

front cover

In the Name of Allah, the Gracious, the Merciful



His Excellency Ali Abdullah Saleh
President of the Republic of Yemen

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Contents



The Social Fund for Development - A Brief Profile	6
Board of Directors	7
Statement of the Chairman of the Board of Directors	8
Statement of the Managing Director	9
Executive Summary	10
2007 Operations	11
Targeting and allocation of funds	11
Education	14
Water and Environment	20
Health and Social Protection	24
Agriculture and Rural Development	30
Training and Organizational Support	37
Cultural Heritage	43
Small and Micro-Enterprise Development	46
Institutional Development	53
Gender Mainstreaming Strategy Framework, 2008-10	55
Monitoring and Evaluation	57
Funding Sources and Management	60
Annexes	67
References	76

The Social Fund for Development

A Brief Profile



Yemen's Social Fund for Development (SFD) was established in 1997 to support implementation of the government's plans for social and economic development. The SFD is an administratively and financially autonomous agency governed by a Board of Directors chaired by Prime Minister Ali Muhammad Mujawar. The Board—with members representing the government, civil society and the private sector—defines SFD strategies and policies and monitors their implementation and performance.

The SFD's main goals are to reduce poverty and improve living conditions for poor people by increasing access to basic services, while also providing an example of an effective, efficient, and transparent institutional mechanism by refining approaches to the delivery of social services and empowering local communities and councils to take charge of their development.

The SFD pursues its goals through three main programs:

- The Community Development Program increases access to basic social and economic infrastructure.
- The Capacity Building Program helps build the capacity of local partners, including communities, nongovernmental organizations (NGOs), government agencies, consultants and contractors.
- The Small and Microenterprise Development Program provides microfinance services through intermediaries such as NGOs and develops financial and nonfinancial services for small entrepreneurs.

These three programs cover projects in a wide range of sectors, and are implemented by SFD units focused on education, water and the environment, health and social protection (including for groups with special needs), agriculture and rural development (including rural roads and integrated interventions), training and organizational support, cultural heritage, and small and microenterprise development.

By the end of 2007 the SFD had committed about \$596 million to some 6,914 projects. These projects have provided access to basic services for more than 14.4 million direct beneficiaries—more than half of them female—and generated 23.6 million days of employment.

The SFD's first and second phases of operations ran during 1997–2000 and 2001–03 and involved \$90 million and \$200 million in costs (respectively). Remarkable outcomes were achieved in both phases. The third phase, originally planned to run from 2004–08, was extended to 2010 to synchronize with the government's third Five-Year Plan for Economic and Social Development and Poverty Reduction (2006–10).

By the end of 2007 the SFD had completed a Mid-Term Vision (2006–10) to meet the evolving challenges of alleviating poverty. The Mid-Term Vision encompasses many themes: empowering communities and promoting local development, expanding and enhancing economic activities, strengthening local and national institutions and partnerships, and creating synergies and increasing efficiency within and outside the SFD.

SFD funding has come from many sources, including the Yemeni government, Arab Fund for Economic and Social Development, European Community, German Development Bank (KfW), International Fund for Agricultural Development, Islamic Development Bank, Italy, Netherlands, OPEC Fund for International Development, Saudi Fund for Development, U.K. Department for International Development, United Nations Educational, Scientific, and Cultural Organization, United States and World Bank. In addition, communities that benefit from SFD interventions contribute to project costs by providing labor, construction materials, other in-kind contributions and cash.

Board of Directors

His Excellency Dr. Ali Mohammed Mujawar

Prime Minister and Chairman of the Board

Dr. Amat Al-Razzaq Hummad

Minister of Social Affairs and Labor and Vice Chairman of the Board

Abdulkarim Ismail Al-Arhabi

Vice Prime Minister for Economic Affairs, Minister of Planning and International Cooperation and Managing Director of the Social Fund for Development

Numan Taher Al-Suhaibi

Minister of Finance

Abdulkader Ali Hilal

Minister of Local Administration

Dr. Abdulsalam M. H. Al-Joufi

Minister of Education

Dr. Ibrahim Omar Hejri

Minister of Technical Education and Vocational Training

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

Ahmed Mohammed Do'maim

Banking Sector Representative

Statement of the Chairman of the Board of Directors



The 10 years since the inception of the SFD have made clear the significance of the government's 1997 decision to establish the Fund. The SFD has made important contributions to government efforts to advance social goals and reduce poverty.

Through its advanced policies and practices, the SFD has evolved into a center of excellence in the state's institutional structure. The SFD has developed and intensified its interventions and benefited from national and international experiences—as confirmed by the findings of various evaluations conducted by impartial, specialized international firms as well as regular evaluations carried out by donors.

We appreciate the extension of the third phase of the SFD's operations and coordination of its Mid-Term Vision with the third Five-Year Plan for Economic and Social Development and Poverty Reduction (2006–10). This synchronicity underscores the growing role the SFD plays in national efforts to improve the living conditions of Yemen's people.

Dr. Ali Muhammad Mujawar

Prime Minister
Chairman of the SFD Board of Directors

Statement of the Managing Director



In 2007, the SFD launched the second decade of its operations with ever-growing determination to continue to expand its contributions to Yemen's development through projects and programs that help poor people in the neediest areas.

In 2007, the SFD finalized its Mid-Term Vision, which outlines the directives of its efforts through 2010—conforming to the time-span of the third national Five-Year Plan for Economic and Social Development and Poverty Reduction. In addition, the SFD developed the Gender Mainstreaming Strategy and Framework (2008–10), the first ever of its kind in the country, which aims to increase the quality and effectiveness of its contributions to sustainably reducing the poverty and improving the status of—and respect for—women throughout the country.

The SFD developed about 943 projects in 2007, with commitments exceeding \$97 million. This brings the SFD's commitments to \$600 million in about 7,000 projects in various sectors and programs. On the other hand, the SFD continuously seeks to improve the quality of its interventions—despite the challenges that it faces, particularly in terms of limited local capacities.

In recognition of the role that it plays in preserving Yemen's historical heritage and features and maintaining and rehabilitating sites and monuments of cultural values increasingly paid attention to by national, regional, and international agencies, in 2007 the SFD was awarded the internationally renowned Aga Khan award for two of its cultural heritage projects.

All these achievements and successes could be achieved only with the continuous support of Yemen's political leadership, under the guidance of His Excellency Ali Abdullah Saleh, President of the Republic, as well as the government at large and the SFD's Board of Directors—chaired by His Excellency Dr. Ali Muhammad Mujawar, the Prime Minister. In addition, appreciation is extended to the SFD's donors, development partners—government agencies, NGOs, community committees and so on—and SFD staff at the main and branch offices.

Abdulkarim Ismail Al-Arhabi

SFD Managing Director

Executive Summary



This report summarizes activities conducted by the SFD in 2007, when 943 projects were developed and commitments exceeded \$97 million. Since its inception in 1997, SFD commitments have totaled \$596 million. During the year the SFD—working with stakeholders—also completed and approved its Mid-Term Vision for 2006–10.

In addition, the SFD developed its Gender Mainstreaming Strategy and Framework, covering 2008–10. This strategy emphasizes the SFD's role in carrying out interventions serving both sexes as part of realizing its equity objectives and commitment to promoting gender equality in its projects and programs aimed at reducing poverty. The SFD's strategy builds on and supports the government's National Strategy for Women's Development (2006–15). It also supports implementation of the third Five-Year Plan for Economic and Social Development and Poverty Reduction.

In 2007 education projects continued to account for the majority of SFD investments, with 33.4% allocated to the sector. Areas of focus included expanding infrastructure for basic education, improving the quality of education and promoting education of rural girls.

The SFD also continued to emphasize traditional rain-water harvesting projects, focusing on low-cost techniques and local knowledge and traditions, as well as low-cost sanitation projects based on the community-led total sanitation approach, which emphasizes raising community awareness. Water and environment projects accounted for 10.8% of SFD investments in 2007.

Health projects, which made up 9.6% of SFD investments in 2007, focused on improving access to primary and reproductive health care, training rural

health workers (particularly women) and improving the performance of health institutes. The SFD also continued to advocate for the rights of groups with special needs and support efforts to integrate them with mainstream society by implementing projects targeting them and supporting NGOs working with them. These projects accounted for about 2.4% of investments in 2007.

The SFD also supported agriculture and rural development through projects for rural roads (9% of investments in 2007) and labor-intensive interventions focused on street paving (16%), as well as support for livestock, rain-fed agriculture and integrated interventions (2.8%).

During 2007 the SFD paid significant attention to supporting local authorities and enhancing decentralization efforts. It also helped build the capacity of NGOs and community organizations and emphasized the importance of training and building human and institutional capacity throughout the country. About 7.2% of investments went to training and organizational support.

In addition, the SFD continued to support conservation and restoration of historical monuments and archeological sites of significant cultural value, with about 5.9% of investments in 2007 going to cultural heritage projects. Moreover, the SFD has been building local capacity in this field nationwide.

During the year the SFD also continued to support micro-finance programs and enhance their competitiveness as well as improve their services. Small and microenterprises (along with business development services) accounted for 2.8% of SFD investments in 2007.

2007 Operations



In 2007 the SFD's projects and programs were implemented by its seven executive units: Education, Water and Environment, Health and Social Protection, Agriculture and Rural Development, Training and Organizational Support, Cultural Heritage, and Small and Micro Enterprise Development. During the year the SFD approved 943 projects worth an estimated \$97 million (table 1).

<i>Indicator</i>	<i>Planned</i>	<i>Implemented</i>	<i>Implemented/planned (%)</i>
Number of projects	935	943	101
Commitments (millions of U.S. dollars)	86.4	97.0	112
Disbursements (millions of U.S. dollars)	104.5	96.4	93

Targeting and allocation of funds

In its efforts to reduce poverty and unemployment, the SFD responds to the priority needs of communities by targeting the poorest and most remote areas and the neediest groups. Thus the SFD's targeting policy allocates more financial resources to interventions and projects in poor and needy areas and communities. Targeting policy relies on the most recent poverty indicators for the country, derived from reports by the Yemeni government, World Bank and United Nations Development Programme. As such, the SFD distributes available and expected allocations among the country's governorates, then the districts in each.

The SFD uses three types of targeting:

- **Geographic.** Geographic targeting accounts for the largest number of projects and allocation amounts. Allocations focus on governorates and districts based on the number of poor households they contain. In addition, a demand-driven approach is used for sub-districts and villages within districts to ensure that poorer areas receive more funds.
- **Sector.** The SFD addresses problems such as low girls' education enrollments, shortages of health workers in rural areas, and weak institutional and technical capacity among local NGOs. Responses are adapted to the problems faced—for instance, by sponsoring training for health workers in underserved rural areas, designing capacity building programs for NGOs and creating microfinance programs.
- **Social.** The SFD pays special attention to groups with special needs, including disabled people, children at risk (such as orphans, street children and child laborers), women at risk (such as incarcerated women) and socially marginalized groups (such as slum dwellers and the *al-akhdam*—one of the least privileged groups, comprising a minority of Yemen's population).

Labor-Intensive Program

This program was initiated in late 2006 in response to a government mandate to implement labor-intensive projects that provide job opportunities to unskilled laborers, with government funding totaling \$25 million a year. The program aims to create 8–10 million days of employment in 2006–10.

The program focuses on projects such as urban street paving, rural access roads, rainwater harvesting and school construction. Criteria for investment allocations include the percentage of the population living under the national poverty line (based on the 2005 Household Budget Survey) and the number of the poor people and unemployment rates at the governorate level (from the 2004 Census and Labor Force Survey). Although a substantial number of projects under the program are implemented in urban and semi-urban areas, the program mainly benefits workers who have emigrated from rural areas.

In 2007 the project approved 120 projects worth an estimated \$27.1 million, with the cumulative number of projects reaching 197 and the cost \$42.2 million.

Targeting indicators

Projects and beneficiary cities and villages are chosen based on seven basic targeting indicators reflecting living standards and availability of basic services (using data from the 1994 Census and 1999 National Poverty Survey). The indicators are illiteracy among those age 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 sewerage and sanitation.

An aggregate poverty indicator was developed as a simple average of the seven indicators for each location's population. The single indicator was used to split beneficiary locations into four groups, or quartiles. The higher a location's poverty indicator, the worse are its living conditions.

Allocation of funds

Under the SFD's investment plan for its third phase, including its extension (2004–10), some \$500 million (60–65%) was allocated using geographic targeting; that is, it went to governorates and districts. The rest was distributed using sector and social targeting as well as the Labor-Intensive Program. In 2007 about \$49.4 million in commitments were allocated for 418 projects based on geographic targeting (table 2).

- *First group* (poverty indicator of 0–25%). Of all SFD projects and commitments in 2007, only 44 projects (11%) and \$5 million in commitments (10%) went to this better-off category.
- *Second group* (poverty indicator of 26–50%). The second better-off category got 75 projects (17%) and commitments of \$10.5 million (21%).
- *Third group* (poverty indicator of 51–75%). The third quartile is considered poor, and nearly half of Yemen's poor population falls into it. This group received 208 projects (50%) and commitments of \$23.5 million (48%).



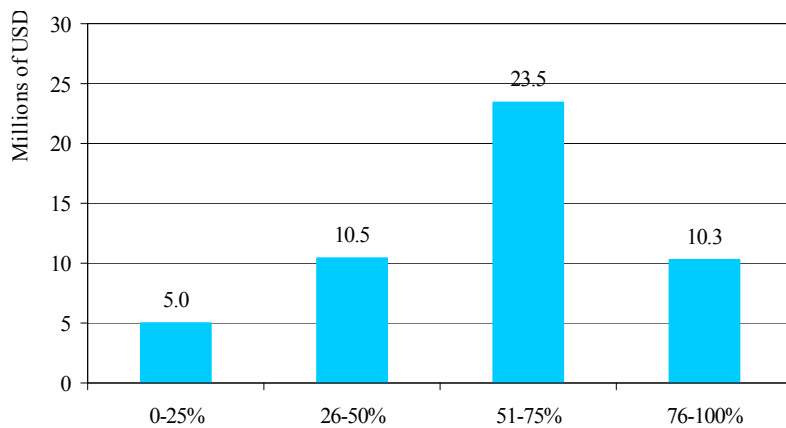
Community Participation – Raydat Qusaer, Hadhramaut

<i>Type</i>	<i>Number of projects</i>	<i>Share of project distribution (%)</i>	<i>Commitments (millions of U.S.dollar)</i>	<i>Share of commitment distribution (%)</i>
Geographic	418	44	49.4	51
Social	50	5	2.3	2
Sector	354	38	18.3	19
Labor-Intensive Program	120	13	27.1	28
Total	942	100	97.1	100

- *Fourth group* (poverty indicator of 76–100%). Representing the poorest and neediest areas (figure 1), this group got 91 projects (22%) and \$10.3 million (21%).

Thus, \$33.8 million (68%) of geographically targeted investments went to areas with aggregate poverty indicators above 50 percent—that is, the poorest and neediest areas—while only \$15.5 million (32%) benefited better-off areas with aggregate poverty indicators of 50 percent and less.

Figure 1: More than two-thirds of geographically targeted SFD investments went to high-poverty areas in 2007



Poverty indicator of targeted areas
(The higher the poverty indicator, the worse are the living conditions)

Education



The SFD's vision for aiding and supporting the Ministry of Education focuses on implementation of the National Basic Education Development Strategy and the international goal of attaining Education for All. During 2007 the SFD pursued its education goals for its third phase and its Mid-Term Vision (2006–10) in harmony with the national Third Five-Year Plan for Social and Economic Development and Poverty Reduction (2006–10).

In 2007 the SFD committed to 234 education projects worth an estimated \$32.5 million. Since the SFD's inception in 1997, 3,065 education projects have received commitments, with expected costs reaching more than \$300 million (table 3).

Table 3. Indicators for the SFD's Education Unit, 2007 and cumulative

<i>Indicator</i>	<i>2007</i>	<i>Cumulative</i>
Number of projects	234	3,065
Commitments (millions of U.S. dollars)	32.5	301.0
Disbursements (millions of U.S. dollars)	45.6	246.7
Direct beneficiaries (millions)	0.1	1.9
Female share of direct beneficiaries (%)	43	44
Temporary employment created (days)	1,075,233	11,749,443



22nd May Girls School – Al-Khoukba (Al-Hundaidah)

In 2007 the SFD's education interventions focused on expanding infrastructure for basic education, improving the quality of education and promoting education of rural girls.

Expanding infrastructure for basic education

This program helps improve and expand basic education infrastructure, primarily by building schools to enhance the system's capacity to absorb school-age children. SFD projects also rehabilitate educational institutions, make the educational environment more supportive and conducive for students, add classrooms and other facilities to existing institutions to reduce overcrowding, and furnish and equip schools.

During 2007 this program developed 197 projects, which included constructing 1,256 new classrooms and rehabilitating 145 existing ones. Some 70,687 students are expected to benefit from these projects—31,871 (45%) of them female.

Improving the quality of education

This program is being implemented in 17 pilot schools in nine governorates (eight schools in the Capital City, two in Hajjah and one in each of Abyan, Aden, Amran, Al-Mahweet, Ibb, Sana'a and Taiz) to provide models of quality schools and advanced education concepts, methods and practices. The goal is to improve education outcomes by increasing the use of technology in education, improving school environments and administrations, building the capacity of teachers, counselors, parents and students, and developing more effective teaching methods, activities and learning resources.

In 2007 the SFD developed 12 projects to empower school administrators and students by providing them with technology and equipment, training female and male teachers, administrators, social workers and librarians, and conducting follow-up assessments and evaluations.

During the year 30 training courses were conducted in the pilot schools, reaching 154 female and 83 male staff. In addition, about 220 male and 720 female students participated in preparing online curriculum-based lesson sessions using Douroub Net.*

Training of school headmasters and headmistresses and their deputies focused on building their managerial capacities and skills to enable them to improve their performance by benefiting from the three main aspects of the training: use of technology in education, strengthening of school environments and support systems, and developing skills. In addition, teachers in the pilot schools participated—for the first time—in lessons delivered over the Internet. This was done through a series of technical training courses delivered through Douroub Net. The courses included discussions on classroom management, ensuring content safety in using the Internet, promoting learning skills and professional and personal needs online, and continuing training to improve English reading and writing skills. Around 69 male and female teachers benefited from the courses, as well as 31 school activity teachers who learned about setting, forming and managing goals for school activity groups.

In addition, training of 31 male and female school social specialists covered both theoretical and practical aspects of psychological counseling. Moreover, 33 librarians of both sexes in the pilot schools were



Girls receiving education in a community classroom, Sa'adah

* Douroub, or "empowerment through global education" is a professional development program for teachers with the aim of creating a cadre of educational trainers qualified in providing educational solutions to address the needs of Yemen's education system in serving gifted and talented students and students with special needs and in using information technology and Internet technology. Designed in English and Arabic, it provides the basis needed to grow as a locally owned program capable of supporting all schools in Yemen.

Box 1: For Girls Only

On the Omar Bin Al-Khattab block in the suburbs of Seyoun City (Seyoun district, Hadhramaut governorate), most services are scarce—including education. Until an SFD intervention, only the old Al-Kefah Basic School existed, and was attended by both girls and boys. Moreover, the school had become overcrowded, and the building was falling into disrepair. This overcrowding forced the school administration to send some students to classes in the nearest school—a 45-minute walk.



Filling a need

Coeducation was among the reasons that girls were reluctant to attend the Al-Kefah Basic School. The girls' parents also disliked the notion of coeducation. Even introducing additional classes did not alleviate this disinclination, so the number of female students was gradually falling. Thus there emerged a growing need for a girls-only basic school. An SFD team visited the area in 2002 to assess its needs and decided to finance the construction, furnishing and equipping of the Omar bin Al-Khattab School for Girls.

The new school—which cost \$200,000, with residents contributing \$9,000—was completed in 2004 and has 18 classrooms and supporting facilities, including a management room, teacher housing, a laboratory, a library, space for extracurricular activities, six bathrooms, a playground and 324 double seats. The school increased the number of girls attending basic education, and encouraged collaborative work.

Dreams come true

Salwa—a female teacher in the new school—said that the Omar bin Al-Khattab School for Girls was a dream come true for people in Seyoun, including teachers and girls. Zainab Obaida and Fatima Swaileh (students in sixth grade at the school) expressed their happiness with having a girls-only school. They said that, “study is more convenient and useful, because the school is well equipped.” They added that the new school includes more appropriate facilities for girls, such as a clean bathroom for each grade, an all-female staff and a large yard with trees and other elements that make them feel comfortable and their studies more enjoyable.

Comparing the old and new schools, two other female students in the seventh and eighth grades, Amani and Lamia, said that girls were not comfortable with or interested in attending a coeducational school and that afternoon classes were inappropriate for them—especially in a conservative society such as Seyoun. “We suffered a lot for a long time, but now we have been relieved by virtue first of the grace of Allah, and then by the efforts of the SFD.”

trained on school libraries and librarians' required functions, duties and qualifications in preparing plans, facilitating performance, conducting inventory and managing school libraries.

In addition, during the year all 17 pilot quality schools were equipped with science laboratories, while 13 of these schools were provided with computers (with school laboratory accessories) and school laboratory databases.

Rural Girls' Education Program

This pilot program targets five sub-districts in five governorates—Amran, Al-Dhale', Al-Hudaidah, Sa'adah and Taiz—where the enrollment gap between male and female students exceeds 90% in basic education. The program aims to increase girls' enrollment in the targeted areas by 20% between 2004 and 2008 and enhance community participation in supporting and advocating girls' rights to education. The program also contributes to efforts by the Ministry of Education to narrow the gap between male and female education (box 1).

Twelve projects were developed under the program in 2007, with five involving infrastructure and seven involving capacity building and awareness. The infrastructure projects involved building 26 new classrooms and repairing 12 classrooms and 324 double chairs—with 972 students expected to benefit from these projects (45% of them female). The program's other components included involving community groups, building their capacity and awareness, mobilizing communities and providing community

education classes. In addition, under an agreement signed with the Al-Saleh Social Development Society, school uniforms and bags were distributed to 1,500 male and female students in the Al-Dhale', Al-Hudaidah and Sa'adah governorates.

Community groups

Because community participation is considered an essential part of the Rural Girls' Education Program, the SFD supports and assists local communities in establishing community groups in all the targeted sub-districts. During 2007 six father and six mother councils were formed in four schools in Al-Souda (Amran) and two in Maqbanah (Taiz), in addition to 12 student groups in three schools in Haidan (Sa'adah) and Maqbanah (Taiz).

In addition, an administrative board for women's groups was formed in the Al-Sukhnah district (Al-Hudaidah). About 231 women participated in the board's elections, with 18 female candidates on the ballot and 7 elected. Moreover, male and female student clubs were established in each of the three schools in the sub-districts of Haidan (Sa'adah) and Al-Maga'eshah and Nafnaf (Taiz).

In addition, 20 small libraries were established for children and supplied with books. Sports equipment—including volleyball, football, table tennis and chess supplies—was also provided to 17 schools.

The SFD also provided support to establish an education-supporting development association in Maqbana and form six community committees in Amran governorate and eight beneficiary committees for rural girl development centers in the Al-Hudaidah, Sa'adah and Taiz governorates.



Community Class, Nefnaf, Maqbanah – Taiz

Capacity building was also offered to these community groups through six courses on the SFD's community participation manual, held in Amran and Taiz for 183 members of six parent councils. In addition, a field visit was arranged for parent councils to model schools in Ibb governorate to exchange experiences with their counterparts. An evaluation of parent councils was conducted across the five governorates where



Ayshah Girls School – Taiz

the girls' education program is being implemented, aimed at identifying the impact of the councils and specifying their training needs.

Moreover, the SFD held a 10-day course on administration skills for 22 girls' education and community participation directors and Ministry of Education offices in the targeted areas. In addition, a workshop was organized to familiarize the participants with the partnership signed with the Ministry of Education on the Rural Girls' Education Program and to draft a joint action plan. In addition, a course was conducted on a social services manual for 19 counselors and another on sports for 31 school activity supervisors from 15 relevant schools.

To train community education facilitators, five courses were held for 55 female facilitators from rural girls' skill development centers focused on household economics, food processing, basic dressmaking, handicrafts, hairdressing and first aid. Moreover, seven female and five male facilitators from such centers in the Al-Hudaidah, Sa'adah and Taiz governorates participated in a course on qualifying school sport clubs, which addressed the importance of girls' participation

in sports. In addition, a workshop was organized on leadership, organization and plan preparation—with eight female facilitators participating from the Al-Hudaidah and Taiz governorates.

As for community participation consultants, a training-of-trainers course was held to initiate and train father and mother councils and community groups. It was attended by 23 male and 13 female consultants from the five governorates targeted by the program. In addition, three workshops were held on participation principles, empowerment, social change and use of mediation and different analytical frameworks.

Six workshops were also conducted for male and female student groups, school administrators and school activity supervisors in the districts of Maqbanah (Taiz) and Al-Sukhna (Al-Hudaidah). The workshops—attended by 231 students and 22 headmasters and supervisors of both sexes—aimed to build the capacity of these groups, develop a vision for drafting school activity plans and introduce democratic practices within the groups. In addition, 15 courses were conducted on arts, first aid and household economics in 11 schools in Amran, Al-Dhale', Al-Hudaidah and Taiz, benefiting 712 students.

The SFD also sponsored 10 courses for women's groups on home food processing based on the resources available in the relevant areas, benefiting 212 women. Moreover, six courses on first aid were conducted in six villages in Amran, Al-Dhale' and Al-Hudaidah, and were attended by 147 members of women's groups and mothers councils.

Moreover, a course on administrative skills (planning, follow-up, evaluation, communications, meeting preparation and organization, dispute settlement, report writing) was also arranged for eight members of the administrative body of the Al-Sukhna women's group. Another course in simple accounting was conducted for community-based organizations.

In addition, three awareness meetings were held on the importance of sports for females (particularly girls) and the dangers of chewing qat. The courses were organized in the intervention villages of the Al-Maga'ishah sub-district (Maqbanah, Taiz) by the Yemeni Olympic Committee with coordination and joint efforts by the SFD. The courses were attended by 330 women from mothers councils, females attending illiteracy classes, students from rural skill development centers for girls and girl students from higher levels. Finally, five awareness raising campaigns were waged in

the relevant sub-districts, focusing on the importance of educating rural girls. Male and female students from the schools covered by the program participated in the campaigns and organized school exhibitions to demonstrate creative and art works they had produced during workshops held at summer centers. During the event, 2,500 copies of lesson schedules were distributed as well as 550 posters promoting the importance of education.

Community education classes

These classes target female students age 9–15 who missed or do not have the opportunity to attend formal schools and are not old enough to be part of the groups targeted by literacy classes. So far, the SFD has supported 11 community education classes in girls' skill development centers, with the program extended to Al-Hudaidah, Sa'adah and Taiz. And, in collaboration and cooperation with the Taiz Literacy Directorate, placement tests were given to girls attending such centers, to see if they were eligible to enroll in basic schools.

Education Excellence Program

This program aims to support efforts by the Ministry of Education to establish an institutional system to care for gifted and talented students across the country and provide advanced academic and educational programs that respond to their needs and preferences. In 2007 the SFD developed three projects to develop the institutional structure for the program and clarify the roles of the Ministry of Education and other stakeholders during its implementation. These projects are part of preparations to receive the first batch of male and female students to be enrolled in the program.

The schools piloting the program were provided with computer labs, chairs, and office and management furniture, and school libraries were given scientific, literature and cultural books, and reference guides. In addition to preparing admission policies, the program developed an executive plan and tools for selecting students, teachers and coordinators. Students and teachers eligible for the program were then selected and a number of curriculum units developed for students joining the program.

Expanding preschool education

The SFD supports nationwide efforts to expand preschool education, as it is considered the primary foundation for basic education. Providing preschool



Al-Shaima' School (Dhamar)

education is an essential, powerful investment for successful basic education. Activities under this program include school construction and furnishing and capacity building.

Within this context, during 2007 the SFD signed an agreement with the Ministry of Education to build five kindergarten schools in Dhamar, Hadhramaut and Lahj governorates, in addition to training kindergarten teachers and 21 high-level officials of Ministry of Education kindergarten departments in six governorates to improve their educational and administrative skills.

Providing institutional support to the Ministry of Education

As part of its efforts to support decentralization of education services, in 2007 the SFD focused on supporting administrative decentralization in education. And in accordance with the joint agreement between the SFD and Ministry of Education, the SFD agreed to build and furnish three ministry offices in three districts with high education densities: Al-Shamaiteen (Taiz), Kohlan Affar (Hajjah) and Maswar (Amran). The goal is to support direct supervision of educational processes at the district level, easing communications between school administrations and the ministry's district offices and achieving stability of staff in the district offices.

With regard to school lab technicians, it has become necessary to provide them with training and manuals to enable them to perform their jobs. Thus the SFD supported efforts by the Ministry of Education's Educational Aids Section to prepare the School Laboratory Manual, which was printed and distributed to schools, where lab instructors were trained in its application.

Water and Environment



During 2007 the SFD approved 103 water projects worth about \$7.1 million and 30 environment projects worth about \$3.4 million (table 4). Since 1997 the SFD has approved 1,129 water and environment projects worth an estimated \$81 million (table 4).

Indicator	Water		Environment	
	2007	Cumulative	2007	Cumulative
Number of projects	103	958	30	171
Commitments (millions of U.S. dollars)	7.1	61.4	3.4	19.7
Disbursements (millions of U.S. dollars)	6.9	52.1	1.5	12.9
Direct beneficiaries	104,164	2,175,891	79,241	2,034,795
Female share of direct beneficiaries (%)	50	50	50	49
Temporary employment created (days)	249,209	2,684,598	159,951	797,364

Water

SFD water projects focus on low-cost techniques and local knowledge and tradition in rainwater harvesting to provide communities with water. This sector covers rainwater harvesting, piped water systems, small reservoirs, and training and awareness.

Rainwater harvesting

The SFD's 2007 plan for water projects included developing low-cost options for collecting rainwater from the roofs of houses and issuing a manual for their implementation as well as developing options for low-cost bathrooms and preparing a simple manual illustrating their implementation.

During the year 77 water harvesting projects were approved—including 157 cisterns (102 open and 55 covered), 11 karifs (with total capacity of 90,492 cubic meters)*, 117 sedimentation tanks, 106 animal water troughs, 4 sand filters and a 6,210 meter network serving 59,845 beneficiaries (box 2).

Pilot efforts to increase the use of ferro-cement (a low-cost construction technique) expanded in 2007 through implementation of two tanks to collect rainwater from the roofs of two schools in the Capital City, with capacity of 100 and 50 cubic meters. These tanks were implemented in cooperation with the German Agency for Technical Cooperation (GTZ). A project officer, consultant and skilled laborer at each of the SFD's branch offices were trained on the theoretical and practical aspects of this technique. Accordingly, branch offices can implement rainwater collection tanks using this technique.

Piped water

Ten projects were approved to provide 23,857 people with improved water through a 16,998 meter network, including 132 house connections and 10 communal taps.

Small reservoirs

Six small reservoir projects were approved in 2007, including five multipurpose reservoirs with total

* A karif is a natural or artificial depression made in impervious soil to store water.

capacity of 156,300 cubic meters that provide water to 39,113 beneficiaries. One of the six projects was dedicated for repairing a previously completed reservoir.

Policy development and publications

The policy for private *seqayat* (rooftop rainwater harvesting cisterns) was developed based on findings from two pilot projects in Hajjah and Taiz as well as discussions with branch office managers and project officers.

In addition, the SFD published two books, *Design Manual for Drinking Water Systems* and *Design Manual for Small Reservoirs*, to help engineers prepare appropriate designs for water projects and small reservoirs. The books address several important issues, including technical, social and economic studies, environmental impact evaluations, common mistakes and ways to avoid them, and software that helps design project components. The first book also includes studies of networks' leakages and losses, water harvesting and water treatment, distribution networks and protection of water sources—while the second tackles geologic and hydrologic studies, site selection and designs of different types of reservoirs.

Box 2: Ghail-Tanshumi rainwater harvesting project

The sub-districts of Rabee'ah Bani Bahr and Kabeerah (Outmah district, Dhamar governorate) contain several villages that long suffered from lack of water during most of the year. These villages include Ghail-Tanshumi, Al-Huraimah, Kuhlanah and Mahal Al-Souk. Populations in these areas rely on agriculture and cattle raising. They also rely on seasonal rains—thus they traveled long distances to fetch water during non-rainy seasons. During those seasons, women and girls in particular had to walk to streams to fetch water, a chore that took up to three hours. In addition, diseases—especially water-borne diseases—were widely spread among the villagers due to the poor quality of the water source and bad collection and transportation practice.

The SFD, after a needs assessment and priority identification, decided to help the villagers by establishing and rehabilitating rainwater harvesting cisterns. In Ghail-Tanshumi village, with a population of 4,000, the SFD project included improving and rehabilitating the original water sources and the Ghail (meaning spring), building a 70 cubic meter water-collection tank and other facilities (such as animal watering basins and pipes), and hygiene awareness.

In the three other villages, with total population of 600, the SFD helped repair and expand three existing cisterns to increase their capacity from 1,272 cubic meters, to 1,532. In addition, the project comprised three hand pumps, three sedimentation tanks, three sand filters, three animal watering basins, 145 meter pipes and hygiene awareness raising.

Nasser Muhammad Al-Bahri, head of the beneficiary committee of both sub-districts, said the two projects cost about \$93,757 and benefited some 3,835 people. “The projects provide adequate water covering the population's need around the year, save the time of villagers (particularly women and girls)”.

Some villagers were met at the sites of the two projects' components. In Al-Huraimah, the beneficiary committee's head Hameed Saleh Muhammad and villagers Abdullah Hasan Hameed, Hayel Sa'eed Mahdi, Abdulwahed Hameed Saleh and Hefdhullah Sa'eed Al-Salemi said they previously had to travel to the Al-Sad and Al-Karour areas—two hours by foot—to fetch water.

In Mahal Al-Souk, several residents expressed gratitude to the SFD because their sufferings have eased. Among them were Shoukri Qa'yed Muhammad A'atef, Ali Mahdi Hasan, Ahmed and Mahdi Murshed and A'atef Ali Sa'eed.

At the Kuhlanah cistern side, Muhammad Abdullah Ahmad, Muhammad Ali Sa'eed and his son Jamal, and Abdo Muhammad Ahmad Al-Sha'abi concluded the villagers could not utter the proper words that would reflect how they felt about bidding farewell to their previously miserable lives—forever.

Environment

SFD environmental activities in 2007 included wastewater management, solid waste management and soil and water preservation as well as training and awareness.

Wastewater management

The SFD approved 11 wastewater management projects in 2007, including 3 sanitation projects serving 16,700 people. Among the latter is a pilot project for a complete infrastructure in Shibam (Hadhramaut) that includes water supply, wastewater, electricity and telephone networks as well as pavement and runoff drainage. The two other sanitation projects are implemented in the cities of Al-Dhahi (Al-Hudaidah) and Al-Lail (Capital City), and include two sanitation networks involving about 29,988 meters of sewers, 5,766 manhole covers and 1,913 household connections. In addition, three public bathroom projects were approved in Aden governorate, with four buildings designed to serve 5,270 people.

Three other wastewater management projects were approved to control floods in Tarquah Al-Garrahi village (Al-Hudaidah), establish a wastewater drainage system for the Al-Sukhnah natural hot springs and conduct a pilot project to drain stagnated water from three irrigation water basins in Moor Valley (Al-Hudaidah). The pilot project is expected to encourage the Tehama Development Authority to replicate it for the entire irrigation system of Moor Valley to control the spread of vectors in the region—particularly mosquitoes—and replace ongoing use of chemical insecticides. These projects, serving some 5,520 people, will provide a 621 meter sewerage network, 195 meter rainwater-drainage pipes, 22 manholes and a septic tank.

As for low-cost sanitation, an approach called Community-Led Total Sanitation was adopted that relies on raising community awareness and encouraging community members to build their own bathrooms and share bathrooms in order to speed up declaring their village free of open defecation (box 3). This approach does not provide any designs or subsidy to construct toilets. The international expert who developed the approach visited Yemen to provide training to 35 consultants and project officers from all branch offices. The approach has been applied in 10 villages in Ibb governorate, and preliminary results are encouraging.

Solid waste management

The SFD approved three solid waste management projects in 2007: establishing the premises of the Bajel City Cleanliness Fund (Al-Hudaidah), stabilizing sand dunes and preventing them from reaching the Al-Marawe'ah dumping site, and improving the environment of six markets in the A'ans district (Dhamar). These projects, serving about 4,000 people, comprise a new building, fence, water tank, pump, irrigation network, small garbage truck and 12 trash containers.

Soil and water preservation

Three soil and water preservation projects were approved in 2007, serving about 2,600 beneficiaries. One project included leveling agricultural lands and building a 1,500-meter irrigation network and retaining walls to protect agricultural lands from floods (Al-Shamaiteen, Taiz). The two others aimed at improving the school environment in Khaled Bin Al-Waleed school (Ghail Bawazeer, Hadhramaut) by collecting and reusing ablution water from a nearby mosque to irrigate the school's yard, and the other was a gallery to promote decorative indoor plants (Capital City).



Wastewater management project (Al-Buraïqa, Aden)

Box 3: Al-Thamad villagers realize a dream

The Al-Thamad village (Waraf sub-district, Jiblah district, Ibb governorate) is a remote area suffering from widespread illiteracy and poverty. According to a needs assessment by the SFD, the area's top priorities include improving health services and a deteriorating environmental situation.

The SFD conducted a sanitation project based on a new approach called community-led total sanitation, with the main goal being to combat open defecation, because such extremely poor areas usually lack bathrooms in homes. This participatory methodology—developed by an international expert and being piloted in villages in Al-Hudaidah, Ibb and Taiz—relies on making community members feel shame, fear and disgust as they realize the dangers of open defecation. The hope is that community initiatives will be undertaken to build simple bathrooms using local materials and skills, without external subsidies or support. Preliminary results in the Al-Thamad village have been encouraging.

After awareness raising efforts had been completed, an SFD team visited the area and met with villagers. Posters and banners expressing gratitude to the SFD were the first thing the team saw upon arriving in the village, written in both verse and prose. One read, “Welcome our visitors: Their day of declaring our village as ideal is unforgettable!”

Sheikh Hasan Ali Yahya Al-Salahi said, “We were utterly ignorant of what we know now about the extremely dangerous consequences of open defecation entails.” Another resident, Sadeq M. Ameen Dirhem, told the SFD team that before the awareness raising, the village had known nothing about the deadly risks of spreading feces. “We were blind and ignorant,” he added.

Accompanied by Shayef Matar, head of the Health Committee in Thamad, the team visited the new toilet of a better-off villager, Adel Abdullah Naser. It was quite clean, with pink ceramic covering the floor and walls. Some houses shared a common latrine, as with neighbors Abdullah Hasan Muhammad and Abdullah Shamlan and three relatives: Muhammad, Salman and Azzam Othman Ali Al-Salahi.



Children in the village were also enthusiastic. Some said that they felt happy and healthy, and did not remember when they had last defecated in the open. “In school, we are trying to convince children from nearby villages to encourage their communities to follow our example,” they added.

As the SFD team prepared to leave the village, some villagers approached to shake the hands of team members and express their gratitude. Among them were Sadeq Ali Yahia and Muhammad Ameen Al-Salahi, who said, “It is as if we tossed a coin in a wishing well and our wish came true. Thank you so much for enlightening us. We feel much better now!”

Health and Social Protection



The SFD's Health and Social Protection Unit conducts activities related to health care and groups with special needs. In 2007, 246 projects were developed in the two sectors worth an estimated \$11.7 million (table 5). About 1 million people are expected to benefit from the projects—0.6 million of them female. Since 1997 the SFD has approved 1,041 health and social protection projects worth an estimated \$69.7 million.

Indicator	Health		Groups with special needs	
	2007	Cumulative	2007	Cumulative
Number of projects	195	658	51	383
Commitments (millions of U.S. dollars)	9.3	47.0	2.3	22.7
Disbursements (millions of U.S. dollars)	4.8	31.6	2.7	17.8
Direct beneficiaries	1,062,034	3,641,336	9,956	169,377
Female share of direct beneficiaries (%)	53	56	39	56
Temporary employment created (days).	216,668	1,358,542	80,340	642,653

Health

The health sector continues to face serious challenges—including shortages of health services, with coverage at just 58%. Maternal mortality remains high, at 365 per 100,000 live births, while the mortality rate is 75 per 1,000 for infants and 102 per 1,000 for children under five. Health services are unable to cope with rapid population growth, which is exacerbated by low family planning coverage at only 23%. In addition, health services suffer from poor distribution of health facilities, inadequate equipment, weak performance of health facilities, poor human resource management, insufficient training of health workers, limited financial resources allocated to the sector (5.2% of the national budget) and limited awareness of health issues among the population.

The SFD's vision for the health sector focuses on supporting efforts by the Ministry of Health to improve coverage of basic health services and enhance health system performance and human resource management to help achieve the Millennium Development Goals (MDGs). This is pursued through programs that increase access to primary health care, strengthen health education and its outputs, improve and expand reproductive health

services and provide psychological services.

Increasing access to primary health care

This program aims to help increase health care coverage and the number of service providers, improve the quality of health services by strengthening the infrastructure of health facilities in poor and disadvantaged areas, and train and qualify mid-level health workers prior to and during service. This program accounted for three-quarters of SFD health projects in 2007 through its two main components: infrastructure and training.

- *Infrastructure.* The SFD developed 128 health-related infrastructure projects in 2007, including 20 projects for building and equipping new health units (the first level of the health care system, providing preventive and basic curative services) and 34 for furnishing and equipping existing units, as well as building two new health centers (the second level of the health care system, serving catchment areas of 10,000–30,000 people) and furnishing and equipping 16 existing centers. In addition, equipment was provided to 12 district health offices. The remaining projects involved providing equipment to health facilities with staff of both sexes and supporting operating budgets.

- *Training.* This component aims to train, qualify and provide mid-level health staff in all specialties—including primary health care, mother and childhood care, and newborn and emergency obstetrics—with focus given to providing training to community midwives in every governorate to enhance care for mothers and children. During the year 17 training projects were funded targeting about 310 mid-level female staff. Community midwife training received the lion's share, with 14 projects training 280 female as community midwives as well as a project to qualify 20 traditional birth attendants.

Strengthening health education and its outputs

This program aims to increase the absorption capacity of health institutes, improve the educational environment, and qualify administrative and teaching staff. All components of the educational process were targeted, including providing infrastructure (construction, furnishing and equipment) and improving staff qualifications and practical and theoretical curriculums. In addition, the institutes were given the means needed to improve health education by introducing modern teaching technologies and providing audio-visual aids and required books and reference manuals.

During 2007 15 projects were developed to support health institutes in various governorates. Of these, 13 projects aimed at improving infrastructure, including 3 to equip educational health labs, 2 to equip pharmacology



Midwives training, Broom, Hadbramaut

laboratories, 1 to build and equip a modern center for educational aids, 1 to equip the operation and anesthesia section at the Higher Health Institute in Sana'a, 1 to build three classrooms in the Nasher Higher Health Institute in Aden, 1 to provide that institute's dentistry section with three educational units, 1 to equip the Al-Baidha Health Institute library and 1 to equip the obstetrics and nursing laboratory in the Dhamar Health Institute. In addition, a capacity building project was developed to qualify 40 instructors from the higher health institutes in Aden and Sana'a and their branches in other governorates. The project aimed to enable the teachers to gain their supplementary bachelors of science in laboratory work.

Improving and expanding reproductive health and neonatal care

This program aims to increase the number of babies delivered under medical supervision and reduce maternal and infant mortality. These goals are achieved by providing pre- and post-service staff training, awarding scholarships to women in midwifery and medical guidance, enhancing services at reproductive health centers, and building and equipping motherhood and childhood centers. In addition, efforts are made to increase the use of reproductive health services, construct basic and comprehensive emergency obstetrics centers, provide and expand newborn and premature birth services, and equip and qualify sections for newborns.

In 2007 the SFD developed 32 projects: 27 projects aiming to equip and furnish centers for reproductive health, family planning and emergency obstetrics and 5 projects for newborns, including a project to establish a section for newborn and premature babies in Al-Maharah governorate.

Supporting psychological health care

This program aims to support national efforts to mitigate psychological health problems by improving and updating psychological health policies and strategies, enhancing psychological services, building new psychological centers, building capacity, and raising awareness.

Three projects were developed in 2007, aiming to support the Ministry of Public Health and Population in developing a national psychological health care strategy, enhance the Psychological and Educational Guidance Center at Sana'a University and train psychological health staff in Dhamar and Al-Hudaidah governorates and equip the psychology lab at the Al-Amal Hospital in Sana'a.

Groups with special needs

SFD's approach for groups with special needs disabled people focuses on supporting efforts made by the government and civil-society organizations to improve and enhance the medical, educational and social services rendered to these groups and providing those at greatest risk with social safety nets.

In 2007 SFD interventions in this area included supporting the national social protection strategy and the strategy for people with disabilities, and developing new policies and approaches—for example, establishing a new methodology for programs targeting orphans and juvenile delinquents, such as alternative education and preparation of the Early Intervention Program. Other interventions included supporting government and nongovernmental efforts to provide these groups with social, medical and educational services, encouraging organizations to begin rural outreach programs, and supporting inclusive education as well as partial and full integration programs and pre-integration rehabilitation. (Inclusive education is defined as education that does not discriminate between children, aims to abolish obstacles that hinder the enrollment of children in neighborhood schools and promotes participation in classrooms.) In addition, interventions involved enhancing opportunities for private education, expanding education for children with low vision and continuing coordination with partners.

In 2007 the SFD's main and branch offices developed 51 projects worth an estimated \$2.3 million for groups with special needs. Nearly 10,000 people of both sexes are expected to benefit from these projects.

The projects targeted various groups of people with special needs: 33 projects were developed for disabled people, 6 for the most at-risk women and children, 6 for inclusive education, 4 for socially disadvantaged groups and 2 to support and develop policies and strategies for these groups and projects. Although the bulk of projects for disabled people provided them with direct support, such projects also trained local trainers in different aspects of disability, supported integrated education, and improved infrastructure, capacity building and institutional support mechanisms.

The SFD also held workshops for institutions active in providing support to people with special needs. New SFD approaches encourage NGOs to extend services to rural areas and serve groups such as children with

autism or low vision, and base their activities on families.



Al-Noor Center for the Blind, Taiz

Supporting policies and strategies

Working with the World Bank, in 2007 SFD efforts for groups with special needs focused on supporting government efforts—specifically those of the Ministry of Social Affairs and Labor and the Ministry of Planning and International Cooperation—to prepare the National Strategy for People with Disabilities (NSPD) and the Social Protection Strategy (SPS). Two projects were developed: a national workshop on defining the NSPD's framework and forming a technical team to support it and another to support studies whose findings and recommendations will guide preparation of the report on the first phase of the SPS's implementation. These studies focus on the official social-safety net programs and poverty reduction programs, the *zakat* (alms tax) and other nonofficial social protection mechanisms, labor market developments, and agricultural development policies and their role in promoting social protection and creating rural job opportunities.

A project was also developed to raise awareness among 60 government and local donor decisionmakers on global trends in caring for people with special needs, such as alternatives to child care institutions and subsequent care, inclusive education and community-based rehabilitation.

Integration and inclusive education program

To ensure that children with special needs receive public education, the SFD supports the Ministry of Education's program promoting inclusive education. This support is designed to expand the program qualitatively and vertically, support the institutional and technical capabilities of school workers, rehabilitate schools, furnish and equip administration offices and classrooms, and establish education resource units (*special rooms in schools to help children with special needs facing learning difficulties due to cognitive deficiencies*).

To aid NGOs that provide rehabilitation and preschool education to children with special needs, the SFD helps implement pre-integration programs in the NGOs and subsequent integration in public schools. Such efforts qualify NGO staff and integration schools in disability and integration techniques, including specialized technical training such as speech therapy, movement skills and impaired hearing education. The SFD also provides these institutions with furniture and specialized educational aids.

During 2007 the SFD developed 13 projects to support the integration and inclusive education program, with 7 supporting integration education, 4 for inclusive education and 2 for pre-integration rehabilitation. These projects reflected special goals related to the nature of the activities and their anticipated outputs, and targeted 1,160 children—400 of them female.

The most important activities included infrastructure projects, which involved building 5 new classrooms and rehabilitating 1, and constructing 7 new toilets and rehabilitating 29 to enable students with special needs to use them. In addition, 96 construction adaptations were made in several schools to facilitate the movement of children with special needs.

Moreover, attention is paid to building the capacity of organizations working with groups with special needs by supporting the inclusive education departments in Abyan, the Capital City, Lahj and Marib. Support was provided to projects aimed at integrating 202 boys and 157 girls in eight schools, training 160 teachers in inclusive education schools, raising the awareness of 64 communities and supporting seven associations from a number of governorates in the integration of 470 boys and 331 girls in public schools.



Al-Hami Kindergarten, Al-Mukalla (Hadhramaut)

Supporting early interventions

Early intervention programs take care of children with special needs and those at risk of becoming so. These programs are among the most modern services provided to such children. The main reason is that younger children are much more capable of acquiring skills than are older ones. Risks of minor disabilities can be averted if treated earlier.

Such early interventions take two forms. One is early medical intervention—discovery and evaluation of children suffering growth-related problems and their subsequent admission to early intervention programs at the youngest possible age. The other form of early intervention involves rehabilitation interventions at disabled children's homes, their most familiar surroundings.

In recent years the SFD has focused on the physical and educational aspects of early interventions by supporting the establishment of kindergartens and physical therapy centers. In 2007 the SFD developed a versatile rehabilitative, preventive and curative early intervention program. Several government and nongovernmental parties are partners in this program, which is to be implemented in 2008 in Aden, the Capital City and Taiz.

Early childhood development

Early childhood is a crucial phase in children's development. It helps shape their personalities and educational prospects for their entire lives and assists in discovering children with special needs—thus carrying out early interventions to help them.



Al-Aman institute for blinds girls– (Capital City)

This understanding led the SFD to try to be very mindful of early childhood development through a number of related programs aimed at serving childhood in multiple ways—educationally, hygienically and psychologically. The SFD has used its multi-sector resources and capabilities to support early childhood development in a variety of health, education and institutional support activities.

In 2007 seven early childhood development projects were created to support five associations in Al-Hudaidah, the Capital City and Taiz in establishing 15 preschool classrooms, equipping them and providing suitable educational aids, benefiting 198 children (86 of them girls).

Preparing national trainers

Children with special needs require access to assistance and services rendered by qualified staff. Because such staff were lacking, the SFD adopted a policy to create a competent team of national staff from among its consultants and others caring for such children.

In 2007 four projects were implemented to support this policy. Three sought to prepare and qualify trainers in all areas of disability—such as poor vision, impaired hearing, speech difficulties, autism and various mental disabilities. Training focused on providing information about the different disabilities, diagnosing and rectifying them, designing and preparing individual educational and behavioral modification programs, and developing the skills of disabled children and integration principles, types and methods. Four workers at vision disability centers were sent to Jordan for intensive training in rehabilitating people with poor vision. The fourth project aimed

to train trainers in providing psychological therapy through the arts (drawing, dancing and the like). These projects benefited 76 trainees of both sexes.

Building the capacity of government and nongovernmental organizations

In implementing its activities, the SFD relies on active partnerships with government and nongovernmental organizations caring for groups with special needs. Hence the SFD pays close attention to qualifying these organizations and building their institutional and technical capacities to ensure the sustainability of the services they provide.

In 2007 the SFD approved six projects to support nine NGOs in administration and accounting—in addition to providing them with office equipment and furniture. Another project supported implementation of the second phase of providing support to children at risk. This project aimed to train 66 workers at 18 NGOs and 14 centers caring for child laborers, street children, orphans and juvenile delinquents.

Child protection

In 2007 SFD support was given to the Second Regional Conference for Child Protection; the first was held in 2004. The 2007 conference supported regional follow-up of the results and recommendations of a 2006 study by the United Nations Secretary-General on combating violence against children and developing projects that enhance cooperation, coordination and partnership between national, regional and international parties involved in child protection and their rights against various forms of violence, mistreatment and negligence.

In addition, training was provided to 13 workers in Al-Hudaidah's juvenile delinquent center on psychological, social and guidance aspects of caring for delinquents and enhancing the principle of alternative and follow-up care as well as managerial and accounting skills. Training was also provided to 15 workers at the Prisons Authority on how to prepare plans and strategies, and a proposal was developed on alternative and follow-up care of orphans, juvenile delinquents and children with incarcerated mothers. Moreover, the SFD supported the artificial limbs center in the Capital City in establishing a new section for children and expanding the center for women, and provided support for expanding and equipping the women's section at the Hadhramaut physical therapy center.

Supporting socially disadvantaged groups

The SFD works with socially marginalized groups within the framework of integration—focusing on educational integration. Four such projects were implemented in 2007. One aimed to integrate 160 socially marginalized (Al-Akhdam) children in Taiz City into two neighborhood schools by adding new classrooms. The three other projects were aimed at providing institutional support for organizations caring for these groups in Dhamar and Taiz governorates by training 52 of their staff (10 of them female) in administrative and financial fields as well as providing office furniture and equipment.

Outreach program

As part of efforts to apply the new approaches to groups with special needs, and to encourage relevant institutions to adopt them, two associations in Dhamar governorate were supported in extending their services to rural areas for two additional categories of disabled people—the deaf and the physically disabled. Actions included constructional rehabilitation of a school to allow attendance by physically disabled children, training staff and providing them with supportive educational aids.

Community based rehabilitation

Community-based rehabilitation is a well-established aspect of the general framework of community development—toward rehabilitation, realization of equal opportunities and integration with society of all individuals with special needs. This strategy is implemented through the combined efforts of special

need individuals, their families, communities and relevant organizations.

People with special needs and their families are the most marginalized groups in Yemeni society: estimates indicate that just 1–3% have access to institutional rehabilitation services, that services are inadequate and that most institutions active in this field offer limited services for those able to reach them. Disabled people in rural areas are especially unable to access such services. Thus community-based rehabilitation is considered the most effective way of reaching the maximum number of disabled people.

Based on the above and in line with its 2004 evaluation of its program for disabled people, in 2007 the SFD adopted the community-based rehabilitation approach in its programs in partnership with relevant stakeholders, such as the Ministry of Social Affairs and Labor—represented by the Disabled Rehabilitation and Care Fund—and four local associations active in providing disability services. A preliminary program was developed as a pilot in five remote rural areas of Aden, Lahj and Sana'a governorates. The areas were chosen based on poverty indicators and data on the locations of disabled people from the 2004 Census.

In addition, the SFD sent three supervisors of community-based rehabilitation—working with three partner associations—and community-based rehabilitation officers to an intensive regional course on planning and managing community-based rehabilitation programs.

Building the capacity of project officers

While developing the SFD's Gender Mainstreaming Strategy and Framework (see below), all officers working in the sector were trained in gender analysis concepts and tools. In addition—as part of SFD efforts aimed at integrating individuals with special needs and encouraging relevant associations to extend their integrated education programs to rural areas—all the sector's female officers were trained in concepts of disability-related development programs (such as inclusive education and community integration and rehabilitation) and planning of such programs.

Agriculture and Rural Development



Activities supported by the SFD's Agriculture and Rural Development Unit include agriculture, rural roads and integrated interventions. In 2007 the unit approved 174 projects worth about \$27 million for these sectors (table 6).

Table 6. Indicators for the SFD's Agriculture and Rural Development Unit by sector, 2007 and cumulative

Indicator	Agriculture		Rural roads ^a		Integrated Interventions Program	
	2007	Cumulative	2007	Cumulative	2007	Cumulative
Number of projects	15	23	129	396	30	108
Commitments (millions of U.S. dollars)	0.7	1.1	24.3	61.3	2.0	8.2
Disbursements (millions of U.S. dollars)	0.1	0.3	15.6	37.8	1.6	4.7
Direct beneficiaries	19,681	25,041	994,667	3,302,049	14,280	118,147
Female share of direct beneficiaries (%)	49	50	50	49	48	52
Temporary employment created (days)	9,708	14,191	1,456,264	3,960,779	73,300	328,565

a. Includes rural roads and urban street paving.

Agriculture

The SFD began supporting agriculture in 2006. A five-year Rain-fed Agriculture Project is being implemented in 23 districts in five governorates. The SFD aims for this project to contribute to the development of remote communities, enabling them to improve their living conditions through several channels of building capacity and supporting productive projects. A pilot phase was initiated in 2006 in five areas of five governorates (Hajjah, Al-Hudaidah, Lahj, Al-Mahweet and Sana'a) to test the project, and continued in 2007. The pilot is expected to expand in 2008. Other projects were implemented in 2007 to introduce modern agricultural technology and help farmers combat with agricultural diseases.

Pilot phase of Rain-fed Agriculture Project

During the pilot phase of the Rain-fed Agriculture Project, in the rural production component, 60

producer groups were formed (31 composed of men, 26 of women and 3 mixed). These groups proposed 61 sub-projects, 52 of which were approved by local committees. Of those 52, 46 were approved for SFD financing. Most of the sub-projects involved livestock (55%) or beekeeping (20%). Producer groups ranged in size from 3 to 11 members, with an average of 7. Projects ranged in cost from \$77 to \$2,150, with an average of \$1,204.

Several activities have been implemented during the pilot phase. During the year, the SFD continued to provide producer groups with technical assistance on livestock, beekeeping, agricultural production and kitchen gardens. The pilot has produced some positive results, including:

- Notable improvements in service delivery and income for veterinarian groups provided with training in Al-Khabyt (Al-Mahweet) and Al-Maqatera (Lahj).



Community mobilization, productive groups. Rainfed agriculture pilot project, Al-Mahweet

- An increase in beehives for some producer groups in Al-Hujailah (Al-Hudaidah) and Al-Maqatera (Lahj); honey production has also improved. Producer groups in Al-Maqatera have benefited from a vaccination campaign against goat and sheep tuberculosis that was supported by SFD technical assistance.
- Of 46 rural production groups, 81% completed the first production round and started the second with significant improvements in productivity.
- Producer groups in Bakeel Al-Meer (Hajjah) and Beladaroos (Sana'a) benefited from planting sorghum and from technical assistance provided by an SFD consultant.
- Producer groups in Al-Khabt and Beladaroos benefited from water channels created to expand their agriculture fields.
- Several training activities increased the skills of producer groups in home gardening and animal health. Some 320 rural women in Beladaroos, Al-Hudaidah, Lahj and Al-Mahweet benefited from field training programs.
- Producer groups continued to improve their internal organization through efforts such as regular meetings to follow up on project implementation, elections guided by internal regulations and bylaws, preparation of progress reports (with copies sent to the SFD), contacting development actors working in their areas and submitting project requests to the SFD, some of which were approved in the 2008 plan.

Non-rainfed projects

During the year nine agriculture projects unrelated to the rain-fed program were approved, including projects to increase skills—such as training in

agricultural extension, production and marketing, establishing markets for agricultural production, livestock, food processing, and home gardening, and developing methods to protect crops.

Other activities

Field follow-up. During 2007 several field visits were conducted to follow up on projects implemented or under implementation in various locations in Yemen, in addition to continuous follow up on the rain-fed project.

External training and tour visits. During 2007 the SFD's agriculture staff participated in several activities to acquire skills and learn from the experiences of development agencies and projects elsewhere. For example, staff participated in a course on participatory irrigation management in Turkey. Visits were also made to Bangladesh and Tanzania to learn about agricultural savings and loan groups.

Rural roads

Rural roads play a crucial role in facilitating access to markets and basic services in Yemen, since more than 70% of the population lives in rural areas spread over more than 100,000 settlements—with most living in poverty in mountainous and difficult terrain. Lack of rural roads aggravates poverty because many basic commodities (wheat, flour, sugar, cooking fuels) come from urban areas, reaching rural areas at greatly elevated prices (box 4).

Based on the SFD's Mid-Term Vision, intervention criteria for rural roads were reviewed to upgrade technical designs and enhance economic aspects. The

Box 4: Bani-Araf rural road—a pathway to relief and livelihood

In the past, residents of Bani-Araf Mountain (Bani-Araf sub-district, Sa'afan district, Sana'a governorate) faced considerable hardship due to the rugged and harsh road leading to and from the area. Many parts of the road were extremely steep and narrow, with rocky protrusions.

Community members bitterly recalled this difficult situation. They said that they would exit their cars until they passed the most “terrifying” parts of the road, and only then would they get back in. Moreover, car drivers often refused to use the road, particularly during rainy seasons. These conditions made life difficult for many villagers, especially if someone had to be rushed to the nearby health clinic.

A villager also noted that, “If we wanted to leave the village to fetch something nearby during the day, we could not return to our homes that same day. Instead, we were forced to spend the night outside the village and return the next day. It was almost impossible to find a vehicle whose driver or owner would agree to take you home in the same day. And if you could find one, then either the driver would not risk mounting the road or the cost would be exorbitant.” Others recalled how they often had to resort to primitive means of transport, such as donkeys.

In 2005 an SFD team visited the area and verified the community's road needs. The SFD decided to rebuild parts of the road, expand and improve/ rehabilitate other parts, and rehabilitate and protect the rest. Benefiting about 9,000 people, works extended over the 6.5 kilometer road and cost nearly \$64,000.

After the project was completed, villagers expressed their satisfaction with its outcome. Abdurahman Mas'oud and Muhammad Al-Qaderi, both car drivers, summarized the difference the area witnessed after the SFD intervention. They said, “The road became safer, and the number of vehicles entering and leaving the village rose from two to eight per day.” Muhammad Saleh, a farmer, added that he could now transport up to 200 kilograms in one trip, with the cost not exceeding 2,000 Yemeni rials (previously 50 kilograms or less at a cost of up to 8,000 rials). Other villagers indicated that transport fees per passenger had fallen from 500 to 150 rials. Moreover, they pointed out, ascending or descending the road now takes half an hour, compared with one to two hours before. “As a result, we can leave our village and return in the same day without the need to stay overnight away from our wives and children,” said some of them.

Benefits from the project go beyond the far easier transportation and transfer of people and their goods and the relatively lower cost of basic commodities. Some villagers—who oversaw collections of community contributions during implementation of the project—gained knowledge and experience in contracting and executing community development projects. Consequently, they found opportunities for new livelihoods for them and their families. As a result, they have participated in the contracting and implementation of other projects in the area and beyond.

For instance, some participated in the rainwater harvesting project in Bani-Araf, implemented through community contracting, by participating in partial biddings on the project. Others worked with the contractor during implementation of the A'al-Taliyan rural access road (Mareb governorate). Many are sharing in biddings and implementation of community contracting projects such as the Bait-Al-Zawahi rural road (Sa'afan, Sana'a), Gabal-Ikbari rural road and Bani-Khatib and Masra rainwater harvesting cistern (both in Manakha, Sana'a). Such ambitious, hard-working villagers, now successful contractors, include Abdurahman Ali Mas'oud, Muhammad Muhammad Hasan Al-Qaderi and Faisal Abdullah Ali Mas'oud. In addition, more than 30 skilled mason builders and laborers emerged from the Bani-Araf road project, and are currently working on various SFD-supported projects. Among them are Abdulghani Mas'oud, Ali Qa'yed Hamoud and Ahmad Ghaleb Majalli.

2007 plan target was 107 projects with an estimated cost of \$15.6 million. But in the end, 129 projects were approved and developed at an estimated cost of \$24.3 million. Projects comprised construction or rehabilitation of rural roads (66 projects), urban street paving (50) and training (13). The street paving projects fall under the Labor-Intensive Program that the SFD initiated in late 2006 (see above).

About 379 kilometers of rural roads were constructed or rehabilitated in 2007, and 512,801 square meters of urban roads were paved—benefiting nearly 1 million people. In addition, four training courses

were conducted to build the capacity of project implementation committees, exchange their experiences and increase their knowledge and skills in managing projects.

Training also aimed to increase the number of qualified consultants involved in implementing community contracting projects and enhance their skills in this regard. Moreover, a course was held for accountants in implementing projects using the community contracting approach, with the goal of increasing the number of qualified individuals dealing with such projects.



Rural Road, Aljabeen, Raymah

Integrated Interventions Program

The Integrated Interventions Program is a multi-sector program aimed at mobilizing communities to identify their resources and economic and social development potential to enhance their capabilities and empower community self-initiatives in the country's poorest areas (box 5). The program seeks involvement by local authorities in managing and implementing such development processes in these communities.

The first phase of this program (2001–05) was piloted in four areas in different regions of the country. The program was evaluated in 2004 and, based on that, the second phase was implemented to cover eight areas targeting 56,279 people (table 7).

In 2007 the program continued its efforts to implement projects and build communities' capacities. It also transferred implementation for local functions to the SFD's Amran branch as a first step toward transferring implementation to other SFD branch offices.

Table 7. Indicators for the second phase of the Integrated Interventions Program

<i>Governorate</i>	<i>District</i>	<i>Sub-district</i>	<i>Population</i>	<i>Number of villages</i>
Al-Hudaidah	Al-Luhaya	Al-Bajiah	8,231	5
Amran	Khamer	Al-Gashem	9,628	3
Dhamar	Wesab Al-Safel	Bani Muanis	6,058	4
Hajjah	Haradh	Al-Atinah	7,849	9
Ibb	Al-Kafer	Bani Mubariz	6,227	4
Lahj	Tor Al-Baha	Tor Al-Baha	5,227	7
Raimah	Al-Jabin	Al-Khedm	6,808	11
Taiz	Mawiah	Assawidah	6,251	7
Total			56,279	50

Box 5: Integrated targeting of poor areas

The Al-Qafr sub-district (Bani Mabarez, Ibb) is one of the poorest areas in Yemen. With a population of about 7,800 distributed over 850 families, the sub-district is split into three areas: Al-Kuwal, Al-Madhah and Samnan, each consisting of several villages. Illiteracy rates are high, with an average of 62%—and 85% for women. As such, the sub-district was targeted by the Integrated Interventions Program in its second phase, which began in 2005.



Interventions under the program emphasize building local capacities (including organizational) and providing services that help improve the living conditions of the population of the targeted areas. These interventions cover a variety of sectors and fields identified by the program's needs assessments, which revealed that the sub-district needs a variety of projects and services. These include provision of water, improvement of education, upgrading of primary health care services, construction and rehabilitation of rural access roads as well as economic activities and capacity building in various fields. Primary interventions focus on education, health, beekeeper training and water harvesting.

Education interventions consist of infrastructure and capacity building. The SFD built and furnished the nine-class Ali Bin Abi Taleb School in Al-Hafi village, along with facilities such as labs, a warehouse, an administrative room, a rainwater harvesting tank, teachers' residence and social services center. After the project was completed, students at the school said they had previously studied under trees in difficult conditions, but now enjoyed studying at the school. In addition, Nasser Ali Al-Adeeb, the school's headmaster, Abdo Muhammad Darem, an Islamic studies teacher, and Sadeq Ahmad Muhammad Khushafa, a geography teacher, said that the number of students had reached 510 (up from about 306). Abdulrahman Samnan and Abdullah Fare' Al-Hafi, head and member of the local development committee (respectively) added, "Previously, girls could not continue their study at the secondary level; as a result, dropout rates were high."

In addition, the SFD refurbished and expanded Al-Falah School in Al-Madhah by rehabilitating six classrooms and adding three.

In health, the SFD trained health workers—particularly community midwives and traditional birth attendants. One of the courses under the Integrated Interventions Program, in Al-Qafr sub-district, trained 14 women. The 30–45-year-old traditional birth attendants included Ameerah Abdo, Faniyyah Mus'ed, Zharah Muhammad, Hamamah Al-Hatbi and Sa'eedah Ahmad. All said that they were benefiting from the course and would apply their new knowledge and skills successfully. The trainer, Fattoum Abdurrahman Gabhan, explained that the 45-day course included theoretical and practical training on delivery, postnatal care and neonatal care. She added, "After the course, we distribute medical bags to the trainees that contain all the tools needed during delivery."

Beekeeper training under the Integrated Interventions Program has included a one-month course for 25 trainees. Trainee Saleh Ziyad Sa'eed Al-Kuwal said that training focused on ensuring proper nutrition of the worker bees and queen, dividing beehives and making use of beehive wax. He added that, "The skills and knowledge that we have gained from the SFD's training help us improve and increase production of the honey we sell."

Finally, water projects are under way in the areas of the Al-Hafi, Al-Madhah and Samnan, and are expected to provide villagers with clean drinking water and improve girls' enrollments.



Training for Agriculture Committee, Bani Mabarez, Al-Qafr, Ibb

During the year 30 projects were approved at an estimated cost of nearly \$2 million—with 12 projects for education infrastructure, 11 for capacity building in educational, water and environment, and health activities, and 7 for economic and agricultural activities.

Developing infrastructure and building technical capacity

The program continued to take inventory of local resources—human and natural—to improve economic and social situations and ensure genuine participation by all social groups.

Building community capacity

During 2007 the Integrated Interventions Program branched out to enhance social capital in the targeted areas to ensure sustainable development. Attention was paid to enhancing the committees and community-based organizations that were formed by communities with participation by local authorities. This approach is seen as a practical way to strengthen partnerships—at the sectoral level—between communities, local authorities and other development organizations in the targeted areas.

To that end, three training courses were organized on community contracting in the sub-districts of Bani Muanis (Dhamar), Al-Masharij (Lahj) and Al-Khedm (Raimah) for 48 trainees, including project management teams, local development committees, supervising engineers and resident technicians. The courses aimed to qualify the trainees in community contracting and community participation throughout the project cycle (planning, implementation, monitoring and maintenance) to ensure that projects are sustainable.

The program also continued to develop training

focused on building the capacity of local authorities, local development committees and community structures in preparing project proposals, marketing such proposals, project management and operation, communication skills, negotiation and advocacy.

Health interventions

In 2007 the Integrated Interventions Program conducted a second series of training courses to promote reproductive health and basic health care, involving 16 staff from offices of the Ministry of Public Health and Population in the eight areas targeted by the program. The courses aimed to identify the training needs of health workers in the targeted areas based on a field survey conducted by the ministry's offices. In addition, 20 women were selected from the program areas to receive training as community midwives.

In addition, seven environmental and health awareness television commercials were prepared in coordination with the general directorate of health education in the Ministry of Public Health and Population. Training was also provided to 940 men and women from the targeted communities who volunteered to work as community health and environmental awareness promoters. Twenty male and female trainers were selected to train these promoters, in collaboration with local authorities.

In addition, 98 traditional birth attendants were selected from the targeted areas to learn skills and best practices and to raise their awareness of how to care for mothers and newborns during and after pregnancy.

Education interventions

Education interventions under the Integrated Interventions Program included classroom construction, rehabilitation and expansion for 12 schools in all the targeted areas. The program also conducted training for mothers and fathers councils to help them understand their roles and to link schools to their communities as well as facilitate the parents council bylaw to make it easier to understand for poor communities with high illiteracy rates.

To ensure the sustainability of project operations, a coordination workshop was held for Ministry of Education office managers at the district level of the targeted areas, as well as education coordinators of local development committees. The workshop focused on how to make education more effective, encourage girls' education, promote community involvement in education, and activate mothers and fathers councils. The workshop concluded by clarifying

the role of Ministry of Education offices relative to the communities represented by local development committees and the SFD. The workshop led ministry offices to nominate 16 male and 16 female participants to build their capacities in forming mothers and fathers councils in the targeted areas. A course was then organized to train these participants, with a focus on the importance of girls' education.

In the eight governorates where the Integrated Interventions Program is under way, 28 schools were targeted to form and activate mothers and fathers councils, with 263 and 300 members, respectively.

Literacy interventions

Three courses were held to train 62 teachers and coordinators as well as 8 supervisors in the main literacy and adult education office for the targeted areas and 9 supervisors of local offices. The training aimed at facilitating participants' ability to acquire new skills and hold literacy classes in the targeted areas. Five SFD consultants were trained to follow up and supervise the literacy classes. Another training course targeted Arabic language teachers from the targeted areas to qualify them as literacy teachers.

A coordination workshop to discuss the challenges facing literacy projects was held for literacy and adult education offices and managers of local development committees in the targeted areas. In addition, the literacy and adult education offices were assessed and provided with needed office furniture and supplies. The number of literacy students has reached nearly 1,600 in the targeted areas.

Economic activities

Six projects involving agriculture and economics focused on improving skills in agricultural education and animal husbandry to improve the incomes of farmers. Three courses on animal health and production were conducted and aimed at increasing skills in diagnosing animal illnesses and providing medicine and first aid. A veterinarian bag containing basic equipment was provided to each participant. A similar course was conducted for 18 females lasting nine days, and another course involving 20 female trainees in Tor Al-Baha (Lahj) was also carried out. A guidebook containing illustration pictures was developed for the courses.

In addition, a nine-day beekeeping course for 25 trainees was conducted in Bani Mabariz (Al-Qafr, Ibb), with a focus on the importance of using modern

beehives. A project to establish the Al-Bajiah market (Al-Luhaya, Al-Hudaidah) was also approved—the first of its kind to be financed by the SFD. Markets are important for rural development and are expected to improve the economic situation of the area and neighboring villages.

Building capacity under the program

In 2007 the Integrated Interventions Program participated in several events, including training in private rainwater harvesting schemes. The program team conducted a tour visit to Indonesia. It also conducted training in gender concepts and analysis. Finally, the program evaluated the transfer of local interventions to Amran branch and plans to transfer program implementation experience to other branches.



Training on Community Contracting, Amran

Community contracting

In 2007 the Agriculture and Rural Development Unit continued to provide SFD staff with technical support in using community contracting in project and program implementation. During the year several training activities were conducted, targeting project officers, consultants and members of community committees. In 2007 the number of projects executed using community contracting reached 45 for rural roads, 139 for water and 2 for education. Projects implemented using this method proved to be of high quality and built the capacity of community committees.

Training and Organizational Support



The Training and Organizational Support Unit strives to keep pace with the SFD's accelerating development under its expanded third phase (2004–10). During 2007 the unit developed 115 training and organizational support projects worth about \$7 million. Since 1997 the SFD has developed 828 projects of both types at an estimated cost of more than \$24 million (table 8).

Table 8. Indicators for the SFD's Training and Organizational Unit by sector, 2007 and cumulative

Description	Training		Organizational support	
	2007	Cumulative	2007	Cumulative
Number of projects	69	449	46	379
Commitments (millions of U.S. dollars)	1.6	7.6	5.5	16.5
Disbursements (millions of U.S. dollars)	1.3	6.0	1.6	10.7
Direct beneficiaries	8,021	36,928	4,581	506,812
Female share of direct beneficiaries (%)	26.5	32.3	38	48.9
Temporary employment created (days)	22,489	111,924	166,987	500,958

Training local councils and executive organs

In 2007 training projects focused on training and building the human and institutional capacity of project officers and consultants in the SFD's main and eight branch offices, as well as promoting community participation. Interventions also supported local authorities in three districts through development planning with community participation, and through projects aimed at encouraging and raising community awareness. In terms of organizational support, targeting involved NGOs and government and private organizations.

Government organizations

SFD support for government organizations in 2007 included providing institutional support for governorates' head offices (diwan) in Ibb and Sana'a by conducting institutional analyses and organizing workshops on identifying their strengths and weaknesses, and using such findings as leverage for implementing relevant, sustainable plans. Activities also included institutional support for Social Welfare Fund branches in Amran and Taiz through needs assessment studies and capacity building. In addition, programmatic plans were developed based on each branch's needs.

The SFD also initiated the second phase of its organizational support to the National Documentation Center and provided substantial support for establishing the Fund for Reconstruction of Affected Areas in Sa'adah.

In addition, SFD financing was provided to build four commercial courts in the cities of Aden (Aden governorate), the Capital City, Al-Mukalla (Hadhramaut) and Taiz (Taiz). This financing was part of efforts to provide ongoing support for the commercial judiciary, encourage investment and create a suitable environment for it.

The SFD also supported the National Hotel and Tourism Institute (in Sana'a) by conducting a workshop on granting autonomy to the institute.

Activities in 2007 also included training SFD staff and consultants in various fields based on needs. Elements included training techniques and skills, monitoring and evaluation, and statistical data analysis.

Nongovernmental organizations

Training for NGOs varied based on the nature of targeting for individual or multiple organizations in one or more governorates. Training was provided in areas such as strategic planning, financial and

administrative matters, illiteracy eradication, adult education, principles of voluntary work and the NGOs Law, and skills such as handicrafts and hairdressing. Training targeted NGOs in various governorates: Abyan, Aden, Al-Baidha, the Capital City, Dhamar, Hadhramaut, Al-Hudaidah, Ibb, Lahj, Al-Maharah, Sana'a, Shabwah and Taiz. In addition to training, organizational support provided needed equipment for various activities and training, based on the needs of each NGO.

In addition, a pilot project was implemented to qualify axial associations and prepare them to become new SFD intermediaries—assuming a networking role between civil society organizations. The SFD selected two axial associations, one in the Capital City and one in Al-Mukalla (Hadhramaut).

Public libraries

To support the development of public libraries, in 2007 the SFD provided training in computer applications and electronic archiving of documents and files for the administrative staff of the Al-Mukalla Children's Library. Support was also given to establish a public library in Sa'adah City (Sa'adah governorate) and two libraries in Al-Mahweet. The latter three projects included providing cultural books, needed equipment and staff training in indexing and documentation.

The second phase of a program to establish public libraries in some sports clubs affiliated with the Ministry of Youth and Sports included establishment of 12 libraries in the governorates of Abyan, Amran, Al-Dhale', Al-Hudaidah, Lahj, Al-Mahweet and Al-Nadirah. SFD interventions included providing books and equipment, training librarians and information-sharing visits to SFD-supported public libraries in Sana'a.

In addition, a public library for children and youth was established in Arhab (Sana'a). Project components included providing cultural books and needed equipment—in addition to training the librarian and his assistant in indexing and documentation.

Local authorities

SFD interventions to support local authorities included training in strategic planning and development of a comprehensive vision for leaders and members of local authorities—both local councils and the local authority executive-organ offices (local offices of central authorities)—in several governorates. These efforts sought to raise awareness among local



Development Committee election, Alhaymah, Sana'a gov.

authorities about the steps and phases that should be followed when preparing plans and budgets specified in the Executive Statutes of the Local Authority Law. Other courses trained executive committees of local councils and executive offices in tendering techniques and project implementation, with participation by local authority representatives in the governorates of Amran, Hajjah and Al-Hudaidah.

In accordance with government efforts to apply the Local Authority Law and reinforce decentralization, the Ministry of Local Administration is finalizing the National Strategy for Reinforcing Decentralization. A long-term Decentralization and Local Development Support Program was developed to activate these efforts and provide a unified, coordinated framework for mobilizing support from various external and internal donors.

Within this framework, the SFD provided support to the Ministry of Local Administration by financing and organizing three workshops on the National Strategy for Reinforcing Decentralization and activating the development roles of local authorities. The workshops were held in Aden, Al-Mukalla and Taiz with participation by the ministry and local authority

Box 6: Empowerment for local development

The SFD developed the Empowerment for Local Development program in 2006, building on its extensive experience working with communities, beneficiary committees, local authorities and NGOs. This experience included analysis of the gaps undermining sustainable local development and the causes of lacking communication and interaction between communities in villages and sub-districts—on the one hand—and elected and appointed local authorities on the other. These shortcomings resulted in weaknesses in district development plans, especially in terms of their correlation with local priorities and needs.

Implementation of the Empowerment for Local Development program began in 2007, with goals focused on maximizing the use of available local resources by:

- Involving communities in revealing hidden local resources and expertise by making them visible to community members and allowing them to incorporate these resources and expertise through self-help development (self-implementation plans).
- Involving local authorities in activating participatory development planning with communities by establishing community committees to act as intermediaries between communities and local authorities.
- Establishing a mutual participatory relationship between local authorities and community committees to support, supervise and monitor implementation of development plans—to achieve accountability and transparency.

In general—and through experimental and participatory learning as well as applying best practices in development work—the program developed implementation mechanisms about how to integrate community participation approaches when preparing district plans and how to produce plans based on a comprehensive (not just sector) program. This is in addition to gaining trust and strengthening the relationship and transparency between communities and their representatives—passing through local authorities in districts and governorates and ending with central authorities and the private sector.

After piloting in three districts, the program realized several goals at the three levels of communities, local authorities and donors:

Communities

- Activating and mobilizing communities to participate in assessing their needs and organizing their priorities.
- Establishing community committees able to communicate and make connections between communities and local authorities.
- Preparing communities to implement their own self-initiative plans.
- Preparing cross-sectoral programs with participation by local authorities.

Local authorities

- Enabling local authorities to manage the planning process in conformity with the Local Authority Law.
- Implementing cross-sectoral programs.
- Developing sustainable relationships between local authorities and community communities in preparing, discussing and implementing district development plans.
- Preparing and providing suitable institutional environments for improving local authority management in targeted districts/

Donors

Creating the feasibility and effectiveness of interventions conducted by these agencies and their development programs was achieved by:

- Addressing real community needs and problems.
- Adopting plan-based projects.
- Avoiding duplication in interventions.
- Pursuing balanced development outcomes.



Handicraft activities, Coastal Woman Society, Shabwah

leaders from Abyan, Al-Dhale', Dhamar, Hadhramaut, Ibb, Lahj, Al-Maharah, Shabwah and Taiz.

Decentralization and Local Development Support Program

This program comes within the framework of supporting the Government trends to apply the Local Authority Law, reinforce the decentralization system, and activate local development by means of a long-term program, with contributions from both internal and external agencies. Forty-eight districts had been targeted within this program, of which 28 districts obtain budget support, including 10 districts supported by the SFD in partnership with the United Nations Development Program and other donors.

During the third phase of SFD support more resources were allocated to these 10 targeted districts in the governorates of Amran (Amran, Eiyal Suraih, Jabal Yazid and Khamer), Al-Hudaidah (Bajil, Al-Mansouria, Al-Munira and Zabid) and Taiz (Al-Ma'afar and Haifan).. In addition to the continuation of supporting the budgets of these districts, SFD activities also included implementing evaluation studies, workshops and training for the district facilitation teams implementing the Decentralization and Local Development Support Program and covering expenses for field teams in the 10 targeted districts as well as needed materials and requirements, including logistical facilities.

Empowerment for Local Development

A pilot program supporting decentralization and local authorities in selected districts is complementary to other SFD's projects implemented to support decentralization.

The pilot program is being implemented in districts of Jiblah and Al-Nadira in Ibb governorate and Al-Haima Al-Dakhliah in Sana'a (box 6). The program is designed to reinforce and assist roles of local authorities in managing the planning process for the third Five-Year Plan for Economic and Social Development for Poverty Reduction. This goal is being pursued by studying the institutional situations of the targeted districts and analyzing their needs, assisting in the preparation of development plans for the targeted districts, and providing relevant consultancy services and training courses and workshops—in addition to providing needed equipment to strengthen the institutional structures in both districts.

Interventions involved preparing communities and raising awareness, mobilizing communities to identify priorities, reviving local initiatives at the levels of community groups and sub-districts, developing local plans, and forming development committees at the level of community groups (with 33 community groups in Jiblah, 26 in Al-Nadira and 50 in Al-Haimah Al-Dakhliah).

In addition, steps were taken to ensure the sustainability and replication of such activities by the communities without any need for outside support:

- About 4,074 community members were elected to the groups. They represented all segments of the communities in the three districts and worked with their communities to prepare self-initiative plans for implementation and local plans for integration with the districts' plans.
- Sub-district committees were formed from the community groups (11 sub-district committees in Jiblah, 14 in Al-Nadirah and 10 in Al-Haimah Al-Dakhliah), and they received training on mechanisms for and drafting of organizational regulations as well as implementing self-help plans and drafting regulations for them (box 7). These efforts will enable these committees to work effectively with the community groups' plans in a single development plan at the sub-district level, with participation by the local authorities in the sub-districts.
- Priorities were identified for the district development plans.
- Plans were finalized for all the sub-districts in Jiblah and Al-Nadirah, suitable for integration with the districts' general plans and enabling them to discuss the plans with the official committees responsible for drafting the districts' general plans.
- A general development report and plan was prepared for Jiblah and Al-Nadirah.

Communities

Elected local committees serve as liaisons between communities and the SFD. These committees play an important role, since they are responsible for collecting contributions and following up on all phases of project implementation—including operation and maintenance. In 2007, 403 local committees were formed and trained through 10 projects developed by the SFD's branch offices in Aden, Amran, Dhamar, Ibb, Al-Mukalla, Taiz and Sana'a.

Private sector participation

Activities with the private sector include various groups such as consultants, engineers, onsite technicians, private training centers, small contractors, beekeepers and other groups involved in income generating activities. The SFD takes special care to strengthen the capacities and skills of these groups to enable them to perform their tasks effectively. This is in addition to acquainting some of these groups—especially consultants and contractors—with SFD policies, regulations, financial criteria and contracting procedures. The most important interventions in this area included:

- Projects aimed at enhancing the capacities of consultants such as engineers, onsite technicians and small contractors in the governorates of Hadhramaut, Al-Maharah and Shabwah in various fields, including information related to SFD contracting, implementation mechanisms, community participation, project technical supervision and information sharing. This is in addition to projects designed to increase the capacities of consultant-engineers, contractors and accountants in the governorates of Aden, Amran, Hajjah, Ibb, Sa'adah and Taiz on SFD contracting and implementation mechanisms related to community contracting as well as projects targeting contractors and consultants (second phase) in the governorates of Al-Baidha and Dhamar.
- Training about 400 new rural beekeepers in the districts of Al-Ousha and Al-Suair (Amran governorate).
- A refresher course for trainers to advance their management and communication skills.
- Training trainers in institutional development and needs identification and analysis, to help the SFD implement its interventions in various governorates efficiently and effectively.

The National Program for Qualifying New University Graduates from Rural Areas

The program had been established in the year 2004 and was implemented in twelve governorates to prepare and qualify graduates from rural areas in development issues and community mobilization mechanisms. This initiative is designed to enhance the SFD's general goals of providing opportunities for recent graduates, qualifying them for job opportunities, and allowing volunteers to work as onsite consultants overseeing tasks related to coordination, community mobilization, formation of community committees and preparation of needs assessments. During the year 2007, the university graduates' volunteer program was extended to involve qualifying about 200 male and female graduates from the governorates of Ibb, Hadhramaut and Al-Hudaidah.

In addition, about 50 male and female university volunteers from Al-Baidha and Dhamar received training on forming and training community committees, and about 370 male and female consultants and volunteers from Al-Baidha, Dhamar and Taiz were qualified in the participatory rural assessment (PRA) methodology.

Box 6: Initiating self-reliant local development in villages

The notion of promoting self-reliance initially seemed a bit unfamiliar and difficult. Applying it seemed even more difficult. When talking to villagers about self-reliance (or self-dependence)—especially in poor communities such as villages in Al-Khulal (Al-Miftah, Al-Nadira, Ibb)—people's first response was reluctance or refusal to accept the idea. This response was complicated by villagers' inability to understand it, if not a tendency to shun it. Such response may be due to erroneous perceptions of the self-reliance concept, along with conflicts among people in the same and different villages and among community leaders (sheikhs).

Recognizing these challenges, the SFD has made ongoing efforts to raise awareness about self-reliance in communities and develop a sense of unity and adherence to it. In addition, the SFD has sought to bring together those with different, often opposing views. This approach has helped generate change—be it slowly and gradual. As part of these efforts, several public meetings have been held in Al-Khulal. This initiative has revived some cordiality and communal unanimity in areas where psychological and social barriers had gained the upper hand—accentuated by widening gaps among community members and disagreements with neighboring communities.

After a field visit by an SFD team had addressed such issues, people began accepting the idea of giving precedence to the interests of the area and its citizens as a whole over the interests of individual tribes or political parties—and even individual self-interest. Thus the various groups assumed a unilateral vision and goals with which the community has been armed—instead of being armed with guns or daggers.

Roles were assigned to community members, and a slogan of love and cooperation was promoted. Nominations were made to elect community committees and the sub-district's development committees. Villagers made a list of self-implementation projects in which all community members will cooperate.

As a result, literacy classes began and evening classes were arranged for girls to prevent school dropouts. Periodic garbage collection campaigns began—starting at schools and ending with community villages. The rural access road linking the community with the town center was repaired, and a community hall for Al-Khulal villages was built voluntarily. In addition, villagers bought pipes on their own to carry water to the cistern built on the local highway.

Community activists also undertook campaigns to raise awareness about hygiene and pollution. They created trash dumps and promoted campaigns about health and hygiene awareness—especially reproductive health—conducted by health workers from the area. Villagers have even dug sanitation pits and built walls for the area's graveyards.

Self-reliance was the launching point, with the development of communal unity bearing its title and cornerstone—and the creation of sustainable communal development its ripe fruit.

Source: Ahmed A'ayedh Abu Sha'ar, Chairman, Al-Khulal Development Committee.



Cultural Heritage



During 2007 the SFD developed 21 cultural heritage projects worth an estimated \$5.8 million. Since its inception in 1997, the SFD has supported 167 cultural heritage projects worth about \$28.8 million (table 9).

<i>Indicator</i>	<i>2007</i>	<i>Cumulative</i>
Number of projects	21	167
Commitments (millions of U.S. dollars)	5.8	28.8
Disbursements (millions of U.S. dollars)	5.7 ^a	17.9
Direct beneficiaries ^b	—	—
Female share of direct beneficiaries (%) ^b	—	—
Temporary employment created (days)	196,816	1,374,212

a. Excludes 2007 disbursements of projects from previous years.

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

Commitments and disbursements in this sector have steadily increased since the SFD’s inception. The increase in disbursements is due to large projects approved several years ago—such as the Great Mosque in Sana’a, Al-Ashrafia Mosque in Taiz and Great Mosque in Shibam (Kawkaban). In general, the cultural heritage sector is close to achieving quantitative targets set for it for the third phase of SFD operations.

A report on the quality of cultural heritage interventions, produced by a joint donor mission in May 2007, acknowledged the high technical quality of SFD projects—indicating that they follow best practices in their field. The report also found that these projects are in line with international standards, charters and guidelines for restoration and rehabilitation works. This finding was confirmed by two SFD-supported cultural heritage projects being awarded the 2007 Aga Khan Award for Architecture—a highly recognized international prize (box 8).

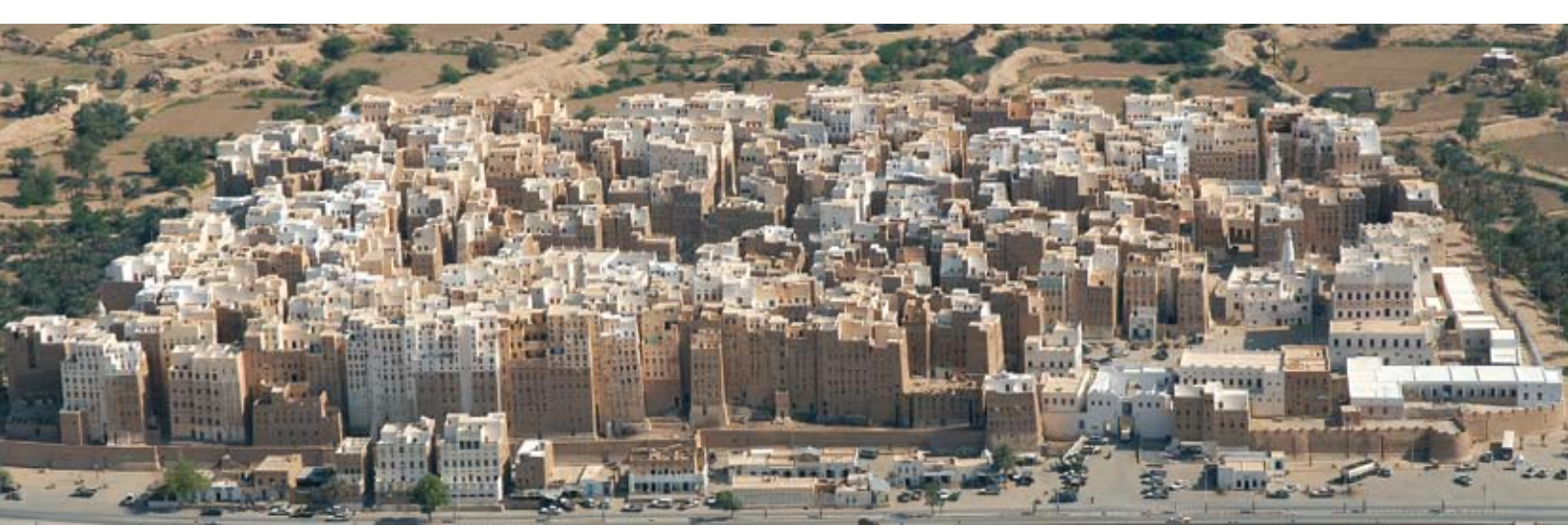
New projects

SFD cultural heritage projects approved in 2007 maintained the same diversity as in previous years, distributed between saving decayed or endangered

sites and monuments of archaeological, architectural or historical importance. These include—among others—the Al Qaraw archaeological site in Abyan governorate, which faced threats from urbanization, the Bayt Al-Ashwal village (a documentation project for endangered movable artifacts of Hymiarite origin), restoration of the remaining portions of the city walls of Shibam (Kawkaban), the Great Mosque of Hais,



Maqashem project, Dhamar



Box 8: Two SFD-supported cultural heritage projects receive the Aga Khan Award

In 2007 two SFD-supported cultural heritage projects received the Aga Khan Award for Architecture based on the recommendation of the award's Master Jury. The projects are the rehabilitation of the city of Shibam (Hadhramaut) and the restoration of the Al-Amiriyah Mosque and Madrasah ("An outstanding contribution to architecture for Muslims"—as stated in the award certificate).

His Highness the Aga Khan presented the award to the head of the SFD's Cultural-Heritage Unit during a ceremony held on 4 September 2007 in Kuala Lumpur, Malaysia. The ceremony was attended by Abdullah Badawi, Malaysia's prime minister.

Of 343 competing projects worldwide, 9 were chosen.

The Aga Khan Award for Architecture is one of the world's most prestigious architectural awards. It recognizes projects of architectural excellence, community improvement and development, and conservation of Islamic heritage using contemporary technology. The award identifies and encourages building concepts that address the needs and aspirations of Muslim societies.

This year's ceremony marked the 30th anniversary of the award, which was founded in 1977 by His Highness the Aga Khan and is presented in three-year cycles. At the end of 2007 a public festival was held to honor the Shibam (Hadhramaut) project. The festival was attended by the city's citizens and local authorities.



a Rasouli monument and a number of Magashem—traditional green spaces—in the historic urban areas of Dhamar, Sa’ada and Sana’a.

Expanded urban conservation efforts were established through a cooperative program established between the SFD and the German Agency for Technical Cooperation (GTZ), which will share the costs of an economic development program in historic cities (expanding existing economic and income generating activities). The program will build on the successful experience in Shibam (Hadhramaut), and the GTZ will be the implementing agency. The program will continue the Shibam Urban Development Program and involve major expansions to other historic cities—the first being the endangered city of Zabid. Zabid is Yemen’s third World Heritage Site identified by the United Nations Cultural, Scientific, and Cultural Organization (UNESCO). It has been on the list of endangered World Heritage sites since 2000, and faced the potential removal from the list.

Ongoing projects

Many other cultural heritage projects continued to be implemented in 2007, following plans initiated in previous years. Some were completed—such as the Al-Zabib Customs House in Old City of Sana’a, rehabilitation of the Aqabat (climbing path) of Shibam (Kawkaban) and a survey of traditional handicrafts in the Old City of Sana’a. For the latter, a comprehensive study was conducted to document an endangered cultural value and to promote and provide technical assistance as well as generate income for handicrafts workers.

Other projects have reached advanced stages of implementation and are nearing completion, including restoration of the Bab Al-Qurtab (southern city gate of Zabid), Mohen Bin Imran Mosque (Ibb) and historic houses in Shibam (Hadhramaut).

Meanwhile, major restoration of assets such as the Grand Mosques of Sana’a and Shibam (Kawkaban) and the Al-Ashrafyah Mosque and Madrasah entered new phases of restoration. Restoration works are being conducted under the supervision and with participation by national and international experts. These works maintain high-quality standards and provide extensive theoretical and practical learning and training for dozens of Yemeni workers.



The Great Mosque, Sana’a

Small and Micro-Enterprise Development



In 2007 the SFD's Small and Micro Enterprise Development Unit developed 20 new projects worth nearly \$2.8 million. Cumulative SFD investments in this field have supported 155 completed and ongoing projects worth \$16.4 million. In 2007 the unit's projects enhanced the financial and technical capacities of microfinance institutions and programs—the unit's main focus. The performance of these institutions and programs has improved considerably, with the number of beneficiaries increasing to about 30,000 active borrowers (77% of them female) and more than 23,000 savers by the end of 2007 (table 10 and box 9).

Table 10. SFD-supported microfinance institutions and programs, December 2007

Program	Number of clients			Outstanding loans (millions of rials)	Portfolio at risk (%)	Cumulative loans		Areas of operations
	Borrowers		Savers			Number	Amount (millions of rials)	
	Total	Women (%)	Total					
National Microfinance Foundation (NMF)	8,522	98	10,786	179	8.1	37,970	1,143	Capital City, Yarim (Dhamar), Qa'edah (Ibb), Taiz
Sana'a Microfinance Program (Azal)	2,520	88	2,223	55	1.2	13,746	459	Capital City
Wadi Hadhramaut Savings and Credit Program	1,172	28	1,332	39	3	4,246	237	Seyoun, Tareem, Al-Kuten and Al-Soum (Hadhramaut)
Aden Microfinance Foundation	1,968	85	4,173	33	-	18,440	650	Dar Sa'ad, Al-Buraikah, Al-Mu'alla, Al-Tawwahi, Crater and Sheikh Othman (in Aden) and Lahj
Abyan Savings and Credit Program	2,121	100	2,365	55	0	7,739	266	Abyan
Nama'a Microfinance Program	3,435	30	894	94	1.4	17,507	663	Aden, Sana'a, Taiz
Hais Credit and Saving Program	796	91	1,488	8	-	6,801	252	Hais, Jabal Ras, Khoukha, Zabid (Al-Hudaidah)
Al-Hudaidah Microfinance Program	3,804	79	-	46	12.5	28,824	660	Bajil and Al-Hudaidah city (Al-Hudaidah)
Al-Awael Microfinance Company	3,147	100	-	56	1.5	24,559	478	Taiz City
Sana'a Microstart Program	519	67	-	7	20	8,936	174	Capital City
Other projects	---	---	---	---	---	8,909	311	
Small Enterprise Development Fund (SEDF)	1,957	6	-	988	4	6,696	4,271	Aden, Capital City, Al-Mukalla, Taiz
Total	29,961	77	23,261	1,560		184,373	9,564	

Supporting small and microfinance institutions and programs

During 2007 the SFD continued to support a variety of microfinance institutions and programs, enabling them to provide financial services to targeted groups in a sustainable manner. The SFD developed new ways of providing financing to align with its strategy of preparing such institutions to seek financing from commercial financial institutions. For example, interest rates on loans to microfinance institutions were raised to 10%, and the SFD will continue to gradually raise the interest rates on such loans to reach market rates, as well as encourage microfinance institutions and programs to access financial services from financial institutions other than the SFD—thus ensuring the sustainability of microfinance efforts. As a result of SFD support for microfinance institutions, the cumulative number of loans rose to more than 184,000, worth nearly 9,564 million rials—about \$47.8 million.

Since 1997 the SFD has been successful in providing needed financing for microfinance institutions and helping them achieve higher levels of performance, including reaching growing numbers of clients (figures 2 and 3). The SFD continuously follows up on repayments of loans provided to microfinance



Jambia's (Yemeni traditional dagger) Maker, a microfinance client.

institutions. All loan and grant agreements signed with microfinance institutions are carefully reviewed, and the agreement data entered in the Small and Micro Enterprise Development Unit's system, as well as a loan tracking system that continuously follows up on due installments. The repayment rate at the end of 2007 was impressive: 100%.

In 2007 the SFD funded the following microfinance institutions.

National Microfinance Foundation

The SFD provided the National Microfinance Foundation with a loan of 20 million rials (\$100,000) as the last installment of a funding agreement signed to provide the foundation with a total of 49.5 million rials (\$227,500). Cumulative SFD loans to the foundation total 132 million rials (\$660,000).

Sana's Microfinance Program (Azal)

This program received an SFD loan of 50 million rials (\$250,000) based on an extensive study of its strategy and business plans—which showed its need for financing as a result of opening several new branches in the Capital City. Cumulative SFD financing to the program reached 110 million rials (\$550,000).

Al-Hudaidah Microfinance Program

In 2007 the SFD provided the Al-Hudaidah Microfinance Program with a loan of 13.5 million rials (\$67,500)—the third and final installment of an agreement signed in 2006 to provide the program with 41.5 million rials (\$207,500). The most recent dispatch was based on the program's strategic and business plans, which indicate its upcoming financial needs. Cumulatively, the SFD has provided the program with loans totaling 51.5 million rials (\$257,500).

Wadi Hadhramaut Program

The SFD provided this program with a loan of 30 million rials (\$150,000), representing the first installment of a funding agreement signed in late 2007. Cumulative loans provided to the program by the SFD total 107.7 million (\$539,000). This program is currently working in Al-Kuten, Seyoun, Al-Soum and Tareem.

Abyan, Nama'a and SEDF programs

The SFD provided the Abyan Savings and Credit Program with 50 million rials (\$250,000) in 2007, with cumulative loans reaching 94 million rials (\$470,000). In addition, the Nama' Microfinance Program received 30 million rials (\$150,000), for cumulative loans of 48

Box 9: A thousand-mile journey starts with one loan

Fatima, Al-Maqtari and Sameerah were all suffering from the challenges of life—in particular, earning livelihood. With some patience, a lot of dedication and a small loan, their lives radically changed.

Fatima

Fatima Miqdam is from Hajjah. She had led a miserable life since her youth, but has never surrendered to despair. Rather, she dreamed of owning some type of shop or small grocery store. Once Fatima heard that the National Microfinance Foundation had opened a branch in Hajjah, she realized that she had a shot at achieving her dream. In August 2006 she got her first loan, for about \$150, which she used to open a small grocery store.

After receiving more loans and repaying them on time, and running her business honestly and cleanly, Fatima got more loans at higher amounts until her capital reached about \$3,000 and her monthly profit was \$226—improving her life and her children’s living conditions.

Al-Maqtari

Living in the Al-Masbah quarter of Taiz city (Taiz governorate), Abdo Muhammad Hayel Al-Maqtari graduated from the Administrative Sciences Department in the Faculty of Economics at Taiz University. But he remained unemployed and on the search for an appropriate job. When he learned about the Small Enterprise Development Fund, he applied for a loan. He received his first loan in June 2004, for about \$2,000, and used it to buy and start trading spices.

By paying his loan installments on time, Al-Maqtari received a second loan for \$2,000, then a third for \$4,000, which encouraged him to open another spice shop and increase the number of his employees. As a result, his monthly profit reached \$300, enabling him to marry in 2006.

Sameerah

An illiterate, poor woman providing for a family of eight children in Aden, Sameerah Ahmed Saleh dreamed of owning her own small business. Indeed, she had already decided on the nature of this business—weaving ma’awez, traditional dress covering the lower part of men’s body—because the area lacks such handicrafts. A neighbor told her of an institution that lends money to poor people.

Sameerah visited the SFD-supported Aden Microfinance Foundation, where she got her first loan. After buying a weaving machine and working hard at her house, she managed to fulfill her family’s basic requirements. She then bought another machine, and later another. Her business grew quickly when she used subsequent loans to lease a shop, where she hired five employees to help her meet the growing demand for such clothing.

A blend of dedication, honesty, management talent and commitment enabled this new businesswoman to open a trading center exclusively serving brides and wedding celebrations (renting wedding dresses, doing hair and makeup, and so on).



million rials (\$240,000). The SFD also gave the Small Enterprise Development Fund a grant of \$700,000 to cover its expansion in new governorates. Since 2003 the SFD has provided the fund with loans of 350.4 million rials (\$1.8 million).

Building the institutional capacity of small and microfinance institutions

In 2007 the SFD continued to provide technical assistance to small and microfinance institutions to strengthen their institutional capacity and enhance their ability to become sustainable financial institutions, disbursing about 234 million rials (nearly \$1.2 million). The SFD provided such support to several microfinance institutions and programs, including the Abyan Credit and Saving Program, Aden Microfinance Foundation, Hais Credit and Saving Program, and National Microfinance Foundation. In addition, the SFD conducted eight specialized courses targeting all administrative levels of microfinance institutions and programs.

During the year the SFD actively contributed to the development of the National Microfinance Strategy, conducting training courses and workshops as well as supporting a regional microfinance conference.

Developing the National Microfinance Strategy

As part of its ongoing contributions to the development and implementation of the National Microfinance Strategy, the SFD in partner with KfW held two workshops in April and June 2007 aimed at bringing together stakeholders (government agencies, NGOs, national and international agencies and the private sector) concerned about developing Yemen's microfinance industry and National Microfinance Strategy. The workshops were the result of a year's worth of preparations and consultations to develop the strategy and aimed to secure the approval of the participating parties and ensure their commitments to the strategy.

The strategy confirmed guiding principles for the future development of microfinance. These include following a market approach, adapting the legal and organizational environment to be more supportive of microfinance, and identifying the economically active and inactive poor. The strategy also addresses the government's vision for achieving a more successful microfinance industry. A steering committee was formed to develop an action plan and follow the plan's implementation.

Training and workshops

The SFD continued to conduct courses to boost the capacity of staff at microfinance institutions. The courses were both basic and advanced, depending on the staff receiving them. In 2007 eight courses were benefiting 129 male and female staff—with training focused on topics such as operational risk management, training of trainers, the loan cycle, components of the Ma'een loan-tracking system for data entry officers, managers of programs and institutions, and managers of branches and operations. In addition, topics included assessing microfinance programs, improving communication and promotion skills, and implementing the Islamic funding cycle.

The SFD also held two workshops for its microfinance partners aimed at introducing them to new developments in the industry and presenting and discussing financial indicators for microfinance institutions. The workshops also provided recommendations for solving financial and administrative obstacles facing microfinance institutions. The workshops also discussed the Ma'een system and financial statements developed based on best practices.

Promoting microfinance

During 2007 the SFD paid special attention to promoting Yemen's microfinance industry. Activities included the fourth annual conference of the Microfinance Network in the Arab World (Sanabel) and the third annual Small and Microenterprise Days. Efforts focused on raising official and public awareness of the importance of small and microenterprises in advancing economic development and reducing unemployment, along with introducing microfinance services to target groups.

Sanabel conference

One of the most important microfinance events in 2007 was the fourth annual conference of the Microfinance Network in the Arab World, led by His Excellency Ali Abdullah Saleh, President of Yemen, under the motto "Poverty Reduction: 10 Million Beneficiaries by 2010." The SFD ensured that the conference was attended by the highest possible number of domestic individuals and agencies engaged in microfinance. The SFD contributed to the success of the conference, which was attended by more than 400 participants from around the world representing experts, donors and entrepreneurs interested in

microfinance in Arab and other countries. The conference provided an excellent opportunity for participants to acquire valuable information on and share experiences with microfinance.

The event received extensive media coverage and attracted attention from government officials and the general public, giving focus to the importance of microfinance for reducing poverty and creating jobs. Several national and Arab media attended the conference and praised the SFD's contributions to Yemen's microfinance industry. The conference also provided an opportunity for domestic participants in the industry to meet with potential donors and investors.



Opening of Small and Micro Enterprises Days (right to left: The PM, SFD Managing Director & the Capital Mayor)

Small and Microfinance Days

The SFD organized the third annual Small and Microenterprise Days in mid-2007 to promote and introduce microfinance institutions providing financial and nonfinancial services. The one-week event also exhibited traditional Yemeni handicrafts produced by microfinance entrepreneurs. The event provided an opportunity for clients of microfinance institutions to exhibit their products and generate revenues—helping them grow further and continue their businesses successfully.

Promotional campaigns

During 2007 several promotional campaigns were conducted to introduce small and microenterprise institutions and programs, make them better known in target areas and attract more clients. The campaigns introduced the institutions and their services and products, as well as requirements for getting loans. The campaigns also described the benefits of taking loans from microfinance institutions (simple guarantees, low loan amounts, easy procedures, low interest rates, and so on).

A number of programs were included in the campaigns, including the Aden Microfinance Foundation, Al-Hudaidah Microfinance Program and Sana'a Microfinance Program. Efforts undertaken with these programs included distribution of questionnaires, printing of brochures, identification of appropriate media coverage, contracting with local radio stations to produce and broadcast commercials in local accents, and production of advertisements in other media. In addition, awareness raising programs were conducted in schools—where members of the public had gathered—and agreements were signed with local newspapers (such as Aden's Al-Ayyam) to publish articles about microfinance and client success stories.

New microfinance initiatives

Cooperation with the Grameen Foundation

As part of its efforts to attract donors and investors, the SFD reached an agreement with the Grameen Foundation to fund the Abyan Savings and Credit Program, Aden Microfinance Foundation, and Al-Hudaidah Microfinance Program. The Grameen Foundation provided \$100,000 loans to both the Abyan and Al-Hudaidah programs in order for them to meet the growing demand for lending. This initiative seeks to encourage microfinance institutions in Yemen to search out and diversify financing sources, and not depend solely on the SFD.

The Al-Amal Bank

The SFD continued its efforts to complement the procedures needed to establish the Al-Amal Bank for Microfinance by coordinating efforts to hold the first meeting of the bank's general assembly and board of directors, during which the board's chairman and deputy were appointed. In addition, Ministerial Resolution 332 for 2007 granted the license for the establishment of the bank. Moreover, the commercial register was issued.

Replacing the Bait Al-Faqeeh Savings and Credit Program

As part of SFD efforts to enhance sustainable microfinance services, the Bait Al-Faqeeh Savings and Credit Program was dissolved due to its inability to function effectively. The liquidation process was designed not to affect the collection of the program's loan portfolio or end the financial services provided to its beneficiaries. The Al-Hudaidah Microfinance Program opened a branch in Bait Al-Faqeeh to provide loans to local entrepreneurs.



Incense maker, microfinance client.

The Unit's institutional development

During 2007 the Small and Micro Enterprise Development Unit enhanced its institutional capacity through several activities, some of which are described below.

Automated management information system

The Unit enhanced its management information system to cover most of its activities and facilitate monitoring and reporting. The system, developed in a user-friendly and flexible way, includes data on SFD-supported microfinance institutions and sponsoring agencies as well as loan data. The system also covers grants provided by the SFD to microfinance institutions, training courses, workshops and field visits as well as financial indicators and reporting.

In addition, as part of developing the monitoring and follow-up process for microfinance institutions, the SFD has developed a model for monthly reports based on criteria used by the Consultative Group to Assist the Poor (CGAP) and Small Enterprise Education and Promotion (SEEP) Network in measuring and analyzing the financial performance of microfinance programs. Such reports will provide the the SFD with the information it needs to decide on the support it provides to microfinance institutions and programs.

They will also facilitate the evaluation process, plan creation and data verification.

Participation in conferences and training courses

The Unit participated in the conference of the Microfinance Network in the Arab World, an international microfinance conference held in Washington, D.C., and a workshop held in Amman, Jordan, sponsored by the International Fund for Agricultural Development (IFAD). The Unit also participated in visits to Bangladesh and Tanzania to learn from the experiences of village savings and loan groups. In addition, the Unit participated in two workshops in Sana'a, one on Islamic banking and the other on gender analysis.

Moreover, the Unit developed a training manual for its staff and consultants that describes its training initiatives and a course on how to enter and retrieve data.

Business development services

In 2007 the SFD continued supporting business development services through projects implemented by the Small and Microenterprise Development Unit and its subsidiary, the Small and Microenterprises Promotion Services Agency, founded in 2005. The SFD conducted several such activities in collaboration with Sana'a University, including lectures and issuance of printed materials aimed at promoting microfinance and its importance—particularly in enhancing graduates' self-reliance by creating their own job opportunities and projects, thus reducing unemployment. In addition, the SFD implemented a project supporting exports of traditional Yemeni handicrafts to Europe.

Small and Microenterprise Promotion Services

In 2007 the SFD continued supporting the Small and Microenterprise Promotion Services Agency. During the year the agency expanded its activities by opening a new branch in Al-Mukalla City (Hadhramaut) and continuing implementation of the Business Edge Project in cooperation with the International Finance Corporation (IFC)—part of the World Bank Group—with funding from the Dutch government. In addition, the SFD encouraged the agency to take over direct negotiations with donors to diversify and increase funding resources.

Moreover, the Small and Microenterprise Promotion Services Agency continued to introduce new ideas and knowledge to the market—such as introducing plastic irrigation pipes (based on a scouting visit to Pakistan) and presenting to a number of factories the idea of manufacturing them locally. In addition, the agency helped local entrepreneurs develop and upgrade traditional and other products such as henna, smoked fish and incense that are being adapted to European tastes and respond to demands from abroad.

Donor review of SFD microfinance initiatives

As part of periodic reviews and supervision conducted by SFD donors, a joint donor review mission in late 2007 focused on the achievements of the Small and Micro Enterprise Development Unit. The assessment was positive and showed that the sector had already exceeded the targets set at the start of the SFD’s third phase, especially now that the Unit’s management information system can now extract required reports.

Figure 2. Number of active clients in SFD-supported microfinance institutions, 1998–2007

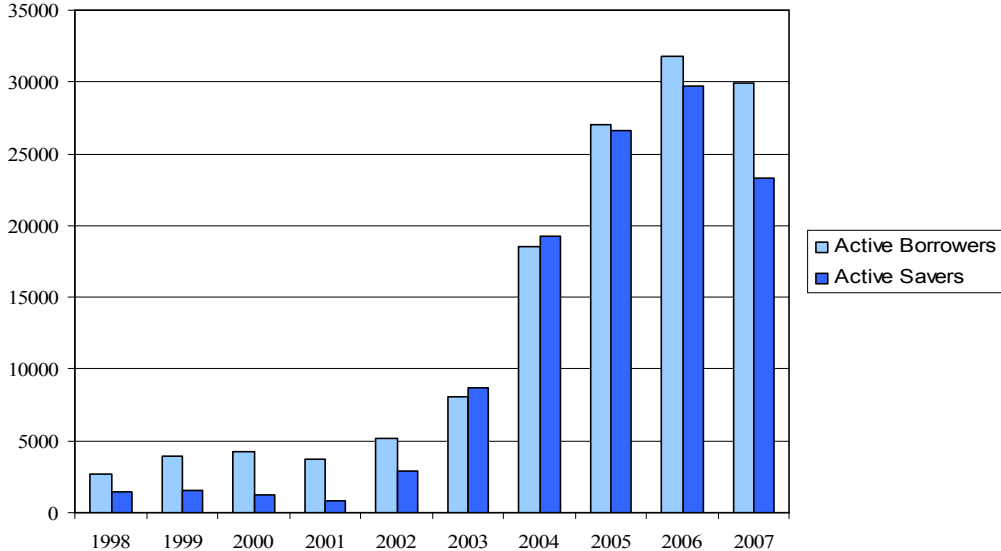
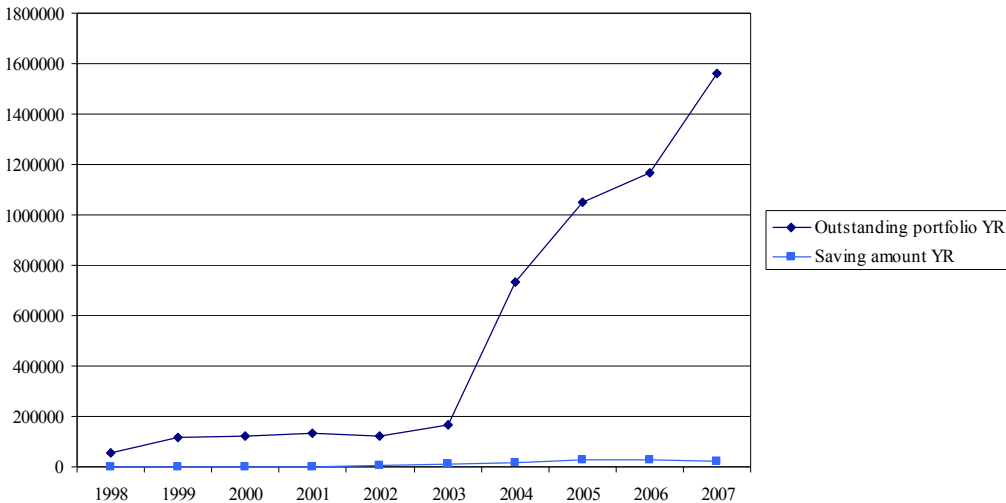


Figure 3. Loan and saving portfolios in SFD-supported microfinance institutions, 1998-2007 (thousands of rials)



Institutional Development



The most important activities related to the SFD's institutional development in 2007 are described below.

Meetings of the SFD's Board of Directors

The SFD's Board of Directors held three meetings in 2007. The first was in March under the chairmanship of His Excellency Abdulrahman A. Ba-Jammal, the country's Prime Minister and Chairman of the Board, during which the SFD's 2007 work plan was discussed and approved.

The second meeting was in June 2007 under the chairmanship of His Excellency Ali Muhammad Mujawar, Prime Minister and Chairman of the Board, and discussed the SFD's financial statements for the fiscal year ending on 31 December 2007 in light of the auditors' report. During the meeting the Board delegated the SFD to appoint an auditor to review the financial statements for fiscal 2007.

In the third meeting, in September, the Board of Directors—under the chairmanship of His Excellency Ali Muhammad Mujawar—discussed and approved the SFD's draft budget for fiscal 2008—totaling 22.5 billion rials (about \$113 million), a 7.1% increase over fiscal 2007.

Completion and approval of the SFD's Mid-Term Vision

During the fourth quarter of 2007 the SFD's Mid-Term Vision was completed, discussed and approved by SFD donors and local partners. The vision was developed in 2006 by SFD staff and thoroughly discussed with SFD stakeholders in a December 2006 workshop. In preparing the vision, the SFD benefited from evaluations conducted in 2006 and from discussions held with its partners.

Through its vision, the SFD aims primarily to enhance diversification and balance in its operations and maximize their impact on reducing poverty. In developing the vision, the SFD took into account the social and economic development context in Yemen—in terms of living conditions, human development and

essential income-developing sectors—as well as the SFD's strengths in addressing these issues. The vision was prepared to complement and support the third Economic and Social Development Plan for Poverty Reduction (2006–10) as well as the Public Investment Program attached to the plan.

The Mid-Term Vision comprises several themes, including community empowerment, enhancement and expansion of economic activities, institutional strengthening and partnerships, and enhanced synergies and efficiency within and outside the SFD. These themes are being implemented through the Community Development, Capacity Building, and Economic Development and Job Creation Programs—with the latter including small and microenterprise development, agriculture and rural roads.

Review of data on living conditions

The SFD reviewed poverty indicators as reported in the Yemen Poverty Assessment (issued in November 2007 by the government of Yemen, World Bank and United Nations Development Programme), which was based on the 2005 Household Survey and 2004 Census. The report disseminated data at the urban and rural levels as well as governorate and district levels. The SFD has integrated indicators to estimate the number of people living in poverty in the country and update its funding allocations accordingly. These updated poverty data are helping the SFD formulate ideas on how to develop new approaches and programs for targeting the poorest districts to effect positive changes.

Geographic Information System

During 2007 the SFD prepared poverty maps at the governorate and district levels based on data from the 2005 Household Budget survey and 2004 Census. These data are used to guide the design of SFD programs and field visits. As noted, the data were also supplied to external experts and relevant agencies. In addition, village, sub-district, district and governorate indicators from the 2004 Census were prepared and

classified to estimate rural and urban population growth through 2015. This information was then linked to the SFD's Geographic Information System. Six courses targeting 65 SFD project officers and consultants from headquarters and branch offices were conducted to provide training in the use of Global Positioning System handsets and Google Earth tools. The training taught how to identify specific geographic positions by latitude and longitude and to draw the cartography of road projects and transfer the data to the Geographic Information System, to develop a map of SFD projects.

Staff development

SFD staff participated in many training courses, workshops and conferences in 2007. These included technical training, as discussed in the section on the year's operations, as well as managerial and administrative training in project management, procurement, monitoring and evaluation, and research methods.

Communication activities

The SFD's communication activities aim at influencing decisionmakers to enact policies that support its target groups. The SFD also aims at enhancing positive development practices that change behavior in target communities.

In 2007 the SFD's communication activities included promoting its vision and interventions through workshops to discuss its Mid-Term Vision (2006-10), disseminating its evaluation findings, and discussing and disseminating the National Microfinance Policy Statement, which is the framework for the national microfinance strategy. As noted, the SFD also hosted the fourth annual conference of the Microfinance Network in the Arab World, as well as the annual Small and Microenterprise Days exhibition.

SFD promotional activities in 2007 continued to provide information on its role in reducing poverty and its transparent policies and procedures. Promotional activities also encouraged demand for its projects in poor areas. The communication activities of the SFD's various unites aim to influence changes in

behaviors and attitudes—such as through campaigns to promote girls' education, raise awareness of health and hygiene issues related to water-borne diseases and hygiene practices, and empower communities by establishing local structures.

As part of those goals, the SFD publishes annual reports and quarterly newsletters and regularly updates its website with data, news and publications. In addition, in 2007 several SFD units produced brochures on their projects and programs, and 2008 calendars were distributed containing pictures and illustrations of SFD activities. These and other publications provide government agencies, researchers, media agencies and private sector actors with information and pictures of SFD activities periodically and on demand.

Strengthening technical support and quality control

In 2007 the SFD conducted field visits to 459 projects under implementation to assess their technical quality. The projects covered all the sectors and sub-sectors falling under the jurisdiction of SFD interventions. The visits found that 46% of the projects were being implemented excellently, 50% good and 4% satisfactory.

Still, the visits revealed that the growing number and diversity of SFD-supported projects requires increases and improvements in technical regulations for all phases of project implementation. Thus the SFD developed a technical regulation manual to help avoid technical problems during project development as well as guide technical reviews.

Ensuring cost-effectiveness

The SFD continued to monitor project costs and quality in 2007. Project costs increased for several reasons during the year, with the average construction cost of education projects reaching \$226 per square meter, up from \$210 in 2006 (table 11). The reasons for this increase include higher costs for labor and construction materials such as wood and steel. In addition, prices for other materials have been unstable—as with cement.

<i>Type of structure</i>	1997/98	1999	2000	2001	2002	2003	2004	2005	2006	2007
One-story building	180.3	152.2	147.1	147.8	154.2	170.8	185.5	217.4	239.0	259.8
Two-story building	155.1	131.5	125.5	121.0	126.8	152.3	164.6	189.2	214.0	226
Three-story building	—	—	—	—	—	135.5	143.0	176.4	182.0	201.7
Average cost	163.1	139.4	137.2	127.0	136.1	154.2	167.0	192.0	210.0	225.6

— Not available.

Gender Mainstreaming Strategy and Framework, 2008-10



As part of its efforts to advance overall social equity, the SFD is committed to promoting gender equality in its projects and programs. During 2007 the SFD developed the Gender Mainstreaming Strategy and Framework, which aims to increase the quality and effectiveness of SFD contributions to sustainable poverty reduction (for both sexes)—with a focus on increasing gender sensitization in SFD policies and procedures as well as interventions and sector programs. The strategy includes a three-year action plan and tools for its implementation as well as program and sector indicators to measure its impact. The Strategy builds on and supports the Government of Yemen's National Strategy for Women's Development (2006–15). It also supports implementation of the third Five Year Plan for Economic and Social Development and Poverty Reduction (2006–10).

The SFD recognizes that women and men experience poverty differently, and that these differences are influenced by varying access to assets, resources and income-earning opportunities, different demands on their time, and different expectations by Yemeni society. The SFD is well positioned to both develop and implement a Gender Mainstreaming Strategy. Its scale of operations (covering all of the country's 333 districts), track record and trust from other stakeholders (government, local authorities, NGOs) and commitment of its leadership and senior management—combined with renewed government emphasis on redressing gender gaps—all bode well for the Gender Mainstreaming Strategy and Framework. Why adopt a Gender Mainstreaming Strategy?

The Gender Mainstreaming Strategy and Framework build on the SFD's comparative advantage in working at the community level, a feature that will be advanced in the new vision for the SFD that is to be finalized in early 2008. The 2006 Institutional Evaluation and Impact Assessment found that the SFD has strong capacity in working at the community level and strengthening relationships at the decentralized

level, and thus supports the development of good governance.

The Gender Mainstreaming Strategy and Framework seek to consolidate this strength throughout the SFD by becoming a role model for how gender mainstreaming works at the community level—with both men and women—to improve women's status. By showing respect for women and placing a high value on their participation and perspectives, and demonstrating the benefits of doing so, the SFD will seek to increase the status of women based on the rationale that others—husbands, men in villages, and communities as a whole—will adopt similar practices. In addition, as a formal government agency showing respect for women through the behavior of its staff and consultants, the SFD is helping to advance women's rights.

A key feature of the SFD's Gender Mainstreaming Strategy and Framework will be increasing the attention paid to both:

- Internal and organizational elements—what the SFD will do in its internal processes and procedures, such as staff capacity development, methodologies for working with communities, budgets and resources, monitoring of progress, and so on.
- External and programmatic elements—what the SFD will do in its projects and programs to promote women's empowerment, and what it will do with partners such as government ministries, local authorities and NGOs.

Progress on gender equality in the SFD

The SFD has made real progress in advancing gender equality in the following areas:

- **Education.** Narrowing the gender gap in education, especially in rural areas, has been achieved through the SFD's poverty targeting, partnership with the Ministry of Education and its pilot project on rural girls' education. The 2006 Impact Evaluation found that in a sample of schools supported



by the SFD, there has been a 305% increase in girls' classrooms in rural areas, compared with 223% for boys, and that the enrollment rate in rural areas has increased by 122% for girls compared with 91% for boys.

- **Health.** SFD health projects have a strong focus on maternal health, particularly through training of community midwives.
- **Microfinance.** Women now receive 86% of loans under the SFD's microfinance program, compared with 34% in 2003.
- **Targeting.** In a sample of households receiving SFD support, 12% were headed by women, compared with the national average of 7%—indicating that SFD initiatives target poor women.
- **Rural infrastructure.** SFD investments in village access to roads has reduced women's head-loading burden.
- **Social protection and capacity development.** The SFD's capacity building and social protection programs directly support the delivery of services to disadvantaged women and build the capacity of NGOs focused on advancing women.

Still, challenges remain—not least in expanding women's participation in SFD project identification and decisionmaking, increasing staff skills in gender analysis, improving monitoring using a gender perspective and developing a systematic approach to addressing gender issues in all SFD work.

Developing the Gender Mainstreaming Strategy and Framework

Development of the Gender Mainstreaming Strategy and Framework involved activities conducted with the full participation of SFD staff. During 2007 a discussion paper was written to guide the process, and gender mainstreaming training was provided to head units, branch managers and many staff members. More than 175 staff were trained during the year, enabling them to contribute to the strategy's subsequent development and to start the implementation. Finally, indicators, tools and action and capacity development plans were developed during a three-day workshop, including institutional, program-, project- and sector-level indicators.

In September 2007 the SFD held a meeting to present its Gender Mainstreaming Strategy and Framework to high-level government officials, women's affairs centers, NGOs and foreign agencies and donors. During the meeting the goals, rationale and context of the strategy were presented and discussed. The meeting was concluded by a question and answer session with SFD staff. The local and international experts who supported the strategy's development acknowledged the commitment, participation and cooperation of SFD staff throughout the process.

Monitoring and Evaluation



Monitoring and evaluation at the SFD serve as evidence-based tools for learning, development and accountability. SFD monitoring and evaluation provide the support that SFD staff need to conduct regular, systematic monitoring of their projects and programs. The SFD also works diligently to improve data sources through its management information system and periodic surveys. It seeks to obtain data generated from the national surveys and studies conducted by the Central Statistical Organization and various ministries. In 2007 the SFD continued to develop its internal monitoring and support external evaluations, and used the findings to enhance and advance its operations.

During the year the SFD's monitoring and evaluation efforts focused on disseminating evaluations conducted in 2006 and following up on their use in its projects and programs. The SFD also worked to raise awareness on the importance of monitoring and evaluation and to help increase national capacities in these areas.

Monitoring

The SFD continued to develop its annual monitoring and evaluation plan, covering all levels of the organization. In addition, quarterly internal monitoring and evaluation reports were produced to follow up on the implementation of such plans based on information from the management information system and from units and branch offices. These reports analyzed the SFD's efficiency and effectiveness in terms of number of projects, investments, duration of project implementation cycles, number of beneficiaries, number of job opportunities created (temporary or permanent), targeting effectiveness, and progress in delivering targeted outputs. The reports were disseminated to all SFD units and offices. Gender inclusion indicators were refined and better monitored. These indicators

include number of female beneficiaries, female staff and consultants, women's participation in project prioritization and their participation in community committee formation and as members.

To ensure effective monitoring of community participation, a sample of approved projects was selected and reviewed each quarter. The reviews found that community participation progressively improved and that women are able to participate in both project prioritization and as members of community committees once there is appropriate community mobilization and sensitization. The durations of project implementation are also closely monitored and reported quarterly.

Project officers at SFD headquarters and branch offices are responsible for monitoring and reporting their projects' level of implementation from the field, and improvements were seen in performing monitoring, filling out monitoring checklists and providing further details on the status of projects. In addition, indicators for the SFD's third phase have been monitored and reported to its donors. Progress varied by sector, with overall positive outcomes—especially in education projects.

Evaluation

SFD evaluation activities in 2007 focused on disseminating the results of the 2006 Impact Evaluation to SFD staff and partners and using the findings to develop the Mid-Term Vision and its implementation plans. The Monitoring and Evaluation Unit also focused on building the SFD's capacity in this area and strengthening national understanding of the importance of monitoring and evaluation for improving policies and interventions and increasing accountability, efficiency and effective use of resources.



Dissemination of the 2006 Impact Evaluation

The findings of the 2006 Impact Evaluation were presented to SFD partner organizations—including central and local governments, NGOs and development agencies, including some SFD donors. The evaluation assessed the SFD’s impacts at the household, community and project levels. It also included follow-up visits for projects that had been evaluated in 2003 to assess the medium-term impact of SFD-supported projects (this effort was the first of its kind).

The evaluation confirmed that the SFD is a development institution that has been directing its resources to poor communities through various targeting approaches based on poverty indicators and responding to needs in a demand-driven, bottom-up approach using appropriate criteria instead of top-down planning. The SFD involves communities in decisionmaking throughout the life cycles of its projects. It sets strict procedures and arrangements for project operations and sustainability, with transparency, flexibility, learning and steady progress characterizing its work. Moreover, the SFD operates with administrative costs less than those of other similar social investment funds in other countries.

The evaluation’s methodology combines three components, with triangulation among them. These are the Quantitative Survey of 5,800 households, which used systematic random samples covering three periods—1999–2002, 2003–05 and 2006—allowing for before and after comparisons and with and without constructing a comparison group from the baseline; the Qualitative Study (which interviewed project users and providers) and the Institutional

Evaluation (which conducted stakeholder workshops and interviews with local authorities, contractors, and health and education providers).

Based on poverty indicators from the 1998 Household Budget Survey and 1999 National Poverty Survey, the SFD—at the start of each phase of its operations—provided funding on a pro-poor basis to 21 governorates and 333 districts. Other significant findings confirm that the SFD’s poverty targeting is effective in reaching poor people. Indeed, at the time of the evaluation, three-quarters of SFD funding (\$493 million) had gone to the poorest 30% of the population, while only 3% went to the top 10%. Moreover, 95% of SFD-supported projects are of high priority to recipient communities, affirming the priorities and success of the demand-driven approach. Other findings confirmed that the percentage of households aware of the SFD increased considerably—from 6% in 2003 to 62% in 2006.

In education, the SFD’s impact was especially obvious in the increased enrollments in rural areas between 2003 and 2006: enrollments in 2006 were 122% higher for girls and 91% higher for boys than in 2003. Moreover, since 1998 the SFD has built more than a third of the country’s classrooms. In health, the Impact Evaluation’s findings confirmed that vaccinations doubled from nearly 37% in 2003 to about 75% in 2006 for children of 12–23 months. Moreover, the number of patients visiting SFD-supported health facilities increased from 30 to 54 a day (over the same period) and the number of health workers rose by nearly two-thirds (for example, the number of midwives in SFD-supported facilities jumped from 38% in 2003 to 66% in 2006). In the water sector, the

evaluation found that there is greater availability of water and a sizable reduction in time spent fetching it (from 75 to 45 minutes, on average).

The Impact Evaluation's findings reaffirmed that SFD-supported rural road projects serve mostly poor, mountainous villages and delivered positive development impacts at the household level. The time required to reach social services and markets fell by 50% and the cost by 45%, lowering the costs of basic commodities such as water and cereals.

As for microfinance, women's participation increased to 86% in 2006—up from 34% in 2003—and the number of active borrowers in 2005 reached 25,588 (about 89% female), compared with 3,282 active borrowers in 2003.

In terms of socially disadvantaged groups, the SFD provides support by promoting access, establishing and stabilizing services, and adopting a more strategic approach (such as mainstreaming, supporting development of national strategies and promoting public-private partnerships). In its efforts to support national efforts to advance decentralization, the SFD takes an approach to enhance capacity development in virtually all 333 districts, promoting good governance in line with the Local Authority Law and establishing a partnership with the Decentralization and Local Development Support Program. (For more information, see the complete 2006 Impact Evaluation at sfd-yemen.org.)

Building national capacity in monitoring and evaluation

As part of its efforts to build capacity in monitoring and evaluation at the national level, the SFD has sponsored a number of training courses and lectures for national professionals from government agencies and NGOs as well as researchers from Sana'a University working in monitoring and evaluation. For example, the SFD hosted a series of lectures conducted by an expert from the U.K. Department for International Development. The lectures aimed at providing knowledge on the types of evaluation used in measuring the provision and use of services as well as measuring their impacts on the target populations and on factors influencing the choice of evaluation design. The lectures also presented examples of real life evaluations, including evaluations from India and Latin America dealing with evaluations of community-based health insurance as well as cash transfers.

In addition, the SFD invited an expert from the World Bank's Independent Evaluation Group to conduct high-quality training in development evaluation. This course aimed at developing skills in evaluation concepts, methodologies, designs, applications and the like. Finally, a course was held on analyzing statistical data for evaluation purposes and measuring living standards.

The SFD also hopes to establish a professional association for monitoring and evaluation experts.

Funding Sources and Management



In 2007 the SFD signed seven funding agreements totaling \$50.3 million. Since the start of the SFD's third phase in 2004, about \$500 million in funding has been secured from the Yemeni government and foreign donors (table 13).

Funding management and information

The SFD developed a draft funding management manual in 2007. The manual provides guidance on overseeing the funding cycle, in terms of procedures and funding agreement contracts for both grants and loans. The manual contains simple procedures for using funds, mechanisms for monitoring financial resources and reporting, and details on fund management information systems, which were based on discussions with the SFD's management information system team. The manual's annexes include a matrix on fund management, a discussion of the funding cycle, and the forms and report format for managing different funding resources.

The year also saw the initial development of the funding information system, which facilitates the tracking of grants and loans provided to the SFD. The system includes a database of donor information and the most important data on the project life cycle. It also enables semiautomatic distribution of projects among donors, based on the signing dates and conditions of donor agreements.

Tracking funds

The status of funding is carefully tracked by the SFD's management information system, which monitors financial disbursements and replenishments as well as outputs from each donor. The system also allows the preparation of periodic and ad hoc reports that the SFD submits to donors and the government, along with withdrawal expectations. Drafts of new agreements are reviewed before final signing, taking into account comments from relevant SFD units. In addition, procedures to put loans into effect are coordinated with the Ministry of Planning and International Cooperation, Parliament and Ministry of Legal Affairs.

Donor missions

Several donor missions visited the SFD in 2007, including joint donor missions and several missions from the European Community (EC) and its members.

Joint donor missions

A joint donor mission—including representatives of the German Development Bank (KfW), Netherlands embassy in Yemen, U.K. Department for International Development and World Bank—visited the SFD in May 2007 to review its progress in the third phase of its operations, with a focus on cultural heritage projects. The mission also participated in the presentation and discussion of the SFD's 2006 Impact Evaluation. The mission visited the SFD again in December 2007, when the SFD's Mid-Term Vision (2006–10) was discussed and approved. The mission also reviewed the SFD's Gender Mainstreaming Strategy (2008–10) and microfinance activities.

European missions

As part of ongoing evaluations of the SFD by its donors, in May 2007 the EC Minister of External Relations, Benita Ferrero-Waldner, visited the SFD-supported Sana'a Microfinance Program (Azal) in the Capital City. In addition, in July 2007 the U.K. Minister for International Development, Shahid Malik, visited a number of SFD-supported projects, including the rainwater harvesting project in Bait Keerah (Shibam, Al-Mahweet) and two other projects and a school in Hababah (Thula, Amran). In addition, the European Community hired a consultative firm specialized in evaluation to visit the SFD in November 2007. The visit focused on evaluating the closed EC grant provided to the SFD for its second phase of operations and assessing EC support for the third phase.

Sources of funding for the SFD's third phase of operations

During 2007 the SFD continued to use funds provided in previous years for the third phase of its operations (2004–10, extended from 2004–08). Two education grants provided by the Dutch government were closed in 2007, but the government provided two new grants for education and health. In addition, grant agreements were signed with the German Development Bank (KfW), Italian and U.K. governments, and U.S. Agency for International Development. Loan agreements were also signed with the International Fund for Agricultural Development and the World Bank (table 13).

Arab Fund for Economic and Social Development

This loan (2005/480) was signed in January 2005 and became effective in May 2006. It provides 15 million Kuwaiti dinars (\$50 million) for projects during the SFD's third phase in education, water, health, roads, the environment, groups with special needs, cultural heritage and small and microenterprise development. The government contributed an additional 10% of the loan, increasing funding to \$55 million. The loan supports 439 projects worth an estimated \$50.7 million.

European Community

Trust fund grant 053450. The SFD uses this 7.8 million euro (\$9.4 million) grant, signed in February 2005, to support 124 third phase projects in the Integrated Interventions Program, water and environment, and organizational support. The World Bank administers the grant.

Grant for demographic and health sector MED/2003/005-973. In November 2006 this agreement was signed with the Ministry of Public Health and Population to implement demographic and health projects under the framework of European Community support to the ministry. Under the agreement, the SFD will support health offices in the governorates of Lahj and Taiz. The 2.9 million euro grant supports 129 projects worth an estimated \$3.6 million.

German Development Bank

First grant 2003 65 155

This grant, signed in March 2004, provides 4 million euros (about \$4.8 million) to support 88 projects worth an estimated \$8 million for the SFD's community

development and capacity building programs during the third phase. The Yemeni government and community contributions cover the balance.

Second grant 2004 65 757

This grant, signed in August 2005, provides 5 million euros (about \$6 million) to support 95 projects worth an estimated \$7.3 million—with contributions from the Yemeni government and local communities covering the balance.

Third grant 2005 66 059

This grant, signed in October 2006 for up to 6 million euros (nearly \$7.2 million), finances 164 of the SFD's community development and capacity building programs. The programs have an estimated cost of \$8.6 million, with the Yemeni government and community contributions covering the difference. At the end of 2007, \$4.5 million of the grant had been used.

Fourth grant 2006

This grant, signed in December 2007, provides 5 million euros (about \$7 million) to support community development and capacity building programs. An additional 2.5 million euros (\$3.5 million) was later added to the grant.

International Fund for Agricultural Development)

In August 2007 the International Fund for Agricultural Development agreed to provide a \$16.4 million loan to the SFD to support components of the Rain-fed Agriculture Project being implemented by the SFD's Agriculture and Rural Development Unit. This agreement is not yet effective.

Italy

In November 2007 an agreement was signed to provide \$951,000 to support girls' education and rural roads in the Tehama region.

The Netherlands

Education grant 10784

This grant, signed in November 2004, provided \$6.1 million for SFD education projects. Having funded 55 projects, the grant was closed in March 2007.

Education grant 13202

This \$8.5 million grant to expand and improve basic education was signed in November 2005. The grant financed 98 projects and was closed in July 2007.

Education grant 16025

This \$10 million grant was signed in April 2007 and is being used to finance 73 projects worth nearly \$9.4 million (excluding administrative costs). About \$1.6 million had been disbursed by the end of 2007.

Health grant 10829

This grant, signed in November 2004, provided \$2.75 million to support health-related Millennium Development Goals in Yemen. The grant was used to fund 10 projects, and is in the process of being closed.

Health grant 13253

This \$920,596 grant, signed in November 2005, was intended to improve reproductive health services and emergency obstetric care in Al-Salakhana hospital (Al-Hudaidah). About \$471,000 was used for those purposes. An amendment to the grant agreement was signed in 2007 allowing the SFD to use the rest of the grant for other health projects.

Health grant 13256

This \$3 million grant, signed in December 2005, has financed 39 health projects, with disbursements reaching nearly \$2.5 million. It is in the process of being closed.

Health grant 15849

This \$4.2 million grant was signed in July 2007 to support maternal and newborn health care

Health grant 17014

This \$3,300,375 grant, signed in December 2007, will equip and furnish health units in several governorates.

Microfinance grant 60844

This \$750,000 grant supports business development services and is being used by the Small and Microenterprise Promotion Services Agency, an autonomous agency established by the SFD.

OPEC Fund for International Development

This \$13 million loan (959P), which was signed in February 2004 and became effective in October 2004, finances 138 projects involving education, water and the environment, groups with special needs, health, rural roads and capacity building. This loan has been fully committed. The estimated cost of the projects, including government and community contributions, is about \$14.5 million. Disbursements had reached \$13.9 million by the end of 2007.

Saudi Fund for Development

This loan, for 75 million Saudi riyals (\$20 million), was signed in December 2004 and became effective in September 2005. It supports 128 education projects worth an estimated \$21.7 million, with the balance covered by government and community contributions. Contracted amounts reached \$17.5 million by the end of 2007.

United Kingdom

In 2007 the U.K. Department for International Development granted an additional £7.5 million to the SFD, bringing its cumulative contributions to £19.8 million (\$35.2 million). In addition to providing technical assistance, the grant funds 471 projects in education, health, water and the environment, rural roads, integrated interventions, training and organizational support, and small and microenterprise development.

United Nations Educational, Scientific and Cultural Organization

UNESCO and the SFD signed two project financing contracts in November and December 2005 worth a total of \$140,540. The projects seek to preserve two cultural assets in Al-Sawda' (Al-Jawf) and Sana'a at an estimated cost of \$246,500, with the contractual amount totaling \$218,800—with the balance to be covered by the Yemeni government.

United States

Health grant 416b/2002

Signed in April 2005, this grant provides \$500,000 to finance training for health workers in the Al-Jawf and Shabwah governorates at an estimated cost of \$551,300 and a contractual amount of \$588,800—with the balance covered by the Yemeni government.

Community development grant PL-480/2003

Signed in November 2005, this grant provides the SFD with \$500,000 to implement three community development projects in the Hajjah and Tehama regions at an estimated cost of \$510,000 and a contractual amount of \$476,000.

Infrastructure grant b-416/2004

Signed in March 2006, this \$1.4 million grant to support the implementation of 16 projects in Amran, Al-Jawf, Mareb, Sa'adah and Shabwah has been entirely committed and will be closed at the end of 2009. With the estimated cost the same amount as the grant, the contractual amount reached about \$1.3 million by the end of 2007.

Program b-2006/480

Signed in April 2007, this grant provides \$3.9 million to implement projects in various governorates. Twenty-three projects in several sectors have been approved, worth an estimated \$3.1 million—with contracted amounts reaching about \$1.5 million by the end of 2007.

World Bank/International Development Association

Credit YEM-3861

This \$60 million credit, signed in April 2004, finances the full range of SFD activities during its third phase. The credit, which became effective in August 2004, has been committed to 725 projects worth an estimated \$61.2 million (excluding the SFD's administrative expenses). In 2007 about \$15 million was added to the credit, but this amount has not yet been approved.

Rain-fed Agriculture and Livestock Project

This project has three components: introducing a farmer-based system of seed improvement and management, providing livestock husbandry and veterinary services, and promoting productive rural development. The SFD will implement the rural development component, which includes support for farmers in rain-fed areas in 23 districts of five governorates. The Ministry of Agriculture is responsible for the other two components. The project and credit agreements were signed in September 2006 and became effective in September 2007 for 14 million Special Drawing Rights (\$20 million). The SFD component is for 7.4 million Special Drawing Rights (\$10.4 million) and will begin in 2008.

Yemeni government

The Labor-Intensive Program started in late 2006 to implement projects with high labor intensity, aiming to provide job opportunities for unskilled workers. The government provided the SFD with \$35 million for 2006 and 2007.



H.E. Shaid Malik, the UK Int'l Development Minister while visiting an SFD supported water project in Bait Qeera - Al-Mabweet.

Table 12. SFD sources and uses of funds, 2006, 2007, and cumulative (U.S. dollars)			
	<i>2007</i>	<i>2006</i>	<i>Cumulative (1997–2007)</i>
Sources			
Arab Fund for Economic and Social Development	14,164,828	13,363,359	97,109,322
European Commission	2,675,243	0	2,675,243
German Development Bank (KfW)	5,747,670	2,731,371	13,589,636
Netherlands	7,003,973	6,839,278	61,770,573
OPEC Fund for International Development	3,201,714	6,073,379	18,550,563
Saudi Fund for Development	8,414,127	4,776,854	13,190,981
UK, Department of Int'l Development – DFID	9,315,762	6,910,540	32,760,505
United Nations Educational, Scientific and Cultural Organization (UNESCO)	0	129,806	162,136
United States	4,197,870	1,900,556	27,076,389
World Bank/International Development Association (IDA) ^a	14,919,427	40,725,916	179,975,507
Yemeni government	34,032,079	21,079,769	73,404,418
Other sources from previous years	0	0	20,110,338
Subtotal	103,672,692	104,530,829	540,375,610
Interest earned on bank balances	4,310,686	1,682,240	9,316,976
Sub-loan recoveries	1,733,823	878,970	3,377,847
Refunded expenditures previously disbursed	1,832,681	3,740,793	10,558,430
Other funds	938,150	1,273,508	6,432,974
Total	112,488,032	112,106,342	570,061,837
Uses			
Works and goods	73,399,066	70,245,099	374,042,116
Sub-loans	1,170,367	1,083,095	6,997,720
Vehicles and equipment for projects	6,221,752	5,575,904	37,567,203
SFD fixed assets	258,219	360,898	3,798,462
Consultancy services and training	11,360,911	10,023,205	56,604,375
Operating costs	4,028,575	3,599,413	23,427,223
Total ^b	96,438,889	90,887,612	502,437,099

Note: 2007 exchange rate is \$1 = 199.5 rials; 2006 exchange rate is \$1 = 198.5 rials.

a. Including managed trust funds provided by European Community, Japan and the Netherlands

b. Any differences in cumulative uses of funds are due to changes in exchange rates

Source: Independent audit report, February 2008.

Table 13. Sources of external funding for the SFD's third phase, December 2007

<i>Donor</i>	<i>Grant (G)/ Loan (L)</i>	<i>Amount (Million)</i>	<i>Equivalent to (million US\$)</i>	<i>Remarks</i>
Arab Fund for Economic and Social Development	L	US \$ 50	50	
European Commission TF	G	EUR 7.84	9.4	
European Commission (Health Sector)	G	EUR 2.86	3.6	
Islamic Development Bank	L	US \$10	10	Signed but not yet effective
UK Department of Int'l Development – DFID	G	Sterling 12	21.24	
DFID (Additional Fund)	G	Sterling 7.8	14	
Netherlands Education 10784 Education 13202 Education 16025 Microfinance Health 10829 Health 13256 Health 13253 Health 17014 Health 15849	G	US\$ 6.1 US\$ 8.85 US\$ 10 US\$ 0.75 US\$ 2.75 US\$ 3.0 US\$ 0.921 US\$ 3.3 US\$ 4.2	39.87	
German Development Bank (KfW)	G	EUR 4 EUR 5 EUR 6 EUR 5	25.8	
OPEC Fund for Int'l Development	L	US\$ 13	13	
Saudi Fund for Development	L	US\$ 20	20	
USDA Food Aid Program	G	US\$ 0.5 US\$ 0.5 US\$1.41 US\$ 3.8	6.21	
United Nations Educational, Scientific and Cultural Organization (UNESCO)	G	US\$0.14	0.14	
World Bank (IDA)	L	SDR* 41.6	60	
World Bank (IDA)	L	SDR 9.9	15	Signed but not yet effective
Italian Government (Food Aid Program)	G	US\$0.95	0.95	
Yemen LNG**	G	US\$0.41	0.41	
Yemen Government	G		82.4	

* SDR = Special Drawing Right.

**Liquid Natural Gas Co.

Special Programs *

<i>Donor</i>	<i>Grant (G)/ Loan (L)</i>	<i>Amount (Million)</i>	<i>Amount (million US\$)</i>	<i>Remarks</i>
International Fund for Agricultural Development (IFAD) – Rain-fed agriculture project	L	US\$16.4	16.4	Signed but not yet effective
Government (Labor Intensive Program)	G	US\$100	100	For the years (2006-2010)
World Bank (IDA) - (Rain fed Agriculture and livestock Project)	L	US\$11.24	11.24	



SFD commitments, disbursements and other project data

Table A1. SFD commitments by program, 2007 and cumulative (millions of U.S. dollars)		
<i>Program</i>	<i>2007</i>	<i>Cumulative</i>
Community development	84.1	526.7
Capacity building ^a	14.4	52.7
Small and microenterprise development	2.8	16.6
Total	101.3	596.0

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

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

Table A2. SFD disbursements by program, 2007 and cumulative (millions of U.S. dollars)		
<i>Program</i>	<i>2007</i>	<i>Cumulative</i>
Community development	83.7	431.0
Capacity building ^a	10.0	61.9
Small and microenterprise development	2.7	11.8
Total	96.4	504.7

Note: Amounts include operating expenses for SFD headquarters and branches (less than 5% of the total in 2007).

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

Figure A1. Distribution of SFD commitments by sector, 2007

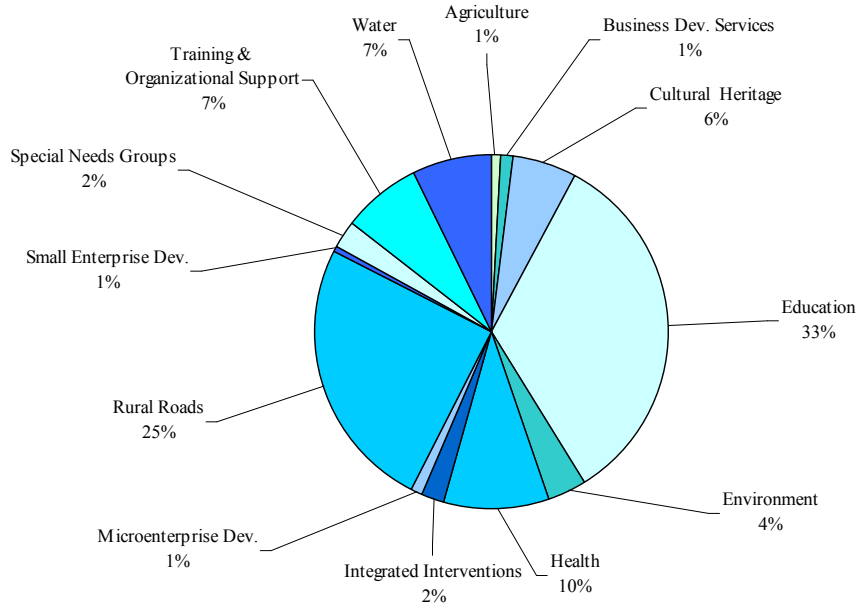


Figure A2. Distribution of SFD commitments by sector, 1997–2007

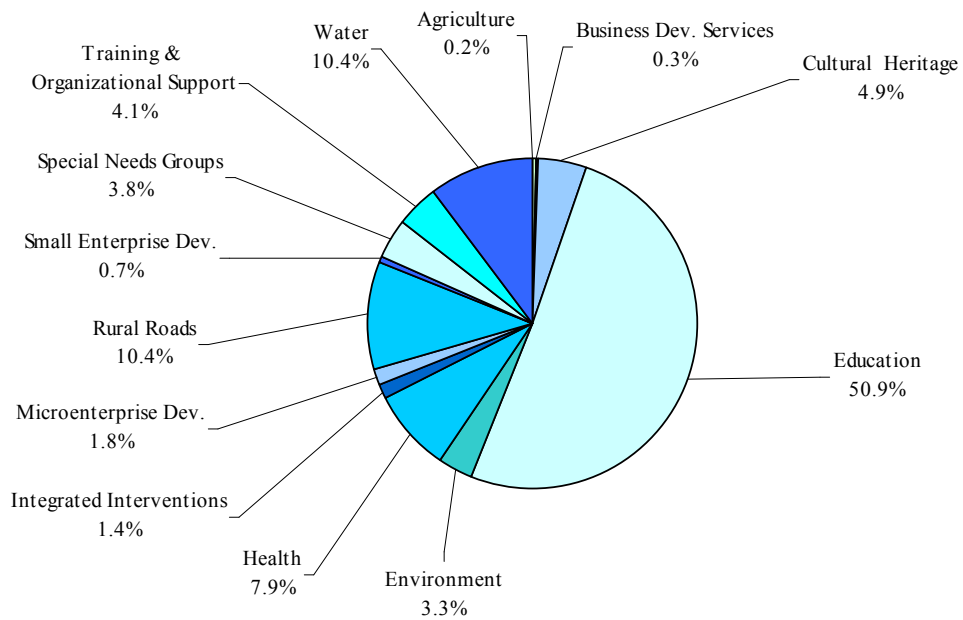


Figure A3. Distribution of SFD commitments by governorate, 2007
Millions of U.S. dollars

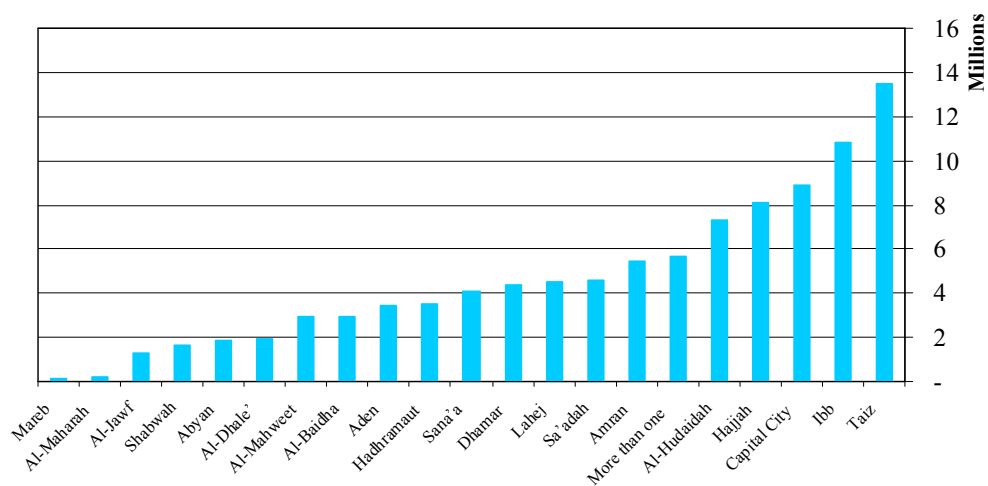


Figure A4. Distribution of SFD commitments by governorate, 1997–2007
Millions of U.S. dollars

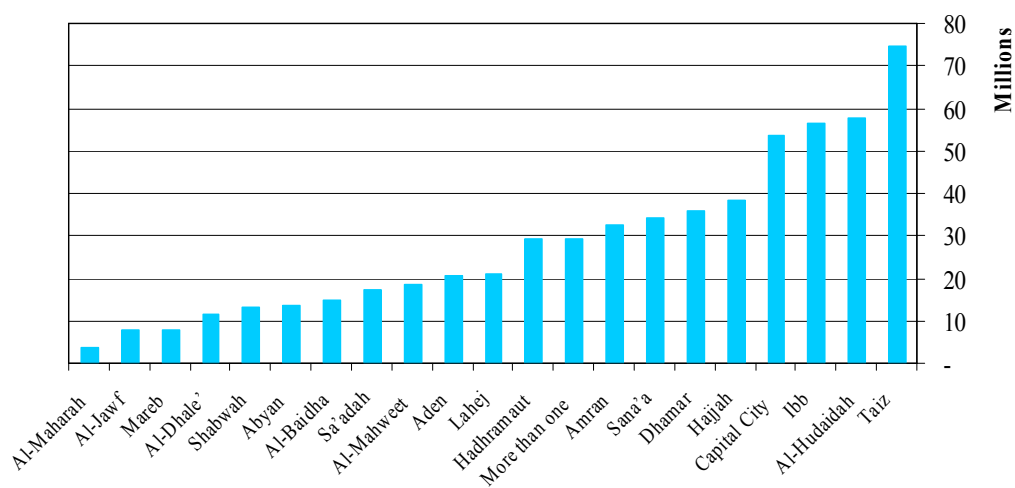


Figure A5. SFD commitments, 1997–2007
Millions of U.S. dollars

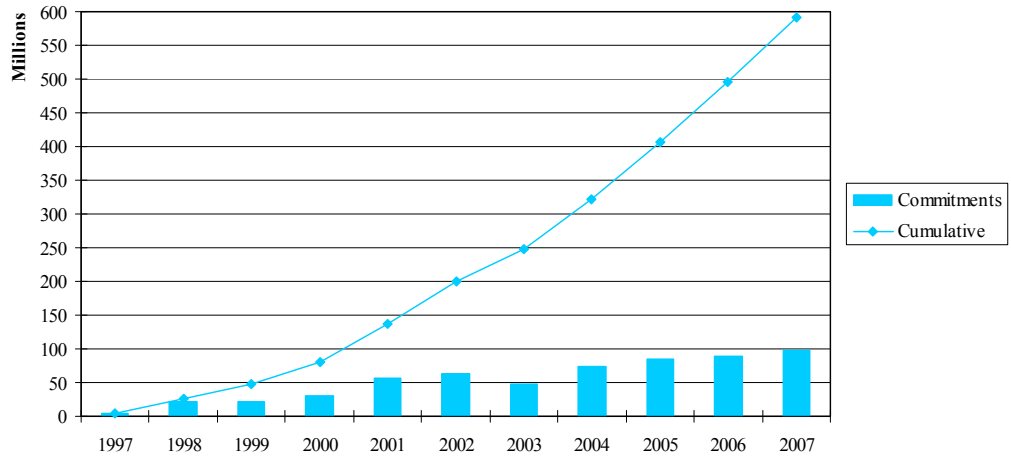


Figure A6. SFD disbursements, 1997–2007
Millions of U.S. dollars

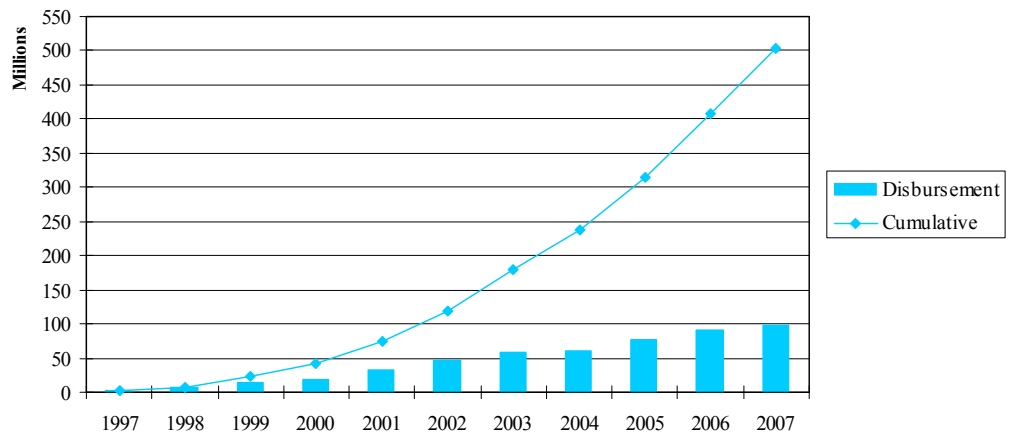


Figure A7. Temporary employment created by SFD projects, 1997–2007

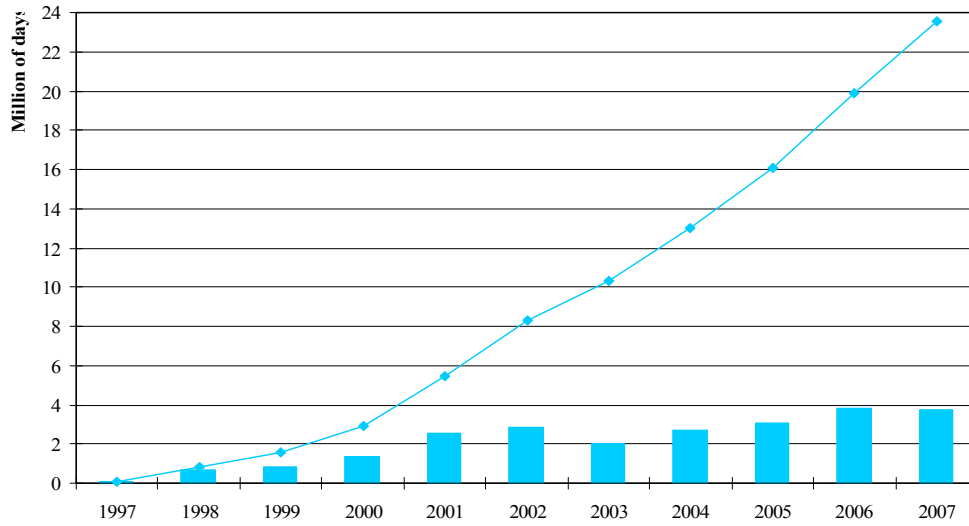
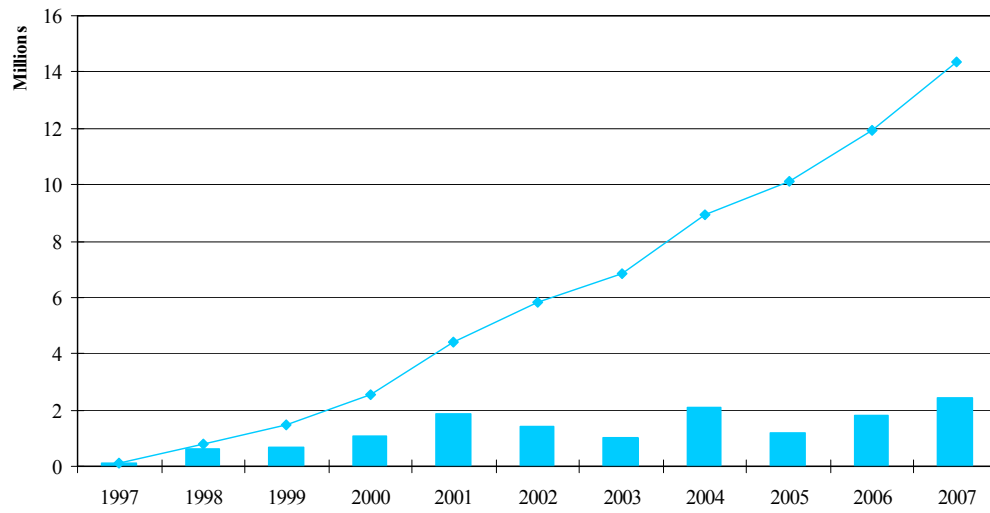
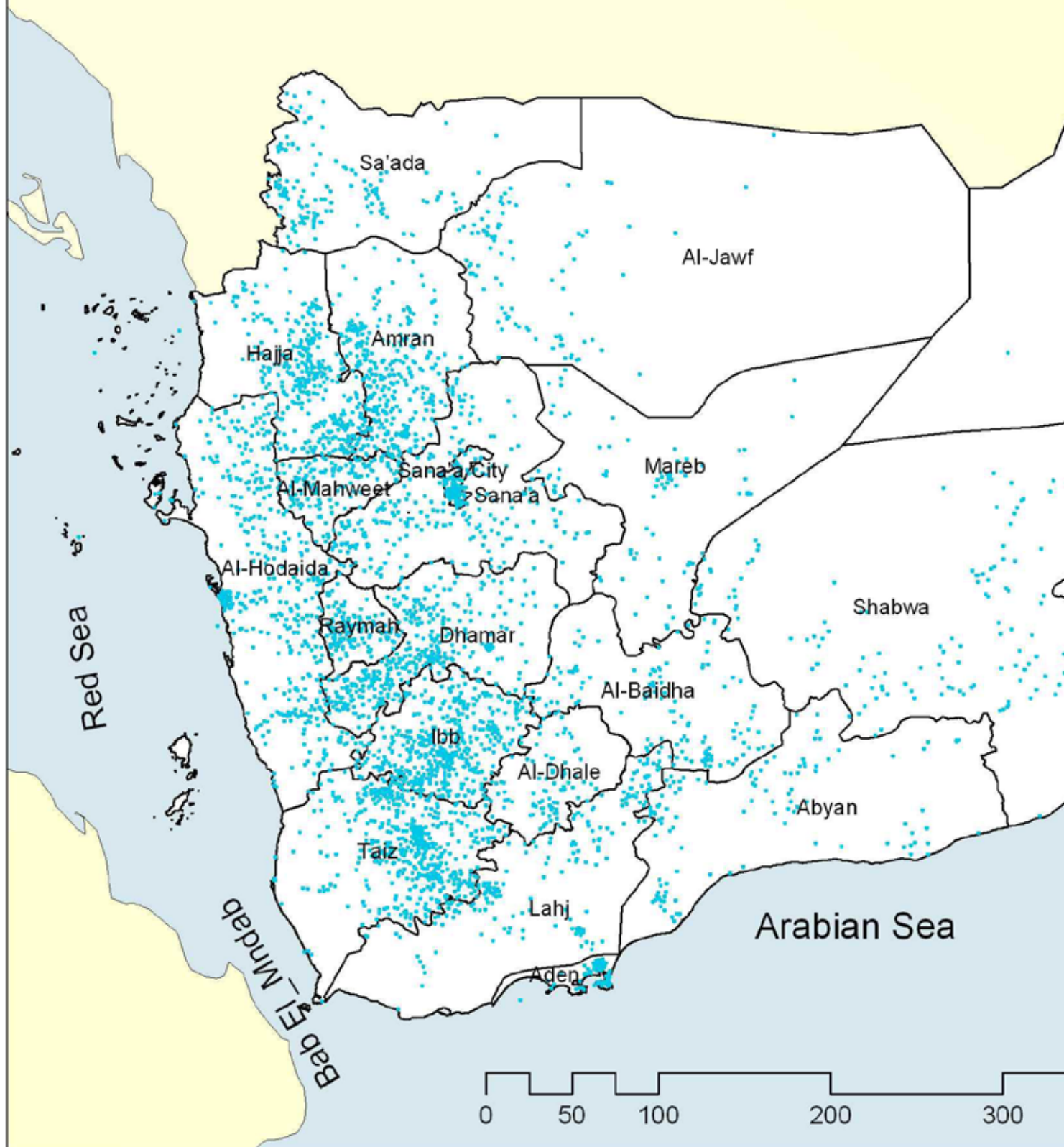
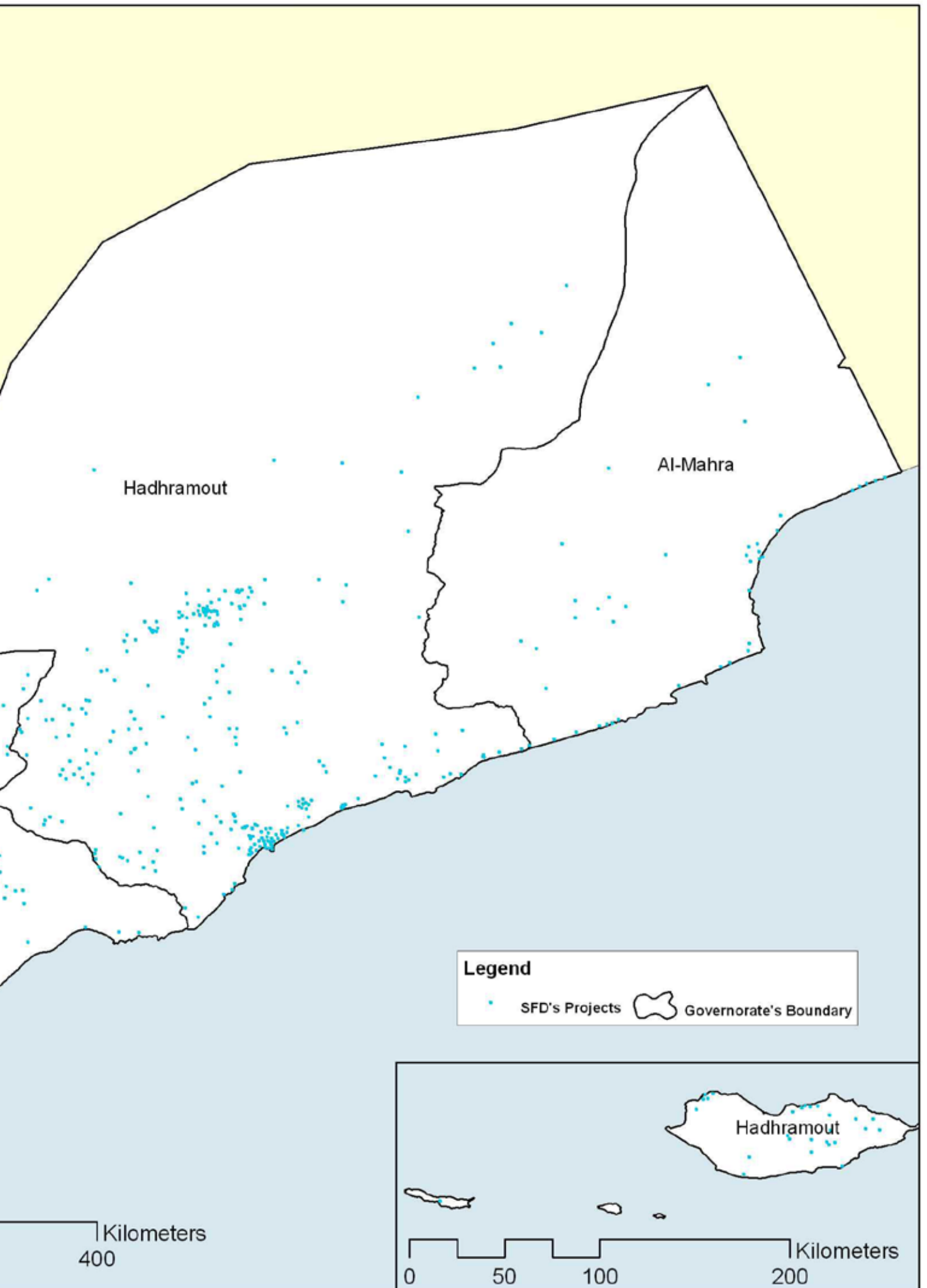


Figure A8. Direct beneficiaries of SFD projects, 1997–2007

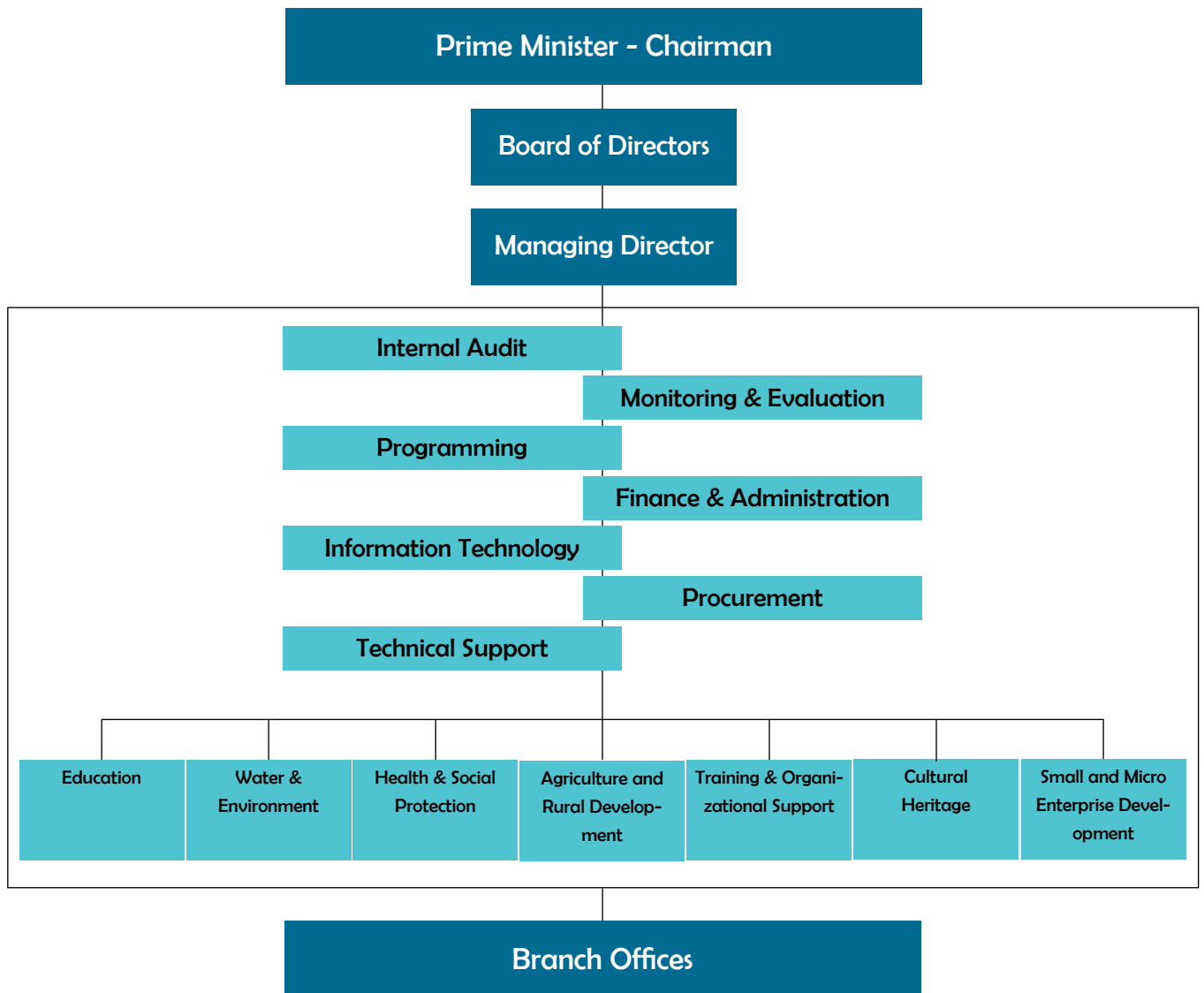


Geographic distribution projects (1997-2007)

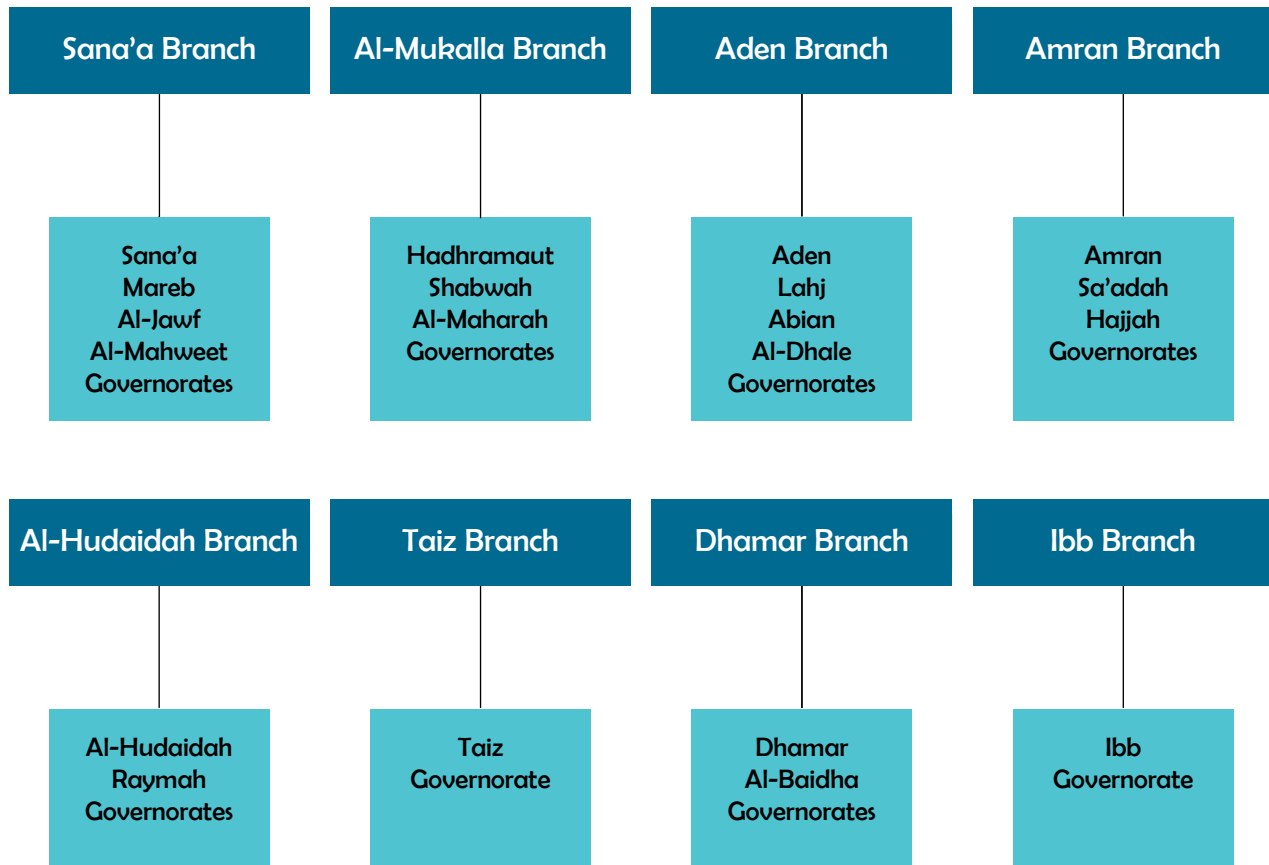




SFD organizational structure



SFD branch offices



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