unit jumped from 49 to 145—with 97 for training and 48 for organizational support, and an estimated cost of \$4 million (table 8). The 2005 interventions targeted SFD staff and partners, including consultants, small contractors and technicians, beneficiary community committees, local authorities, NGOs and selected government entities.

Table 8. Indicators for the SFD's Training and Organizational Unit by sector, 2005 and cumulative

Description	Training		Organizational support	
	2005	Cumulative	2005	Cumulative
Number of projects	97	320	48	304
Commitments (millions of U.S. dollars)	1.6	5.3	2.3	3.7
Disbursements (millions of U.S. dollars)	1.1	3.7	0.79	7.2
Direct beneficiaries (millions)	0.006	0.026	0.003	0.5
Female share of direct beneficiaries (%)	19	35	52	49
Temporary employment created (millions of days)	0.02	0.078	0.1	0.3

Training local councils and executive organs

Projects for local authorities sought to help them achieve their mandates as defined in the local authority law. The SFD focused on enhancing relationships between local authorities and communities at the district level, sponsoring several training courses to achieve this goal. Institutional support was also provided in 10 districts as part of a pilot program in partnership with the United Nations Development Program (UNDP).

Training for local authorities involved 24 projects benefiting 2,631 members of local administrative bodies and planning and budgeting committees in 330 districts in 15 governorates. The training provided information about development and its types (economic, social, administrative), elements of effective development, planning types and steps for preparing five-year plans using goal-oriented project planning and logical framework planning. Training also addressed preparation of an executive plan, monitoring and evaluation, preparation of a follow-

up matrix and chapter 9 of the local authority law's executive statutes addressing community participation in development.

Since 2003, SFD interventions have targeted all members of local councils in all districts—including members of executive organs at the district level—with courses on development concepts. About 5,980 council members from 330 districts have benefited from this training, which has covered community participation, empowerment, sustainability, the project lifecycle, analysis of local councils' organizational and institutional problems, methods of communicating and conducting meetings, and preparation of reports.

Decentralization and Local Development Support Program

The Decentralization and Local Development Support Program—a national program to implement decentralization supervised by the Ministry of Local Administration—works at the level of governorates and districts. Technical supervision of the program is

shared by the UNDP, the SFD and other donors.

SFD assistance for the program aims to activate community participation in the development process and to build the capacity of local councils to perform their tasks (as defined in the local authority law). In 2005 the program implemented several training courses and prepared development plans for two districts (Al-Ma'afer and Haifan) in Taiz governorate, with the SFD disbursing \$200,000 in financial support. Training and development plans were also provided to eight districts in Amran and Al-Hudaidah governorates. These plans will be implemented in 2006 using \$800,000 in SFD funding.

The SFD began supporting the program in 2003 with funding and technical supervision for pilot projects, in coordination with the Ministry of Local Administration and UNDP. That phase covered 28 districts in six governorates. Conditions of SFD support include community involvement in preparing development plans, evaluation of their results and preparation of periodic reports about the activities of each district.



The SFD provides support to the decentralization process at the governorate & district level – A training course for local councilors on Participatory Development Planning

Community organizations and broader participation

The SFD recognizes that increasing community participation will require extensive training in local communities. This will magnify and reinforce community mobilization and lead to dependence on local resources and skills, and their use for achieving sustainable development.

Community participation attracted great interest in 2005, with the SFD implementing 11 projects developed for this purpose. In addition, methods for forming and training beneficiary committees were revised.

Moreover, during the second half of the year the SFD enhanced its approach on community participation to empower local communities (including beneficiary committees and groups), civil society organizations and local councils to play a vital role in generating active, sustainable development. The new approach is based on the human, social and natural resources available locally—that is, self-reliance. Efforts also included:

- Developing a training manual and implementation guidelines on participatory learning action.
- Developing a manual and guidelines for forming and training community committees, with an emphasis on local solutions to community problems.
- Starting to transform efficient community committees into development organizations, to assume responsibilities for generating necessary and effective development in their communities.
- Qualifying rural university graduates to implement community participation activities based on volunteer work, reducing the costs of some of these activities (box 7).

NGOs and cooperatives

In 2005, the SFD implemented 23 projects targeting NGOs and cooperatives, leading to considerable diversification in their training and qualification. Onsite training was the most important, and included topics such as strategic planning, plan preparation and fundraising. This is in addition to training related to the real needs of each organization, and the nature of its activities.

Care was also given to supporting food processing and its links to rural communities, through three projects

targeting rural female members of agricultural cooperatives in the governorates of Al-Hudaidah, Dhamar and Sana'a. Activities included establishing food processing units in the targeted cooperatives and training trainers in this area from among members of the associations.

Government institutions

Several government institutions received training and various kinds of organizational support. Training included classes in Wadi Hadhramaut (Seyoun, Hadhramaut governorate) on palm tree farming and breeding for farmers affiliated with the local office of the Ministry of Agriculture, as well as training of trainers to build the capacity of female leaders for the National Women Committee (Hadhramaut branch). In addition, two courses were conducted: one on sustainable development for members of executive offices in Al-Hudaidah, and the other on communication and discussion management skills for project officers in SFD's branch office in Taiz.

Organizational support included help for some agencies and governorate offices whose activities are in line with the SFD's mandate and interventions. In this context, the SFD financed the establishment of public libraries in nine governorates (first phase of the project), as well as one in the Ministry of Youth and Sports. In addition, the SFD had accomplished the second phase of providing databases to the Martyrs' Families and Yemen Revolution Veterans.

Training consultants and small contractors

Training included projects on contracting procedures, work mechanisms and technical supervision targeting small contractors, engineer consultants and technicians in SFD branches, as well as on community participation, gender issues, needs assessments and analyses, communication and discussion management. Moreover, trainers received training on focus group discussions, organization of training workshops, management and accounts for NGOs and cooperatives, and monitoring and evaluation.

Box 7: Training university students from rural areas: Creating agents of change in local communities

In 2004, the SFD's training unit sought to help channel university outcomes toward labor market demands and development goals. Practical steps followed, with training and qualification launched for students from rural areas attending Sana'a, Arhab and Kholan universities. The program's first stage targeted 100 students. In 2005, six similar projects were implemented during the second stage, with 580 female and male participants.



The program aims to make rural students in urban universities into effective links with local communities, and foster their involvement in supporting development in their areas. The trainees could also be potential consultants for the SFD.

Training is designed to first cover the most general issues, then shift to more specialized subjects. Focus is given to health and education, and how the SFD addresses these areas in its interventions. Other topics include report writing, communication, disability, water, environment, qat, local authorities and Councils, establishment of associations, children's rights and forms of violence, project financing and donors, gender issues and women involvement's in development, and Yemen's Poverty Reduction Strategy

Paper (PRSP). The most interesting topic for participants is participatory rapid appraisal, which has elicited considerable enthusiasm. Many students also said that the training had acquainted them with many issues and concepts they have never studied at university.

Evaluations and reviews

A sample of completed training projects was reviewed in 2005, focusing on projects for productive families, mango farmers and beekeepers. Other reviews included training of trainers in NGOs on strategic planning, fundraising and bookkeeping. Some ongoing and completed institutional support projects were also reviewed, including for several NGOs, women's centers for illiteracy eradication and general governorate departments for illiteracy eradication and adult education.

Projects targeting NGOs. About 38 NGOs were reviewed in the Capital City, Abyan, Aden, Lahj and Al-Hudaidah. The evaluation results show that all the NGOs use—as planned—SFD-provided equipment, training aids and furniture. Results also indicated that the NGOs understood their training on planning and fundraising, but practical application in preparing a strategic plan has been poor. The evaluation also found that bookkeeping training has had an impact on a few associations, while the rest do not think that their limited financial and material resources can match the higher level of concern of such a system. To overcome these difficulties, a simplified manual on financial systems was prepared for associations, in addition to a monitoring and empowerment plan that will enable trainees to develop strategic plans.

Illiteracy eradication. Eight projects on illiteracy were evaluated, targeting departments of illiteracy eradication and adult education as well as some women's centers affiliated with them, to coordinate their work with that of decisionmakers. Support had

been provided to four departments and eight rural women's centers in Capital City, Al-Baidha'a, Al-Mahweet and Sana'a.

The evaluation found that all the equipment provided for educational and administrative facilities (especially in Al-Baidha'a and Rada'a) has been optimally used. Indeed, there is high demand among female secondary school graduates for the computer classes offered by the literacy centers. But the evaluation also found that some trainees had dropped out for various reasons, including weak supervision and personnel instability, and that there is a risk of closing remote rural women's centers (such as in Bait Al-Shami, Arhab and Bani Matar). In response, the SFD contacted the General Department of Illiteracy and Adult Education in Sana'a and reiterated the need to activate weak centers.

Productive families. Training under the National Program of Productive Families was evaluated in Sana'a City, Amran, Dhamar and Hajjah. The evaluation focused on SFD support in training trainers for the program in its headquarters and branch offices. Training included sewing and dress designing, artificial flowers and other handicrafts, and maintenance of sewing machines. The evaluation included a sample of 35 women.

The evaluation found almost complete use of the skills gained by sewing and dress designing trainers at program centers in Sana'a City and governorate branches—in addition to the SFD's use of some of these trainers to provide consultant services. As for maintenance of sewing machines, the evaluation found



Training unit staff and consultants in a workshop to review performance



A woman applies knowledge acquired through training on sewing – Al-Takaful Social Association, Taiz

that benefits were limited to a few simple technical problems, while complicated repairs remained in need of an engineer. Finally, the benefits from the artificial flowers and other handicraft training were obvious in urban but not rural areas, due to scarcity of raw materials and markets.

Mango farmers. An evaluation was conducted of workers from large mango farms who had received SFD training in hopes of raising production at the farms. The benefits of the training were more apparent on Al-Hudaidah farms than others due to competition, the presence of an agricultural research and extension authority in the area and the activities of a branch of the Federation of Agricultural Cooperatives. In addition, most of the farms are old and traditional, with their owners living in the same area and having sufficient expertise.

Beekeepers. The second stage of a beekeeper training program targeted 250 beekeepers from Shabwah, Abyan, Hadhramaut and Hajjah. An evaluation indicated that changes in beekeepers' concepts and work methods were most pronounced in Hadhramaut, in the towns of Seyoun and Tareem. That was largely because the agency that implemented the training there differed from those in the other governorates. Different environmental conditions also played a role, as did the higher poverty, illiteracy and average beekeeper age in Hajjah, Shabwah and Abyan.

Moreover, the training was too academic for most villagers. In addition, it was recognized that beekeepers could not reside in permanent settlements for long periods due to their need to seek pastures. Training should have occurred during different seasons, taking into account shortages of modern beekeeping tools and equipment in rural areas.

In response to the evaluation, the SFD introduced the following changes for the third stage of beekeeper training:

- Training was simplified using the participatory learning concept and through field applications about bees' tools and beehives.
- Training was confined to a single geographic area, to study the results and foster change and competition among the trainees.
- The training time and month were adjusted in accordance with beekeeper requests.
- Training focused on the most popular local beehive, discussing solutions to its problems and improving it with aids from the local environment to achieve change without cost.
- Modern training aids and equipment (such as video) were avoided, and training relied on actual beekeeping tools and live beehives.
- Each training session was limited to 12–15 people.

Unit staffing and capacity building

A number of activities were completed to strengthen the administration of the Training and Organizational Support Unit, including recruiting project officers, contracting consultants and building the capacity of the unit team through internal and external courses. This included involvement by project officers in internal programs, training of trainers and needs assessments, and participation in a short training program on institution building (at Oxford University, in Britain), a program on the impact of training on productivity in modern management (Amman, Jordan) and the International Conference on Local Development (Armenia, in coordination with the World Bank).

2005 Operations

Small and Micro-Enterprise Development



In 2005, the SFD's Small and Micro-Enterprise Development Unit supported 30 new projects with an estimated cost of \$3.5 million. Cumulatively, 46 SFD projects, with total investments of \$11.3 million, have targeted the development of Yemen's small and micro-enterprise industry, including the 12 SFD-supported programs (to which 36 branches are affiliated). By the end of 2005, the number of active borrowers in SFD-supported microfinance programs had reached nearly 27,000, and savers about 25,000—reflecting an expansion in the services provided by these programs.

During the year, the SFD established the Small and Micro-Enterprise Promotion Services. It also continued to provide financial and technical support to the Small Enterprise Development Fund—the only institution in Yemen specializing in the funding of small enterprises—including software to manage loans in all its branches. Other activities are described below.

Since 2002, the unit's disbursements have grown due to an expansion in its activities and the introduction of non-financial services by its main programs (table 9).

Program	Active number of clients				Outstanding loan portfolio (millions of rials)	Portfolio at risk (%)	Cumulative		Area of operation
	Borrowers		Savers				Number of loans	Loan amounts (millions of rials)	
	Total	Women (%)	Total	Women (%)					
Al-Hudaidah Microcredit	2,490	83	0	0	22	0	14,524	420	Al-Hudaidah city and Bajil (Al-Hudaidah)
Hais Savings and Credit	1,210	92	1,210	92	51	9.8	4,238	176	Hais, Khoukha, Jabal Ras, Zabid (Al-Hudaidah)
Wadi Hadhramaut	752	9	186	100	30	10	1,504	101	Seyoun (Hadhramaut)
Aden Microfinance Foundation	5,710	78	9,274	85	117	16.5	13,788	463	Da'ar Sa'ad, Al-Bureikah, Al-Mu'alla, Tawahi, Crater, Khor-Maksar, Sheikh Othman (Aden), Lahj
Sana'a Microfinance	2,195	85	2,195	100	42	2.6	5,885	235	Sana'a
National Microfinance Foundation	7,926	100	10,884	100	159	3	16,835	532	Sana'a, Taiz, Al-Qa'edah (Ibb), Yarim (Ibb)
Bait Al-Faqeeh Savings and Credit	1,294	96	1,091	97	14	2.9	2,468	53	Bait Al-Faqih, Mansouriyah (Al-Hudaidah)
Sana'a Microstart	254	81	0	0	2	0	7,829	125	Sana'a
Al-Awa'el Microfinance	2,258	100	0	0	25	4.2	11,232	240	Taiz
Abyan Savings and Credit	1,499	100	0	0	32	0	2,809	85.40	Abyan
Other activities and income-generating projects	NA	NA	NA	NA	NA	NA	6,895	260	Several areas
Small Enterprise Development Fund	1,367	2	0	0	555	9.5	3,944	2,423	Sana'a, Taiz, Aden, Al-Hudaidah and Al-Mukalla (Hadhramaut)
Total	26,955	-	24,840	-	1,049	-	92,179	5,125	

Declaration of the Aden Microfinance Foundation

The creation of the Aden Foundation for Microfinance was officially announced in June 2005, merging three microfinance programs: Al-Mu'alla, Sheikh Othman and Da'ar Sa'ad. The foundation's administrative structure and financial system were also established. In the second half of the year, the foundation's work expanded considerably and a branch was opened in Lahj, bringing the number of active borrowers—by the end of 2005—to 5,710.

Agreements for new support for microfinance programs

The unit signed several agreements to provide additional financial support for microfinance programs, including the Family Development Society (in Hais, Al-Hudaidah), Yemeni Women's Union (in Abyan and Al-Hudaidah branches), National Microfinance Foundation, Aden Microfinance Foundation and Women and Children Development Society (SOUL, in Sana'a).

Al-Amal Bank for Microfinance

A feasibility study for Al-Amal Bank for Microfinance, conducted by the Consultative Group to Assist the Poor (CGAP), offered a number of recommendations for shifting the bank's operations to best international practices. The SFD purchased shares in the bank's capital and thus has become one of the bank's shareholders. Procedures are under way to finalize the bank's establishment and obtain a license for its activities.

Seminars and workshops

Several seminars and workshops were conducted in 2005, including several that discussed with SFD partners the progress made and challenges faced in SFD-supported programs. In addition, a Small and Microfinance Symposium for Commercial Banks was held, targeting decision-makers in the banking sector. Another symposium was held for certified accountants and representatives of accounting firms. The financial spreadsheets used by microfinance programs were presented to the accountants according to international best practices. Finally, in cooperation with the International Finance Corporation (IFC), a seminar was conducted on modern marketing mechanisms for local societies and nonprofit agencies. The seminar was attended by 19 participants representing various

government agencies, cooperatives and microfinance programs.

Other training—provided in cooperation with the Microfinance Network of Arab Countries (Sanabel)—addressed a wide range of topics, such as financial analysis, strategic planning, training of trainers, management of delinquency payments, setting of interest rates, advanced accounting, effective management and supervision, accounting for non-accountants, human resource management, management of operational risks, transparency and product development.



A microfinance client benefiting from the Small Enterprises Development Fund – Taiz

Small and Micro-Enterprise Days

To promote small and micro-enterprises, in 2005 the SFD organized a second Small and Micro-Enterprise Days to raise awareness about microfinance and its role in the economy. The event provided an opportunity for all SFD-funded small and micro-enterprise programs and institutions to participate. In addition, civil society organizations—especially handicrafts associations—from most governorates were able to market their products. Organized under the auspices of His Excellency the Prime Minister, the event was well attended by the public and covered by local and regional media.

Technical assistance for Microstart

The unit continued its support for Microstart programs by joining a consulting agency in providing technical assistance to invigorate these programs and train their workers.

Box 8: Azal Microfinance Program: Blending ambitions with dreams

The Sana'a Microfinance Program, known as Azal, is affiliated with the Woman and Child Development Society (SOUL), which has received SFD support since October 2001.

Khairiyah Omar Mahfoudh Ba-Khrais, a mother of four daughters (one of whom is a widow), has been involved in tailoring for more than 30 years. In 2002, she learned about the Azal program through a promotion campaign conducted by its female staff. She was told of the prerequisites for joining the program, including forming a group of at least five women and starting with saving. Khairiyah was so enthusiastic that she not only established the group, she also presided over it and took the lead in initiating savings. Khairiyah has taken the lead role ever since, and helped other women join the program.

In September 2002, Khairiyah received her first loan, for 10,000 Yemeni rials (about \$50–55), with which she bought some cloth for tailoring, with three of her daughters assisting her. After repaying the loan installments on a regular monthly basis, along with administrative fees (2% of the loan amount), she applied for another loan in April 2003—this time for 20,000 rials (around \$100–105). This amount enabled the family to buy a machine for cleansing and finishing, improving their work.

Recognizing her timely repayments—and encouraging her growing ambition—the Sana'a Microfinance Program provided Khairiyah with a third loan, for 24,000 rials (\$125–130), in January 2004. With it, she immediately began pursuing a long-dreamt project: buying a new, faster, more advanced sewing machine.

In December 2004, a loans' total of 60,000 rials (\$300–315) enabled the family to enter an entirely different activity: hairdressing! As a result, they have significantly improved the family's income and living conditions.



Still, the family's dreams and ambitions know no limits, and they are planning for more. After repaying the final installment of the current loan in mid-2006, they intend to apply for a new, larger loan to lease an apartment—independent of their residence, which is no longer big enough room for their expanding activities. They hope to expand both their tailoring and hairdressing business in the rented flat.

Business development services

As noted, during 2005 the SFD established the Small and Micro-Enterprise Promotion Service, which aims at making small enterprises in Yemen more competitive through training, exposure visits and sector studies. An agreement was signed with the Netherlands government to finance the service's first five-year project, which will provide \$750,000 to train 20,000 small entrepreneurs in management. The project will be implemented in cooperation with the International Finance Corporation, which will provide technical assistance.



SFD-supported microfinance programs help enable clients to initiate their own businesses – Bait Al-Faqeeh Micro-credit Program, Al-Hudaidab

A pilot project was implemented to train clients of microfinance programs to improve their product performance and quality. Training needs were identified for handicrafts, sewing and bookkeeping, and the SFD funded 10 courses for 200 micro-entrepreneurs. In addition, 40 NGO participants were trained in handicraft development and promotion techniques.

Three assessment studies were also completed. One evaluated the potential for developing Yemen's tailoring industry, another identified challenges and needs of small workshops manufacturing school furniture and the third was conducted to identify and overcome obstacles facing small contractors working with the SFD.

Staff and unit development

The unit reviewed its operational manual for small and micro-enterprises and participated in training courses domestically and abroad. In addition, a Website was developed to promote handicrafts and a software system was developed, based on new reporting models, to correspond with the management information systems of micro-enterprise programs.

Moreover, accounting software was installed for the Sana'a Microfinance Program (box 8). The system was tested and adjustments made based on comments

from program workers and a consultant. The software is expected to be installed in other microfinance programs soon.

In addition, the SFD developed a human resource management system for microfinance programs and institutions. Several workshops were held to train microfinance workers about human resource management.

The unit's project officers also performed continuous follow-up on ongoing projects and programs through field visits and reviews of monthly progress reports. These efforts helped strengthen the executive capabilities of small and microfinance programs as well as the agencies supervising them.

SFD's Institutional Management



The following activities, related to the SFD's institutional management, occurred in 2005.

Board of Directors meetings

SFD's Board of Directors held three meetings during the year. The first was on 31 January 2005 under the chairmanship of Alawi Saleh Al-Salami, Deputy Prime Minister and Minister of Finance. The meeting discussed and approved SFD's 2005 work plan and approved a proposal to split the SFD's Programming and Evaluation Unit into the Programming Unit and the Monitoring and Evaluation Unit.

The second meeting, on 4 April 2005, was also chaired by Al-Salami. The board approved the SFD's financial statement and an auditing report on the fiscal year ending 31 December 2004. In addition, the board asked the auditor to review the financial statement for fiscal 2005.

The Board of Directors held its third meeting on 10 September 2005 under the chairmanship of H.E. Abdulkader A. Bajammal, Prime Minister and Chairman of the Board. The board approved the SFD's general budget for fiscal 2006.

Establishing the Agriculture and Rural Development Unit

The SFD has addressed many aspects of rural development and increasingly recognized that without increased agricultural and livestock productivity, such development is neither truly productive nor sustainable. Moreover, the government—following a Cabinet decision in January 2005—adopted a national Small and Micro-Enterprise Development Strategy and Five-Year Action Plan, and made the SFD the executing agency. Although the strategy and action plan included measures to promote small

and medium-size enterprises in urban areas, the bulk of attention was paid to promoting agricultural and livestock-oriented enterprises.

In 2005 the SFD also negotiated a project for rain-fed agriculture and livestock in which it will implement a component of rural production development, supporting activities for farmers in rain-fed areas in 22 districts of five governorates. The activities include upgrading and diversifying agriculture and livestock production, processing and marketing systems, and organizing farmers to share their experiences and better access services and input and output markets. In addition, the project will help conserve soil and harvest water in the Uplands.

Within the SFD these various activities raised an old debate on establishing a special unit for agriculture and rural development, and it decided to pursue the vision and specialized knowledge that such a unit can provide. The unit will address integrated community development, agriculture and livestock promotion, feeder roads and community contracting. It will also develop manuals for these interventions, through an approach based on integrated interventions, to maximize the impact on the lives of farmers.

Managing information technology and the management information system

The SFD's management information system (MIS) is the hardware and software that have been designed to support SFD operations and manage donor funds. The MIS facilitates decision-making at all levels, improves operations in branch offices (a lot of the data entry related to SFD projects is done in these offices) and safeguards data security and integrity. The Managing Director, Unit Heads, Branch Office Managers and Project Officers use the system for monitoring, reporting, management and decision-

making. The MIS includes a geographic information system (GIS), project tracking system, financial and accounting system, procurement system and databases of contractors, consultants, suppliers and organizations benefiting from SFD training.

The MIS is continually developed to improve its functionality and efficiency based on user needs. Accordingly, in 2005 the personnel attendance system and automated modules managing bidding advertisements and individual consultants' selection were assessed and developed. Moreover, project monitoring reports and project archiving and documentation were improved and updated. In addition, arrangements were finalized for obtaining the new data and indicators from the 2004 Census and linking them to the MIS.

Programming

The SFD's Programming Unit maintains a poverty database derived from national studies and surveys (including the Census) and advises on resource allocations and targeting for SFD programs and plans. In 2005, the SFD continued to exchange information with other parties, and provided maps from its GIS system to the Basic Education Project, Rural Water General Authority and teams of donors and international NGOs conducting assessments in the country.

The SFD also obtained the results of the 2003/04 Education Facilities Census as well as the initial results of the 2004 Population and Housing Census. These results were classified according to SFD needs to facilitate decision-making at its headquarters and branches. In addition, the unit participated in a two-week training course, conducted by the Central Statistical Organization, on analyzing data from the 2004 Census.

Fostering staff development

SFD staff participated in many training courses, workshops and conferences during 2005. These included technical training, as mentioned in analysis of the year's operations, as well as managerial and administrative training in project management, procurement, monitoring and evaluation, and research methods—particularly participatory rural appraisal and focus group discussion. SFD staff also participated in the 2004 Census results evaluation and analysis session, conducted at the Central Statistical Organization.

In addition, two general staff retreats were held during the year, during which a number of issues were discussed, including how to enhance the performance of SFD branch offices and units.

Supporting communication activities

The SFD's communication activities in 2005 included promoting demand for its projects in poor areas and influencing changes in behavior and attitudes—such as through campaigns to promote girls' education, awareness raising activities on health and hygiene issues related to water-borne diseases and efforts to empower communities by establishing local structures.



Communicating with local communities to promote demand for SFD's projects and influence changes in behavior & attitudes

Such activities also aimed at raising awareness about SFD efforts to reduce poverty and promote transparency. In addition, they were used as a means of coordination and information sharing with central and local government agencies as well as with development agencies working in Yemen.

The SFD produces an annual report and a quarterly newsletter, and maintains a Website:

- The 2004 annual report (in Arabic and English) was finalized in 2005 and widely distributed.
- Four issues of the quarterly newsletter (in Arabic and English) were prepared and issued during the year, covering key programs and developments. Donors agree that the newsletters provide a harmonized report to themselves, the government and the public.
- The content and appearance of the SFD Website were updated in 2005. The site's data, updates and other content have been regularly maintained and updated.

Strengthening technical support and quality control

A sample of 289 projects under construction—representing 21% of SFD projects being implemented—were visited to ensure their technical quality. The review found that 21% of the projects were very good, 76% good and 3% unacceptable.

Contracting and procurement development

The Contracting and Procurement Unit is responsible for overall management of SFD procurement, ensuring that communities, branch offices, units in the head office and other parties comply with the procurement procedures described in the SFD's operation manual. These procedures aim to:

- Ensure economy, efficiency and transparency in contractual matters, following conditions agreed by the donor, government and SFD.
- Encourage the development of local contractors, consultants and suppliers in various regions of Yemen.
- Promote active participation by communities in the execution of subprojects.

The SFD updates its procurement system regularly. In 2005, it developed and upgraded standard bidding documents for contracts pertaining to civil works and goods, and obtained the needed approval. In addition, it prepared standard documents for small contracts, based on invitations and obtained approval for them. The SFD also completed draft procurement guidelines and developed automated modules for selecting consultants through the MIS. The mechanism for calculating the rates of consultancy services had been discussed, updated and approved, and its implementation was followed up with the head and branch offices. In addition, a roster of pre-qualification requests for consultancy services

was received and reviewed, and data on 1,943 new consultants were incorporated in the SFD's MIS.

Two workshops were conducted on procurement issues: one for consultants about SFD procedures for procuring consultancy services, the other for procurement officers and some project officers in SFD's main office and branches. In addition, the SFD organized community contracting workshops carried out during the year.

A large volume of contracts—in terms of number and value—were procured and approved during the year. These included 722 contracts based on national competitive bidding for works and goods, 244 based on soliciting quotations for works, goods and consultancy services, 86 to be implemented directly by communities (community contracting) and 2,197 for consultancy services (1,766 male and 431 female consultants), mostly through automated selection by the SFD's MIS.

Ensuring cost-effectiveness

During 2005, the SFD continued efforts to ensure and improve the cost-effectiveness of its projects. It rigorously monitors project costs, pursuing the lowest possible cost without sacrificing quality.

But for several reasons, since 2003 the SFD's project costs have increased. The reasons include higher costs for labor (15–25% higher in 2005 than 2004) and some construction materials (such as wood and steel). In addition, prices for other materials have been unstable—as with cement, the price of which jumped from 850 to 1,450 rials per sack between 2004 and 2005. Moreover, many contractors have raised their prices and reduced their participation in project bidding in anticipation of further cost increases for items such as steel and fuel (including petroleum derivatives). As a result, the average construction cost for SFD education projects was \$192 per square meter in 2005—15% more than in 2004 (table 10).

Table 10. Average construction costs for SFD education projects, 1997–2005
(U.S. dollars per square meter)

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

Monitoring and Evaluation



The SFD's monitoring and evaluation system is designed to help staff monitor projects in a systematic way as well as strengthen the SFD's management information system (MIS) and field surveys, to develop and use reliable data for measuring the efficiency, effectiveness, service delivery as well as the results and impact of its interventions. The SFD conducts internal evaluations of its activities as well as coordinates external evaluations to ensure its internal capacity development and to maximize the benefits of such evaluations' findings. Several activities related to monitoring and evaluation were carried out in 2005.

Monitoring performance indicators

To ensure regular monitoring through the MIS, the system's indicators have been reviewed to update output indicators for each project. The Monitoring and Evaluation Unit has issued three internal quarterly progress reports containing indicators generated by the MIS analyzing the SFD's efficiency and effectiveness.

Indicators for the SFD's third phase have been also monitored and reported to its donors. It should be noted that use of allocations for the third phase did not really begin until the second half of 2004.

To provide an indicator of impact for ongoing decision-making, the SFD has updated definitions of beneficiaries from its interventions. To ensure consistent and meaningful reporting, it has adopted strict definitions of beneficiaries for each sub-sector. This includes direct and indirect beneficiaries, whether individuals, groups, institutions or organizations receiving SFD support for service use and access. Emphasis was also placed on the fact that benefits are linked to projects, not their geographic locations, and thus could be repeated (that is, a person may benefit more than once from water and health projects due to the nature of the interventions).

Preparing for the impact evaluation

The SFD sponsored the first external assessment of its household-level impact in 2003. A follow-up assessment, building on the 2003 methodology, is scheduled for 2006. In preparation, a workshop was held in August 2005 with participation from the SFD, U.K. Department for International Development and external consultants to review the SFD's monitoring and evaluation framework and clarify its goals, and to agree on the improved methodology, which will also include an institutional evaluation. The 2006 impact evaluation intends to assess the SFD's contributions at the household and community levels as well as to the medium- and long-term building of local and national empowerment and governance structures, and to providing an example of an effective, efficient, transparent institutional mechanism for social services in Yemen.

After the workshop, two missions visited the SFD to further discuss the methodology with SFD staff and management, government entities at the central, local and community levels, and NGOs.

Conducting the institutional assessment

Implementation of the institutional assessment began in November 2005 and included workshops and group meetings with SFD partners at all levels (see Jennings 2005). The assessment examined the SFD's contribution to institutional capacity at the central, local and community levels as well to government and nongovernmental social service providers. The external consultant presented the assessment structure and some preliminary findings to donors and SFD staff in December 2005.

The impact evaluation has also started. It will cover 6,000 households in 300 SFD-supported project areas, revisiting 4,000 households from the 2003 assessment and 2,000 new ones (to generate new baseline data), as well as conducting beneficiaries' assessment in 32 communities. The methodology and data collection forms were finalized by the end of 2005, as was the listing of the households in the baseline study areas. Fieldwork began in the first quarter of 2006.

Monitoring and evaluation manual and annual work plan

To promote monitoring and evaluation in the SFD and mainstream it at all levels, an annual work plan was developed by its project units and branch offices. Preparation for the SFD's 2006 monitoring and evaluation efforts occurred in late 2005. The 2006 plan will cover monitoring at the level of project officers, SFD units and the Monitoring and Evaluation Unit. In addition, the monitoring and evaluation manual has been updated to reflect the development of such activities within the SFD.



Deep involvement of local communities in identifying their needs and electing project committees

Funding Situation



The cost of the SFD's third phase operations (2004–08), as approved by the Board of Directors, is \$400 million. To date, \$219 million has been secured (table 11).

Agreement	Amount (millions)	Currency	U.S. dollar equivalent (millions)	Current funding status
German Development Bank (KfW) first grant 2003 65 155	4.0	Euros	4.8	Effective
World Bank/International Development Association credit YEM-3861	41.7	SDR	60.0	Effective
British government (U.K. Department for International Development) grant 188-542-008	12.0	Pounds sterling	21.24	Effective
Netherlands government education grant 10784 and health grant 10829	8.85	U.S. dollars	8.85	Effective
European Community trust fund grant 053450	8.0	Euros	9.4	Effective
OPEC Fund for International Development loan 959P	13.0	U.S. dollars	13.0	Effective
Arab Fund for Economic and Social Development	15.0	Kuwait dinars	50.0	Not effective
International Fund for Agricultural Development (IFAD) loan 638-YE	4.35	U.S. dollars	4.35	Not effective
Saudi Fund for Development loan 422/24	75.0	Saudi riyals	20.0	Effective
German Development Bank (KfW) second grant 2004 65 757	5.0	Euros	6.00	Effective
German Development Bank (KfW) third grant	6.0	Euros	7.2	Not effective
Netherlands government education grant 13202 and health grants 13253 and 13256	12.4	U.S. dollars	12.42	Effective
Netherlands government microfinance grant 0060844	0.75	U.S. dollars	0.75	Effective
U.S. government health grant SEC416b-2002 Program (Shabwa and Al-Jawf)	0.5	U.S. dollars	0.5	Effective
U.S. government community development program 2003 PL-480	0.5	U.S. dollars	0.5	Effective
Grants from United Nations Educational, Scientific, and Cultural Organization (UNESCO)	0.14	U.S. dollars	0.14	Effective
Total			219.15	

Note: The government of Yemen signs loan or credit agreements and transfers the funds to the SFD in form of grants

Donor-related activities

During 2005, several donors conducted missions to evaluate the SFD's performance, visiting its headquarters and numerous projects. In addition, several new financing agreements were signed, including with the Arab Fund for Economic and Social Development, German Development Bank (KfW), Netherlands government, Saudi Fund for Development, U.S. government and United Nations Educational, Social, and Cultural Organization (UNESCO).

Arab Fund for Economic and Social Development

A mission from the Arab Fund for Economic and Social Development visited the SFD in the first quarter of 2005 to follow up on implementation of its loan 425/02, which supported the second phase of SFD operations. A second mission from the Arab Fund visited the SFD to prepare a loan agreement for the third phase; this agreement was signed in April 2005.

German Development Bank

The German Development Bank conducted a mission in November 2005 for preparation of a grant—equivalent to \$7.2 million—expected to become effective in mid-2006.

Donor joint progress monitoring reviews

In May 2005, the World Bank—along with the U.K. Department for International Development (DFID), German Development Bank, United Nations Capital Development Fund and Royal Netherlands Embassy in Sana'a—conducted a joint review to assess progress on projects from the SFD's second phase in achieving their development objectives and to discuss preparation of an implementation completion report (see below). The mission also reviewed the SFD's progress on its third phase. In addition, the mission visited several projects implemented by the SFD in Aden and Taiz governorates involving microfinance, groups with special needs, cultural heritage, rural roads and training.

A second joint review—made up of the World Bank, European Commission, DFID, German Development Bank and Netherlands embassy—was carried out in December 2005 to assess the performance and outcomes of the SFD's second-phase projects as part of the implementation completion report preparation. The preliminary ratings were very positive. The

mission also reviewed the SFD's progress toward development objectives in its third phase.

Implementation completion report for the SFD's second phase

The borrower's (government's) implementation completion report for the SFD's second phase was prepared in 2005. The report assessed project goals, designs, implementation and operational experience and evaluated SFD performance during project implementation—with an emphasis on lessons relevant for the third phase. In addition, the report evaluated the performance of the World Bank and other funders, including the effectiveness of their technical and financial assistance.

It is worth noting that, during its second phase, the SFD benefited from a credit (YEM-3353) provided by the International Development Association (IDA) for SDR 57 million (\$75 million equivalent), as well as funding from the Arab Fund for Economic and Social Development (\$49.8 million equivalent), European Community (15 million euros split between the first and second phases), Dutch government (\$26.4 million), U.S. government (two grants totaling \$13.5 million), Islamic Development Fund (\$6 million) and U.K. Department for International Development (\$2.8 million).

Appraisal of rain-fed agriculture and livestock

During 2005, several consultations about the SFD's Rain-fed Agriculture and Livestock Project were held with the World Bank. This project has three components: introducing a farmer-based system of seed improvement and management, providing livestock husbandry and veterinary services, and promoting productive rural development. The SFD will implement the rural development component, which includes support for farmers in rain-fed areas in 22 districts of five governorates. The Ministry of Agriculture is responsible for the other two components. Appraisal of this project occurred at the end of 2005, and the project agreement is expected to be signed in early 2006.

Funding sources for the third phase

The third phase of the SFD's operations started at the beginning of 2004. Given project needs under this phase, SFD management has increased its efforts to attract financing—resulting in new credits, loans and grants from donors such as the World Bank, Organization for Petroleum Exporting Countries (OPEC), European Commission, International Fund for Agricultural Development (IFAD), Saudi Fund for Development, and governments of Britain, Germany and the Netherlands. By the end of 2005 a \$219 million had been secured is two-thirds of the external funding required for the third phase.

German Development Bank first grant 2003 65 155

This grant agreement, signed in March 2004, will provide 4 million euros (about \$4.8 million) for the SFD's community development and capacity building programs during the third phase.

World Bank/International Development Association credit YEM-3861

This \$60 million credit, signed in April 2004, finances the full range of SFD activities during the third phase. The credit became effective in August 2004; 98% has been committed, and the 2% balance represents the unallocated amount set in the credit agreement.

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

This grant will provide £12 million (\$21.24 million) for projects during the SFD's third phase. The amount allocated for projects has been committed. In addition, £0.3 million has been allocated to provide the SFD with technical assistance managed by the donor.

Netherlands government education grant 10784 and health grant 10829

The education grant, agreed to in November 2004, will provide \$6.1 million for SFD education projects during the third phase—with the aim of supporting Yemen's progress toward the Millennium Development Goals. Under the health grant, also signed in November 2004, the SFD will receive \$2.75 million for health projects during its third phase. Both grants are planned to be closed by the end of 2006.

European Community trust fund grant 053450

The SFD will use this 8 million euro (\$9.4 million) grant for local development programs, water supply and sanitation, feeder roads and capacity building.

The grant is in the form of a trust fund administered by the World Bank and is expected to be closed by 31 August 2007.

OPEC Fund for International Development loan 959P

This \$13 million loan, which was signed in February 2004 and became effective in October 2004, will finance projects involving education, water, the environment, groups with special needs, health, roads and capacity building. This loan has already been fully committed.

Arab Fund for Economic and Social Development Loan

This loan agreement, for 15 million Kuwait dinars (\$50 million), was signed in April 2005 to finance projects during the SFD's third phase involving education, water, health, roads, the environment, groups with special needs, cultural heritage and microfinance. The agreement is expected to be effective by mid-2006.

International Fund for Agricultural Development (IFAD) loan 638-YE

A \$14 million loan agreement was signed between the Yemeni government and IFAD in March 2005. Of that, \$4.35 million will be channeled to the SFD per an agreement with the Ministry of Planning and International Cooperation to implement the water component of the loan agreement, which involves implementing the drinking water supply component of the Al-Dhale' Community Resource Management Project. This agreement is expected to be effective in 2006.

Saudi Fund for Development loan 422/24

In December 2004, an agreement was signed between the government of Yemen and the Saudi Fund for Development to provide a loan for 75 million Saudi riyals (\$20 million) to support the SFD's education projects during its third phase. This agreement became effective in October 2005, with commitments exceeding \$14 million by the end of 2005. It is expected to be fully committed by mid-2006.

German Development Bank second grant 2004 65 757

This grant was signed in August 2005 and will provide 5 million euros (about \$6 million) for community development and capacity building programs.

German Development Bank third grant

This grant was committed during October 2005 negotiations about German financial cooperation with Yemen. The grant, for up to 6 million euros (\$7.2 million), is expected to become effective in mid-2006.

Netherlands government education grant 13202 and health grants 13253 and 13256

The \$8.5 million education grant, to expand and improve basic education, was signed in November 2005. Health grant 13253, for \$0.92 million and also signed in November, will support and improve reproductive health services, including emergency obstetric care in Salakhana hospital (Al-Hudaidah). Health grant 13256, for \$3 million and signed in December, focuses on reproductive and neonatal health care.

Netherlands government microfinance grant 0060844

This contribution agreement, for \$0.75 million, was signed in November 2005 to help implement the International Finance Corporation's Business Edge Subsidy Scheme.

U.S. government health grant SEC416b-2002 Program

As part of the support provided to the Ministry of Health through the U.S. food aid program, a subsidiary agreement was signed in April 2005 between the Ministry of Planning and International Cooperation, the American Embassy and the SFD to implement a \$0.5 million training project for health workers in Shabwa and Al-Jawf governorates.

U.S. government community development program 2003 PL-480

In April 2005, the U.S. embassy agreed with the Ministry for Planning and International Cooperation to provide the SFD with \$0.5 million to implement community development projects in the Tehama and Hajjah regions. A sub-agreement between the ministry and the SFD was signed in November 2005.

Grants from the United Nations Educational, Scientific and Cultural Organization (UNESCO)

Two activity-financing contracts were signed between UNESCO and the SFD. The first, in November 2005, seeks to preserve endangered tangible cultural assets at the archaeological site of Al-Jawf. The second, for the preservation and promotion of intangible cultural heritage in Sana'a, was signed in December 2005. The two contracts are worth \$140,540.

TABLE 12. SOURCES OF SFD FINANCING, SECOND AND THIRD PHASES (U.S. DOLLARS)							
Source	2000	2001	2002	2003	2004	2005	Total
World Bank/IDA credit YEM-3353, second phase	0	10,386,683	21,398,527	27,609,368	13,178,312	3,670,288	76,243,178
World Bank/IDA credit YEM-3861, third phase						14,279,146	14,279,146
World Bank IDF grant TF050401-YEM	0	0	0	50,000	85,496		135,496
Yemen government	567,873	865,701	838,551	1,763,429	6,177,356	7,256,741	17,469,651
European Community grant B7-3000/IB/97/0466	1,149,419	946,597	2,549,190	6,851,564	1,321,395	883,187	13,701,352
European Commission Trust Fund 053450						977,117	977,117
Arab Fund for Economic and Social Development loan 425/2002	0	0	6,641,843	8,493,867	10,176,391	25,677,545	50,989,646
U.S. government SEC-416 b FY-2002	0	0	0	2,500,000	0	2,500,000	5,000,000
U.S. government SEC-416 b FY-2002 Mareb Museum	0	0	0	0	0	1,600,000	1,600,000
U.S. government SEC-416b FY-2002 (for training health workers in Shabwa and Al-Jawf)						250,000	250,000
OPEC Fund for International Development loan 959P						3,498,012	3,498,012
Islamic Development Bank loan 50/YAR	0	0	0	1,511,521	3,252,405	1,651,430	6,415,356
Netherlands second phase grant YE 024601	0	5,976,096	3,500,000	10,537,007	6,422,343		26,435,446
British government grant to the SFD second phase	0	0	0	0	2,886,095		2,886,095
Arab Fund grant (Grand Mosque)	0	0	0	0	169,532	171,129	340,661
U.K. Department for International Development third phase	0	0	0	0	2,772,950	10,875,158	13,648,108
German Development Bank (KfW) first grant 2003 65 155	0	0	0	0	1,547,027	2,963,172	4,510,199
German Development Bank (KfW) second grant 2004 65 757	0	0	0	0	0	600,395	600,395
Netherlands government education 10784	0	0	0	0	3,000,000	2,650,000	5,650,000
Netherlands government health 10829	0	0	0	0	1,979,325	0	1,979,325
Netherlands government education 13202	0	0	0	0	0	4,250,000	4,250,000
Netherlands government health 13256	0	0	0	0	0	1,500,000	1,500,000
Netherlands government Salakhana Hospital 13253	0	0	0	0	0	691,132	691,132
Netherlands government microfinance 0060844	0	0	0	0	0	156,250	156,250
UNESCO grants	0	0	0	0	0	32,850	32,850
Total	24,474,344	40,244,472	43,400,639	60,821,260	52,968,627	86,133,552	308,042,894
Interest earned	434,676	431,994	436,349	372,931	647,881	880,095	3,203,926
Income	343,685	682,145	865,461	1,119,158	306,159	686,562	4,003,170
Recovered expenses	178,022	53,013	93,349	157,280	2,632,093	1,860,798	4,974,555
Recovered loans	0	0	0	222,037	251,197	291,819	765,053
Grand total	25,430,727	41,411,624	44,795,798	62,692,666	56,805,957	89,852,826	320,989,598

Note: Equivalent amounts of funds in U.S. dollars are approximate

Annexes



SFD commitments, disbursements and other project data

Table A1. SFD estimated commitments by program, 2005 and cumulative (millions of U.S. dollars)		
Program	2005	Cumulative
Community development	77.4	364.1
Capacity building *	9.5	48.1
Small and micro-enterprises	3.6	11.3
Total	90.5	423.5

* Includes SFD operating expenses and fixed assets

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

Table A2. SFD disbursements by program, 2005 and cumulative (millions of U.S. dollars)		
Program	2005	Cumulative
Community development	64.1	267.9
Capacity building *	11.9	41.3
Small and micro-enterprises	2.2	7.5
Total	78.2	316.7

* Includes disbursements for SFD operating expenses and fixed assets

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

Figure A1. Distribution of SFD commitments by sector, 2005

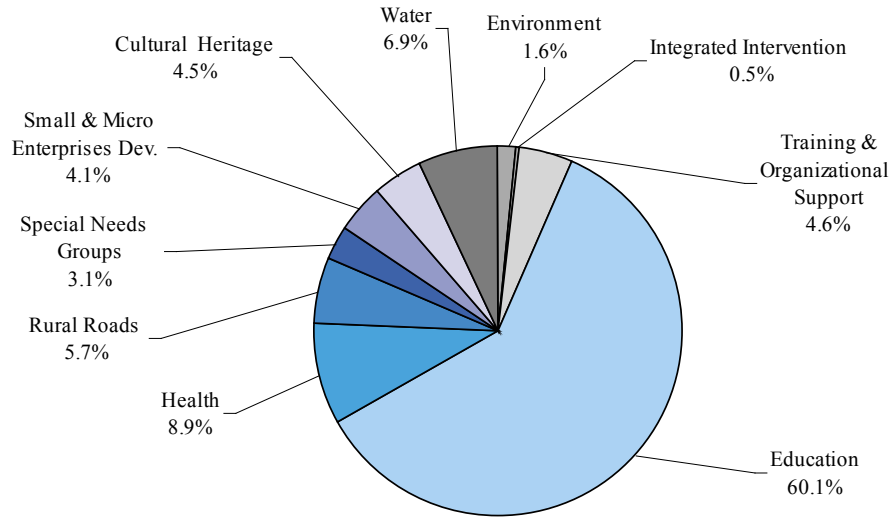


Figure A2. Distribution of SFD commitments by sector, 1997–2005

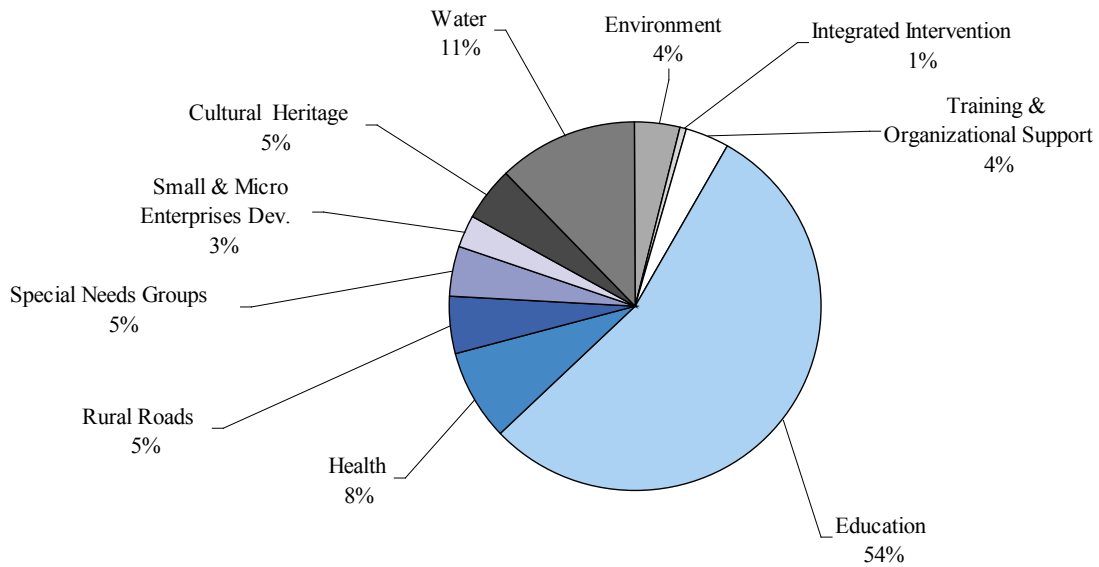


Figure A3. Distribution of SFD commitments by governorate, 2005
Millions of U.S. dollars

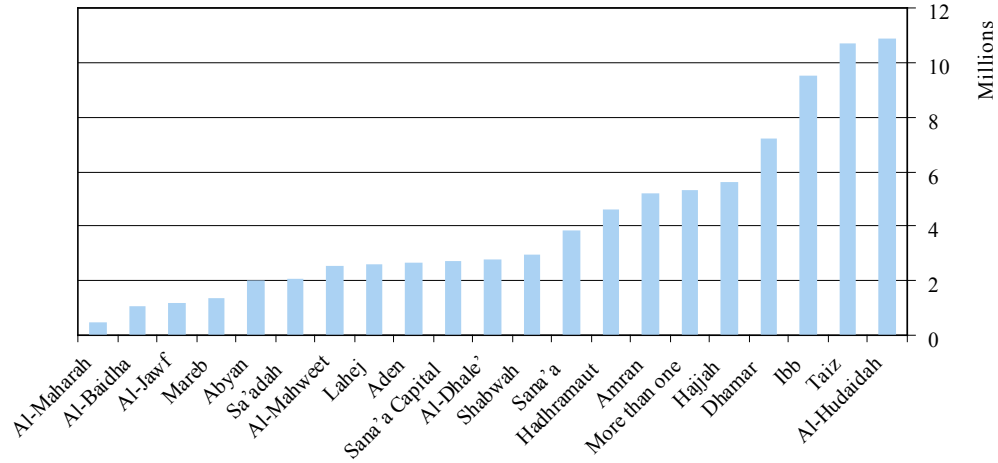
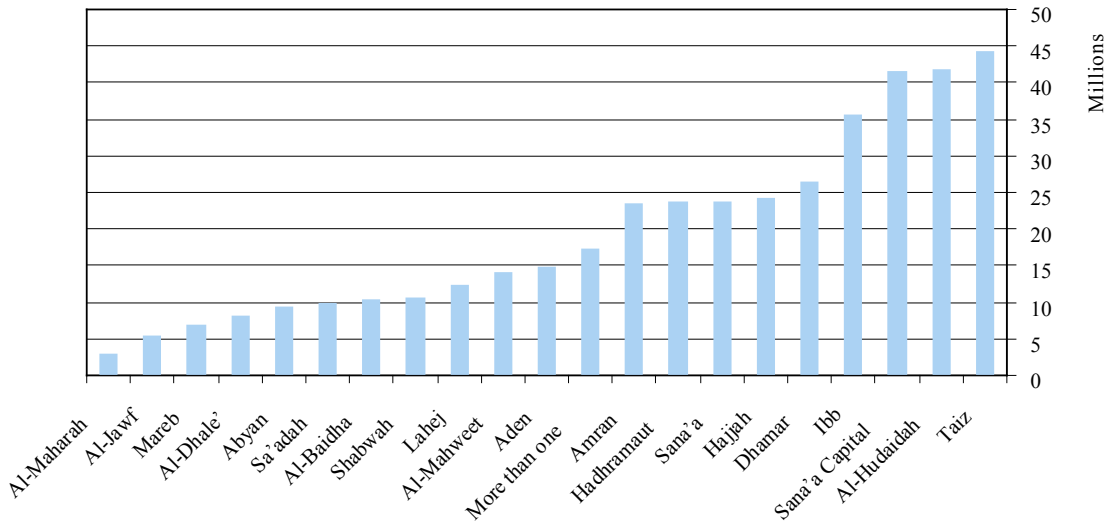


Figure A4. Distribution of SFD commitments by governorate, 1997–2005
Millions of U.S. dollars



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

Figure A5. SFD commitments, 1997–2005
Millions of U.S. dollars

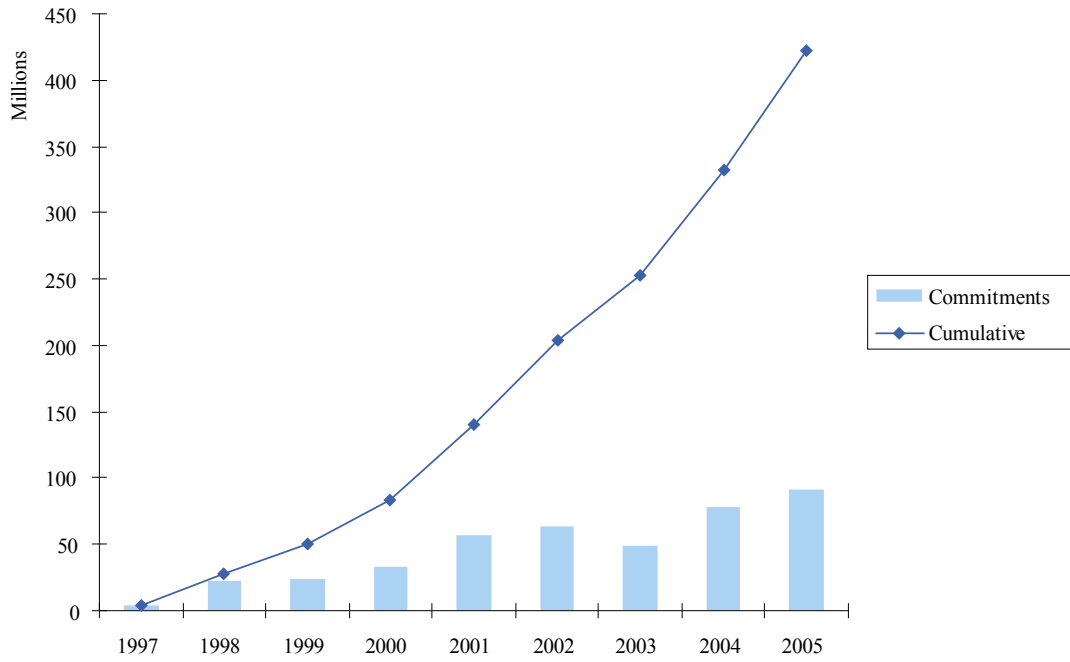


Figure A6. SFD disbursements, 1997–2005
Millions of U.S. dollars

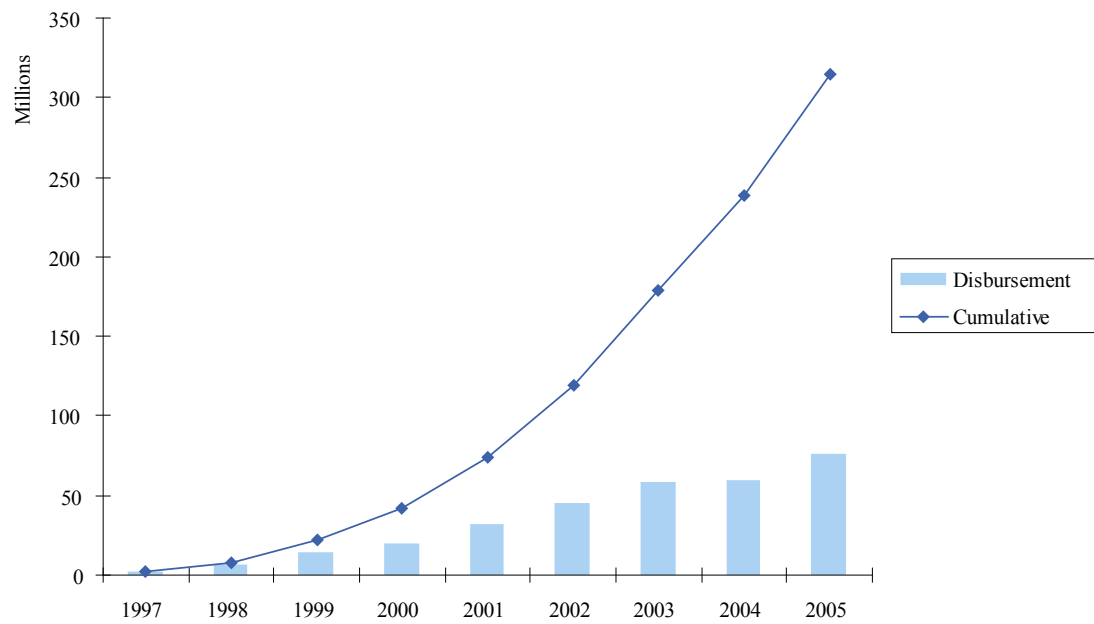


Figure A7. Temporary employment created by SFD projects, 1997–2005
Millions of days

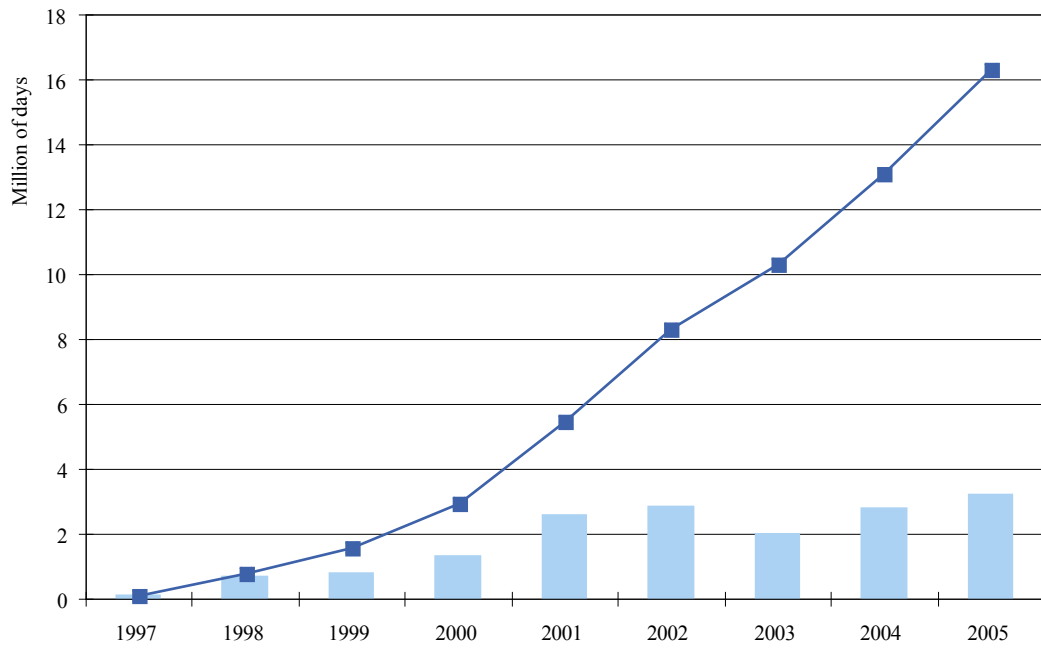
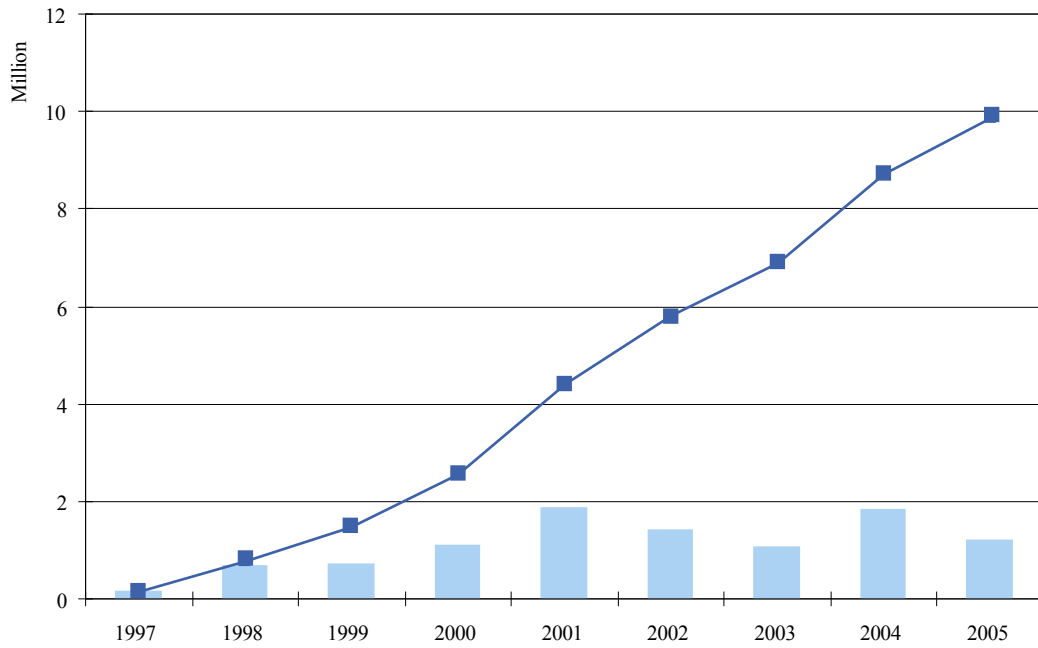
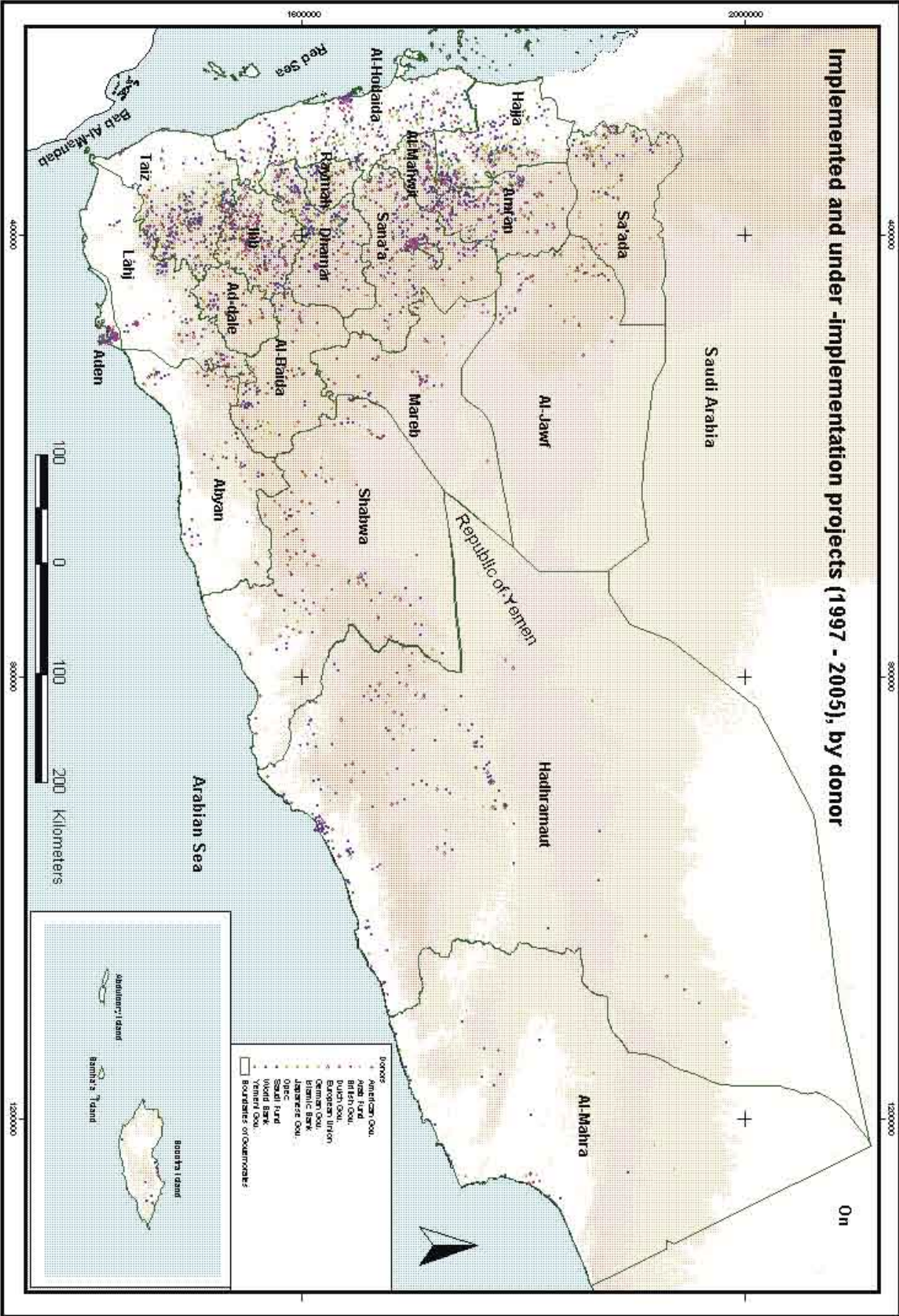


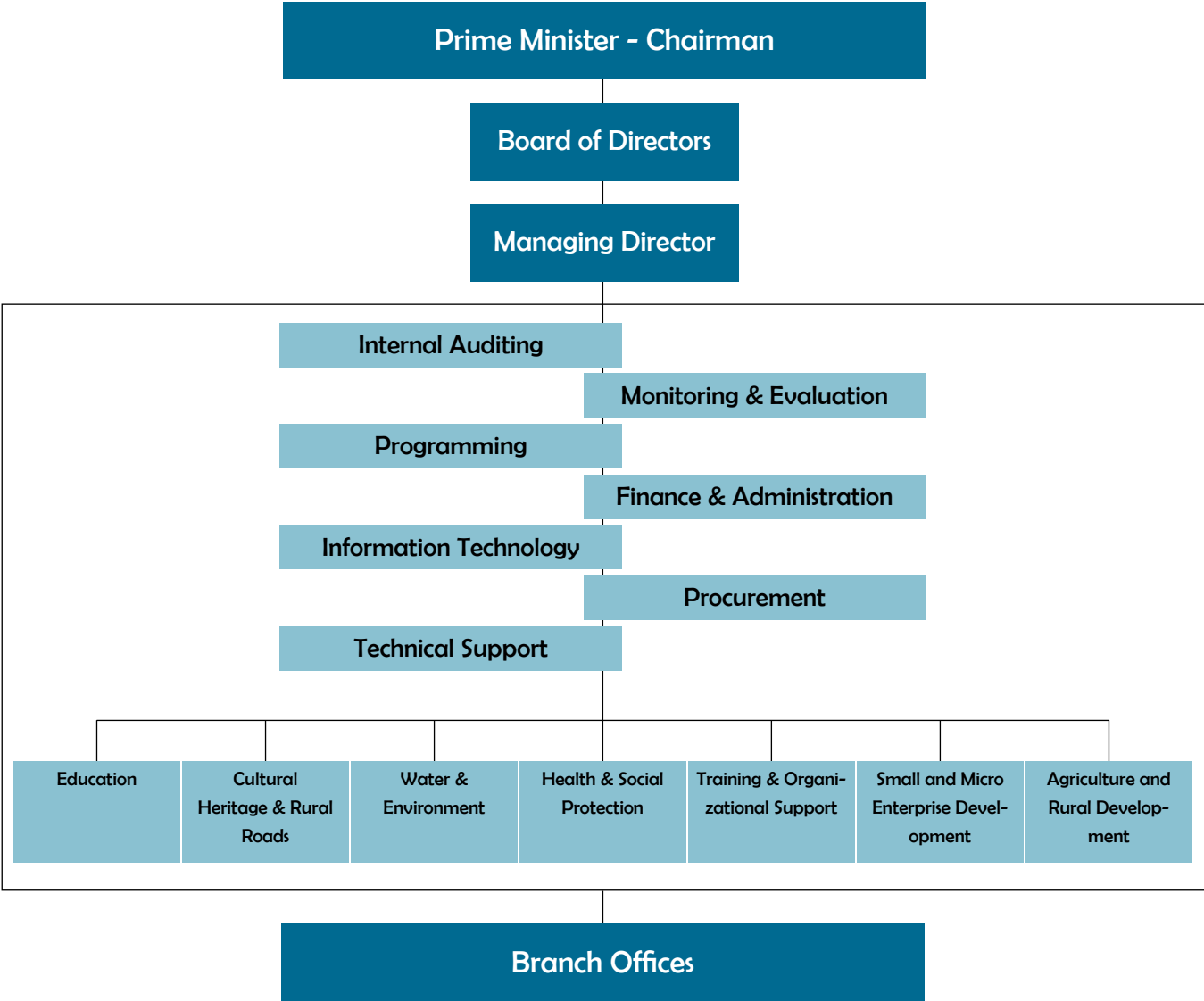
Figure A8. Direct beneficiaries of SFD projects, 1997–2005
Millions



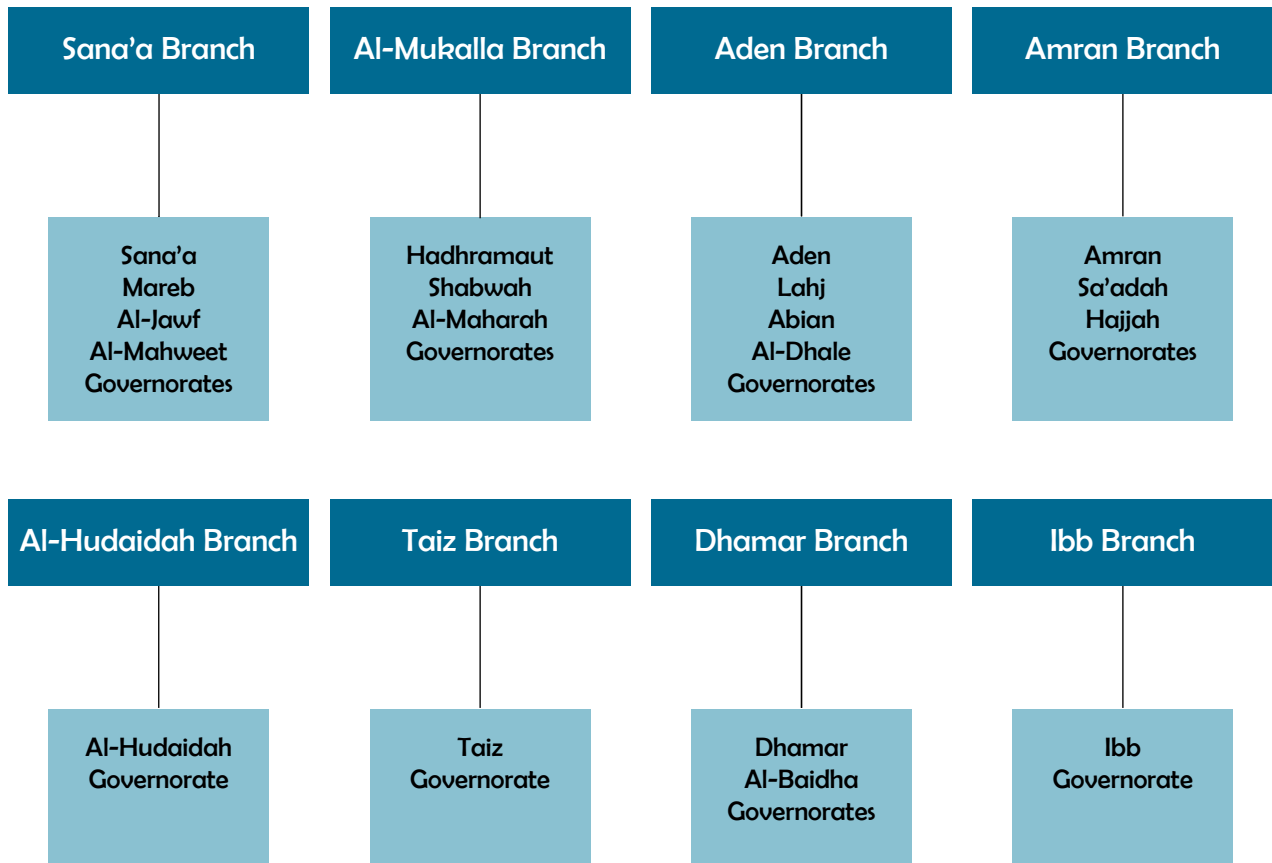
Geographic distribution of ongoing and implemented projects by donor, December 2005



SFD organizational structure



SFD branch offices



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