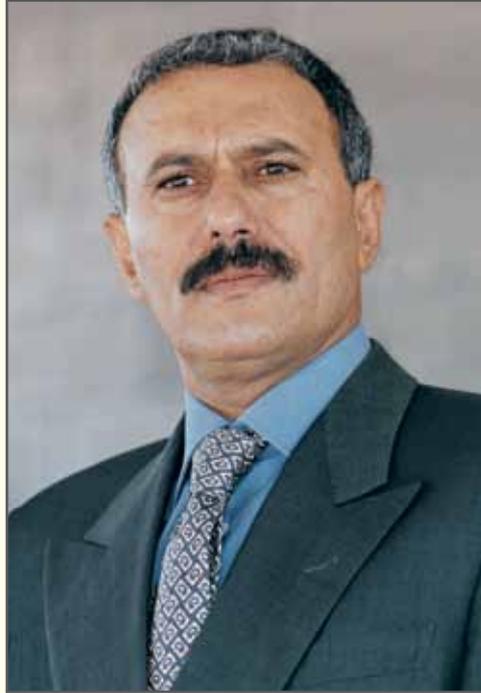




Republic of Yemen
Social Fund for Development

Annual Report 2010

In the Name of Allah, the Gracious, the Merciful



H. E. President of the Republic

Ali Abdullah Saleh

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The Social Fund for Development at a Glance

The Social Fund for Development (SFD) was established by Law No. 10 of 1997.

The end of 2010 marks the completion of 13 years of SFD's development course. 2010 also concludes the third phase of SFD's activities, which started in 2004 and was extended in 2006 till the end of 2010 to synchronize with the government's Third Five-Year Plan for Economic and Social Development and Poverty Reduction (2006–10) and the Public Investment Program in order to mobilize efforts and available resources to meet the development needs.

The SFD contributes to reducing poverty and improving the living conditions of the poor through increasing access of the poorest communities to basic social and economic services; providing and increasing employment opportunities; building the capacities of local partners; and empowering local communities and local councils to carry out developmental tasks in their areas. The SFD seeks to achieve these goals through four main programs: Community Development, Capacity Building, Small and Micro Enterprises Development and Labor-intensive Works Program (Cash for Work).

During the period 1997–2010, the total number of projects committed and implemented in all sectors amounted to 10,786 projects worth \$1.25 billion, while the number of projects committed and implemented during the third phase (2004–10) reached 7,401 projects at an investment cost of nearly \$959 million. By the end of the third phase, SFD's performance has been rated by the World Bank and other donors as "Highly Satisfactory".

Based on the overall evaluation of this phase, the SFD prepared, in a participatory manner, its vision for Phase IV (2011–15) building on experiences gained and lessons learned from the previous three phases.

Board of Directors

His Excellency Dr. Ali Muhammad 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

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

Dr. Rashad Muhammad Al-Aleemi

Deputy Prime Minister for Security and Defence Affairs, Minister of Local Administration

Numan Taher Al-Suhaibi

Minister of Finance

Dr. Abdulsalam M. H. Al-Joufi

Minister of Education

Dr. Ibrahim Omar Hujari

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

Muhammad Hassan Al-Zubeiri

Private Sector Representative

Abdullah Salem Al-Rammah

Private Sector Representative

Ahmed Muhammad Da'meem

Banking Sector Representative



Statement of the Chairman of the Board of Directors

The Board of Directors, and the government at large, feels proud that the SFD has been aligning and responding to the national development plans and priorities, exerting continuous efforts to develop and expand its operations in targeting the poor communities and providing services to remote areas. We also

feel satisfied with SFD's ability to respond to emergency challenges that have faced the country, including climate changes and globally increased food prices through programs and projects that have responded to the needs of the poor communities, contributing to improving their living conditions.

SFD's outstanding performance has been further confirmed by the findings of the impact evaluations conducted by specialized independent firms assigned by donors. The findings show that SFD projects have positive impacts on the lives of the target communities in different aspects, and the SFD had contributed effectively to the institutional development and capacity building at all levels

By the end of 2010, the SFD has successfully completed the third phase of its operations (2004–10), the outcomes of which have much exceeded the planned goals and the expectations, both quantitatively and qualitatively—a success that has been lately underpinned by the donors' evaluation of SFD performance as “Highly Satisfactory”.

We look forward to further achievements during SFD phase IV (2011–15) with our full support.

Dr. Ali Muhammad Mujawar
Prime Minister
Chairman of SFD Board of Directors



Statement of the Managing Director

The end of 2010 culminates 13 years of SFD continuous work and strenuous efforts with total investments of almost \$1.2 billion to develop 10,768 development projects for the poorest and neediest communities throughout the country. These low-cost and high-quality projects have created about 42 million working days.

SFD's operations and activities have supported the government's plan for economic and social development and poverty reduction, MDGs and sectoral strategies. The SFD has expanded in its programs and areas of intervention in response to the needs of the poor and the national development priorities. As such, the SFD developed the Labor-Intensive Works Program (cash-for-work) and the Rain-fed Agriculture and Livestock Project, which target the poorest rural communities to mitigate the negative effects of food price increase and contribute to food security.

SFD's outstanding successes include expansion and financial sustainability of microfinance (MF) services that increased access of the poor to these services through the establishment of Al-Amal Microfinance Bank, assisting in founding Al-Kuraimi Microfinance Bank, the National Microfinance Foundation and others, in addition to expanding non-financial services by establishing the Small and Micro Enterprises Promotion Services Agency and Yemen Microfinance Network.

The 2010 activities included the completion of a number of SFD impact evaluation studies conducted by independent specialized experts with findings confirming the positive impact of the SFD-supported interventions in the lives of target communities and households.

In 2010, the SFD has developed a vision and a plan for its Phase IV of operations (2011–15), during which SFD will continue to enhance its lead within the Social Safety Net, improve access of the poor to basic services, enhance economic opportunities and reduce the vulnerability of the poor.

Finally, yet importantly, the SFD has been able to attain successful achievements thanks to the wisdom and continued support of the political leadership guided by His Excellency Ali Abdullah Saleh, President of the Republic, the Government headed by the Prime Minister, the donor community and the dedication of SFD staff.

Abdulkarim Ismail Al-Arhabi
Managing Director

Executive Summary

During 2010, the SFD developed 1,239 projects worth about \$196.7 million, which will serve 1.7 million direct beneficiaries (52% females) and created temporary job opportunities amounting to 6.8 million working days approximately.

Education projects continued to account for the majority of SFD investments (37%) as a principal basis for comprehensive development, with focus given to the provision of equal educational opportunities for males and females and in rural and urban areas.

In Water Sector, the SFD continued to emphasize on traditional rainwater harvesting projects, focusing on raising hygienic and environmental awareness and conducting regular environmental assessment for SFD's projects. Water and environment projects accounted for 19% of SFD investments.

Health projects, which accounted for 4% of SFD investments in 2010, focused on improving access to primary healthcare services, supporting reproductive health, training rural health workers (particularly women) and improving the performance of health institutes. SFD's support to the public health institutes since 2002 was reviewed by an external expert, and the review was concluded with positive findings.

The SFD also continued to advocate for the rights of groups with special needs and to support the efforts to integrate them within mainstream society by projects that target these groups and support NGOs working with them. These projects accounted for about 1% of this year's investments.

The SFD continued to support rural development through the Rain-fed Agriculture and Livestock Project and the Integrated Interventions Program, which took up 7% and 1% of investments respectively.

The SFD also continued providing support to the Labor Intensive Works Program (Cash for

Work) designed to target the communities and individuals most affected by the food prices increase and climate change. Investments in this program, reaching 10% of 2010 investments, are expected to create about 0.7 million workdays. Furthermore, investments in rural roads reached 12%, benefiting around 0.3 million people and creating nearly 0.8 million workdays.

During 2010, the SFD continued to support local authorities, contributing to enhancing decentralization in the country, with emphasis on building the capacities of NGOs and community organizations to enhance their participation in development programs and projects and on training and building human and institutional capacities. 3% of SFD's investments were allocated for training and organizational support.

Additionally, the SFD continued to support conservation and restoration of historical monuments and archeological sites of significant cultural value and to build national and local capacities in this field throughout the country with 3% of investments in 2010 going to the Cultural Heritage sector.

The SFD disbursed 3% of 2010 investments to support small and microfinance programs, along with business development services, to enable them to expand and improve the financial and non-financial services they provide.

One of the most important activities of the year was the completion of the Impact Evaluation Study, with findings reaffirming positive impacts of SFD's projects and interventions at all levels.

BOX 1

The Managing Director awarded 2010 Jit Gill Award

The World Bank Poverty Reduction and Economic Management Public Sector (PREM) Governance Board selected H.E. Abdul Kareem Ismail Al-Arhabi, Deputy Prime Minister for Economic Affairs and Minister for Planning and International Cooperation and Managing Director of the SFD as the recipient of the 2010 Jit Gill Memorial Award for Outstanding Public Service (awarded once every two years). PREM Vice President, Otaviano Canuto, handed Al-Arhabi the award on April 30, 2010 in a grand ceremony during the Public Sector Day in Washington DC.

A WB statement said that Al-Arhabi has contributed in promoting the leadership efforts of Yemen to the process of reforms. "Candidates are selected on the basis of criteria and records of the best and sustainable public services and evidence that show leadership and innovation to enhance the efficiency of public services and their effectiveness and demonstrate the highest standards of professional ethics, dedication and adaptation to the circumstances of the beneficiaries and public servants with outstanding qualities and inspiring Secretariat, and integrity, and accountability", it continued.

The World Bank Vice President for MENA region Dr. Shamshad Akhtar, and Executive Director , Dr. Mirza Hassan , delivered words in the relevant ceremony referring to him as a great example in the region where poverty prevails and the challenge lies in the development of effective policy frameworks.

For his part, Al-Arhabi said in the event "The winning of a Yemeni citizen from among a large number of distinguished nominees from around the world is a source of confidence on individuals and institutions in Yemen as potential capabilities of performing in an excellent manner as demonstrated by, for example, the Yemen Social Fund for Development, and the Public Works Project that are regarded two of the best institutions in the world.

The staff of the SFD marked that event in the headquarters office.



BOX 2

SFD is rated as Highly Satisfactory in performance during the Third Phase (2004-10)

By the end of 2010, SFD Phase Three has come to conclusion. The successes and achievements of the third phase paved the way to initiate phase four, which will commence in 2011 with the same staunch support from donor communities and the Government. On December 30th, 2010, The World Bank, as a lead donor to SFD, issued the Implementation Completion Report. This report is an in-depth assessment of the third phase including the SFD's performance and impact. The ICR has rated SFD as "Highly Satisfactory".

The justifications of such high rating was based on SFD capacity to consistently demonstrate satisfactory technical, institutional, implementation, and fiduciary performance ratings throughout implementation. The SFD's activities have been aligned with the priority needs of communities, national and sector strategies, including those of donor agencies.

SFD has developed its organizational structure and subproject cycle very professionally during the first three phases. It has a state-of-the art MIS system that was designed in-house and that captures all aspects of the subproject cycle. SFD systematically invests in capacity building and continuous learning for its staff.

These aspects have enabled SFD to effectively scale up its multi-sectoral activities that directly benefit more than half of Yemen's population.



Raising community awareness – Al-Qulai`a, Far`a Al-Udain, Ibb

Program and Sector Investments

The number of SFD's implemented and committed projects during the three phases of operations (1997–2010) reached over 10,768 projects at a total estimated cost of \$1.25 billion. These interventions covered all the districts of Yemen and reached nearly 1,817 out of the 2,117 sub-districts of the country.

The end of 2010 marks the completion of Phase III operations, during which the SFD developed and implemented more than 7,401 projects worth about \$959 million to improve access to services. The number of persons benefiting from improved access to services is estimated at 14.3 million people (around 55% females). These projects created temporary employment of about 32.7 million working days. In terms of permanent jobs opportunities, SFD SMED-supported MFIs have issued up to 340 thousands loans and the number of active clients as of the end of December 2010 has reached 60 thousands (more than half of them females) to create/sustain permanent jobs for more than 90,000 persons.

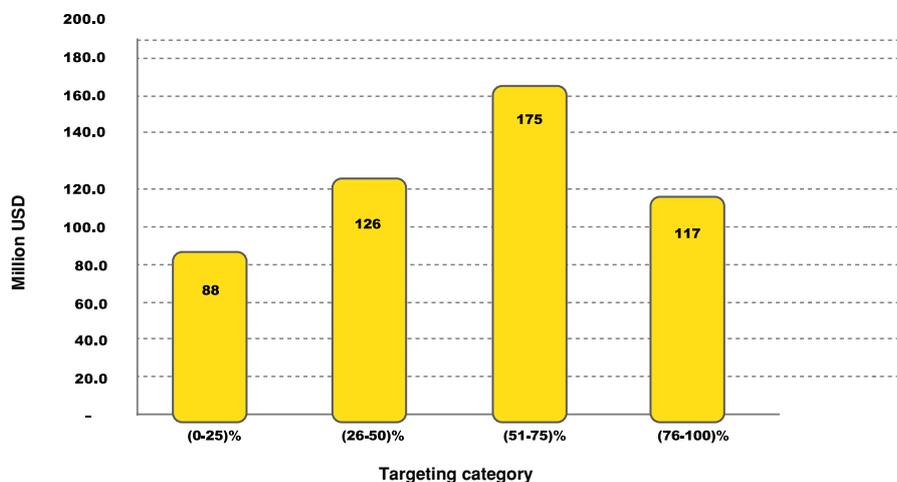
Effectiveness of Poverty Targeting Mechanisms

Social Fund for Development (SFD) is a demand-driven organization that has taken an active role in targeting vulnerable groups and poor communities, particularly those in remote rural areas. SFD targeting policy relies on poverty related indicators from the 2004 Census, the 2005–06 Household Budget Survey (HBS) as well as qualitative tools that further identify the most impoverished areas and neediest communities for allocation of resources.

The SFD targeting strategy can be summarized into the followings:

- Geographic targeting identifies the poorest governorates and then districts to the areas with higher incidence of poverty. Qualitative participatory assessment tools are used to identify the communities within the broad geographic allocation framework.

(Figure 1)
SFD's investments
committed in
Geographic Targeting



Source: SFD Management Information System.

- Program targeting allocates additional resources to design and implement programs and projects that address problems affecting specific communities and groups.
- Social targeting addresses people with special needs to tackle their priority development needs and advocate for their rights.

Targeting performance during phase III

Geographic resource allocation covers all the districts in the country by distributing the majority of SFD resources based on the estimated incidence of poverty in each governorate and subsequently in each district. This mechanism is premised on the assumption that the higher an area's poverty related index, the worse are its living conditions and thus the more deserving of SFD interventions. Within districts, SFD uses qualitative assessment and participative approaches for communities targeting within the broad, geographic allocation framework. This approach allows more strategic investments within areas, as there are often diverse circumstances within districts as a result of social and economic factors.

villages of less than 300 inhabitants each, which makes development in those low populated areas with low development indicators more challenging.



SFD's investments were allocated as per the following four categories of village poverty indices (Figure 1):

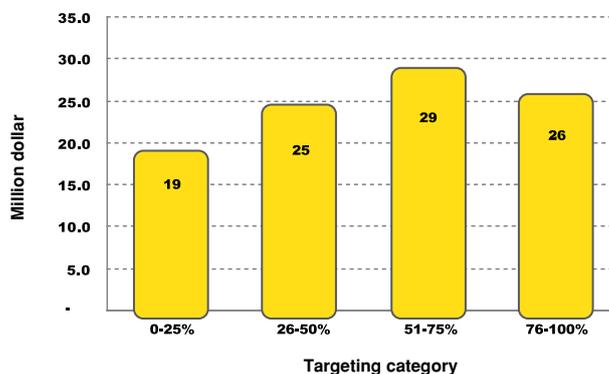
- Group 1 (Poverty index of 0–25%). This group includes the relatively better off (yet, within rural poor and needy areas), took up 17% of phase III geographic targeting-based total investments (\$88 million).
- Group 2 (Poverty index of 26–50%). This group received 25% of the total financing (\$126 million).
- Group 3 (Poverty index of 51–75%). This group needs services more than the two previous groups, and it received 35% of the total volume of investment (\$175 million).
- Group 4 (Poverty index of 76–100%). Population of this group reside in the poorest and neediest areas, utilized 23% of the total investment (\$117 million).

During 2010, 1,239 projects worth \$196.7 million were developed. The total disbursement mounted to \$161 million— 15% increase of the previous year’s disbursement (\$139 million). This reflects an improvement of SFD’s overall performance and speed of projects implementation and completion.

In 2010, SFD’s investments allocated for geographic targeting reached about \$99 million, which is about 50% of the investment of the year. According to the four main categories referred to earlier, these investments were distributed as follows: Group 1: \$19 million (19%); group 2: \$25 million (25%); group 3: \$29 million (29%); and group 4: \$26 million (26%) – (Figure 2).

Program targeting allocates additional resources to design and implement programs and projects that address problems affecting specific communities and groups. These include the Integrated Interventions Program which addresses a broad range of needs in the poorest areas of Yemen; the Girls Education Program, which provides equal access to education through allocating additional resources to areas with low enrollments of girls, or training programs that target issues such as a shortage of rural health workers, or increasing the capacities of various development actors in the country. Additional resources also allocated to contribute in mitigating the effects of sectoral challenges, such as water scarcity especially for drinking in the rainwater-dependent rural areas through rooftop water harvesting projects, or increasing the number of classrooms in urban and semi urban areas targeting overcrowded schools . The Labor Intensive Works Program, using cash-for-work approach, was developed to target the most destitute and severe poverty-prone areas and the Small and Microfinance Program that targets poor who are economically active in urban and semi urban areas. The average loan size of microfinance institutions is about \$200, indicating that financial services reach the poor. The Rain-fed Agriculture and Livestock Development Project targets poor rural rain-fed areas to increase the capacity of producing groups and increase their production and eventually increase their income and food security. For phase III, the SFD has developed 3,778 projects worth approximately \$434 million based on this form of targeting accounting for 45% of total investments. In 2010, program targeting allocations reached 49% of investment.

Social Targeting allocates resources that address the needs of special need groups, including persons with disabilities, women at risk, children at risk, socially marginalized groups and male and female prisoners. As such SFD plays a proactive role to target these vulnerable groups and ensure that they would not compete over the resources with other group in the society. Phase III used this targeting for 398 projects worth \$18.9 million (1% of investments). The social targeting in 2010 took up 1% of investments.



(Figure 2)
SFD’s investments committed in Geographic Targeting in 2010

Source: SFD Management Information System.

Education

The SFD's vision for its role in the education sector is to assist the Ministry of Education in implementing the national basic and secondary education development strategies and the declared global goals represented by Education for All.



During 2010, education sector continued to get the highest share of SFD's total investments. 323 projects were developed at an estimated cost of \$72.5 million expected to directly benefit 143,332 people, 45% of them female. Since its inception in 1997, the SFD developed 4,261 education projects worth \$548 million and directly benefiting 2.4 million people, 45% of them female (table 1).

SFD interventions in education during 2010 focused on providing equal opportunities for male and female students in rural and urban areas, increasing enrollment rates and attendance for both sexes, in addition to improving quality of the education process through supporting pre-school programs, kindergartens and gifted and talented students' programs. In addition, the sector focused on informal education programs and literacy education, administrative and institutional development of relevant sectors of the Ministry of Education and its offices in the governorates and districts and promoting the decentralization of educational services.

Table 1. Indicators for education projects

Indicator	2010	Cumulative (1997–2010)
Approved projects	323	4,261
Commitments (thousands of US dollars)	72,512	547,936
Completed projects	356*	3,514
Disbursements (thousands of US dollars)	63,912	399,121
Direct beneficiaries (thousands of US dollars)	143	2,435
Female beneficiaries (%)	45	45
Temporary employment created (thousands of workdays)	2,033	19,565

**Include projects from previous years, which were completed in 2010*

Providing equal opportunities in education

The SFD interventions in education aim to contribute to providing equal educational opportunities for males and females, both in rural and urban areas, and narrowing the gender enrollment gap in basic and secondary education. This is achieved through the establishment of new school buildings to accommodate new school-age children, rehabilitation of some educational facilities and improvement of educational environment to become conducive to student development and stability, encourage enrollment and reduce dropout. Moreover, equal opportunities are attained by adding classrooms and service facilities to existing institutions to alleviate overcrowding or accommodate sub-classrooms outside the school, as well as by furnishing and equipping school buildings to enable them to fulfill their role and accomplish stability of the educational process.

During the year, awareness-raising campaigns were also implemented in areas with girls' low enrollment. The student structures' guidance manual was fully developed and the life skills manual revised and printed. 231 female teachers (from 11 governorates, where girls' education program is being implemented) were trained on using the manual.

Finally, 60 male and female teachers were trained on the educational means alternative to violence in schools, and 60 others on the multi-grade classroom management.

Supporting education quality improvement

The SFD pays special attention to quality education through supporting pre-school programs, kindergartens, gifted and talented students' programs, experimenting with new approaches in this regard, introducing new technologies in teaching and learning, and piloting several new concepts, methods and practices in the educational process and capacity building.

In 2010, the sector developed 10 projects to support pre-school education, including 8 projects to build, furnish and equip kindergartens in Aden, Lahej and Hadhramaut governorates (benefiting about 950 male and 1,710 female students), and 2 projects to train 60 kindergarten teachers on classroom management and learning by playing in the cities of Dhamar, Taiz and Al-Baidha'.

In the area of the gifted students' education, the sector developed 6 projects at an estimated cost of \$631,300 to provide the program schools with workshop' tools and materials, scientific and literary books, references and applied laboratories. In addition, the teachers and the program's technical team members were trained and the operational activities of the national gifted-students program were supported. The support benefited about 1,975 male and 5,850 female students as well as 68 male and 97 female teachers.

The SFD also continued supporting the education quality schools by providing them with single seats supporting the active learning methodology as well as through the implementation of 19 training courses for administrative and technical staff, male and female teachers, social workers, grade-one teachers, Douroub network managers and parents' councils at the quality education schools. The training covered several areas, including teaching, reading and writing skills for grade-one students, interactive learning, child rights, the psychological and behavioral characteristics and educational alternatives for school punishment, creation of Wikipedia pages and participation in regional lessons over the internet, in addition to producing educational initiatives in the three domains (learning difficulties, gifted and talented, and the use of technology in education). The training benefited 461 participants (79% females).

Additionally, teachers (of both sexes) participated in the production of collaborative stories, and attended two regional seminars with the participation of teachers from Oman, Egypt, Lebanon and Qatar.



Supporting literacy programs

During the year, the SFD has implemented, in close association with the Illiteracy Eradication and Adult Education Organization (IEAEO), 14 projects on building the capacity of administrative staff and literacy teachers, the development of regulations and manuals and institutional support. The activities included holding 3 workshops and reviewing and approving the Bylaw of Literacy Technical Guidance and Manual of Training for Literacy Teachers. In addition, a training course was conducted on strategic planning and executive plans preparation for 35 general managers of IEAEO and its offices in 21 governorates.

A field study was also conducted to assess requirements for supporting IEAEO-associated women training centers in the Capital City, Sana'a, Al-Hudaidah and Taiz governorates. Moreover, another field study was conducted in 22 districts in Al-Hudaidah governorate to evaluate the impact of training literacy teachers in adult education skills and educational means preparation. The study was carried out by 326 literacy teachers, students, classroom directors and adult education offices' directors. In addition, 2,000 copies of the educational aids and activities booklet were printed for literacy teachers.

Finally, 486 literacy teachers (73% females) were trained on techniques and methods of teaching adults and the preparation of teaching aids.

Supporting decentralization of education

The SFD continued its efforts to provide institutional support to the Ministry of Education's departments and offices in different districts and governorates. In 2010, this was done through the implementation of 26 projects aimed at building, furnishing and equipping 19 district education offices in order to ensure stability for the staff of these offices—consequently, facilitating communication between these offices and educational establishments overseen by them.

Other education projects included building an early childhood development center, supporting the Ministry of Education's Department of School Mapping in building a database and providing it with a modern geographic information system as well as supporting the Ibb governorate-based Teaching Aids Production Centre and training 211 education offices' staff.

Box 3



Box 3

Asma' Girls School: Path for Hope and Seed for Change!

In the sub-district of Al-Ramiyah Al-Oulia (Al-Sukhnah district, Al-Hudaidah governorate), the co-ed Al-Thawrah School was overcrowded with male and female students, which caused the dropout of large numbers of girls, especially after grade three.

For this reason, and because that region is the center of attraction for many villages (such as Sha'awnah, Saif Abdo, Al-Jawi, Al-Nahari, Al-Mermadah, Al-Ma'asyat, Al-Mesbar, Al-Sho'oub and Al-Goroub...), SFD decided to intervene by building the Asma' Girls School—along with providing furniture, equipment and various facilities. The main goal of this intervention was to increase girls' enrollment rates, allow girls to continue study until the secondary level, enable those who had dropped out to return to continue their education and to ultimately create high school outputs—thus, improve the educational situation in the region.

The following are three testimonials from Asma' Girls School on the significant effect of this intervention:

((All of us seek to the development and revival of our community, which can be reached only through the education of both women and men alike. Education of girls in our district, however, had suffered from difficulties and drawbacks, particularly in relation to co-education in one school!

It was a dream for all girls and their families to have a single sex gender school. This dream became a reality when a ray of hope came from the Social Fund for Development (SFD). The small basic-education school that emerged after SFD's intervention allowed our dream to grow up bigger and bigger! The basic level was followed by intermediate, and then secondary. Now, God willing, the school includes all the three levels, and we all hope it will continue to be a success)).

Ramadanah Abdullah Ibrahim Zuhairi
Principal, Asma' Girls School

((Girl's education level was very low in the area, and there was a small number of educated girls. Nevertheless, after the girls had been separated and their own school was built by the Social Fund, the number of girls enrolled considerably increased and girls' education rose. Even those female pupils and students who had discontinued education, started to pour from the neighboring villages into the school and register in the intermediate and secondary levels to complete their education. This applies to girls of different ages. Thanks to Allah, and then to the Social Fund Asma' School has inspired all the inhabitants in the entire area)).

Fatima Yahya Mohammed Shela'
Chairman of the Mothers' Council



((I studied at Al-Thawrah School starting from grade one. At that time, my family asserted that they would allow me to attend only part of the basic level and kept telling me, “Just the first four grades. Only”!

Fortunately, when I reached the grade four, Asma’ Girls’ School was already built by the Social Fund and my family stopped repeating “Just” and “Only”, allowing me to complete my study.

However, having finished grade nine, I once again faced the family’s refusal to go on schooling in the secondary level at Al-Thawrah (mixed) School. I tried to convince them by all means, but to no avail. So, I was obliged to give up and interrupt my study, sitting at home. I was overwhelmed by despair at length of realizing my great dream: continuing education.

One day, a ray of hope penetrated the dark clouds of sadness when I heard of the opening of the secondary level at Asma’ School. I’ve never felt so happy before. I forgot all my sufferings and distress and started again to renew my ambition to take the highest certifications and earn the uppermost positions.

Even my colleague, Washeelah, 19, whose family had also refused to let her enroll in the mixed school, did not expect to start schooling at this age—not ashamed of attending the first basic grades at that age. She is now in grade nine and is aspiring to be a teacher in the same school.

This SFD-built girls-only school is a real path for hope for many girls in the region and vicinities and a seed for favorable change)).

Fullah Ahmed Hussein
Student in grade nine



Health

The SFD's vision for healthcare focuses on supporting efforts of the Ministry of Public Health and Population (MoPHP) to expand coverage of basic health services and enhance health system performance and human resource management—thus contributing to MDGs health indicators to be attained by 2015.



SFD's health projects, developed in partnership with the MoPHP, pursued their goals through four programs designed to increase access to primary healthcare (PHC), strengthen health education, improve and expand reproductive health services and provide psychological care.

During 2010, the SFD approved 83 health projects worth about \$8 million. Direct beneficiaries are expected to exceed 296,000 (65% females). Since 1997, the SFD has developed 953 health projects worth nearly \$81.2 million and benefiting more than 9.2 million people (45% females) (table 2).

Table2. Indicators for health projects

Indicator	2010	Cumulative (1997–2010)
Approved projects	83	953
Commitments (thousands of US dollars)	8,112	81,213
Completed projects	82*	740
Disbursements (thousands of US dollars)	10,684	54,981
Direct beneficiaries (thousands)	296	9,217
Female beneficiaries (%)	65	45
Temporary employment created (thousands of workdays)	229	1,957

**Include projects from previous years, which were completed in 2010*

Increasing access to primary healthcare

During the year, SFD developed 23 projects to improve access to PHC facilities and mother and child facilities worth over \$5.9 million, benefiting about 285,000 people (64% females) as follows:

Increasing access to PHC facilities. The SFD developed 19 projects at an estimated cost of \$2.5 million, serving beneficiaries reaching about 159,000 people (50% females). The projects aimed to build, equip and furnish health units and centers in 7 governorates and implement a quality improvement program in 5 health facilities in Sahel Hadhramaut districts (Hadhramaut governorate) in cooperation with the governorate's Health Office and the German Technical Cooperation Agency (GTZ).

Reducing maternal and infant mortality. Four reproductive health infrastructure projects have been implemented at an estimated cost of \$3.4 million, benefiting directly about 126,000 people (82.5% females).

These projects include supporting infrastructure (building, equipping and furnishing) of basic and comprehensive emergency obstetrics sections, and mother and child health centers in a number of governorates, hospitals and health centers.

Increasing the number of PHC service providers. During the year, 3 projects were developed to qualify 80 female and male students as doctor assistants to meet the needs of PHC facilities (in Dhamar and Al-Baidha' governorates), and 20 female students majoring in professional nursing (Khamer District, Amran governorate).

The SFD has also developed a project to build and equip the National Midwives and Nurses Training Center (Al-Ma'ala, Aden).

Finally, the SFD's support to 21 public health institutes since 2002 was reviewed by an external expert, and the evaluation included recommendations for future support (see Box 5 below). Findings of the review were presented in a workshop organized under the auspices of the MoPHP.

Improving primary healthcare services

This program aims to enhance service providers' capacity and skills so as to increase the number of babies delivered under medical supervision.

Strengthening the capacity and skills of service providers. This component aims to enhance the efficiency and capacity of PHC providers through on-the-job training. The SFD seeks to improve quality of output of the health workers through continuous monitoring and follow-up.

During 2010, 38 projects were developed worth more than \$1 million, and the total beneficiaries mount to 1,040 people (68% females). Of these, 7 projects aimed to train 358 paramedics from the governorates of Taiz, Al-Mahweet, Al-Baidha', Hajjah and Shabwah on Integrated Medication for Child Illness (IMCI).

Three projects were also developed: one to train 20 SFD's health consultants (of both sexes) on mechanisms of health needs assessment, the other one to train health education officials in health offices (Amran governorate) on health awareness methods, and the third project to train medical staff and paramedics in several rural districts (Taiz) on early detection of physical disability and case referral.

In addition, a project was developed to review and update the community midwives curriculum and prepare a reference manual, which will be implemented in coordination with

the MoPHP, health institutes and other partners to ensure responding to the national health priorities in relation to mother and child health.

Increasing medically supervised deliveries. This component focuses on conducting pre-job and on-the-job training for midwives, awarding scholarships to girls studying midwifery in all governorates to enhance services provided to mothers and newborns.

In 2010, the SFD developed 24 projects to train and qualify 502 community midwives (from 15 governorates) in home care for mother and child health, and 3 training projects for 72 community midwives trainers (also from several governorates) on the same, in addition to a project for the qualification of 20 female secondary school graduates (from Amran governorate) to become technical midwives.

Finally, a project was developed to provide SFD's branch offices with training requirements to facilitate the qualification of midwives on house-to-house services for mother and child health.

Improving access to mental health services

The SFD supports the MoPHP to develop the National Mental Health Program through providing training to the program's managerial staff in all the governorates to strengthen their capacities in management, planning and preparation of fund-raising proposals.

Another project was also developed in the Capital City to promote mental healthcare in schools. Workshops were organized with the relevant ministries and school principals to discuss the role of psychologists in all schools in order to activate psychological counseling in childhood and adolescence, as well as ways to enhance the school mental health and raise awareness on mental health and psychological counseling in schools.

Moreover, 5 projects were developed for the training of 78 general physicians and 92 health assistants (from the Capital City and the governorates of Dhamar, Al-Baidha', Al-Hudaidah and Raimah) on psychiatric care.

Finally, the SFD has developed a project for printing the National Psychiatry Manual for PHC workers, which was prepared by national experts based on the international classification of psychiatric diseases adopted by the World Health Organization. The manual was discussed and reviewed with the MoPHP and other related agencies. It was later approved by the Ministry.

Strengthening partnership and institutional development

Within SFD efforts to strengthen partnership and institutional development with the Ministry of Public Health and Population, the following activities were carried out:

- Four projects were developed to strengthen and support some priority health systems in accordance with the National Health Strategy and Health Sector Reform Review. These are the District Health System (DHS), Continuous Professional Development (CPD), Health Mapping and Expansion of Health Human Resources System Application.
- Participation in the preparation of the National Midwives Strategy, which will be included as a key component in the National Reproductive Health Strategy “NRHS” (2011–15).
- Training of administrative staff on the National Mental Health Program in all the governorates to strengthen their capacities in management, planning and preparation of fund-raising requests.
- Participation in the expanded consultative meeting to build up consensus on the National Health Strategy (2010–25), workshops for the development of the NRHS and the activities of the sectoral coordination team to work on the social determinants of health.



A practical class – Ameen Nasher Higher Health Institute, Aden

Box 4

Review of SFD support to health institutes (2002–09)

Most training for nursing and paramedics in Yemen is provided by 21 public and 45 private Health Institutes (HIs). SFD has continuously supported public HIs for the last 10 years.

In late 2009 and beginning of 2010, the SFD support to the HIs was evaluated to learn the lessons from this support and to plan more effective ways to enable HIs to contribute to meeting the health needs of the Yemeni population. The evaluation presented a review of SFD support to HIs between 2002–2009 and recommendations for the future. It was based on

evidence collected by interviews, documents and statistical data.

The review found out evidence that, had it not been for the SFD support since 2002, nursing and paramedic training would have decreased in quantity and quality and HIs would have been less able to provide for the health workforce needs of the country. SFD's support was fully implemented and had a greater impact than other support. However, the limited impact of SFD support in some areas may be due to lack of integration of HIs strategy with MoPHP strategy, to the underdeveloped HI management capacity, and to weak linkages between HIs and health services at all levels.

Findings of the Review

What support was provided?

The main types of SFD support provided were:

- Buildings: five new HIs, classrooms, laboratories and student hostels.
- Furniture, equipment and books.
- Enhancing teaching skills and qualification: courses in teaching methods and paying tuition fees and living costs for teachers to upgrade their diplomas to bachelor degrees and improving course curricula.
- Student financing: 2,700 students from priority areas have received stipend amounting to \$100/month.
- Other support: directly financing courses mostly in community midwifery, and supporting HIs to develop the 2006-2010 HI strategy.

What was the impact?

There is a set of clear evidence based on various sources and leading to the below impact:

- this support significantly has led to the increase in the number of graduates, most of whom gained employment in health services and many of them got employment in the poor rural areas. This suggests that without the SFD support, a half of the number of students would have been graduating each year than there are now, and the graduates from the rural areas would have been significantly fewer than they are now.

- the support improved the quality of HI courses, primarily, through improving the curricula of 5 courses. The support improved the teaching skills of many HI teachers and developed their knowledge on the curricula subjects through financing scholarships to upgrade 120 diploma holders to attain bachelor degrees, and through providing with some teaching equipment and aids.

- SFD also directly financed HIs providing training courses for the community midwives from the poorest areas who would return to their areas and would help to reduce the maternal and child mortality (the 4th and 5th MDGs).

This sort of SFD support was not among the MOPHP, Ministry of Civil Service and Ministry of Finance's priorities, and it came in the time the HIs became independent from the MoPHP. The SFD prevented the HIs from further deterioration but it helped sustain morale, and it contributed to improve their performance.



Groups with Special Needs

The SFD engagement with Special Needs Groups (SNGs) focuses on supporting the governmental and non-governmental efforts and community-based initiatives to provide social protection for these groups.



In 2010, SNGs activities support inclusive education, expanding low-vision education programs and paying more attention to including new categories such as children with learning difficulties and autism. In addition, the sector sought to build the capacity of governmental institutions, persons with disabilities (PWDs) organizations and non-governmental organizations, focusing on early detection and intervention (preventive, therapeutic and educational) programs, community-based rehabilitation, services outreach, strengthening protection programs and supporting policies aimed to improve services provided to children with special

needs as well as coordination with partners and establishing partnerships with international organizations in Yemen and abroad.

During the year, the SFD developed 61 projects at an estimated cost of \$1.7 million, directly benefiting about 15,000 people of both sexes. Cumulatively, 561 projects were developed worth more than \$30.6 million and benefiting directly about 238,000 people (Table 3).

Table 3. Indicators for Groups with Special needs

Indicator	2010	Cumulative (1997–2010)
Approved projects	61	561
Commitments (thousands of US dollars)	1,660	30,641
Completed projects	58*	438
Disbursements (thousands of US dollars)	2,330	23,998
Direct beneficiaries (thousands)	15	238
Female beneficiaries (%)	30	29
Temporary employment created (thousands of workdays)	229	1,957

**Include projects from previous years, which were completed in 2010*



Al-Noor Disability Rehabilitation Center – Al-Mukalla, Hadhramaut

Inclusive and Special education

Under this program, the sector developed 20 projects, 14 of which aimed to strengthen inclusive programs and establish low-vision services in inclusive education schools focusing on supporting infrastructure as well as training teachers, social workers and administrators on integration concepts and mechanisms, teaching methods, teaching aids development, resource rooms' management learning difficulties and speech therapy.

The projects aimed at the rehabilitation and integration of 1,344 boys and girls with physical, hearing and visual impairment, mental disabilities and autism, in addition to the training of 366 teachers, social workers, administrators and mothers of children with disabilities (from 20 NGOs and Disabled Persons Organizations (DPOs) and special education centers as well as 76 schools in the Capital City and 13 governorates).

The other six projects aimed at strengthening special education services provided by relevant associations and centers. Activities included furnishing and equipping the new building of Al-Hudaidah's Mentally Disabled Rehabilitation Centre and training 20 teachers on how to work with children with mental disabilities and hearing impairment as well as training 8 workers of Al-Maladh Association (in Dhamar Governorate) on working with autistic children and educational and life programs targeting such children. In addition, 10 children with cerebral palsy and their mothers (in Shabwah) were trained on life and education skills.

Early Childhood Development

During the year, 7 projects were approved aiming to train 45 general practitioners and teachers in child developmental delays and 80 workers in childhood and disability on early childhood development and early intervention (Home-Based Model of Early Intervention "Portage program"). Additionally, Al-Turbah-based hospital (Taiz) was provided with medical equipment and utensils needed for early disability detection. The pediatricians of the hospitals were trained in this field and in functional therapeutic diagnosis of various disabilities. Moreover, practical reference manuals on early detection of disability were developed, and training was provided to some national trainers on using the manuals. Support was also provided to pre-school education in 4 public kindergartens in Al-Mukalla City and 3 others for three societies in Aden and Dhamar governorates through furnishing and equipping 10 classrooms and providing them with appropriate educational aids as well as training 46 female teachers in behavior modification of hyperactive children.

Rural Outreach and Community-based Rehabilitation

The sector, in 2010, continued its support by approving two projects for service outreach. The first project aimed to support the Yemen Association for the Care and Rehabilitation of the Blind in Amran governorate to extend its educational services to Al-Sawd district, through providing training to 40 workers of the association and teachers of 6 public schools on methods of teaching the blind, the art of motion and mobility and integration concepts and planning, in addition to providing these schools with educational aids to support the blind.

The second project aimed to strengthen the "Deaf Educational Outreach Program" to Ibb rural districts through the construction, furnishing and equipping of three classrooms along with facilities and a resources room.

Another project was also developed to build the capacity of the members of the community-based rehabilitation committee in Ma'abar City (Dhamar governorate) and equipping and furnishing the committee's premises.

Institutional Support

The SFD developed 12 projects aimed at strengthening the role of the National Union of Yemeni Disabled Associations (NUYDA) through furnishing and equipping its branches in some governorates and enhancing the services provided by the Special Needs Groups Vocational Rehabilitation and Training Center in Seyoun (Hadhramaut). The program included training its staff in the development of training plans and programs and sign language. In addition, the SFD supported the Child Public Library in Al-Mukalla by rehabilitating and providing supportive means to enable children with disabilities to benefit from the library and its contents, and the librarians were trained on how to deal with persons with disability.

On the other hand, SFD contracted with international experts to conduct an in-depth institutional analysis of the Care and Rehabilitation Fund for the Disabled and the NUYDA in preparation to develop a vision strengthening the performance of the two institutions—thus, further improving the targeting of persons with disabilities and contributing to the sustainability of services provided to them.

Finally, the draft National Disability Strategy was completed and discussed in two workshops held in the Capital City and Aden.

Child Protection

The sector implemented 19 projects aimed at protecting children prone to abuse and violence through providing support and training for workers involved with them and improving environment and services provided to them. The activities of this component focus on infrastructure improvement, training and awareness.

In this regard, and in cooperation with the Yemeni Women's Union and the Central Prison in the Capital City, the prison's juvenile section (16–18 years) was rehabilitated, targeting about 48 juvenile delinquents. In addition, SFD support was provided to establish post-care program for Al-Amal Delinquent Girls House in the Capital City through equipping and furnishing a candy processing plant and a home-based coiffeur workshop as well as qualifying 40 girls in these two fields.

Moreover, the social monitoring offices in four districts of Aden governorate were furnished and equipped, and the Childhood Social Protection Center in Haradh (Hajjah) was built, furnished and equipped.

Additionally, the SFD provided training to teachers, social and psychological workers, juvenile and orphan children, parents' councils, mosques' imams and preachers, members of local councils, student councils and Children Parliament, and representatives of ministries and associations involved in children issues. The training included educational methods alternative to physical punishment, social monitoring, concepts

of alternative and post-care, psychological aspects of juvenile delinquents and orphans, dealing with juvenile delinquents and non-custodial measures, rights of the juvenile child, psychological rehabilitation of war and conflicts victims, and addressing students' behavioral problems.

Finally, the SFD carried out awareness activities including printing 500 pamphlets and 1,000 posters aiming to raise awareness on the risks of child trafficking and legal sanctions for crimes related to child exploitation and trafficking. Awareness meetings were held in Taiz governorate on the importance of birth registration and the rights of the child. At Ibb University, other awareness topics were lectured covering relatives' marriage and hereditary disability that before more than 3,300 male and female students. Finally, awareness workshops on the rights of the child were held for 90 members of the local councils in the Capital City, Aden and Taiz governorates.

Enhancing Partnerships

The SFD and CBM organized the second planning workshop on the best practices in disability in Ibb governorate. The workshop presented the results of the visits conducted by CBM experts and SFD team to evaluate the overall educational, health, economic and social services provided to persons with disabilities in the governorate. The workshop also aimed to propose a plan for the Best Practices of Disability in Yemen Project, which will be implemented in 2011 in collaboration of the two parties.

BOX 5

Sun of hope shines over the lives of the PwDs in Hajjah

Fatima's hope

The parents of the 11-year-old girl, Fatima, tried to enroll her in school. However, Fatima suffers from severe hearing impairment. For one and a half years, Fatima kept going to school and returning home without having any improvement in her education. Her parents felt so desperate that they were forced to draw her from school.

That misfortune took place last year. But, where Fatima is today! And how we find her!

She is now enrolled at Haroun Al-Rasheed School (in Hajjah City) and she studies with the help of teachers who received adequate training to deal professionally

with Fatima and other similar cases—different types and degrees of disability.

So, today we find the educational level of Fatima is improving; she is gaining new knowledge and skills for communication with her community. We can easily notice how Fatima finds great pleasure as she studies in the classroom using the various aids and games in the Resources Room.

Fatima's parents and teachers expect a bright future for her, especially they see her having more than one talent such as painting and decoration, which are expected to develop further under continuous follow-up and care by her parents, teachers and community.

Ibtisam Mubarak

Resources Room Specialist, Haroun Al-Rasheed School

Community-based Rehabilitation (CBR)

Persons with disabilities in the city of Abs (Abs District, Hajjah governorate) have always been looked at as incapable to do any activity in the community. To change this view, the CBR Committee has played a major role to raise awareness among community members and introduce the perception that such people have the right to lead a decent life like any other members of the community. They have the right to education and other services.

The SFD has been the founder of the community-based rehabilitation in Yemen. The CBR committee was established from within the community itself through free and direct elections. The SFD then trained the committee on the managerial, financial and accounting aspects as well as on disability and



CBR concepts. It provided the committee's premises with all furniture and equipment necessary for its work. A field survey was also carried out to assess the real number of people with disabilities in the city. The survey's findings revealed unexpected numbers of such people, as there were cases hidden in their homes, about whom none knew anything. The findings stated that there have been 661 people with disabilities (227 of them under the age of 18 years). Based on the survey, we embarked on assisting these people. .

Thereafter, people with disabilities in the city became at the center of attention and care and they began to assume their real role as active individuals in the community.

Hadi Ibrahim Hakami

Head of CBR Committee (Abs, Hajjah)

Inclusive Education: Reality and Ambition

Hajjah governorate had lacked the most basic types of activities related to inclusive education; even officials of some of the governorate's Education Office were not fully aware of the concept of inclusive education—not to mention its importance and functions.

This was before the intervention of the SFD.

After the SFD had supported the activities of Inclusive Education Department (IED), such type of education became really inexistent. The IED initiated actual work in the field, expanding its activities to 12 schools, including five supported by the SFD. An institutional support document was signed, according to which the SFD helps IED keep up with the successes made by similar departments in other governorates.

SFD's efforts to expand and spread education, in general, among children with disabilities and serious endeavors to undertake initiatives towards integrating them into the public schools help change the views of these children's parents about the educational future of their children.

The various types of support provided by the SFD to the IED include accurate database on people with disabilities residing in the different areas around the inclusive education schools of Hajjah district. The database offers a key reference for setting plans and other activities for the IED and other relevant agencies.

The IED is ambitious that groups with special needs in the area get their right to education, and the community appreciates their needs and understands how to communicate with them as a segment of the society having rights in all aspects of life.

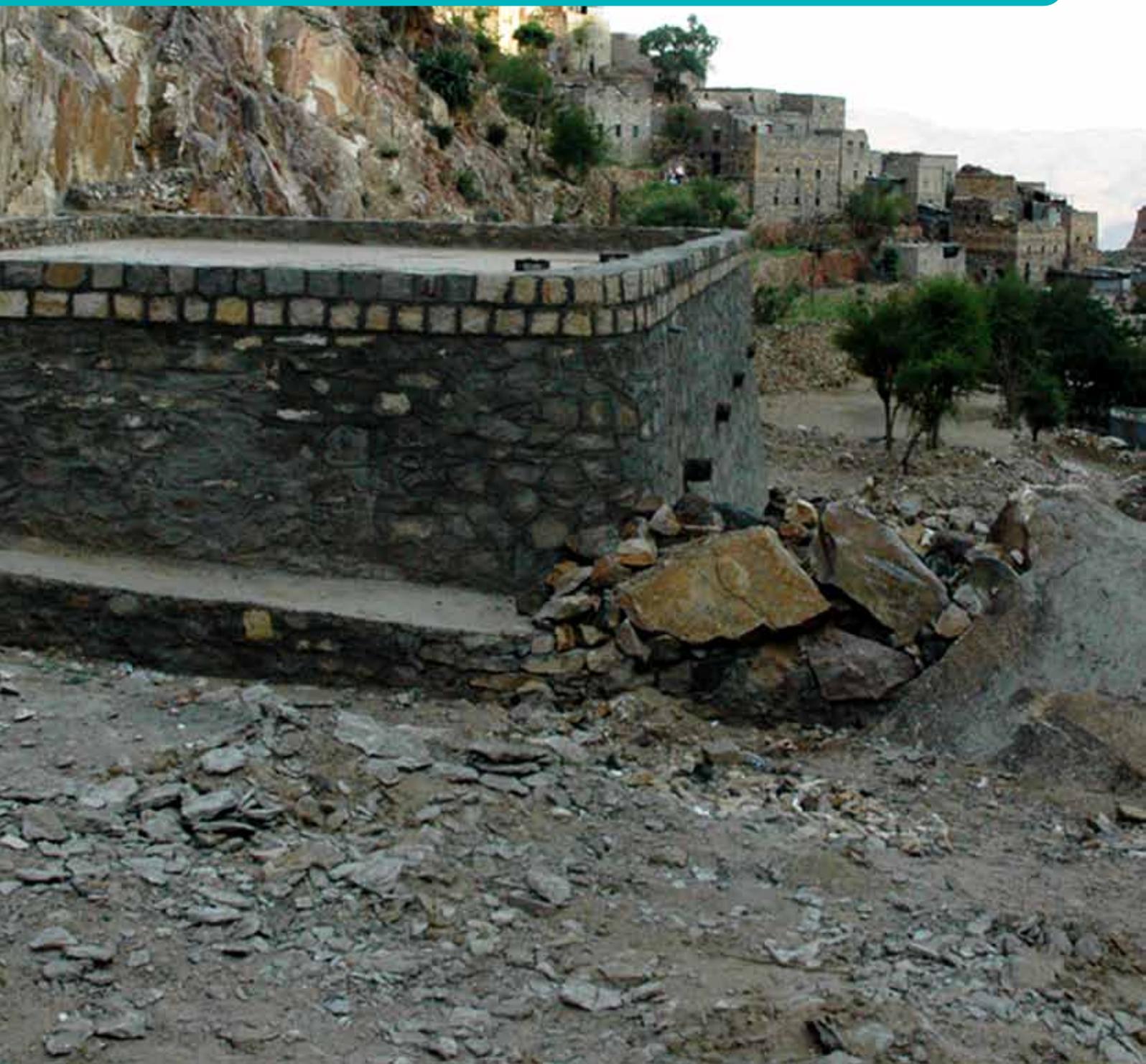
Nabilah Hussein Al-Moghnaaj

Director, Inclusive Education Department, Hajjah



Water and Environment

SFD interventions contribute in increasing coverage with water service in the needy communities through water projects relying on water renewed resources such as rains and springs. The environment sector includes wastewater management, solid waste management and water and soil preservation in addition to training, hygienic and environment awareness and organizational support.



During 2010, SFD committed to implement 171 projects for the water and environment sector at a cost of approximately \$ 37 million. It approved 144 water projects at an estimated cost of up to US\$33.4 million and 27 environment projects costing about \$ 3.7 million (Table 4).

Table 4. Indicators for Water and Environment sector

Indicator	Water		Environment	
	2010	(1997–2010)	2010	(2010 –1997)
Approved projects	144	1,604	27	251
Commitments (thousands of US dollars)	33,384	180,147	3,677	42,919
Completed projects	183*	1,141	24*	187
Disbursements (thousands of US dollars)	19,834	87,767	2,793	18,996
Direct beneficiaries (thousands)	217	2,946	160	2,695
Female beneficiaries (%)	50	50	50	48
Temporary employment created (thousands of workdays)	591	5,298	46	1,308

**Include projects from previous years, which were completed in 2010*

Water

The sector focused on implementing low-cost projects to provide water services to the poorest (according to the definition of water coverage as agreed by all actors in the sector). The SFD paid attention to community participation and use of traditional knowledge and experience. The projects cover rainwater harvesting sub-sector (public reservoirs and rooftop water harvesting tanks), piped water, small barriers and training for partners.

The 2010 action plan for the water sector stressed on its contribution to provide the targeted beneficiaries with access to water in order to assist in achieving the national objectives, better target the areas most in need of water, and systematically follow up and evaluate pilot projects carried out in the past years so that they can give a clear feedback to other partners in the sector on their feasibility and to ensure their support for scaling up.

Rainwater harvesting – Public reservoirs

The SFD developed 37 projects that include 70 public reservoirs, including two uncovered water tanks, 62 roofed tanks, and 6 caravans at a total capacity of 89,782 m³. Such facilities are attached with other facilities such as basins for sedimentation and animals to drink, as well as water networks with total length of 7,466 meters and 21 public taps serving 28,641 beneficiaries. The cumulative number of projects in this sub-sector amounted to 745 at a total cost of \$51.7 million and total capacity of 1.2 million m³ serving more than one million beneficiaries.

Rainwater harvesting – Rooftop reservoirs

The SFD developed 79 projects that include 6539 reservoirs with total capacity of 378,242 m³ serving 88,140 beneficiaries. The 2010 Impact Evaluation report confirmed on interventions in the rooftop reservoirs as an appropriate means to provide water for rural families. The cumulative number of these projects reached 399, including 31,730 reservoirs at a total cost of more than \$ 89 million serving about 360 thousand beneficiaries. The contribution of beneficiaries in this type of projects reached more than 65%.

Pipe-connected water

The SFD approved 12 projects costing \$3.4 million to provide water to 66,495 people through improved water systems with total length of 94,936 meters including 2125 household connections and 7 public taps. The cumulative number of these types of projects amount to 241 costing \$23 million and total length of 1.3 million meters and more than 432 public taps serving more than one million people.

Capacity Building of Partners

In 2010, the SFD undertook preparatory arrangements to start implementing the SFD \$100 million nationwide water-shortage response program during 2011- 2014. The Water and Environment Unit organized a workshop to distribute allocations for all districts, according to the indicators of water poverty and general poverty of villages based on the 2004 Census as well as the 2005 Household Budget Survey. During the workshop, the participants discussed and approved the detailed plans for each branch to implement its part of the program and to ensure program implementation within the planned period. The SFD also discussed, modified and adopted the mechanism of targeting implementing projects of this special program.

The branches of Aden, Amran and Hajjah held three training courses for consultants in rainwater harvesting, and the branches of Amran, Al-Hudaidah, Taiz and Ibb held separate training courses for consultants in the design and supervision of mechanized water projects.

Given the importance of the role of the on-site technical supervisor and their impact on the success or failure of the project, the Unit prepared training material and conducted training for technicians who supervise the construction of rainwater harvesting and mechanized water systems in the branches of Amran, Taiz, Al-Mukalla, Aden and Ibb for the purpose of screening the qualified technicians to supervise SFD projects .

Policy development

The sector developed its vision for the SFD Phase IV (2011–15) that included targeting that will be directed to the water-deprived populations based on the indicators and data of the 2004 Census.



A rooftop rainwater harvesting cistern – Al-Baidha

BOX 6

Ruzaiqa Al Ghasham Water Project opens broader horizons for water projects in Yemen

The Governorate of Al-Baidha is the poorest governorate in terms of water due to its non-porous rocks that prevent water from penetrating into underground. But this property has made the area suitable for the establishment of water barriers for catchment. Several agencies implemented successful barriers but the people kept dreaming about having water into their houses for a long time because the barriers were far away and they required pumps to lift water up to their higher-level villages.

In 2008, the SFD developed a policy on mechanized water projects (using machines for pumping and distribution), thus opening the door to Dhamar branch to contribute to improving water service in Al-Baidha having advantage of barriers. It established a number of projects that inspired specialists and have been a source of learning. Dhamar branch implemented the pilot Sanitation Al-Khuf and Al-Haikal Project that has used the anaerobic reactors technique in the treatment of sewage. For this new experience, the Water Unit organized a field visit for all branch managers and water officers to the projects of Ruzaiqa Al Ghasham Water Project (Al-Malajim district) and Al-Khuf and Al-Haikal Sanitation Project (Dhi Naem district).

This box mainly focuses on the Ruzaiqa Al Ghasham Water Project which has been one of the SFD modern and unique projects that reflects SFD open policy towards sincere local initiatives. It has been a model project so that the visiting team was keen to learn from it and its mechanism and operation have become worth evaluation. The visiting team focused to study how their branches can build on it in their future projects.

The project consists of surface well beyond the Al-Ghasham dam and a pump that lifts water from the well to a tower tank on a higher mountain, pipes downhill to the villages, connections for household and a computer-aided control unit for service management and consumption billing, in addition to a distribution network to all households of villages in Al-Ghasham sub-district (6,300 people) down the mountain.

The project is unique because of being the second SFD project to have provided improved water from a surface well directly fed from a small dam and because its operation mechanism is electronically based that only requires an SMS from mobile phone of the Head of the Operation Committee Mr. "Nasser Bahran," sole owner of this innovation. Nasser, a villager development activist, stated that he likes electrical and electronic engineering and he has had a number of useful innovations waiting to be harnessed for the development of the society similarly like what the SFD did with his innovation. Nasser felt happy to see the SFD visiting officers cheered with joy and surprise when he sent an SMS from his house and they saw the valve of the tower tank opens automatically by itself and followed by the operation of the pump moving water from the well to the tank. Then, they saw the pump turned off and the valve closed when the tank was full after a similar SMS from Nasser. The team seemed amazed the most when Nasser told them that he could do these processes even if he was in Sana'a or Aden or anywhere in Yemen.

In this regard, the Head of Water and Environment Unit said that this simple technique can reduce the waste of water in the event of pipe refraction or if the operator has forgotten the valve open and the tank overflowed, because Nasser has invented a level indicator inside the tank, so the villagers and the operator can monitor water level as he is in his house. The whole system saves the operator's effort of going to that remote tank to meet the villages' need of water even if it is at midnight.

The most important development in this regard is that the learning process of this project has started to become fruitful; the Rural Water Authority was briefed on this project and it started to establish similar water wells for drinking in a number of Al-Baidha areas. The SFD in contribution with the National Water and Sanitation Organization of Al-Baidha implemented a similar project in Al-Diyah and Al-Khaw'ah to utilize dam water to provide with improved drinking water for the districts of Al Hassan, Al-Sadah and Dhahibah having a population of more than 8,800 people.

Environment

The sector activities include wastewater management, solid waste management, community awareness and training.

Infrastructure of the City of Shibam Hadhramaut

The project, co-financed by the German Technical Support (GTZ), is implementing an integrated infrastructure for the city of Shibam, including sanitation, water, telephone and electricity, in addition to streets paving and rainwater drainage. For this end, a special unit has been established to implement the project. Given the sensitivity of the buildings of this historic city, the execution is carried out by hand through local experienced and trained builders.

Solid Waste Management

The SFD approved one project to equip the hygiene project of the city of Bajel with vehicles, machinery, equipment and warehouse, while the number of projects cumulatively in this sub-sector amounted to 42 projects at total cost of \$ 5.5 million. Most of those projects aimed at building slaughterhouses and supporting hygiene projects and solid waste management for some major and secondary cities.

Community-led Total Sanitation

The SFD continues to implement the Community-led Total Sanitation (CLTS) approach that aims to improve sanitation in rural areas. During the year, SFD celebrated 20 villages as model of sanitation in the governorates of Al-Mahweet, Amran, Dhamar and Taiz. In order to find effective and low-cost alternatives to scale up the approach, the SFD implemented the program in the adjacent villages through the community leaders in the governorates of Taiz, Ibb, and Amran at an average of 10 villages in each governorate.

The SFD organized a workshop on schistosomiasis and its transmitters to reduce the spread of the disease. Attendants included all water and environment officers, who were introduced to the definition of the disease, its health risks and environmental and behavioral factors that help it spread further, in addition to informing them of the volume of the problem in Yemen. The workshop also discussed the actions to be taken in the SFD interventions to prevent the spread of the disease during both the design and implementation of the open reservoirs or small dams.

The average rate of performance for all components of sanitation and water systems, electricity and lighting, telephone, paving, household plumbing, has reached 12.3%. On another level, the SFD approved a special project to restore and rehabilitate the wall of the city of Shibam- Hadhramaut.

Wastewater Management

Four projects were approved during the year. The project included wastewater management serving about 33,188 people. These projects components included sanitation lines along 34,150 meters and 977 main connections as well as 1,300 household connections. This brings the cumulative number of wastewater management projects to 85 projects at estimated cost of \$26.6 million.

Infrastructure of the City of Shibam Hadhramaut project

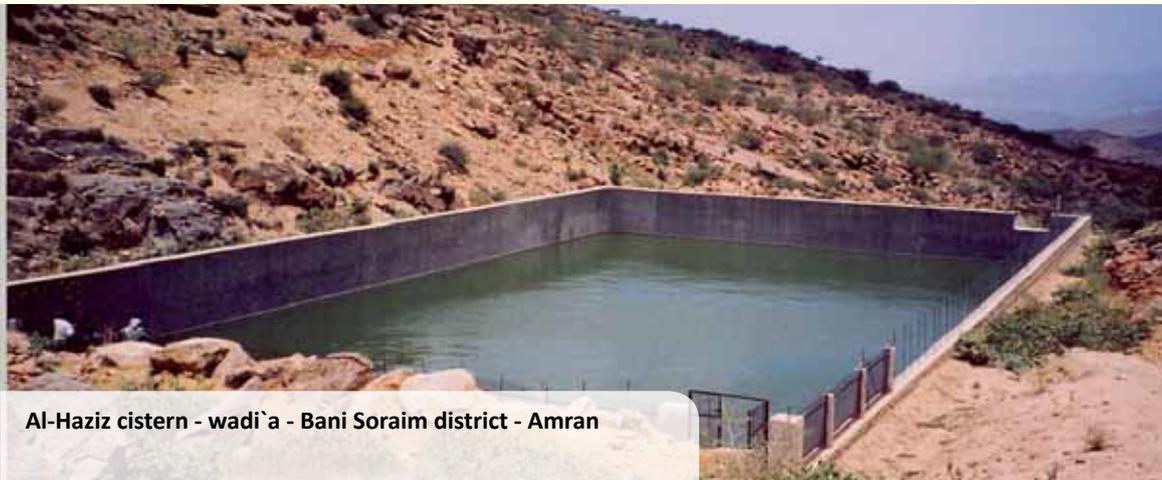


Training and awareness

20 approved projects targeted training and awareness that will implement 144 health and environment awareness campaigns, as well as training of officers and consultants on the SFD updated Environment Management Plan. The projects also will follow up and evaluate the pilot sanitation projects carried out in some governorates. This brings the cumulative number of projects in training and awareness to 85 projects.

Policy development

The sector developed and modified criteria of intervention in the environment sectors to have included sanitation, slaughterhouses, public bathrooms, schools tree planting and solid waste management.



Al-Haziz cistern - wadi'a - Bani Soraim district - Amran



Villagers implementing the Community-Led Total Sanitation approach – Umaiqah, Saber Al-Mawadem, Taiz

BOX 7

Rescuing the drowning Turqwah out of the swamp

“After the 16-year rescue calls, the long-awaited life boat steered by the SFD relieved the Turqwah village (Al-Jarrahi, Al-Hudaidah) of the repeated drowning calamities,” describes Omar A. Faqir, Head of Beneficiary Committee and of Member of Local Council of the village. “The drowning village”, as dubbed by other vicinities, was repeatedly turning to be a broad dark swamp blanketing the Turkwah’s streets and houses forcing some of its population to desert their homes and live with their relatives in higher places until they manually drain the rainwater out of their houses. After they returned to their houses, their 4,000-person population had been embargoed to go out except for emergencies due to the stagnant swamp in streets.

One of the victims of the problem decided to desert his house and build a two-room house in mud for his 10-member family in a higher place as he could not bear seeing his children, especially the young ones, affected by Malaria or cold diseases in each rain season . Ali Ahmed Ahjaf indicates that the stagnant waters’ level used to rise up to 80 cm inside his house and he, along with his family, had kept draining the waters out of their house for days, and then they became incapable to go out to the market, work or school for 10 days.

Despite the water-draining canal adjacent to Zabid valley, the village center (150 meters away of the canal) was only 70 centimeters higher than the canal’s level. “Before the SFD intervention, two development institutions complied with our call, but they drew due to poor feasible solution to that low-surface area. “SFD started solving the problem only 8 months after the community had submitted their application to SFD’s Al-Hudaidah branch office,” continues Faqir, “then, the SFD studied the problem well and decided to heighten the area surface level for some centimeters, pave the open-center area with stone sloping toward the center, establish a dual underground



A villager showing the water level during rains.

draining hole under the center point in order to drain down all rainwater. The first hole receives the waters mixed with mud and stone that settle down in its bottom, and when the hole is filled-up, the mud-free waters at the top drain to the adjacent hole and then to a 150-long wide pipe that moves the waters to the draining canal course. Water in the village disappears completely only 10 minutes after the rains stop. In addition, the SFD has built a dual stony line defining the waters course within the village alleys, where the villagers have successfully promised not to exceed them when building their walls or houses in order to ensure smooth passage of the waters down from all higher parts of Turqwah. Such a solution was amazingly simple but visible by others.”

Chief of Turqwah, Salem A. Ahjaf, indicates that the team of Ministry of Health visited the village to spray anti-mosquito pesticides after the project was finished. He affirmed that 80% of the village’s 370 houses directly benefited from the project.

Faqir reiterates that villagers got various benefits in terms of health, environment, education and economy. “Because Turqwa is void of any development amenity,” he comments “and due to our strong confidence in the SFD, we applied for a mechanized drinking water project which was shortly approved to be scheduled in the 2010 action plan. This has encouraged all of us to participate to dig the water well and we successfully tested its feasibility and appropriateness as a sign of our seriousness to make the SFD upcoming project a success.”

Agriculture and Rural Development

The SFD is implementing livestock and agricultural productive projects in 23 rain-fed districts within 5 governorates. The projects enable rural productive groups in these areas to develop, diversify and market their products.



Agriculture and Integrated Intervention Program (IIP) are the major components under agriculture and rural development activities. The projects target the poor groups in order to contribute to improving living conditions through financing income generating and infrastructure projects, as well as building the capacity of the communities.

During 2010, the SFD developed 121 projects in the agriculture sector at an estimated cost of about \$13 million, while the approved projects of the Integrated Intervention Program reached 36 projects worth approximately \$2.4 million (Table 5).

Table 5: Indicators for Agriculture and Rural Development

Indicator	Agriculture		Integrated Interventions	
	2010	Cumulative	2010	Cumulative
Number of projects developed	121	247	36	203
Commitments (thousands of USD)	12,833	19,396	2,400	13,801
Completed projects	35*	68	22*	111
Disbursements (thousands of USD)	2,191	4,189	1,641	10,073
Direct beneficiaries (thousands)	215	417	23	299
Female share of direct beneficiaries (%)	50	35	34	32
Temporary employment created (thousands of workdays)	23	461	63	403

**Include projects from previous years, which were completed in 2010*

Training a rural productive group on veterinary – Khabt Al-Nwairah, Al-Mehweet



Agriculture

The sector includes the “ Rural Production Development ” Components and “ Water for Agricultural Development ”. The Rural Production Component comes under the Rain-fed Agriculture and Livestock Development Project.

The Rain-fed Agriculture and Livestock Development Project (RALP)

This Project includes 3 major components, (i) management of seed improvement, (ii) development of livestock and improvement of veterinary services, and (iii) the development of rural production. The Ministry of Agriculture and Irrigation and its institutions is implementing components i and ii, while the SFD is implementing component iii in 23 districts within 5 governorates, including 4 districts in each governorate of Al-Mahawee and Lahej, and 5 in each of governorate of Hajjah, Al-Hudaidah and Sana`a.

The development objective of the program is to contribute to the development of the poor communities to enable them to improve their living conditions and alleviate poverty in the rural areas by improving management of natural resources. This is achieved through a multitude of activities such as capacity building, support for productive projects, improvement of agricultural production (both plant and livestock) in the rain-fed agriculture areas, development of traditional farming systems, organization of small farmers Producer Groups for the development of economic production activities. The project targets small farmers/producers (men and women) in the rural rain-fed areas, including areas dependent on irrigation by floods and springs. The number of the inhabitants in those governorates are 5.7 million having an area of cultivated land reaching 88,000 hectares. The number of livestock exceeds 4.5 million.

During 2010, the program expanded its activities to 12 new districts (In addition to the previous 11 districts) within the program`s five governorates. 138 local communities were selected and the selected activities are underway. The management of project activities has been transferred to SFD`s branch offices instead of the headquarters.

Under the RALP, 1,577 “ Rural Producer Groups” were formed in 2010 (406 groups in Hajjah, 458 Al-Hudaidah, 218 Lahej, 237 in Sana`a, and 258 groups in Al-Mahwee, in addition to 165 Local Community Producer Committees.

In regard to financing the groups to implement their projects, the sector formed 2,183 groups during the year and funded 923 groups including various income generating areas such as livestock (production and fattening), poultry, bees, food industries, handicrafts, preserving soil and water, modern technologies, improving seed production, marketing of vegetables, coffee and grapes, veterinary, rehabilitation of terraces and cultivation of olive.

In the area of training and capacity building, the program conducted 20 training courses in the fields of veterinary, and agriculture crop production such as olives, and provided organizational capacity building and technical assistance to the formed Rural Producer Groups.

Table 6. Producer Groups formed under the Rain-fed Agriculture and Livestock Project

Governorate	No. of districts	No. of groups financed					No. of formed groups
		Livestock	Bees	Agriculture	Others	Total	
Hajjah	5	168	59	37	16	280	401
Al-Hudaidah	5	161	45	8	12	226	398
Lahej	4	143	30	10	21	204	693
Sana'a	5	65	15	9	24	113	284
Al-Mahweet	4	55	17	19	9	100	407
Total	23	592	166	83	82	923	2183

The sector also coordinated with components I and II of the project (undertaken by the Ministry of Agriculture and Irrigation). It funded the formation of 64 seed groups (component I), and it is currently processing the procedures for financing a program for training 70 veterinary care specialists (male and females) from the program areas of components I and II. The trainees are to be nominated by the local community producer committees of component III.

Water for Agricultural Development

The number of completed projects in this sub-sector in 2010 reached 60 projects at an estimated cost of \$9.5 million. The aim of the interventions was to provide water for supplementary irrigation, protection of agricultural land from floods, provision of some irrigation systems and piloting replacing qat with other economic plants in some selected areas. SFD focused on preparing studies for future interventions in irrigation from dams, and, contributing to updating the database of dams within the national program to prepare a water mapping for dams. This will lead to prevent dual interventions in the watershed areas of limited flowing space, and will minimize negative environmental impacts beyond the watershed areas.

In addition, the sector will continue to experiment on the biogas units at the village level, especially community-based maintenance mechanisms. For this purpose, the SFD is currently intervening in two areas in the governorate of Ibb, which is characterized by the availability of water temperature as well as livestock, in addition to the inhabitant's willingness to adopt this technique.

Interventions in water for agricultural development included 3 projects of irrigation by surface and ground water, and 13 watershed management projects, irrigation systems, and 19 projects to establish small multi-purpose dams.

The training and awareness component included two activities, the first one aimed at training consultants and project officers on the design of irrigation systems, and the other one to coordinate with the irrigation sector in the Ministry of Agriculture in order to improve interventions of water for agricultural development and labor-intensive works program in the watershed areas.

Awareness on qat damages

In coordination with the World Bank Office in Sana'a, the SFD is gearing up to prepare a national communication strategy to raise awareness and reduce the harm of qat in order to minimize demand on it.

Box 8

Integrated management for agricultural terraces

Terraces are one of the unique characteristics of agriculture in Yemen. “The Yemenis successfully challenged the difficult terrain by building terraces in the high mountains as an important source of agricultural land to ensure food security,” a historian said. Agriculture in Yemen is the primary activity of the rural population to improve their standard of living. In spite of the farmers’ substantial efforts to protect the terraces from deterioration and collapse, their efforts remain weak due to their limited capabilities (natural – economic – social) factors. Recognizing its economic returns for the poor rural population, undertook a pilot project based on integral technical systems to rehabilitate terraces (terraces walls, gabions, water tanks for supplemental irrigation, and forestation) in the priority rain-fed agriculture areas that are among the poorest rural and remote areas, that have meager resources and lack basic infrastructure and social services. The target areas are also prone to risk disasters.

The intervention began with studying and selecting two pilot locations in Al-Qabaitah district (Lahej) and Bur’a (Al-Hudaidah). The SFD studied the nature of interventions with the target communities, and later adopted various traditional processes implemented by the beneficiaries including the construction of walls of terraces, water drains, protection walls, and gabion baskets. The SFD assisted the beneficiaries to create an appropriate environment to include the agricultural integration system (forestry) to address and regain vegetation, as well as implemented campaigns to raise awareness among the farmers.

All operations were carried out, as per the beneficiaries requirements, in traditional and excellent ways that met the desired purpose under the supervision of experienced engineers. The beneficiaries’ enthusiasm for the project and their readiness to complete the required contribution has contributed to the success of this experiment. The SFD is continuously providing technical support to the project.

Land protection and torrential irrigation system rehabilitation. – Nasser Al-Tubbah villages, Al-Ain, Shabwah



Integrated Interventions Program (IIP)

It is a multi-sector intervention development program that seeks to improve the economic and social conditions in the poorest areas. It strengthens the capacity of the local communities to undertake development of their areas and aims to contribute to the involvement of the local authority in the planning, implementation and management of development projects in these areas.

The IIP began during the first phase (2001 - 2005) in four sub-districts. The program was evaluated in 2005, and the proven success led to continuation of the program to the second phase to cover 8 more sub-districts serving 63,000 people.

In 2010, the IIP projects were implemented by the SFD branches in nine selected sub-districts in the governorates of Al-Hudaidah, Ibb, Dhamar, Taiz, Al-Mahwit, Lahej, Amran, Hadhramaut, and Hajjah. The number of target beneficiaries in these sub-districts amounted to 71,389.

The IIP carries out activities that include building the capacity of target communities in economic and agricultural aspects that comply to the nature of each community so as to develop income generation opportunities and improve their living conditions.

The IIP implemented 3 projects at an estimated cost of \$17,600 bringing the cumulative number of economic and agricultural projects to 24 at a cost of \$402,700 serving more than 11,000 beneficiaries.

It also conducted activities in the education sector such as to raise the community awareness on education, to provide infrastructure and training in order to improve the educational process, and to give other opportunities for enrollment in the community

education and literacy through training teachers and providing of educational resources. The number of completed projects in education were 13 that focused entirely on building the capacity of teachers and education circles, bringing the cumulative education projects to 61 projects at a total cost of \$4.4 million.

The program also focuses on the provision of infrastructure construction, training of health personnel, enhancement of the existing health services and formation of community volunteer teams to monitor the activities of health and environmental awareness notably the protection of children from malnutrition; the main focus of the IIP. IIP completed one project during 2010 bringing the cumulative health projects up to 23 projects at a total cost of \$800 thousand.

The IIP carries out water projects through household connections or water harvesting, according to the nature of the target areas. The community capacities are built to operate and maintain these projects. During the year, the SFD approved 4 water projects at a cost of \$1.7 million bringing the number cumulative water projects to 34 projects costing \$6.4 million. During 2010 IIP completed the Araerah Water project in Tor Albaha (Lahej) and two projects in Bani Moanis, Wesab Assafel (Dhamar).

Expansion of the program

In 2010 the IIP completed the preparatory phase to expand the program to be implemented by SFD branch offices. The program selected 9 sub-districts, conducted the priority, formed and trained the development committees, prepared development plans for the target areas and started developing projects as per the development plans and the priority of the target communities.

Training and Organizational Support

These two sectors seek to strengthen capacities of SFD partners (government agencies, NGOs, private sector, local authorities and community organizations) in addition to SFD consultants and staff in order to contribute with the SFD to implementing development projects.



During 2010, the number of committed projects reached 148 at an estimated cost of \$5.2 million distributed between training (89 projects worth \$3.1 million) and organizational support (59 projects worth \$2.0 million). Cumulatively, about 724

projects were developed under the training sector at an estimated cost reaching about \$16 million, and 534 projects for organizational support, with investments mounting to nearly \$25.5 million (table 7).

Table 7: Indicators for Training & Organization Support Sectors

Indicator	Training		Organizational Support	
	2010	Cumulative (1997 - 2010)	2010	Cumulative (1997 - 2010)
Approved projects	89	724	59	534
Commitments (thousand USD)	3,137	15,951	2,039	25,532
Completed projects	74*	616	38*	452
Disbursements (thousand USD)	1,640	11,039	2422	19,925
Direct beneficiaries (thousand)	16	143	14	1,282
Female beneficiaries (%)	36	31	29	24
Temporary Employment created (thousand work days)	42	255	38	655

**Include projects from previous years, which were completed in 2010*

relating to the building of human and institutional capacities of various targeted groups and agencies. Interventions involved the continuation of training, as well as raising the capacities of the local authority in a number of fields that contribute in the improvement of planning for local development. This is besides continuing to implement institutional

development assessment studies for governorates' main offices, activation and empowering local communities, and the expansion and development of Rural Development Advocates' Program (RAWFD). Targeted sub-sectors and programs support included the following:



Training volunteers on development activities – Al-Jawf

Governmental Organizations

Interventions during the year involved new projects in the field of organizational support represented by site construction and providing equipment, installations and necessary systems, as well as training and raising capacities in MIS & GIS, institutional assessment studies, drafting regulations and organizational frameworks, strategic planning, and reports` preparation. This is in addition to indexing, documentation, filing, and data collection. Various government authorities and organs were targeted, mainly:

Support for institutional assessment studies has also been provided to some sectors in several ministries such

- Social Welfare Fund (SWF) and its offices in governorates, which benefited from continued support by raising its capacities for improving the level of services it provides to its beneficiaries. Support during the year comprised of developing the filing system of the SWF by means of providing necessary equipments, as well as staff training on methods and techniques of filing in accordance with its internal rules of procedure.
- Support for two Productive Families` centers in Haifan (Taiz) and Yareem town (Ibb) for raising their organizational and technical capacities. These two centers aim to help poor families to be self-sustained by taking up work suited to their capacities , as well as targeting the largest number of families to become self-reliant , and improve their living conditions.
- Support provided by the construction of a public library in Ghail Bawazir district (Hadramout) supporting Jiblah (Ibb) Public Library for Books and Manuscripts, and a public library in Al-Baidha` town (Al-Baidha` governorate) by providing installations, books, and equipments , as well as providing training for librarians managing these libraries.
- Supporting the Public Authority for Lands , Survey and Urban Planning by providing installations and equipment concerning land registration system and the Geographic Information System, and training some staff members.

as the Labor Arbitration Committees in the Labor Relations Sector of the Ministry of Social Affairs ; the General Support for institutional assessment studies has also been provided to some sectors in several ministries such Department of Environmental Sanitation of the Ministry of Public Works and Highways including its offices in Sana`a City and the governorates of Amran & Dhamar; and the Organizational Units related to projects` programming, monitoring and evaluation in the Ministry of Planning and International Cooperation.

The SFD has also provided installations and equipment to four commercial courts in the governorates of Aden, Sana`a, Taiz , and Mukalla, which were already constructed through SFD support.

Also support was provided to the General Authority for Environmental Protection in Al-Hudaidah governorate, Environmental Awareness Center in Taiz governorate, as well as the Technical & Vocational Institute in Khamer , Amran governorate.

The support was in the form of installations and equipment for the dormitories of students and teachers, training equipment for the sections of auto mechanics and electricity, training trainers on the utilization of the new workshops` equipment. This is in addition to data base training for some staff members of the General Authority for Martyr Families.

Civil Society Organizations

The Training & Organizational Support Unit seeks to continue the work of improving the capacities of NGOs for enabling them to contribute effectively in the development process. During the year activities have been characterized with providing support to local associations, establishments, and trade unions.

About 53 NGOs in 13 governorates benefited from training and organizational support. Main activities included the preparation of an overall financial and management training package based upon the needs of these NGOs. The package manuals aim to provide trainers and steering committees of these associations with modern financial and administrative know-how regardless of their specialties or qualifications. The manual packages were prepared so as to provide NGOs with simple practical steps to apply the contents of manuals according to sound and simplified basics. Interventions also included providing organizational support to about 24 NGOs through equipping their training halls, supporting the handicrafts training workshops, as well as providing other necessary administrative equipment and installations. This is in addition to providing training to about 29 NGOs for developing their training, vocational, administrative and accounting skills.

Supported Programs

Within its main sectors the Unit is supporting qualitative programs, most important of them is the Empowerment for Local Development (ELD) Program. This program is undertaken at the head quarters as well as the branches offices. The second prominent program is the Rural Development Advocates, Program (RAWFD), which is being implemented in accordance with a strategic vision targeting its outreach to the largest number of university graduates.

Empowerment for Local Development Program (ELD)

The program focuses on empowering local communities by giving them a key role for assessing their needs and resources, and creating mechanisms for enabling community members in villages and sub-districts to participate in the

planning processes, as well as providing them with mechanisms for effective participation in discussing them within the official framework. This process aims to ensure that development plans are more responsive and suited to peoples' situations and real needs.

Since its establishment in 2007, the Program has been working in 17 districts of 9 governorates. Elected members of villages' cooperation councils reached 19,000 in 1993 villages, with 49% females, while the elected members of sub-districts' development committees in 168 sub-districts reached 3800, with 39% females.

During the year, the following components were implemented within the ELD Program:

At the Central Government Level

Public Expenditure Management

An assessment was conducted at the central level with the objective of identifying the current situation of public expenditure management related to local authorities. The assessment targeted seven concerned authorities, namely ministries of Finance, Civil Service, Planning, Local Administration, as well as the Central Organization for Control & Accountancy, Higher Authority for Combating Corruption, and Tenders Authority. This is in addition to the preparation of "districts' field survey form" in aspects related to the public expenditure management.

The objectives of these assessments are to reach a consensus on criteria for the classification of districts as "eligible for public expenditure management", as well as finding a unified mechanism for qualifying local authorities in this respect. The mechanisms will also include adjusting the phases of the transfer of power of public expenditure management to the districts. The Final expected outcome is to qualify the eligible districts for implementing the third phase of the ELD Program whereby they will be given financial and technical support to carry out basic services subprojects and allow SFD to supervise and monitor the overall activities.

At the Local Authority Level

Supporting the main offices of governorates and districts

An institutional assessment study was prepared for the offices of Al-Mahrah & Al-Mahweet governorates, as well as the districts of Maswar /Amran, Shara`ab Al-Rawna & Al-Mawaset /Taiz, Da`awan/Hadhramout, and Haween/Almahra.

Three training workshops were also implemented in the subject of «strategic planning trends». They targeted the local authority staff in the main offices of the governorates of Al-Beidha , Al-Mahra , and Maarib.

Supporting Local Councils

About 230 local authority members were trained in 4 districts (Hasween/Al-Mahrah, Hubeish/Ibb, Al-Mawaset/Taiz, Malhan/Al-Mahweet). Training components included community participation,

participatory planning mechanisms, drafting and preparation of development plans at the district level, and preparation of development reports.

At the Community Level

Supporting the Villages` Cooperation Councils

Communities of the three districts of Shara`ab Al-Rawna & Al-Mawaset/Taiz, and Habour Zulaima/ Amran were mobilized to form "Village Cooperation Councils" and to carry out community-based self-help initiatives. The number of the formed councils reached 287. These councils implemented about 150 various initiatives including construction and paving of subsidiary roads leading to villages, rehabilitation of old ponds , cleaning campaigns in villages , and making notices for villagers in case of violation, forming parents` committees , starting literacy classes, establishment of mutual assistance funds, campaigns for planting trees in schools, and health awareness campaigns conducted by local mid-wives.



Supporting Sub-districts` Development Committees

These are development committees at the level of sub-districts. They are formed from the delegates of the villages` cooperation councils elected to represent the villages. The purpose is to allow community participation in identifying the needs of sub-districts for development projects. Accordingly, 71 development committees were formed and trained in a number of development topics including conflict management and negotiation techniques, conducting meetings and drafting of record minutes, voluntary and cooperative work.

Supporting Community Auditing

About 105 local councils` members were trained in addition to 340 sub-districts` development committee members and villages` cooperation councils in 5 districts (Bilad Al-Ta`am, Maswar, Al-Misrakh, Al-Haima Al-Dakhilia and Sa`afan). Training components included community-auditing methodology, the role of local structures and the importance of their participation, problem assessment and analysis, mechanisms of data and information collection, drafting reports concerning delayed projects, drafting lobbying & advocacy messages, distribution of tasks among local council members and community structures. As a result of this training, about 30 of unfinished projects were discussed with the authorities concerned and solution aspects concluded.

Rural Development Advocates Program (RAWFD)

This is the first national program targeting the youth graduates from rural areas. It started in 2004 as a first phase. It later expanded to assume a national coverage in order to target the largest possible number of young

graduates. The program is designed to enable fresh rural graduates and acquire skills for identifying and assessing rural development problems, as well as qualifying them for voluntary work, and stimulating them to carry self-help initiatives within their communities, and so utilize their energies and invest their know-how and time, and direct them to contribute in the local development process.

The program evaluation, which took place in 2009, showed that its outcomes had made significant impact for the SFD, especially when linked to the challenge included in the strategy of «Communication for Change», namely providing awareness about the nature of the role played by the SFD in development in Yemen, and its relationship with other active entities in the country. According to all these results, a strategy was drawn to expand the program starting from 2010 by targeting about 3000 youth (males/females) annually. During the year 2010 (24) training courses were implemented dealing with basic topics about issues and problems of rural development. This is in addition to conducting an intensive computer literacy program lasting (16) days, and benefiting about (628) trainees including (297) young females from all governorates. Also (10) specialized training courses were implemented dealing with (PRA) and the mechanism of forming follow-up and coordination committees. These courses were attended by 236 trainees from the governorates of Al-Mahra, Shabwa, Lahej, Al-Dhale`e, Abyan, and Raima.

Promotion of the outcomes of this Program amongst agencies active in local development led during the year to the temporary employment of about (220) of these youths (males/females), as well as jobs for 23 others as program coordinators in various governorates.



Training volunteers under RAWFD Program – Shabwah

Box 9

SFD enhances empowerment in Shara'ab Al-Rawna

The availability of natural resources whatever their size cannot initiate any social or economic development in the absence of the human element which is considered as its means and objective. Nations that neglect their human element do not possess any chance to achieve development in their countries. This is because human development is one of three essential engines for real and sustainable development. Looking at SFD's projects life cycle and its various programs, one feels that building the capacities of the human element and seeking to direct it toward the development theme is the SFD's utmost aim and mission. The negativity of any society is sometimes a result of its unawareness of its internal strengths and capacities, or its inability to discover them. Change usually starts from within by acquiring self-conviction that the individual and society possess tremendous capacities.

This is what had been sought by the ELD Program , with its signs appearing in some districts through the formation , from the community , of development committees and villages' cooperation councils for the purpose of pushing forward the development process, discovering the available opportunities and resources, and putting them into good use.

During the past recent period , the district of Shra'ab Al-Rawna (Ta'iz governorate) woke up to the sounds of hoes cutting through hard rock combined with enthusiastic songs soaring up in the sky , and clouds of dust rising here and there proclaiming the day of community development . This area became an open workshop, and an active bee-hive, with one road in construction, and another being paved, a cemetery being walled, and a well being cleaned, with someone building and another working. All this happened due to the efforts of supervisors and consultants who traveled around carrying with them their ethics, good discourse and administrative expertise in working with the community, activating its leaders, and revitalizing the faith in its own capacities to restore the spirit of cooperation and competition in charitable and voluntary work.

I might have misunderstood the community where I live .But an incident attracted my attention and changed my own convictions and those of my colleagues' , members of the cooperation council of Dahn village (Al-Ajshoub sub-district) . This was when we invited people to participate in one of the self-help initiatives which had been a part of our plans , but was postponed because I was busy together with some of my colleagues in the Primary Certificate examination committees .

However, when we returned we found that people did not wait for us, but had already started work early despite our late arrival. So instead of waiting for us to stimulate them, we realized that they were actually stimulating us, and inviting us to work.

This clearly illustrates community effectiveness, its positive aspects, and its love for charitable and cooperative work. Furthermore it shows that the community is only in need of guidance, encouragement, and stimulation to work for good.

Abdulla Kaid Saeed

Development Committee Member
Al – Ajshoub Sub-district
Shara’ab Al- Rawna , Taiz Governorate



Community Participation Program

During 2010, manuals and guidelines were developed to help conduct development assessment studies» including «situational evaluation, and identification of priority needs» to be used for training SFD project officers, trainers and consultants conducting PRA in field. The manuals include the «With the People» manual which contain the agreed participatory approaches. The manual include a standard reporting format that will enable consultants conducting PRA to follow procedures. Seven workshops were conducted for sectoral officers. training officers, and a sample of community researchers from SFD branches.

PRA was conducted in a participatory manner to identify community priority needs for SFD`s interventions within the 2011 plans. Beneficiary committees were also formed for 169 projects to be implemented in a number of SFD branches.

Enhancing Efficiency of Human Resources

Through this Program, the SFD continued to train individuals in community participation, as well as the technical fields contributing in the implementation of its projects and raising their quality. This is in addition to providing development activists who work with the active agencies. During 2010, the number of trainees reached 2355 persons.

Box 10 Rural Youth Association for Voluntary Development

With assistance and guidance from the SFD Training Unit, an initiative was ignited by some active members of (RAWFD) who established the first association of its kind nationwide.

The association has been given access to the “graduates database” basically compiled by the SFD, and, thus, the association members became capable to communicate with all the rural university graduates, who were trained by SFD on voluntary development, and inform them about the association function. They called upon them for networking between governorates through governorate-based sub-committees from among those interested in voluntary work and youth issues. The ultimate objective has been to become a strong national network of voluntary youth. The association designed a number of training and awareness raising programs with clear objectives, and it seeks to obtain support from the SFD and others. The association participated in a competition to be selected as an implementing partner for a noted development agency. It has arrived to the last stage of selection process benefiting

from its voluntary nature and its outreach to all governorates especially the rural areas. This is in addition to the confidence of the development agency in the outputs of the SFD.

Sample of initiatives submitted by the program graduates:

“My village is generally suffering from illiteracy, and my mother is one of the mothers who greatly suffered from illiteracy, but with God’s willing, I will do my best to educate my mother and any adult female in our household who desire to learn. This is in order to diminish, as much as possible, the excessive illiteracy in my area”.

Muna Yehya Saleh Al-Ryashi – Hajjah

“ I will do my best to raise awareness among parents and all community members on how to treat children and explain our duties concerning their rights and methods of raising them well through the best treatment for the human being. I will devote my time and knowledge to hold an awareness campaign in schools and explain clearly the rights of the child to those who are unaware of them. This is because some teachers at the classroom adopt violent punishment toward children”.

Bakr Ahmed Ghaleb Shahtara - Ibb



Box 11

Raising Community Awareness and Gaining Local and Official Support Concerning Polluted Water in Wadi Bana in Ibb governorate

This project comprised a number of field activities and awareness events, preceded by on-site visits for collecting information and photographing the main polluted areas and sources of pollution. The visits included various meetings and interviews with the affected citizens and with the local authority leaders as well as parties concerned with the problem. Community representatives were elected from the affected villages or those causing the pollution, and community awareness teams were formed from the elders, teachers, mosque preachers, members of the local council and villages' secretaries. This was followed by conducting a number of assessment, planning and awareness raising workshops, as well as interviews and public meetings in schools, offices, health facilities, and public awareness raising rallies, beside speeches, lectures, and scientific seminars. About (32) villages, affected by the pollution were targeted by the community awareness teams making use of a number of communication means such as, documentary films audio-visual presentations, posters, wall paintings, banners, brochures, guidance and awareness materials, school-broadcasts, and mobile microphones. The events targeted local authority leaders of the districts, as well as community leaders, elders, education and health staff, in addition to the academicians, students and civil society organizations. All these activities resulted in mass rallies in the districts of Al-Sadda and Al-Nadira. The activities mobilized for voluntary and effective local community effort, as well as the establishment of local joint associations for both districts, (The Environment Protection Association, and the Wiqaya Women Association for Pollution Reduction) and the formation of the "Environment Protection Council". Their significant mandate has been to discuss the pollution problem and put urgent solutions and actions with the participation of the community leaders and the local authority. In addition, these entities will be entitled to implementing a lot of initiatives and effective community donations for reducing pollution.

Cultural heritage

Projects of this sector contribute to protecting the country's varied and rich cultural heritage. They preserve the material, tangible and intangible, assets of historic and aesthetic value as well as help build the national capacities in this regard.



During 2010, 28 projects were approved at an estimated cost of \$6.7 million bringing the cumulative of the sector's projects (1997–2010) to 252 worth about \$52.7 million (Table 8).

Table 8. Indicators for the Cultural Heritage

Indicator	2010	Cumulative (1997 - 2010)
Approved projects	28	252
Commitments (thousand USD)	6,675	52,665
Completed projects	21*	163
Disbursements (thousand USD)	6,030	36,823
Employment created (thousands of workdays)	238	2,110

**Include projects from previous years, which were completed in 2010*



A coordination meeting between SFD and Ministry of Culture

In general, work is in progress in the large restoration projects such as the Great Mosque of Sana`a, Al-Ashrafiya Mosque and Madrasah in Taiz, the Great Mosque in Shibam Kawkaban, Dar al-Ez in Jibla (Ibb), and the village of Al-Hajara fortress, in Manakha (Sana`a).

Works will need between two to four more years to be completed due to the complexity of the structures and diversity and sensitivity of the archaeological and historical value.

It is important to mention that culture heritage projects provide theoretical and practical training and enhance skills and experience for dozens of specialists, workers and skilled workmanship.



Preserving Zabid

Intensive efforts of SFD continue through its multiple interventions to support the conservation of the Historic City of Zabid, threatened to drop out of the World Heritage List. By the end of 2010, SFD's investments in cultural heritage projects reached approximately Dollars 7.1 million. The most important and the largest of these projects, perhaps, is paving the streets of the city with underground electricity grid cables, rehabilitation of dozens of houses and of a number of important monuments like al-Qurtub gate which has been reconstructed, rehabilitated, and operated as a center for Productive Families, restoration and equipping the Guesthouse Building as the House for Manuscripts, and also the two buildings of the Seham gate and al-Fawz school in addition to parts of the city citadel. The second phase of the restoration of Al-Asha`ir historic mosque has also been launched.



Rescue of the Great Mosque in Hais District (Al-Hudaidah)

Restoration works in Hais historic mosque progressed. The site turned out to be one of the most important mosques in the Rasulite period. The restoration works revealed stucco geometric decorations of a high-quality comparable to those in al-Ashrafiya Madrasa in Taiz and al-Ameriyah Madrasa in Radaa, in addition to some important texts about the influence of the Rasulite State in the thirteenth century of Hijra - the sixth century AD.



Restoration of Thula Fortress / Amran

After the completion of rehabilitation work of the stairway leading to the famous fortress of Thula, significant archaeological discoveries of huge defense installations were found dating back to the pre-Islamic era and the Islamic era in addition to some signs of significant indicators which may help researchers know about the history of the city and of the citadel.

The Fortress is a tourist attraction destination and of historical significance due to its symbolic importance as a resistance stronghold to Ottoman control over Yemen in the sixth and seventh century AD. The project aims primarily to increase the tourists' visits to the site and to preserve it.

BOX 12

At the threshold of a new phase: Extensive coordination and rising employment and utilization opportunities

The year 2010 marked the elaboration of SFD vision for phase IV (2011 -2015) including its cultural heritage vision.

The concepts of the new vision seek to scale up interventions and to shed greater lights on aspects of employment and income generation.

The year 2010 did not only see elaboration of this vision but it also took the first steps of application which included extensive coordination with the relevant authorities to scale up the range of the impact of the interventions.

Coordination and consultations with the Ministry of Culture began to take a stronger momentum resulting in a memorandum of understanding on 202009/10/ highlighting the main themes. Several meetings were held during 2010, with the concerned officials in the Ministry of Culture, to reach an agreement on cooperation to push forward the passage of law of Protection of Historical Cities that had been frozen as a draft law for a long time. The Ministry of Culture is more willing to take advantage of the insight and experience of SFD in the field of preservation of cultural heritage and particularly its approach to revive the traditional crafts. As well, it supports SFD's operations and it shows willingness to assist SFD to overcome difficulties facing it during implementation.

The cooperation has yielded in a package of SFD support to the ministry in terms of training activities, design of a database, provision of some equipment for the Monuments and Archaeological Sites Mapping Project. The first component of the project had trained 7 personnel of the General Organization for Antiquities and Museums (GOAM) in the fields of geographic information systems (GIS) and remote

sensing, which will enable specialists to enter data and images as well as the sites' coordinates and monuments on the map.

On the other hand, an understanding pact was reached in September 2010 with the Ministry of Higher Education and Scientific Research to launch a program of that ultimately aims at including international standards-based preservation of urban and architectural heritage in the academic curricula of the university.

Under the theme of "income generation and employment opportunities", early coordination with the Small Micro Enterprises Promotion Services (SMEPS) has enabled a clear breakthrough on improvement and marketing of some traditional handicraft products to the European and U.S.A. markets, thus revitalizing the industry. (Refer to the section on SMEPS).

This experience has been taken as a serious basis for addressing the preservation of traditional handicrafts by increasing demand and expanding markets.

In parallel, SFD sheds light on the impact of documentation and restoration of historical monuments to create temporary employment opportunities and build up skills that have been utilized (about 90%) in the restoration of Thula fortress or restoration of Dar al-Ez in Jibla Historic City where archaeological excavations to uncover the huge and important structures at both sites.

Social and capacity building adds another dimension to the restoration works giving more weight for cultural heritage.

Attaweela Water Tanks - Crater (Aden)

SFD launched an international competition to prepare a plan for the conservation and setting specifications of priority interventions for this unique archeological monument, built to protect the city of Aden from the floods and to provide water (likely from the Sabeen era- the establishment date is unknown). The study is expected to be completed and thereafter the interventions commence during the next year.

Restoration Project of Ghail Alawar Canal

After the SFD had completed the first phase of maintenance and restoration of the canal of Alghail that starts from the spring's resources and ends at the pool, the second phase started by cleaning the pool and its surroundings, restoring the walls of the pool and raising the levels around it to minimize all

kinds of pollutants from entering into the pool. It has been clearly observed whilst cleaning the pool, the water flow from the stream has been increased and the beneficiaries who are the owners of the neighboring gardens, having a quota of water of the pool, cleaned the buried canals up to their gardens in order to allow better water flow.

Publications

In 2010, SFD issued some books and studies that are regarded as a documentation of important aspects of Yemeni heritage, including:

- Art of Building in Yemen, a book issued in 1970s, composed by Professor Fernando Varanda, which documented the situation, glossaries and techniques of building in various parts of Yemen in that period before it was subject to increasing malformation.

- Bronze in Ancient Yemen, by researcher Dr. Azza Ali Aqeel, which dealt with bronze industry in ancient Yemen. The book provided evidence of excellence of



this industry in Yemen. The old technology has been unique in terms of accuracy and thickness. It is worth to mention that the archaeological bronze artifacts are regarded as the rarest antiques in general.

- Rock Art and Prehistoric Settlements in Yemen, by researcher Dr. Madiha Rashad and Dr. Marie Louise Inizan. The book deals with a kind of (graffiti) art which depicts aspects of life in prehistoric times and other times, especially habits of hunting and domestication of animals, etc., this book also indicates to destruction practices these sites have been prone to due to the practices of stone cutting for construction purposes in particular.

- A Trip to Sana`a, by the Italian traveler Renzo Manzoni, who visited Yemen in the 1870s. the book documented Manzoni`s impressions detailed description of some cities such as Sana`a, social figures, landscapes, plants, and customs. It posted a number of images which is regarded as an early documentation for much of what has been changed or disappeared from such a glossary.

- A documentary book on traditional handicrafts in Zabid as a part of SFD's concerns about the city's heritage and a second initiative for documenting handicrafts. The mentioned book falls in two volumes, and it documents the diverse existing traditional handicrafts and the disappeared ones in Zabid.

The SFD distributes free copies of the mentioned books to a large number of the interested public libraries, universities, scientific and cultural centers and to other relevant agencies for the sake of spreading out awareness and knowledge about the different aspects of the cultural heritage of Yemen. Currently, SFD is preparing a mechanism to facilitate acquisition of such books to the interested persons, which is expected to be implemented during the first quarter of next year.

Training on maintenance and restoration of archaeological wood

An intensive capacity building program trained 16 archaeologists and professional carpenters from the General Organization of Antiquities and Museums (GOAM) and the Ministry of Endowment and Religious Guidance on methods and techniques of maintenance and restoration of archaeological wooden elements. The first phase of training has been completed focusing on the theories of restoration and the factors leading to wood deterioration. In the next phase, the practical application on maintenance and restoration will be carried out, and a number of wooden artifacts will be restored as part of the course. The training is provided by an Italian team specialized on such a kind of training in al-Ashrafiya Mosque and Madrasa in Taiz.

Support of the House of Manuscripts

In addition to the training components, the SFD support the House of Manuscripts with a project for documenting and indexing about 3,000 manuscripts electronically supported with images, and description of the content and importance of each manuscript. Special preservation materials were provided and will be distributed to the House in Sana'a and Al-Ahqaf library in Tarim.



Labor-Intensive Works Program

The Labor Intensive Works Program (LIWP) provides cash for work to communities and households most affected by the world food price increase crisis and payments are made as wages for the household members` labor in basic infrastructure projects such as water harvesting, feeder roads and soil preservation.



The SFD began the activities of this program at the end of 2006. LIWP provides temporary employment for unskilled and semi-skilled laborers who have moved from the countryside to the city to find work. In 2008, the SFD began implementing the new LIWP version in rural areas, which aims to provide cash assistance to the poorest communities in order to mitigate the negative effects of the rising food prices using the principle of «cash for work».

The program (funded by the Yemeni government) aims to create temporary employment for the unskilled and semi-skilled urban and semi-urban laborers. During 2010, the SFD approved 47 projects at a cost of \$16.3 million. The projects are expected to create 733 thousand working days. Cumulatively, LIWP funded 320 projects costing nearly \$90 million resulted in the generation of about 5 million working days.

Food Crisis Response Program (cash-for-work)

Given the results achieved by the LIWP first phase in the rural version that directly impacted households participating in the program, the SFD, in late 2009, began LIWP phase II (to be closed by the end of 2011) that will fund 182 projects to benefit 26 thousand families.

In 2010, the SFD approved 168 projects worth \$20.1 million expected to generate approximately two million working days .

The program activities serve the communities in general. The interventions also contribute to the protection and increase of productive assets of the households participating in the program such as protection of agricultural land, water harvesting projects, roads, and watershed management, which is one of the most important interventions of the

Training and Workshops

In 2010, the program executed 3 training courses targeted 80 SFD consultants in preparation to carry out awareness campaigns on the dangers of malnutrition and damage of qat and to establish awareness units within the target communities.

program during this phase due to its importance in maintaining the various natural resources. Activities of the watershed management vary from establishing and rehabilitating terraces at the foothills of the mountains to maintaining the soil from erosion, increasing arable land, protecting agricultural land in valleys, and investing rainwater in an optimal way. This will help the development of agriculture and pasture, and thereby improve the living and economic conditions in the target areas.

LIWP targeting mechanism: the SFD developed the LIWP targeting system and enhanced the role of local authorities to identify the poorest sub-districts and communities who are most affected by the food prices crisis. The program relied on some communities to nominate the households eligible to participate in the program according to the gradient tool by wealth and the application of the definition of poverty according to the target communities themselves. This qualitative development aims at simplifying the mechanism in a way that allow the program to expand and broaden coverage during SFD IV, where the LIWP will be one of the main tools to implement the National Strategy for Food Security recently adopted by the government.

The LIWP also developed the program implementation mechanism so to give a greater role to the societies and families to participate in the management and follow up on works done through the heads of groups, in addition to the development of a specially automated system to monitor and follow up on implementation of projects during this phase. The system has been linked to the SFD MIS.

Box 13

Cash for work in Al-Aqibah

Al-Aqibah is a sub-district lying in a series of mountains western of the district of Far`a Al-Udain (Ibb governorate). Most of the people of Al-Aqibah work in agriculture, traditional building, and livestock and bee husbandry, and few of them work in the military as soldiers. As a large number of the people of Dhel`a village (in AL-Aqibah) are suffering from severe poverty due to lack of job opportunities, the SFD selected this village for cash-for-work projects.

After the SFD consultants had visited the village, the people were mobilized to select the suitable activity according to the LIWP criteria in order to ensure efficient provision of cash to the poor families and at the same time achieve useful service for the community. The LIWP decided to repair and maintain the village road that is usually blocked after the rains in order to improve access to food and first aid.

The project activities began by registering the poorest 200 out of 375 persons after the team had studied the living conditions of the beneficiary households. The work started by introducing the LIWP to the community, the nature of work, wages and method of wage delivery.

In reply to the questions of the evaluation team, a number of members in the region were impressed by the project, and they reported that people had participated in the work and the priority of labor was given to the neediest people. They also

emphasized that there are three needy widows who authorized their sons to work in the project on their behalf. A number of poor orphans also took part in the work, and they reported they felt pleased with the satisfactory and transparent way of handing the wages at the end of every week. One said: «Abdul-Halim , the accountant, was even handing us the change (10 Rials).»

Since the program is designed primarily to provide cash to facilitate access to food, the LIWP team asked for the uses of the wages earned from working with LIWP, and all persons reported that they used them to improve the standard of living and the purchase of food. «We bought necessary things such as wheat, sugar, potatoes, vegetables and fruit, and we paid back the debts, and we purchased gas», one of them said. A few interviewed people said they invested some of the wages in buying livestock (such as calves and goats).

When the team asked one of the beneficiaries about how satisfied she is about the project, she confirmed that she was impressed a lot, and continued «Cars now come by the houses». A group of women who met the team voiced their admiration of the project and expressed their great gratitude for whom he / they contributed largely in the success of the project.

The project cost amounted to about \$70,000 and the spending on the beneficiaries reached 75%.



Rural roads

The population and geographical disperse in the country is immense` with more than 130 thousand settlements and 3,624 urban areas making rural roads a significant factor to interlink these settlements, notably the remote ones with the urban areas in order to facilitate access to basic services.

The SFD, during 2010, committed to 81 projects, costing \$23.9 million. This has brought the cumulative number of committed projects to 678 at an estimated cost of \$135.8 million. So far, the SFD has built and repaired 2,801

Table 9. Indicators for Rural Roads

Indicator	2010	Cumulative (1997 - 2010)
Approved projects	81	678
Commitments (thousands of U.S. dollars)	23,948	135,830
Completed projects	76*	461
Disbursements (thousands of U.S. dollars)	19,493	100,834
Direct beneficiaries (thousands)	296	3,882
Female share of direct beneficiaries (%)	50	50
Temporary employment (thousands of working days)	776	7,353

**Include projects from previous years, which were completed in 2010*

kilometer long roads and paved 2.3 million square meters in the urban and semi-urban areas (Table 9).

Rural roads: 47 projects have been committed costing about \$10 million and serving 135 thousand people. They are expected to generate temporary employments of 473 thousand working days.

Paving streets: The SFD approved 30 projects at a cost of \$13.4 million. The expected temporary employments by generated these projects are around 567 thousand working days. It also approved a project of constructing a bridge for pedestrians in one of the Capital City's highways in order to reduce

the traffic threats. The project costs about \$160 thousand.

Training and Workshops: The sector held 3 workshops for roads officers in order to unify the standards of urban streets paving and update the standards of building rural roads.

The sector also held two training courses to quality 60 engineers and accountants on the mechanisms of community contracting approach and a project to form and train community committees for community contracting-based road projects. These projects cost \$14 thousand.



Al-Sawher __ Al-Suraih Road - Wasab Al Alei , Dhamar

Small and Micro Enterprise Development

The program seeks to develop small and micro-enterprises through establishing and supporting financial institutions, programs and banks for small and micro financing as well as facilitating the provision of non-financial services to entrepreneurs to help them increase their incomes and provide new job opportunities.



In 2010, SFD continued developing the small and microfinance industry in Yemen achieving appreciable results. A few examples of such efforts are: the passage of the Microfinance Law, establishment of Al-Amal Microfinance Bank and the Yemen Microfinance Network, entry of the private sector in to the MF industry with national capitals, in addition to the noticeable development and expansion of activities of the Small and Micro Enterprises Promotion agency. SMEPS, in particular, has been active in carrying out value chain studies, opening foreign markets for traditional Yemeni handicrafts that satisfy the needs of foreign customers, concentrating on the development of promising sectors, and building a leadership culture among youth.

SFD continued to give its support to small and micro financial institutions, and build their technical, financial, and institutional capacities. Such efforts have led to the expansion of these institutions during 2010. The number of borrowers increased by more than 50% - from 42 thousand at the end of 2009 to more than 66 thousand at the end of 2010. Since the establishment of the small and microfinance industry in Yemen, more than 370 thousand micro-credits have been distributed by such institutions (Table 10).

During 2010, SFD developed 19 new projects worth approximately \$6.3 million, bringing the total investment for this sector since the establishment of SFD to approximately \$31.3 million, through funding of 328 projects designed to develop the SME sector.

Table 10: SFD supported microfinance institutions and programs (31 December 2010)

	Program	Active number of clients			Outstanding loan portfolio Million YR	PAR (%)	Cumulative numbers		Area of Operation
		Borrowers		Savers			Number of loans	Loan amounts Million YR	
		Total	Women (%)	Total					
1	Alamal Microfinance Bank	14,730	51	18,513	556	0.10	23,424	1,183	Sana'a , Taiz, Ibb, Dhamar
2	National MF Foundation	13,421	93	18,124	412	1.09	76,935	2,915	Capital City, Taiz, Qa`edah and Yarim in Ibb and Dhamar, Al-Hudaidah
3	MF Development Program (Nama')	7,198	40	1,864	285	1.7	41,837	2,078	Capital City, Taiz, Aden
4	Abyan S & C	5,729	100	6,521	191	0	24,030	923	Abyan
5	Aden MF Foundation	5,560	98	8,507	131	0	31,740	1,109	Dar Sa'ad, Al-Buraikah, Al-Mu'alla, Al-Tawwahi, Crater, Khormaksar, Sheikh Othman – Aden
6	Altadhamon Bank	4,810	50	0	607	3.46	13,233	2,414	Capital City
7	Al-Awa`el MF Company	4,752	90	0	125	0.60	41,765	880	Taiz
8	Sana`a MF – Azal	3,462	64	2,213	149	0.65	24,953	330	Capital City
9	Small Enterprise Development Fund (SEDF)	2,833	14	0	1,677	2	12,144	9,415	Capital City
10	Social Institution for Sustainable Development (SFSDF)	2,395	90	0	137	0.03	3,481	289	Capital City
11	Wadi Hadhramaut	1,295	32	2,257	63	5.1	8,719	536	Seyoun – Hadhramaut governorate
12	Alkuraimi Islamic Microfinance Bank	234	0.9	1,088	80	0	249	114	Capital City
13	Other Activities & IGPs	0	-	0	0	-	67,495	1,690	Several areas
Total		66,419	-	59,087	4,413	-	370,005	23,876	

MC = Micro Credit, S&C = Saving and Credit, MF= Micro-finance, IGPs =Income generating projects

Financial Services

SFD continued to finance a number of small and micro-finance programs and institutions to allow them to continue the provision of their financial services to the target group (males and females) carrying out income generating activities. Total funding reached YR 1.2 billion (equivalent to nearly \$5.5 million), as follows:

Funding of Small Enterprises

Small Enterprises Development Fund (SEDF): SEDF is considered as the only governmental entity that provides financial services to male and female small entrepreneurs, through a number of branches spread across Yemen's governorates. SFD is the SEDF's main funding partner, as YR640 millions (about \$3 million) replenished the funding needs for its branches in Taiz, Ibb, Aden, and Mukalla. This amount was the total amount disbursed under three agreements signed with SFD.

Funding of Micro Enterprises

National Microfinance Foundation (NMF): SFD funded the NMF with YR107.5 million (about \$0.5 million). This fund represents the total amount of loan agreement to finance the NMF operations for 12 branches in the governorates of Sana'a, Hajjah, Lahej, Al-Hudaidah, Dhamar, Ibb, and Taiz. Such funding allowed NMF to continue the provision of financial services to the target group.

Abyan MF Project: The project provides its services in a number of districts in the governorate of Abyan, in addition to the city of Al-Mukalla by targeting women, mainly. Abyan MF was funded with YR150 millions (about \$0.7 million), representing the amount agreed upon in two funding agreements signed with the Yemen's Women Union – Abyan branch, which is the umbrella organization for the project.

Aden Microfinance Foundation: A funding of YR20 millions (about \$93,000) was provided as part of a funding agreement signed with the foundation to serve the target group in the governorates of Aden and Lahej.

Sana'a Microfinance Program (Azal): SFD funded the program with YR80 millions (around \$374,000) under the first loan agreement signed with SOUL (the program's umbrella organization). Another funding agreement worth YR40 million was

signed as the second installment of the total loan amounting to YR120 millions.

Nama Microfinance Program: The program obtained a fund worth YR97 millions (about \$454,000) to cover its needs, after it's branch offices had expanded to Al-Hudaidah and Ibb in addition to its existing branches in Sana'a, Taiz, and Aden. The fund is part of two agreements signed with Al-Islah Al-Ijtimaai Charitable Society - the umbrella organization.

Hadhramaut MF Program: SFD funded the program with YR44 millions (\$206,000) as the total amount of the loan agreement signed with Al-Nahdha Charitable Society. The program delivers its financial services in Seyun, Shibam, Tarim, Al-Qatn and Al-Soum.

Al-Awael MF Company: The company was financed with YR33 million (about \$154,000), and is considered the first company in Yemen that provides its services mainly to women in a number of areas such as the cities of Taiz, Al-Raheda and Al-Qaeda.

New Initiatives

Establishment of Al-Kuraimi Microfinance Islamic Bank

As a result of SFD's efforts in attracting new players to provide financial services to small and micro entrepreneurs, SMED has given its support for the transformation of Al-Kuraimi Exchange and Money Transfer Company into a microfinance bank. The new bank has been given technical support in developing its strategic plan, in addition to establishing its policies, procedures, and the necessary working systems that will allow it to reach 25,000 active clients in the coming 5 years. SMEDs efforts have resulted in the bank obtaining the license from the Central Bank of Yemen to operate officially under the umbrella of the Microfinance Banking Law.

Graduation of the Social Welfare Fund beneficiaries out of poverty

In cooperation with the Consultative Group for the Advancement of the Poor (CGAP), and the Social Welfare Fund (SWF), SFD is implementing a pilot project that aims at training a group of active SWF beneficiaries on establishing income generating activities. The project, which will be functioning for 30 months, aims at targeting 750 beneficiaries in

Aden, Lahej and Taiz governorates.

The consulting company, acting as the technical assistance advisor, has conducted a baseline survey of the living conditions of the target beneficiaries prior to the intervention in order to measure its impact later. The survey was conducted with the IPA Company and Yale University in the governorates of Aden, Taiz, and Lahej. Also, the project includes 33 training courses targeting more than 600 beneficiaries living in the target areas, all working in activities such as animal husbandry, marketing and hairdressing. The project has already begun the process of buying the productive assets for all of its beneficiaries who have been trained to manage income-generating activities.

Collaboration with Grameen-Jameel Foundation

In accordance with its strategic vision and mission, SFD signed an agreement with Grameen-Jameel Foundation, in which the latter would finance a feasibility study to assess the possibility of merging 2 to 4 microfinance institutions in Yemen (National MF Foundation, Aden MF Foundation, Abyan MF Program, and Al-Awael MF Company) into a larger and stronger institution. A field study was conducted in September by a foreign expert to evaluate the four financial schemes, find prospects for the merger, and produce an action plan on how to best implement the merger.

Mobile Banking in Microfinance

The SFD organized in cooperation with the Consultative Group to Assist the Poorest (CGAP) a workshop to discuss the feasibility of using

mobile phones in Yemen to serve the largest possible number of small and micro entrepreneurs, especially in rural areas. The workshop discussed the advantages of using mobile technology in Yemen for the provision of financial services, especially for small and micro enterprises.

As a result of the study, Yemen Post and Postal Savings Corporation (PPSC) submitted an official request to help it introduce and apply this technology as part of the services PPSC already offers. In order to implement the project, a memorandum of understanding between PPSC, SFD, and CGAP was drafted.

Development of a product for the youth

Within the framework of partnership between the SFD and the U.S. Agency for Development (USAID) and Aden Microfinance Foundation, USAID has provided funds to the SMEPS to develop, in partnership with Aden MF Foundation, a new product (lending, training and qualification) that allows young people to work in income generating activities.



SMED Strategy

As part of the framework of joint cooperation between the SFD and the German Development Bank (KfW), the bank funded a consultant specialized in strategic development to help SMED develop its strategy. The consultant held numerous meetings with SMED's staff, SFD partners and was able to finalize a comprehensive strategy for the period 2011- 2015 including an action plan.

Capacity Building and Training

Technical support

The unit provided technical support for Wadi Hadhramaut MF Program by hiring a consultant who provided on-the-job training and technical support. The aim was to help the program improve its performance and broaden its services in the rural and urban areas around the districts of Tarim, Seyun, and Al-Qatn with emphasis on loan portfolio quality.

An agreement was also signed to provide SEDF with YR8 million to interlink all its branches into a network, follow up their performance and simplify the process of obtaining information.

An agreement was signed with Al-Amal Microfinance Bank to finance a \$33,619 promotion campaign to make government, local bodies and society more aware about the banks' roles and services to the micro-enterprises, to promote for the Productive Families Fund and the Businessmen Social Responsibility Fund. Also, a \$51,000 fund was granted to the bank to finance part of the technical

assistance managed by the International Financing Corporation (IFC).

The unit has been involved in developing a computer-aided accounting system that helps microfinance institutions and programs manage, archive and analyze their accounts based on international accounting standards. The system was installed (as a first stage) to test its validity in the National Microfinance Foundation, Sana'a MF Program, and Aden MF Foundation. The system has taken into account flexibility, comprehensiveness, and the ability to be linked in the future to Maeen (an SFD loan tracking system).

A computerized management system has been developed to keep track of salaries and wages, as an initial step to the full development of a comprehensive and integrated human resources system that will serve microfinance programs and institutions. It has been installed and activated in Aden MF Foundation.

SFD contracted with a consultant to design and develop a training manual in microfinance named Bidaya Program. It aims at training loan officers working in microfinance institutions and programs by covering the main subjects and skills they need to know.

Training

The Unit has continued its efforts in holding training courses to strengthen the institutional structure for those working in microfinance programs and institutions through meeting their training needs. Training targeted different administrative levels, and included 206 apprentices and trainees in formation

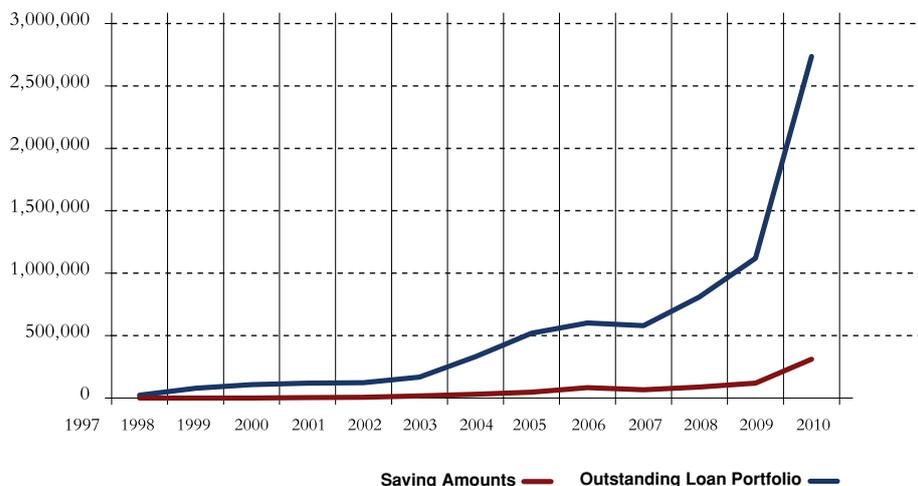
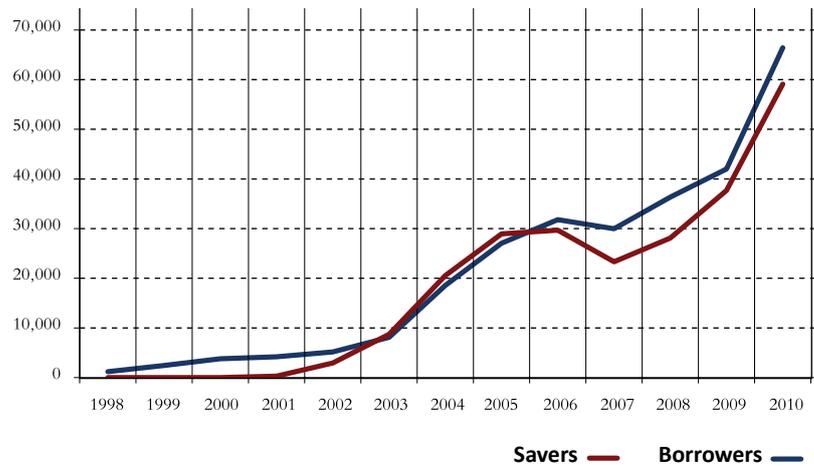


Figure (4): Loan Portfolio and Savings Amount (1998 -2010)
«Thousand Yemeni Riyals»

Figure (3): Number of Active Borrowers and Savers (1998 - 2010)



and management of solidarity credit and savings groups, determining interest rates, financial analysis in microfinance, field auditing of loans, delinquency management, etc.

Workshops

SFD Partners Workshop: SMED organized a workshop attended by all its relevant partners through 34 representatives of 9 MFIs, in addition to a number of other stakeholders. A number of issues were presented and discussed such as the use of the credit bureau, a presentation on the information management system for microfinance banks and institutions, as well as a review of the achievements made as part of the 2010 Action Plan. The workshop also illustrated and discussed performance indicators of the participating organizations, and the problems and obstacles facing their expansion activities.

The Informative Workshop for Certified Auditors:

In partnership with the Association of Yemeni Certified Auditors, SMED organized an orientation workshop to introduce the mechanisms of microfinance institutions to more than 50 certified auditors nationwide. Participants were briefed on the importance of microfinance and its role in alleviating poverty and reducing unemployment. In addition, participants were acquainted with the main analytical indicators and ratios that are taken into account when auditing microfinance programs and institutions, and the ways to present their financial statements.



A client of Aden Microfinance Foundation – Al-Sheikh Othman, Aden

Yemen Microfinance Network

Yemen Microfinance Network (YMN) is a non-governmental, membership-based organization contributing to facilitating sustainable access of the poor to diverse quality financial and non-financial services. The YMN is governed by a Board of Directors comprising microfinance institutions (MFIs). The YMN is co-funded by the Social Fund for Development and United Nations Development Programme (UNDP). The YMN strategy was prepared by its key partners, including MFIs, MF banks, commercial banks, SFD and UNDP.

Following its official launch on 1 August 2010, the YMN carried out several activities, including the signing of Memorandum of Understanding with the Microfinance Network of Arab Countries (Sanabel) for cooperation in technical and logistical support and information exchange. The Network has also implemented a needs assessment survey, two training courses in Operational Risk Management and Strategic Marketing in addition to another course on Excellence in Serving Microfinance Clients. Finally, a workshop was organized for the Network's members, in which discussions were held on training activities the Network intends to carry out in the forthcoming period as well as the YMN website launch, with focus given to the training manual, reporting mechanism and transparency.

Small and Micro Enterprises Promotion Services (SMEPS)

During 2010, the SFD approved through SMEPS six projects at an estimated cost of \$952,000. SMEPS has conducted activities and functions in 2010 as follows:

Know About Business (KAB)

This is a general instructional program prepared by the International Labor Organization (ILO). The program aims at creating an «entrepreneurship culture» among young people to help them develop entrepreneurial skills that are needed to become potential small entrepreneurs in the future.

Through this pilot program, which was conducted in cooperation with the Ministry of Technical Education and Vocational Training, the SFD has trained more than 3,500 students of the vocational and technical training institutes, and is currently working to increase the number of trainees to reach 15,000 students annually. The trained students, aged 16–22 years, were able to develop 3,000 business plans by the end of their training.

A survey was conducted based on a questionnaire taken by the students before and after the training courses. It included 41 questions assessing the different aspects of the program such as training, knowledge, testing the entrepreneurship culture, a sense of the students' desire towards enterprise, feasibility and students ability to face challenges. Answers of the students showed positive results especially in terms of their desire for enterprise and sense of entrepreneurship.

Business Edge Management training

This project, in cooperation with the International Finance Corporation (IFC), seeks to train existing SMEs on concepts of Business Edge. During the past five years, SMEPS has worked to mainstream the curriculum across the country. In its first phase, the project resulted in more than 30,000 small enterprises being trained on Business Edge curriculum through eight private sector training institutions that presented this innovative curriculum to small and micro entrepreneurs



in marketing, accounting for non-accountants, leadership skills and managing teams.

SMEPS has already started conducting the second phase of the project in which it piloted 10 Business Edge training courses for 200 Aden University students, with the curriculum further developed to meet the market needs. The partner institute was able to orient the Business Edge curriculum to include a module titled «Planning». Eighty out of the 200 trained students (40%) have been able to start a business or find employments. The remaining students have developed business plans; they are now actively marketing these plans to investors, including Aden Microfinance Foundation (AMF). In coordination with, and support from SMEPS, AMF has now developed tools to serve the younger clients who are seeking loans.

Khadija training program

SMEPS has signed an agreement with the Youth Development Institution that adopted “Khadija training program for promoting creative and pioneering ideas for youth”. Two hundred trainees, both girls and boys, were trained to develop entrepreneurship culture and know the business world through KAB. Management courses using Business Edge curriculum and personal productivity skills courses were also conducted within the project. The program is the first of its type to have formed a board for businessmen and businesswomen who were part of the program acting as business mentors for the trainees. Successful graduates go to real businesses operating from within an incubator.

Gender business development

In cooperation with the IFC, SMEPS organized a workshop for 36 small female entrepreneurs in the informal private sector. The workshop aimed at discussing the difficulties faced by women in registering their businesses at the concerned authorities. The discussion aimed at building awareness on the facilities the Yemeni laws provide to the private sector. During the workshop, the solutions suggested by the participants were discussed in order to render their businesses as formal private sector. The participants also received training on customer service. As a result of this workshop, SMEPS in 2011 will implement the widest ever gender business development project for small entrepreneurs in Yemen.

Fish marketing study

The SMEPS agency supported the Yemeni Fish Exporters Association through conducting a joint marketing study on the possibility of exporting Yemeni fish to Gulf markets. The study focused on the United Arab Emirates (UAE) and Saudi Arabia and identified new market channels such as the UAE Airline supply chain. More than 50 fish importing companies in the Gulf countries, which provide restaurants, hotels, airline companies and supermarkets with good-quality fish were contacted and linked with Yemeni fish exporting companies.

SMEPS has also conducted 10 training courses for traditional fishermen on how to use Geographical Positioning System (GPS) devices. The courses are part of a training program that targeted 250 fishermen (members of the fishing associations in Hadhramaut, Al-Maharah and Shabwah). The courses, held in cooperation with a private supplier of GPS devices in Yemen, aimed at enabling traditional fishermen to acquire professional skills in using the GPS in accurately detecting fishing areas in the sea. In this way, much effort, time and fuel is saved, making traditional fishing more efficient and productive. On conclusion of training, SMEPS supported the fishing associations in developing 20 local GPS trainers through a training of trainers (ToT) workshop. Fishing associations are now able to extend GPS training to all their members for many years to come.

«Tomouhi» Program

SMEPS has launched in January 2010 Tomouhi (My Ambition), a youth-focused program targeting Aden, Al-Dhale', Lahej and Abyan. The program aims to support youth access to training and finance. So far, 1,800 young men and women have been trained in a mix of SMEPS training tools including KAB, Business Edge and various skill-enhancement courses. Moreover, the program has supported a number of MFIs in development-relevant youth finance projects, and these MFIs have the opportunity to market their services. SMEPS is also involved in upgrading the capacities of training providers in out-

reaching to youth with relevant training products through a mix of promotional tools. At the end of 2010 a successful training exhibition was held in the city of Aden where 21 services providers presented their products and services to young clients. About 2,000 young men and women attended the exhibition, and 350 youth signed up to training courses on a full fee basis—clearly demonstrating that markets can work for youth.

Supporting technical colleges in reaching car mechanics

SMEPS supported technical colleges in reaching out to the car mechanics sector through a workshop entitled «the importance of using electronic devices to detect car electrical problems». This was held in Seyoun and Al-Mukalla in Hadhramaut governorate with the cooperation of the office of the Ministry of Technical Educational and Vocational Training. The workshop aimed at presenting the results of a field study SMEPS had conducted in terms of fixing cars in the valley and coast of Hadhramaut. In the workshop, the trainers presented detailed information on car-trouble detecting devices, their advantages and different types. The event was attended by owners of cars workshops and concerned authorities. As a result of the workshop, 50 car mechanics have completed a training course on modern car trouble shooting and electrical problems fixing. All participants claim their incomes have increased as a result of the training and the relevant colleges have significantly broadened their client base as they begin to scale-up training.

BOX 14

Malion`s incense and Fatima`s Grocery

Below are two true stories of life where a couple of women from Lahej and Sana`a have played the role of heroes with support of one of the SFD-funded micro-finance institutions.

Malion`s incense

The difficult circumstances dared not to prevent Malion from continuing her life, searching for hope to lead a new, prosperous one. She searched, thought deeply and was not desperate at all until she heard about the Lahej branch of the National Microfinance Foundation (NMF). The hope revived in achieving her aspirations and making a better future for her and her children.

Malion headed for the NMF`s branch to know more about its services. She started thinking that such an institution was tailored to achieve dreams of people like her. She fast applied for the first loan of YR30,000, which helped her make various kinds of wicker. As she paid the loan back, she broadened her dreams. She got the second loan of YR60,000 to distribute her products in her town of Al-Hoatah and suburbs.

The third loan of similar amount was used to open a modest saving account for emergencies and open micro-enterprises for her sons.

Then the fourth and fifth loans of a total sum of YR60,000 were used to start another business in making incenses and locally processed perfumes.

Customer Malion M. has thus benefited from the loans of the National Microfinance Foundation, and she still aspires to expand and develop into larger enterprises.

Fatima`s grocery

The husband of Fatima A. is peddler selling apples and oranges on his small cart. This kind of work has not prevented their family from fulfilling their necessary needs. The house rents have accumulated and needs of their six children increased. Fatima sits down in silence looking at the sky and supplicating to God to get them out of this ordeal!

She never gives up. She looks for any work that may help her. But when she speaks to her neighbor «Hilalah» in Al-Salam part of Al-Qa`a area in Sana`a city, she suddenly felt happy when Hilalah told her about the role of the National Microfinance Foundation (NMF) to address her problems. Hilalah explains to her all she knows about the institution that it helps the limited-income people to improve their living.

Fatima runs to the institution and takes a number of loans in various times. She starts her business with a grocery in her area. «My family`s conditions have improved thanks to God and the institution,» says Fatima, «My daughter and I are working in the grocery at the morning and my husband continue there afternoon. Income increased to double.» Fatima`s younger daughter Asia interrupts saying, «Now, if we need anything from our parents, they can provide it to us shortly». Fatima adds, «We were living an unbearable hardship... We failed to save for the rents and the food was not enough while the house is full of sons who need their educational needs. Now we are out of this hardship; we pay the rent, fulfill the school needs and pay back the loans.» Fatima describes her relation with the NMF «The NMF is honest and good. We give their rights and they give us ours. We deal with each other nicely and they do not disturb us.»

Today, Fatima is planning to get a new loan to fill the grocery with various commodities.

BOX 15

Case studies of SMEPS most important training

Training to meet labor market needs

SMEPS has undertaken a market assessment to identify the training needs for the SMEs and youth. Building on this assessment, SMEPS has been able to develop appropriate market lead training materials and curricula. To date, SMEPS has developed a number of short courses that allow youth to upgrade their skills including electrical house wiring, maintaining cell phones, maintaining vehicle electricity by modern detection devises, training fishermen on how to use the Geographical Positioning System (GPS) handsets, training to support employment for mechanical engineers in modern factories and graphic design courses.

Value Chain Development (VCD) Studies

SMEPS has presented many consultations and studies in this field for the Social Fund for Development and for other agencies such as the World Bank, the USAID and the Yemeni government. SMEPS could attain the trust of these organizations. The VCD studies on economic sections such as coffee, honey, wheat, fish, qat, handicrafts and vegetables were among the studies conducted by SMEPS.

The agency has used the value-chain development approach to develop a project to build the marketing capacities of 3,000 producers of honey and livestock. These farmers located in isolated regions will have the abilities to market their products across many markets. They will be linked with the higher value markets through a mix of product quality development and branding to assure higher prices for their produce.

In addition, SMEPS has also presented a VCD study to USAID for a project working on ensuring improved agricultural input supplies for rural producers. The project aims at improving productivity through cooperation with the private sector input supply companies. More than 4,000 farmers will be involved in the project that will have better access to quality input supplies.

Box 16

The Second International Natural Arabica Coffee Conference

«Livelihood and flavor natured by the sun»

***“The conference exceeded our Expectations”
Mr. Matt Toogood- New Zealand***

The Second International Arabica Naturals Coffee Conference, which was held in Yemen and organized by SMEPS, has embodied –for the first time in the world – a significant step in presenting an international coffee agenda in the Arabic language evaluating the sun dried natural arabica coffee.

The conference was held in Sana`a on 13–14 December 2010. It emphasized the international trend calling for expanding planting the natural dried Arabica coffee at the expense of the washed coffee. The latter spread lately for economic, environmental and climatic reasons as it imposed itself strongly in the coffee farming on the international level. The conference was held at the presence of more than 300 local and international guests in which 25 countries from six continents participated.

It has dragged the attention to the fact that Arabica Naturals coffee is the only coffee in the world that is sun dried 100 %, a fact that caught the admiration of the guests who came from the coffee producing countries. Another captivating fact about the Arabica Naturals coffee is that it grows in the agricultural terraces made by the Yemenis in the mountains. This made the guests, who after the conference visited the terraces, amazed by the Yemenis mentality and the unique environmental advantages of growing the coffee in Yemen. The trip to the terraces was a part of the conference activities to make the guests get acquainted to know how the Yemeni coffee grows.

«Allow me, please, to thank you for to thank you for this trip to the coffee farms, a trip I consider

a life gift from Yemen,» said Enssi Nitto, the Brazilian coffee expert who documented his trip to the Mocha coffee land, Yemen, in the website of his company in addition to the documentary films he made and produced.

The Ethiopian coffee expert and the manager of the German Newmen coffee company was surprised of the way of growing coffee in Yemen in the mountains. «Only now I know why the Yemeni coffee is high quality and expensive in the international markets,» she expressed in amazement. She saw how hard is the process the Yemeni farmers go through to take care of the coffee trees.

The conference was a success in terms of attracting both the private and public sector to the importance of this cash crop which is important for the future of Yemen. Yemenis should make the most out of that legacy of coffee inherited through the long years of taking care of coffee. Coffee has been an emblem of traditional and original Yemeni life style with all its differences in its different areas. These traditions summarize the story of coffee in a few words, “Livelihoods and flavor natured by the sun»

One of the coffee farmers in Amran governorate Mohammad Al-Qafili said,» We got benefit from the workshops in the conference on how to practice the best agricultural practices for coffee before and after the harvest. We used to know some of the information but without knowing the secret behind it. We inherited them from our grandfathers. Other information was of much benefit and we are going to practice it to get a high level of productivity and a better quality of coffee to enhance our income.»

Husain Al-Matari from Bahi Matar, Sana`a, mentioned that the conference has made him optimistic for the future of the coffee tree.» Since the end of the conference, I have been encouraging all my relatives and the people in my village in our gathering to grow the coffee in the right way as coffee will have a promising future in Yemen,» he said. »We are going to uproot the qat tree and plant the coffee instead.»

In a parallel level with the coffee conference, activities were conducted in order to better the coffee sector on the productivity and quality levels. SMEPS has conducted a coffee cupping training which aimed at preparing standards in coffee sectors in Yemen. The trainees were guided how to be able to decide the quality and originality of the Yemeni coffee. SMEPS is also encouraging coffee producers to be more close



to their counterparts in the world. They should share information about the Yemeni coffee starting from the farms and ending to the factory so that the Yemeni coffee is presented in its finest forms.

Currently, a study on coffee productivity in some areas in Yemen is being conducted by

using the latest techniques. The study started in November 2010, before the conference started, and will end at the end of March 2011. The study aimed at spotting the factors contributing at large in increasing the Yemeni coffee productivity and quality, a matter that will definitely help increase and spread coffee farming in Yemen and maintaining its quality.



SFD Institutional Development

During the year, SFD efforts focused on completing the evaluation of the third phase of its operations (2004–10), preparing for the fourth phase (2011–15), updating the SFD Operations Manual to cope with the policies and mechanisms of work in the new phase and expanding the SFD absorptive capacity.

BoD meetings

Headed by HE Dr. Ali Mohammed Mujawar, the Prime Minister and Chairman of the Board of Directors (BoD), the BoD convened three meetings during 2010. During the first meeting held in January, they approved the SFD 2010 action plan; in the second meeting held in late May 2010, they approved the Auditor's Report for the fiscal year ending on 31 December 2009 and also approved the fourth phase (2011–15). The BoD reappointed the external auditor for the financial year ending on 31 December 2010. In late October 2010, the BoD approved the SFD general budget for the fiscal year 2011.

Operations Manual update

As the SFD expanded operations and prepared procedures to start the fourth phase of its operations, it updated the Operational Manual (OM). The OM comprises SFD's main functions and tasks, general policies and the various functions and responsibilities of the units. The OM also refers to the sectors, programs and the stages of the project life cycle, the general criteria for project eligibility and selection, and the SFD coordination with other partners. The Operation Manual reviews the internal procedures, including those pertinent to the project cycle and the specific criteria guidelines related to the identification of projects in each sector and procedures of approval and monitoring and evaluation. The manual comprises of seven main chapters. It also shows the updated SFD

organizational structure, which included two new units: Research and Development and Human Resources Management, as well as the Policies and Projects Committee.

Geographic Information System (GIS)

The SFD started implementing recommendations and action plans of the first phase of the study carried out by the specialized consulting firm for establishing and developing the geographic information system (GIS), including purchasing hardware and software needed for developing the system.

Updating the GIS and process of categorization, arranging files, data and indicators is being done on a continuous basis. During this year, the 2008/2009 education survey data were classified, catalogued and put in order to assist for planning and evaluation processes in the SFD. The SFD also shares its GIS with other development partners to assist them in developing / designing their programs. Recently, the National Food Security Program was provided with data and information that helped them design the Food Security Project Atlas.

In addition, the SFD held a number of training courses for the project officers on the use of the geographic positioning system (GPS) devices and methods of recording projects coordinates and reflecting the coordinates of the projects in the SFD Management Information System (MIS). About 105 project officers from all SFD branch offices took part in these courses.

Technical support and quality control

The quality control section of SFD's Technical Unit is in charge of quality assurance of all projects implemented in the various sectors. Procedures have been defined for quality control of the

various stages of the project cycle, starting from the preparatory phase of studies and designs, implementation, supervision and follow-up, to the preliminary project handover and final handover.

In 2010, the unit implemented 24 training courses on use of the Supervision Guidelines, which includes the basic principles of project management, control and quality assurance for buildings as well as for rural roads and water sectors and Labor-Intensive Works Program. The courses aimed to build the capacity of 720 consultants and 157 contractors in order to create a common vision to unify the operational concepts of all parties to facilitate control of the implementation process and to overcome the common observations on the administrative and technical aspects.

The unit had raised the proportion of sample projects visited by its staff for quality assurance up to 100% in the sectors of education, health, roads, environment and water (except the rooftop water tanks) while it randomly chose samples of rooftop water projects and labor-intensive works projects (cash for work). The staff paid field visits to 906 under-implementation projects in the

mentioned sectors. The visits' findings showed clear improvement of quality of the projects, which were divided into 3 levels in terms of implementation quality: Excellent level (60% of the total projects visited), Good (30%), and acceptable (10%).

Ensuring cost effectiveness

SFD gives special attention to check the quality of its projects. Meanwhile, it also works to monitor the cost of these projects.

In 2010, the price per square meter was slightly decreased from the previous year rate at 1.54%. This indicates the stability of materials prices and cost of employment (tables 11 and 12).

Table 10: Average cost per square meter for education projects for, 1997 / 98 – 2010 (U.S. dollars per square meter)

Type of structure	1997/98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
One-story building	180.27	152.18	147.06	147.75	154.2	170.8	185.5	217.4	239	259.8	328.55	316.35	317.18
Two-story building	155.09	131.52	125.53	120.97	126.8	152.3	164.6	189.2	214	226	272.14	270.31	267.55
Three-story building	—	—	—	—	—	135.5	143	176.4	182	201.7	257.02	264.01	254.16
Average cost	163.14	139.42	137.24	126.98	136.1	154.2	167	192	210	225.6	273.88	272.10	267.98

Source: Procurement Unit, Social Fund for Development

Table 11: Average construction costs for education projects by area, 2010 (U.S. dollars per square meter)

Area	Number of projects	Average cost (USD)
Urban	16	236.96
Semi-urban	104	256.70
Medium-distanced	109	274.77
Remote and difficult to access	37	331.96
Remote and very difficult to access	1	335.33
Total / average	267	267.98

Source: Procurement Unit, Social Fund for Development

Communication strategy

SFD started implementing its Communication Strategy and the Action plan for the period (2010–12) which aims to increase awareness of partners and other development players on SFD activities, policies and criteria of eligibility for its interventions as well as to exchange information and experiences with those parties.

During the year, the SFD completed preparation of the Orientation Manual and distributed it to all units and branches to guide them when developing their communication products based on the

Communication Strategy and the Audience Study conducted in 2009. In addition, SFD developed the guideline «With the People» that has become a significantly comprehensive communication reference for the SFD consultants, providing them with guidelines when performing their duties with local communities.

Gender Mainstreaming Strategy

The SFD is committed to social development component in its internal structure and development interventions. This commitment is reflected through the implementation of the action plan of its Gender Mainstreaming Strategy that ended in 2010, and is expected to be evaluated in 2011.

This year, the SFD has updated the PRA guideline to become more sensitive to gender considerations in all topics, and is included within «With the People» guideline. The SFD also trained 445 consultants in gender issues.

According to SFD 2010 Impact Evaluation, enrolment rates for both male and female students (6-14 years) increased by up to 14%, thus helping bridge the gap between male and female enrolment during 2006–10. The results of the study also reflected a high degree of effectiveness and efficiency, and higher return for investment in girls' schools. Furthermore, students enrolled in the SFD schools expressed high levels of satisfaction.

In the health sector, the study indicated that the SFD projects yielded in a strong positive impact amongst female beneficiaries, with the use of prenatal care increasing from 15% to 62%, and the likelihood of the poorest women's access to health care increased from 48% up to 84%. Women's access to health care through a community midwife doubled.

In water sector, the study confirmed that SFD has achieved the goals set forth in the results framework in relation to reducing the time needed to fetching water, which is usually done by women. The findings reported that 52% of the water beneficiary households stated that the time required to fetch water reduced by 30 minutes per round-trip away.

In community empowerment, the SFD formed 607 village cooperation councils in seven districts within six governorates, where 5,687 community members participated in the formation. Women accounted for 46% of them.

In addition, under the rain-fed agriculture and livestock project, women made up 47% of the total rural producer groups that were formed in the target governorates and districts, and 55% of women and mixed groups that have been supported through project finance, in addition to 90% of the livestock production group. The number of females participating in Labor-intensive Works Program reached 18%. The SFD contracted with them on hourly basis in order to cope with their other chores. Meanwhile, the percentage of female beneficiaries of the program is 50%. Females are still at the top of beneficiaries of the microfinance services as their proportion reached 77% as of end of 2010.

Project monitoring and follow-up

The SFD is working constantly to follow up on project implementation and operations to ensure the achievement of their objectives. In this regard, the SFD issues quarterly monitoring reports retrieving its data from several sources, notably the SFD's Management Information System (MIS), field visits and administrative records. The quarterly reports

indicate the level of performance, including measurable indicators, as well as the follow-up through field visits conducted by the project officers on regular basis, and field inspection visits to a sample of projects to get to know the current status of those projects and identify the difficulties that might hinder the progress. This is in addition to the development of monitoring indicators.

Evaluation of SFD Operations

In 2010, several evaluation studies have been completed, providing SFD's management, the government and SFD's donors with a clear picture on SFD effectiveness and efficiency in meeting its objectives. During the year, five studies were completed: (i) the 2009/10 SFD Impact Evaluation; (ii) Review of SFD's Support to Health Institutes; (iii) Qualitative Assessment of the Labor-Intensive Works Program; (iv) The Conditions in Rural Yemen: Findings from the RALP Baseline Survey; and (v) the Implementation Completion Report (ICR) of SFD's third phase. The findings of the studies are key inputs in the design of SFD Phase IV. The Evaluation Reports highlighted SFD's outstanding performance being the main factor for continued donor financing and attracting new financiers for Phase IV.

Impact Evaluation Study

The impact evaluation (IE) analyzed SFD's efficiency, effectiveness and sustainability of its interventions, with particular focus on the outcomes and impacts achieved. It also highlighted SFD's institutional contribution at the national, local and community level. The evaluation has assessed the impact of SFD's interventions in five of its main sectors: education, health, water, roads and microfinance. Together, these sectors make up about three quarters of SFD's investments.

New characteristics of IE

The 2009/10 Impact Evaluation study analyzed the net impact of SFD using the robust double-difference method, which measures the difference in outcomes over a set time period for both the treatment (communities that benefited from SFD support) and comparison areas (where SFD has not yet intervened). In addition, the IE integrates the analysis of the quantitative and qualitative data. The qualitative study sheds light on the causes that led to the outcomes, and their impacts on the beneficiaries.

Positive findings

The Impact Evaluation clearly states that SFD's interventions have positive impacts in each of the five sectors covered by the evaluation. A cross-sector analysis was conducted on SFD performance in relation to the issues of consultation, participation, ownership and gender. High levels of participation and ownership were found, including by females – which is expected to contribute towards sustainability of the interventions.

The Institutional Evaluation study revealed that SFD has a comparative advantage in supporting institutional development and capacity building at all levels of governance and government, including departments of line ministries, governorates and districts, and local communities that contribute to Yemen's development process.

Implementation Completion Report (ICR) of Phase III

The SFD Phase III Implementation Completion Report (ICR) indicated that SFD directly contributed to supporting the national goals for reducing poverty and achieving the Yemen's MDGs through the DPPR (2006–10) by providing and facilitating access to social services and economic opportunities.

In the meantime, the SFD was able to affect positive changes, maximize benefits from investments, and scale up results drawing on its comparative advantage in supporting institutional development and capacity building at all levels.

Evaluating the SFD programs, the report found out that Community Development Program contributes in providing access to social and economic services using participatory approaches in the target communities so as to determine their development priorities. The SFD-supported projects were

based on principles that promoted transparency, cost-effectiveness, institutional development and the empowerment of local communities and local authorities to take charge of their local development. The report reiterated that 79% of SFD resources go to poor households, of which 30% go to the extremely poor. SFD was able to maintain its operational cost at 4.7%, which is low comparing to other similar projects at the international level.

The Small & Micro-Enterprise Development (SMED) Program continued during phase III its efforts to entrench the microfinance (MF) industry through financial and technical support to the intermediary

microfinance institutions and programs (MFIs). MFIs issued more than 350 thousand loans so far. They served over 56,000 active borrowers and over 51,700 active savers, of whom 75% are women. Women (the majority of MFIs' clients) expressed a high level of satisfaction with MF programs, recognizing several benefits from their participation: greater independence, self-confidence, greater respect and decision making in the household, improved economic situation, and the ability to have home-based job that allows them to contribute to the family well-being (Micro-Finance Gender Impact Study, 2008).

BOX 17

Key findings of the IE report

Findings of the 2009/ 10 Impact Evaluation for the period 2006–10 elucidated the following impact:

- of the 6,233 households interviewed, 80% were aware of an SFD project in their area, of those, 79% stated that the selection of the project was based on broad community consensus, and a total of 90% of the households agreed that the selection of the project was a priority for the community.
- SFD has built more than 27,000 classrooms, including around 8,600 during (2006–10), and its contribution has reached 30% of the total classrooms built at the national level. Average enrollment rate among girls and boys increased in the beneficiary communities by 14.4% and by 27% for girls only.
- 64% of respondents of the survey reported improved access to health services due to the SFD intervention. The rate of users of prenatal care services increased from 15% to 62%, and, probability of the poorest women's access to health services rose from 48% to 84%, and women access to healthcare through a community midwife increased two times the rate before 2006.

-86% of households in SFD beneficiary communities reported increased availability of water and 52% reported reduced time of collecting water.

- average time for trips to markets, where SFD supported roads projects, decreased by 43 minutes, while 75% of respondents to the survey confirmed that the roads provided them with economic benefits (for example, reducing travel time, travel costs, improvement of access to basic commodities); 91% of them reported that the road project has been a priority for the community, 85% said they think the project implementation was satisfactory, and 80% stated the projects have improved their lives.

- Under Microfinance, the economic activity of beneficiaries of income-generating loans rose to 85%. 65% of beneficiaries involved in new economic activities, and 90% reported that their income increased. Beneficiaries who used a loan to send their children to school reached 19%.

A major achievement of SMED regarding long-term impact on sustainability of the MF sector is the passage of Law No. 15 for the year 2009 on MF Banks, which has allowed MF institutions to take deposits and enabled new private sector players to enter the market under the Central Bank of Yemen license and supervision. Eight SFD-supported MFIs have become sustainable in terms of operations, and one financially sustainable. SFD established the Small and Micro-Enterprise Promotion Services Agency (SMEPS) to provide specialized business development services for entrepreneurs. During its short existence, SMEPS has achieved a number of successful projects, which have contributed greatly to the development of the sector.

The Capacity Building and Institutional Support projects focused on the following issues: i) Building the capacity of various stakeholders and providing them with the tools to participate in development activities; ii) Promoting partnerships between communities and local authorities for the prioritization and implementation of local development plans; and iii) Strengthening the capacity of line ministries for policy development, effective implementation of sector strategies, harnessing reforms and decentralized delivery of quality basic services. SFD continuous capacity building of its staff, with high pay-offs, enabled SFD as a whole to expand its portfolio and scale up results.

The rural version of the Labor-Intensive Works Program, applying the cash-for-work approach since 2008, started to help mitigate the effects of food price increases on the poor. The first phase of this program (2008–09) financed 98 projects primarily in the roads and water sectors, providing temporary jobs to 16,824 households. Most of the beneficiary households responded that they used 94% of wages to secure their food needs.

Evaluation of the Intensive-labor Works Program

The Monitoring and Evaluation Unit issued the qualitative assessment study of the Labor-Intensive Works Program (LIWP) Phase I. The goal of this study was to provide a description of the challenges and successes ensued LIWP phase I, so the findings can be used to improve subsequent waves of the program. The study examined three themes: the efficacy of targeting and identification of the

poorest members of the community; the challenges that faced the program during the implementation process; as well as the impact of the cash stipend on the target communities. Key findings of the study showed that the LIWP was effective in reaching the majority of poor households – with community participation rates of 50-75%. Despite the significant amount of time spent for participation in the program, the negative impact on other activities was minor. Neither adults nor children seem to have missed employment/educational opportunities to participate in the project. The wages received were used to increase household consumption and pay back debt and a few of them were able to invest in productive assets. The beneficiary communities indicated high level of satisfaction with the project arrangements

In addition, a quantitative survey was conducted in 2010 to provide quantitative assessment of the first phase and collect baseline data for the second phase of the program. The analysis of the second phase will use the difference-in-difference approach – with random assignment of treatment (whereby both control and treatment communities are available) – to estimate the average treatment effect of the LIWP. The analysis of the first phase will use matching methods to estimate of the impact of the first phase by using second phase communities at baseline as a control. The findings of the quantitative study are expected to be available in 2011.

Baseline of the Rain-fed Agriculture Project

The baseline study, conducted in 2009, built on visits to 1,140 households in the target program areas. Although RALP program focuses on communities that rely primarily on rainfall as a source of agricultural water, these communities account for 75% of all rural communities. The findings of the study have been included in the report «Conditions in Rural Yemen: Findings from the RALP Baseline Survey». The study's main findings indicated that:

- Rural households are individually food insecure, they rely on borrowing to meet their consumption, for example, 60% of respondents say they had food shortage during the year of the study, and 80% of respondents say they borrowed money to secure their food needs. Only 10% of the respondent households say they have protein-rich food on a daily basis, while 65% say they have protein-rich food once a week.

- Rampant disease has decimated the sheep and goat holdings of many households. Sheep and goats are second only to qat in their importance in rural agriculture. Despite this importance, half of the respondent households have neither access to a veterinarian nor knowledge about preventive measures and many households reported herd losses of one-third or more.

- Producers of honey are the third most important agricultural commodity facing new environmental and marketing challenges. Lack of knowledge about disease and the emergence of new diseases have caused significant beehive losses. Limited marketing capabilities have created challenges for honey producers in capturing the full value of their honey. However, these producers' entrepreneurship is demonstrated by their geographic flexibility, willingness to collaborate with other honey producers, and meaningful knowledge about nutritional supplements.

- The respondents disclosed concerns of the abandonment of agricultural terraces, and two thirds of respondents informed that terraces in their regions deteriorated due to water shortage, low productivity and the opportunity cost of labor.

Review of SFD Support to Health Institutes

This study presents a review of SFD support to health institutes (HIs) between 2002–09, especially in relation to access and quality, and it provides recommendations for the future. It was based on evidence collected at the end of 2009 and in early 2010 from interviews, documents and statistical data.

The review found out evidence that, without SFD support since 2002, nursing and paramedic training would have decreased in quantity and quality and HIs would have been less able to provide for the needs of the health workforce in the country. The study confirmed that had it not been for the SFD support in the time that the HIs were badly in need of it, the number of graduates would have reduced to half of the actual numbers. The SFD support protected HIs from further decline, helped to sustain morale, and improved performance. There is evidence and reason to believe supporting HIs in the future can significantly contribute to Yemen's capacity to train young people to meet the country health needs, and fit the mission of the SFD for capacity development to benefit the poorest.



Preparation for SFD Phase IV

SFD has developed its vision for Phase IV (2011–15) learning from experiences and lessons accumulated during the previous phases and based on broad participation by its staff and partners in government agencies, civil society organizations, private sector and other development stakeholders.

The main trends of Phase IV include the following:

- Continue to participate in improving living conditions of the poor and ensure their participation;
- Enhance SFD's role as part of the social safety net;
- Contribute to increase and diversify sources of income and job creation;
- Contribute to strengthening the decentralization process and developing local government;
- Transfer knowledge and information as well as develop pilot programs through various partners.

Objectives

1. Improve access of the poor to basic services;
2. Enhance economic opportunities;
3. Reduce vulnerability of the poor;
4. Enhance partnership and empower SFD partners.



SFD Phase IV Operations will be implemented through four main programs:

1. Community and Local Development. This program will continue to respond to the primary needs agreed by the local beneficiary communities with emphasis on vulnerable groups (women, children and special needs groups). This aspect of SFD programming will also continue to contribute in preserving the country's rich and endangered cultural heritage. Additionally, this component will build the executive capacities of selected local authorities – gradually enabling them to implement projects financed by SFD.

The main outputs of this phase will be the construction and rehabilitation of 9,000 classrooms and the increase of enrollment by 365,000 (female & male) students in the education sector as well as the training of 2,900 staff in the health sector. In the water sector, 48,000 households will be provided with improved or new drinking-water sources and more than 1.1 million cubic meters of water will be provided in rainwater harvesting tanks and cisterns. In addition, in the road sector, 1,825 km of rural roads will be constructed, improved and rehabilitated connecting 2,920 remote villages. In cultural heritage, the SFD seeks to document and preserve 50 historical sites and monuments. Moreover, operational capacities will be built for a number of local authorities, gradually enabling them to implement projects to be financed by the SFD. The SFD aims to introduce the Empowerment for Local Development Program to 80 districts, through which 40 districts will be fully qualified to directly implement SFD-financed projects.

2. Small & Micro Enterprises Development. Through this program, SFD will continue to support microfinance programs and institutions, enabling them to provide effective and sustainable financial services, as well as encouraging new players at the local and international levels to contribute to this sector. Additionally, this component will continue to provide non-financial services for developing small and micro enterprises. The SFD seeks, through this program, to distribute loans to more than 100,000 active clients.

3. Capacity Building. SFD efforts under this component will emphasize on the transformation and exchange of know-how with its partners and

continue to build the capacities and develop the skills of local and central government organizations, NGOs, the private sector and the local communities. The most important outputs of this program will be the formation of 1,500 active village cooperation councils and provision of training to 5,000 individuals and 2,720 government agencies, NGOs and beneficiary committees on monitoring and evaluation, methods of participation, planning and other fields.

4. Labor Intensive Works. Recently established during phase III, this program contributes in the reduction of unemployment and mitigation of shocks striking the poor communities as a result of climate change and other crises through implementing cash-for-work projects; thus, providing basic infrastructure for these communities. While this program will increasingly produce a longer-term impact on the living conditions of the targeted poor communities, it will also maintain the capacity to assist selected communities who are suffering from severe poverty during critical times. During the period 2011–15, the program will target 300,000 persons (i.e. 45,000 households) for 3–5 years, creating 24 million working days and rehabilitating 4,980 hectares of agricultural lands and terraces, as the program will be geared to work in these areas to maximize impact and achieve long-term results.

The cost for phase IV is estimated at \$1.1 billion expected to be mobilized from the Yemeni government and the donor community. The SFD will continue monitoring and evaluating its activities, including impact evaluation studies for all programs with the support of independent experts as well as enhancing the use of management information system (MIS) and quality control system, and track the efficiency of project implementation in light of internal and external review.

Funding Management

During the year, the SFD followed up on the progress of various projects funded by the agreements signed with donors .

Donor missions

A number of donor missions visited the SFD in 2010. These include the joint mission of the World Bank (WB), UK Department for International Development (DFID), the Dutch Embassy and the German Development Bank (KfW). The mission held meetings to discuss and develop SFD phase IV (2011–15).

Another mission, comprising the World Bank and the European Union (EU), focused on the Emergency Social Safety Net Enhancement Project funded by the EU and managed by the WB. During the visit, a workshop was held to launch the project and field visits were conducted to projects in Al-Hudaidah and Al-Mahweet governorates.

Two DFID missions also visited the SFD to follow up on the progress of the DFID-funded Labor Intensive Works Program as well as to develop the program implementation mechanisms in light of the operations expansion in phase IV. In addition, the mission discussed the Impact Evaluation's preliminary findings with the international firm that conducted the evaluation.

In addition, two missions of the Kuwaiti Fund for Arab Economic Development (KFAED) paid visits to the SFD to discuss and sign a USD6-million grant to the Republic of Yemen and managed by the SFD. The grant aims to support food security in Yemen through the provision of small and micro loans. During the visit, a number of KFAED-funded projects were visited by the team.

Finally, a mission of the Arab Fund for Economic and Social Development (AFESD) visited the SFD to

assess SFD phase III and the relevant ICR and they signed a loan agreement for SFD phase IV at an amount of Kuwaiti Dinars 30 million (equivalent to \$100 million).

Organizing and follow-up of resource uses

During the year, the SFD continued to apply the Funding Sources Management Manual, which was also included in SFD's Guidelines for Operations, as well as the Funding Information System (FIS). Both facilitate the processes of monitoring and tracking the donors funds. Moreover, the SFD has constantly been monitoring the status of the donors through the FIS; it kept monitoring the financial transactions and the material outputs of each donor and preparing the periodical and ad hoc reports for the donors and government.. In addition, the Project Allocation System that was based on the data available in the donors' database was fully automated during the year. The system helps automatically select the appropriate donor for respective projects .

Sources of funding

At the end of 2010, the number of SFD phase III donors has reached 17 through 47 funding agreements.

World Bank/International Development Association (IDA)

The World Bank supports the SFD through 2 grants and 2 loans as follows:

Phase III Credit for SDR51.6 million agreement (About \$77.4 million) was signed on April 23rd, 2004 to support SFD Phase III. In 2007, an additional funding agreement of nearly \$15 million was inked. In 2010, the loan was closed and its ICR prepared. This credit funded 892 projects.

Global Food Crisis Response Program Trust Fund for \$10-million grant was provided to mitigate the effects of the food prices increase, was closed in 2010, with 98 projects financed at a total cost of \$10.75 million.

Credit for Rain-fed Agriculture and Livestock Project co-financed by both the World Bank (WB) and the International Fund for Agricultural Development (IFAD), with the WB providing \$20.8 million, of which \$10.4 million is allocated for the project's 3rd component (Rural Development) implemented by the SFD, which includes supporting farmers in rain-fed areas in 23 districts within five governorates. The project and credit agreements were signed in September 2006. The credit has been committed to finance 70 projects at an estimated cost of \$4.4 million.

Phase IV grant for \$60-million, signed on 28 June 2010, to finance SFD phase IV (2011–15).

European Community (EC)

The EC has provided the SFD with three grants, two of which supporting the health sector.

The Social Safety Net Enhancement grant, signed on 18 November 2009, to provides about €10.2 million (nearly \$14 million). It has been allocated in April 2010 to start financing 98 projects at a total estimated cost of \$11 million and contractual cost of \$10.7 million.

Health Grant 1 for €2.9-million (\$3.6 million) signed in November 2006 with the Ministry of Public Health and Population (MoPHP) to implement some components under the framework of European Community support to the ministry's health offices in the governorates of Lahej and Taiz. Under the agreement, the SFD supports 137 projects worth about \$3.63 million.

Health Grant 2, worth around €1.75 million (equivalent to about \$2.5 million), was signed in December 2009, targeting the same areas.

Kingdom of Saudi Arabia (Saudi Fund for Development)

The Saudi Fund for Development supports SFD's Community Development Program through providing a loan and a grant.

Loan 422 /24 for Saudi Riyals 75 million (\$20 million) was signed in late 2004. It supports 136 education projects under the SFD phase III Community Development Program. The loan was entirely disbursed.

Grant 1 /1429 for Saudi Riyals 375 million (\$100 million) to support 640 community-development projects for SFD phase III. The grant has been fully committed for the projects, with contractual cost reaching \$88 million.

United Kingdom

The United Kingdom supports the SFD through a grant for phase III, another grant for phase IV and a third one for the labor-intensive works program.

Phase III grant for a total amount of 63.1 million (equivalent of \$100 million), supports 1,329 projects under SFD Phase III. The entire grant has been committed, with the contractual amount reaching approximately \$92.2 million.

Labor-intensive Works Program grant for 7.5 million (equivalent to \$11.4 million) was signed in February 2010 to fund 60 projects at an estimated cost of \$6.7 million and contractual cost of \$5.7 million.

Phase IV grant's procedures and preparations are being geared up to sign a grant agreement of £100 million to support SFD phase IV, with allocations under the grant expected to begin in January 2011.

The Netherlands

The Kingdom of the Netherlands supports the SFD through 5 grants, three of them for phase III and two for phase IV.

Health grant 17014 for \$3.3 million was signed in November 2007 to support 6 health projects worth \$3.1 million, and was closed at the end of 2010.

Education grant 18959 for \$15 million was signed in November 2008 and was fully committed to finance 116 projects.

Health grant 15849 for \$8.5 million was signed in July 2007, and was entirely committed to support 51 maternal and neonatal healthcare projects.

Labor-intensive Works Program grant – Phase IV for \$2.4 million was signed in November 2010, will be allocated in early 2011.

SMED program grant – Phase IV for \$6 million was signed in November 2010 to support micro-finance program and business development services, with allocations from the grant commencing in December 2010.

The Government of the Federal Republic of Germany (German Development Bank «KfW»)

Within the framework of supporting SFD phase III, the German Government provides five grants as follows:

Third grant 059 66 2005 for €6 million (\$7.2 million) to finance 177 projects worth \$9.6 million. The grant was closed in mid-2010.

Fourth grant 248 65 2007 for €5 million (\$7.9 million) was allocated to 195 projects worth \$10.7 million, with contractual amount reaching \$7.8 million, as of the end of 2010.

Fifth grant 899 65 2008 for €17.5 million (about \$24.3 million) was signed in December 2008 to support 152 projects at an estimated cost of \$27.9 million, with the contractual amount reaching \$15.3 million, as of the end of 2010

Sixth grant 038 65 2009 for €8 million (approximately \$11.3 million) was signed in October 2009 to finance 53 projects, with contractual amount reaching \$2.2 million, as of the end of 2010.

Seventh grant 414 67 2009 for €5 million (\$7.1 million) was signed in December 2009. By the end of 2010, six projects were committed worth \$3.1 million.

OPEC Fund for International Development

OPEC Fund supports SFD with two loans totaling \$31 million.

Loan 959P for \$13 million was signed in February 2004 to finance 144 projects worth \$14.7 million. The loan amount has been fully committed and contracted.

Loan 123P for \$18 million was signed in February 2009. The loan procedures are being completed for approval.

Arab Fund for Economic and Social Development

The Arab Fund supports the SFD with two loans for phase III Community-Development (CD) Program and phase IV Small & Micro Enterprises Development (SMED) Program.

Phase III loan 480 / 2005 for Kuwaiti Dinars 15 million (\$51 million) was signed in January 2006 to finance 474 projects under SFD's Phase III CD and SMED & business services programs. The loan was closed at the end of 2010.

Phase IV loan for Kuwaiti Dinar 30 million (\$100 million) to contribute to the financing of SFD -phase IV CD and SMED & business services. The loan was approved by the Board of Directors in October 2010. The loan's final procedures are being processed awaiting approval of the House of Representatives (the Parliament).

Sultanate of Oman

A \$5 million grant agreement, signed in February 2008, is managed by the Arab Fund. The total amount has been completely committed to finance 58 projects.

Kuwaiti Fund for Arab Economic Development (KFAED)

The Kuwaiti Fund provided a loan to support the phase III CD and SMED programs.

Third Phase loan 778 for 14 million Kuwaiti Dinars (\$50 million) was signed in February 2009 to finance projects under SFD's Phase III CD and SMED & business services programs. The total amount of the loan has been completely committed to finance 337 projects.

Abu Dhabi Fund for Development

Within a support agreement signed between the United Arab Emirates and Yemen, the Abu Dhabi Fund for Development provided a grant of \$33 million to support the CD and Training & Organizational Support and Capacity Building programs. The grant is expected to be used in 2011.

Republic of Italy

The government of Italy supports SFD with two grants agreements exceeding \$4.9 million.

Commodity aid 2005 for \$951 thousand was signed in November 2007 to support 16 projects at an estimated cost of \$922 thousand. The grant was closed at the end of 2010.

Debt-for-development swaps (cultural heritage projects) for \$4 million was signed in July 2007 to support cultural heritage projects. The grant was fully disbursed and closed at the end of 2010, with eight projects developed worth \$4.7 million.

International Fund for Agricultural Development (IFAD)

Loan YE-732 for \$16.4-million was signed in January 2008 to support components of the SFD's Rain-fed Agriculture and Livestock Project. By the end of 2010, the SFD has developed 60 projects under this loan at an estimated cost of \$3.1 million.

United Nations Educational, Scientific and Cultural Organization (UNESCO)

UNESCO and the SFD signed two contracts worth a total amount of \$258 thousand to finance two cultural heritage projects.

United States of America

The Government of the United States of America supports the SFD with 5 grant grants to support various projects under SFD phase III.

Health grant 416b/2002 (Al-Jawf and Shabwah) for \$0.5 million was signed in April 2005 to finance training for health workers in Al-Jawf and Shabwah governorates at an estimated cost of nearly \$570 thousand. All the project's components have been completed by the end of 2010.

Health grant 416b/2002 (Mareb and Jehanah) for \$0.5 million was signed in April 2005 to finance training for health workers in Mareb governorate and Jehanah district (Sana'a governorate) at an estimated cost of nearly \$490 thousand. All the project's components have been completed by the end of 2010.

Community aid grant (Program 480 /2006-b) for \$3.9 million was signed in April 2007 to provide the SFD with to implement projects in various governorates, with 39 projects developed and the contractual amount of about \$4 million.

Dar Al-Dhiyafa (Zabid) Rehabilitation grant for \$111 thousand was signed in September 2006 to rehabilitate Dar Al-Dhiyafa building and train traditional workers in Zabid district (Al-Hudaidah Governorate). The contractual amount reached \$86,808.

Marib Museum grant for \$1.6 million to construct the Regional Museum in Marib. The estimated cost of the first phase of the project reached \$474 thousand and the contractual amount \$472 thousand. The implementation of the project is currently being completed after approving the contracting procedures by the German Archeological Institute.

Islamic Development Bank

The Islamic Development Bank supports the SFD with two loans and a grant.

Phase III loan for \$10-million was signed in May 2007 to finance 80 projects worth \$10 million, with contractual amount reaching \$10 million as of end of 2010.

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

Republic of France

A grant agreement of €200,000 (equivalent to \$259 thousand) was signed on 29 November 2008 to support cultural heritage preservation activities in Taiz and Aden governorates. By the end of 2010, commitments reached \$224 thousand.

Yemen Government

In July 2006, the Yemeni government signed a funding agreement under which the government committed to present \$100 million to the SFD to continue finance the Labor Intensive Works Program (LIWP) in different governorates. An equivalent of \$96 million was offered as of the end of 2010 and was allocated to finance 344 projects at an estimated cost of \$93.3 million.

Yemeni Liquid Natural Gas Company (YLNG)

The \$411,290 grant agreement was signed in January 2008 to finance the construction of five schools in Shabwah governorate. The agreement, upon request of the YLNG, was later modified to include three projects in 2010. The grant was closed on 31 March 2010.

Table 13. Sources of funding for SFD phase III as of Dec. 2010

Donor	Agreement number or description	Type	Amount (million)	Currency	Equivalent in million USD (approximately)
Abu Dhabi Fund for Development	Abu Dhabi Fund for Development grant	Grant	121	UAE Dirham	50
Arab Fund for Economic and Social Development	Third Phase loan	Loan	15	Kuwaiti Dinar	51
	Sultanate of Oman grant	Grant	5	U.S. dollar	5
Islamic Development Bank	Phase III	Loan	7	Islamic Dinar	10
Kuwaiti Fund for Arab Economic Development	Phase III	Loan	14	Kuwaiti Dinar	50
European Community	Health sector support grant	Grant	2.9	Euro	3.6
	(Third Phase grant (Trust fund 053450	Grant	7.8	Euro	9.4
	Health sector support grant 2	Grant	1.75	Euro	2.4
	Third Phase additional grant	Grant	11.2	Euro	14.1
Italy	Debt-for-development swaps ((cultural heritage projects	Grant	800	Yemeni Riyal	4
	Commodity aid 2005	Grant	1	U.S. dollar	1
Germany	KfW 2009 67 414	Grant	5	Euro	7.1
	KfW 2009 65 038	Grant	8	Euro	11.4
	KfW 2008 65 899	Grant	17.5	Euro	24.3
	KfW 2007 65 248	Grant	5	Euro	6.4
	KfW 2005 66 059	Grant	6	Euro	7.2
	KfW 2004 65 757	Grant	5	Euro	6
	KfW 2003 65 155	Grant	4	Euro	4.8
United States of America	Health 416b/2002 (Mareb and (Jehanah	Grant	0.6	U.S. dollar	0.6
	Health 416b/2002 (Shabwah and Al-(Jawf	Grant	0.5	U.S. dollar	0.5
	Community development PL-(480/2003 (Tihamah and Hajjah	Grant	0.5	U.S. dollar	0.5
	Dar Al-Dhiyafa (Zabid) rehabilitation	Grant	0.1	U.S. dollar	0.1
	Infrastructure b-416/2004	Grant	1.4	U.S. dollar	1.4
	Program b-480/2006	Grant	3.9	U.S. dollar	3.9
	Mareb Museum	Grant	1.6	U.S. dollar	1.6
United Kingdom	SFD Phase III grant	Grant	63.1	Sterling Pound	96
	LIWP grant	Grant	7.5	Sterling Pound	11.4

Donor	Agreement number or description	Type	Amount	Currency	Equivalent in million USD (approximately)
France	(Cultural heritage (Aden and Taiz	Grant	0.1	Euro	0.1
Netherlands	Microfinance SAA 60844	Grant	0.8	U.S. dollar	0.8
	Education 16025	Grant	10	U.S. dollar	10
	Education 18959	Grant	15	U.S. dollar	15
	International Finance Corporation support 18374	Grant	0.4	U.S. dollar	0.4
	Health 17014	Grant	3.3	U.S. dollar	3.3
	Health 13253 (Al-Salakhana (Hospital/ Al- Hudaidah	Grant	0.9	U.S. dollar	0.9
	Health 15849 (Mother and Child (Health	Grant	8.5	U.S. dollar	8.5
	Education1 – 10784	Grant	6.1	U.S. dollar	6.1
	Education 13202	Grant	8.5	U.S. dollar	8.5
	Health2 – 13256	Grant	3	U.S. dollar	3
Health1 – 10829	Grant	2.8	U.S. dollar	2.8	
Yemen government	Labor-Intensive Works Program ((LIWP	Grant	19.711	Yemeni Riyal	94.2
Yemen Liquid Natural Gas Company	(Education (Shabwah	Grant	0.4	U.S. dollar	0.4
International Fund for Agricultural Development (IFAD)	Rain-fed Agriculture and Livestock (Project (RALP	Loan	10.9	Special Drawing Right	16.4
Saudi Fund for Development	422/24	Loan	75	Saudi riyal	20
	1/1429	Grant	375	Saudi riyal	100
World Bank/ IDA	(Third Phase loan (YEM-3861	Loan	51.6	Special Drawing Right	77.4
	Rain-fed Agriculture and Livestock (Project (YEM-4220	Loan	7	Special Drawing Rights	10.8
	Global Food Crisis Response Program Trust Fund	Grant	10	U.S. dollar	10
United Nations Educational, Scientific and Cultural Organization (UNESCO)	(UNESCO grant (Cultural Heritage	Grant	0.3	U.S. dollar	0.3
OPEC Fund for International Development	Loan 959P	Loan	13	U.S. dollar	13
	Phase III loan	Loan	18	U.S. dollar	18

Table 14: Sources of funding for SFD Phase IV approved as of the end of December 2010

Donor	Agreement	Amount (million)	Currency	Equivalent in million US Dollar
World Bank	Phase VI grant	38.7	Special Drawing Rights	60
UK Government	Phase VI grant	100	Sterling Pound	150
Arab Fund for Economic and Social Development	Phase VI loan	100	U.S. Dollar	100
The Netherlands Government	LIWP grant	6	U.S. Dollar	6
	SMED grant	2.43	U.S. Dollar	2.43
Yemeni Government	LIWP grant	100	U.S. Dollar	100
	Phase IV contribution	110	U.S. Dollar	110

Annexes: Additional Data

Table A1. Commitments by program
(millions of U.S. dollars)

Program	2010	Cumulative
Community development	153.9	1,041.5
Capacity building*	22.5	151.4
Small and microenterprise development	6.3	31.1
Labor-Intensive Works Program	19.9	30.6
Total	202.6	1,254.6

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.
*Includes SFD operating expenses and fixed asset costs

Table A2. Disbursements by program
(millions of U.S. dollars)

Program	2010	Cumulative
Community development	126.4	760.1
Capacity building*	21.7	121.6
Small and microenterprise development	7.1	25.1
Labor-Intensive Works Program	6.7	9.7
Total	2171.9	916.5

Note: Amounts include operating expenses for SFD headquarters and branches (less than 5% of the total in 2010).
*Includes SFD operating expenses and fixed asset costs

Figure A1. Distribution of commitments by sector, 2010

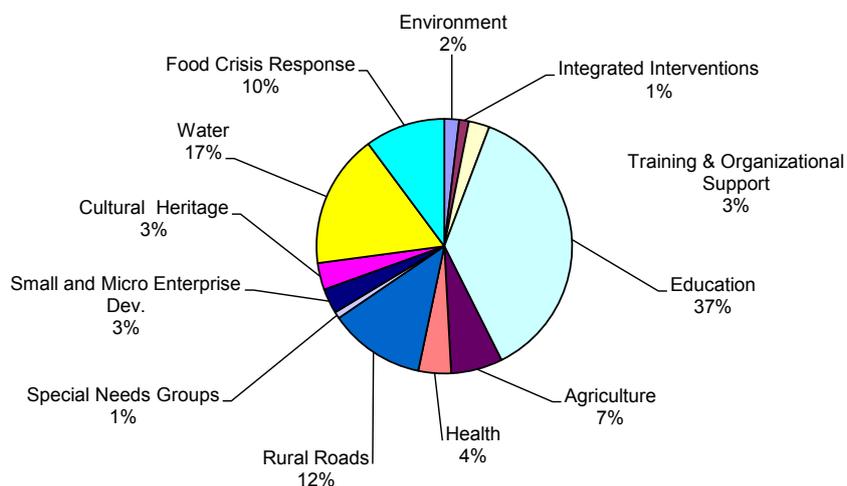


Figure A2. Distribution of cumulative commitments by sector, 1997–2010

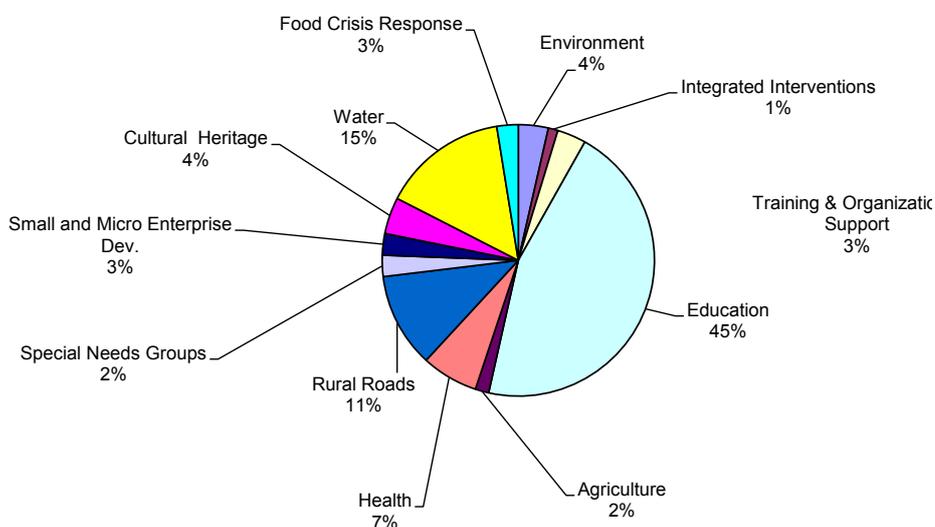


Figure A3. Distribution of commitments by governorate, 2010
Millions of U.S. dollars

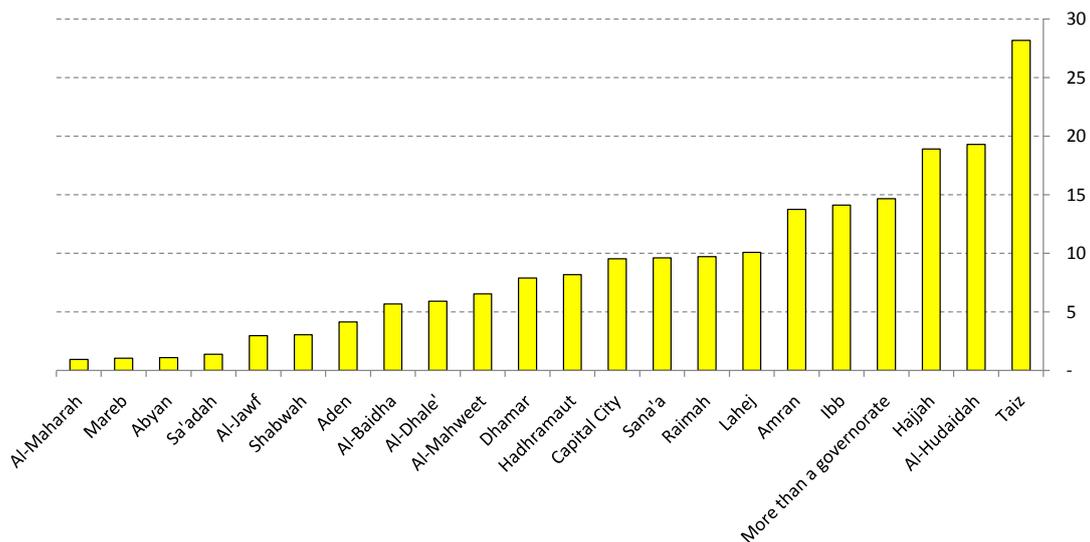


Figure A4. Distribution of cumulative commitments by governorate (1997–2010) Millions of U.S. dollars

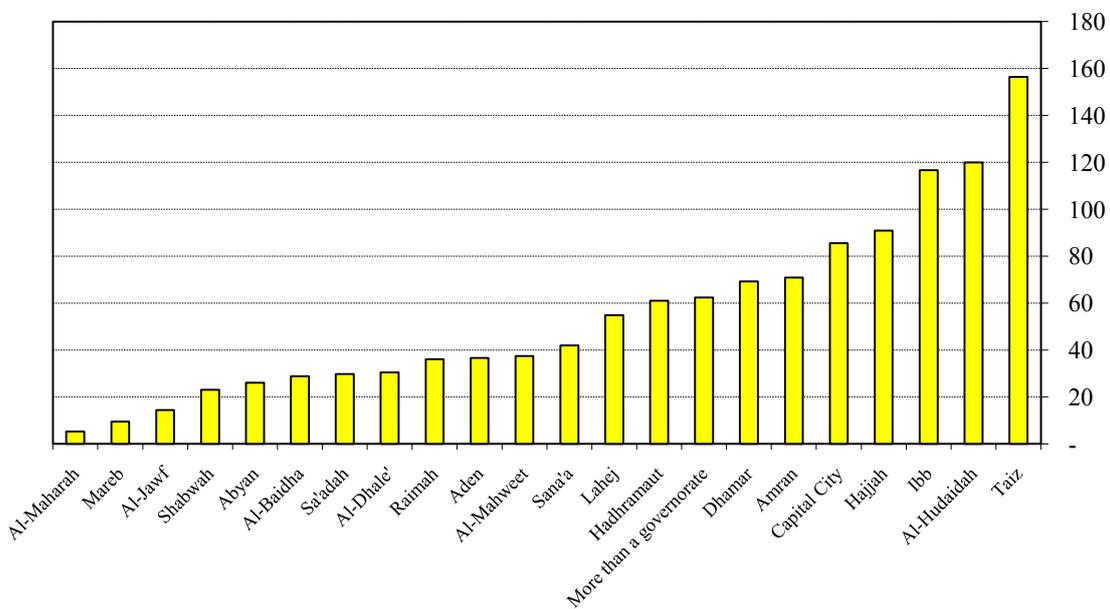


Figure A5. Commitments (1997–2010)
Millions of U.S. dollars

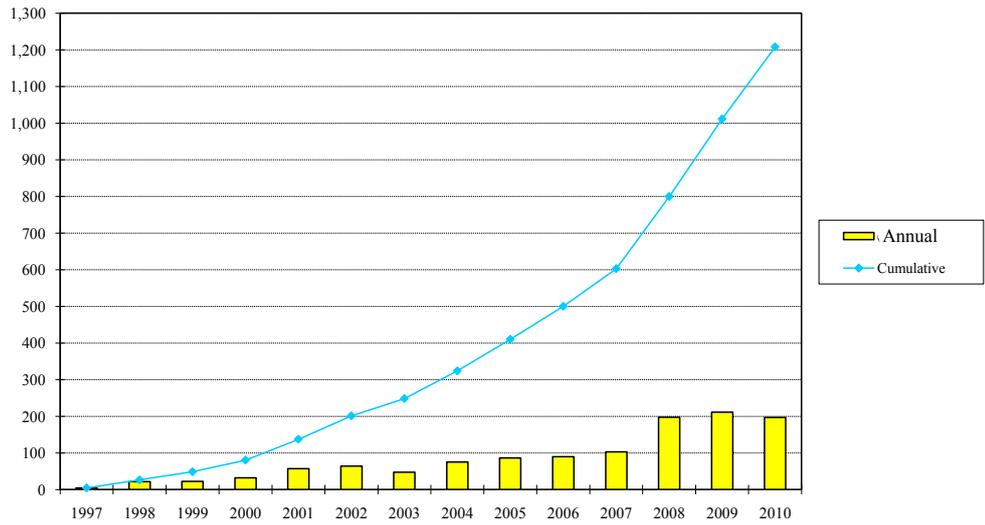


Figure A6. Disbursements (1997–2010)
Millions of U.S. dollars

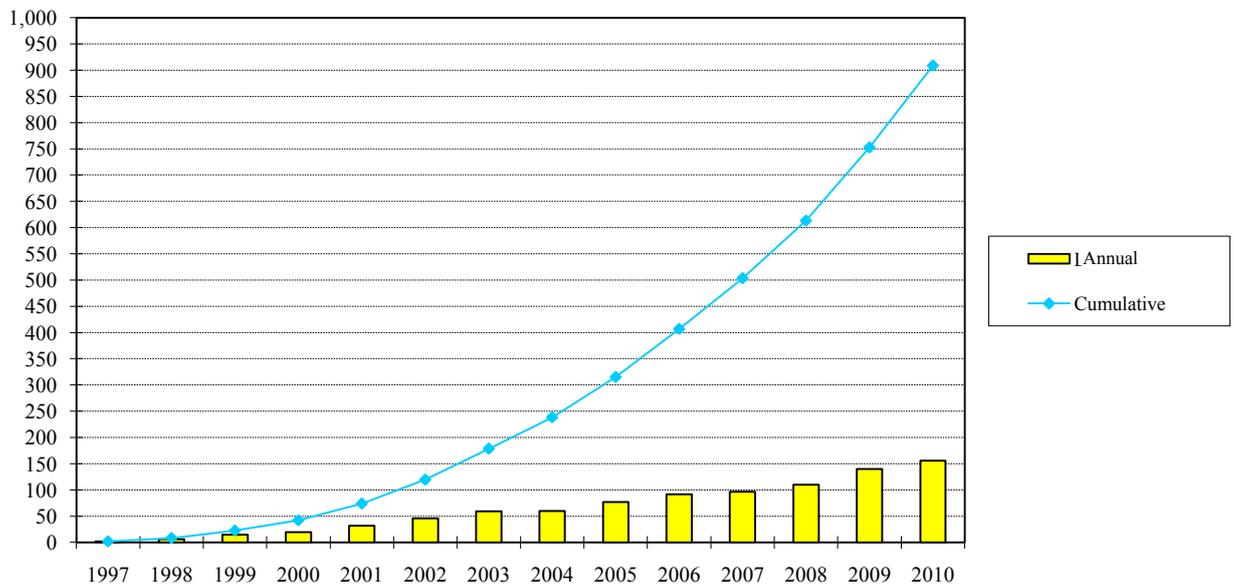


Figure A7. Project-ensued cumulative employment (1997–2010)
Millions of days

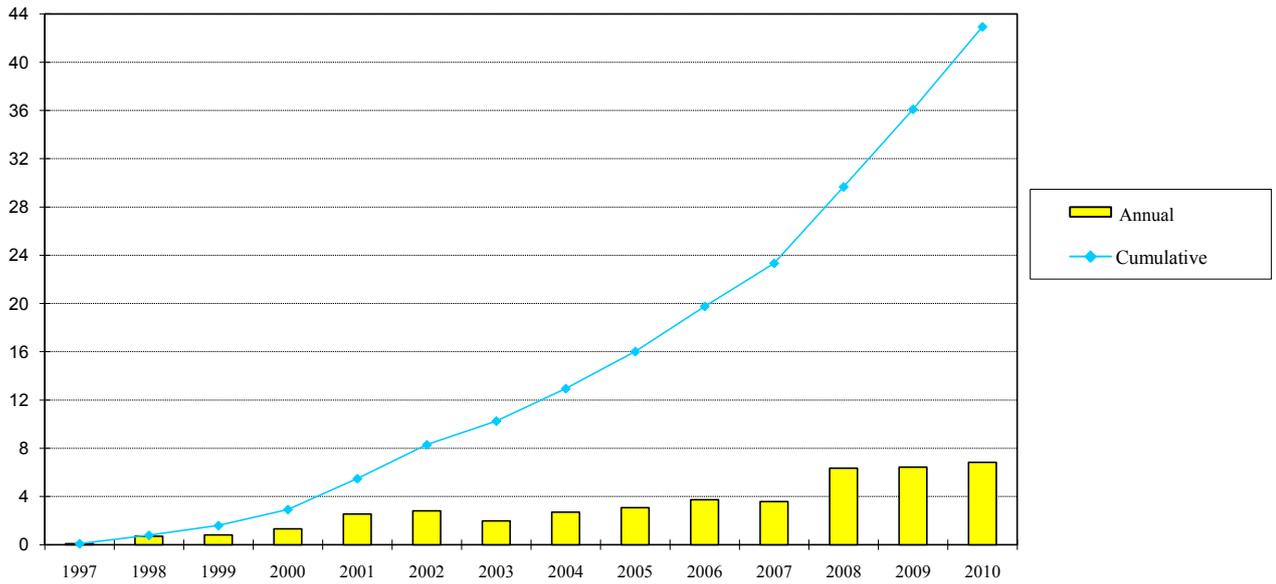
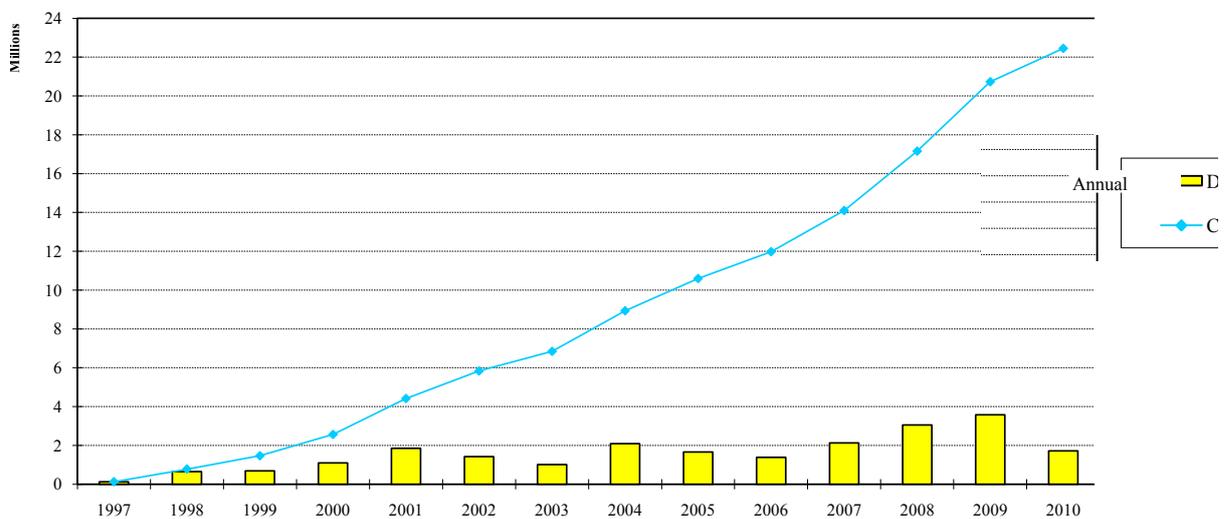
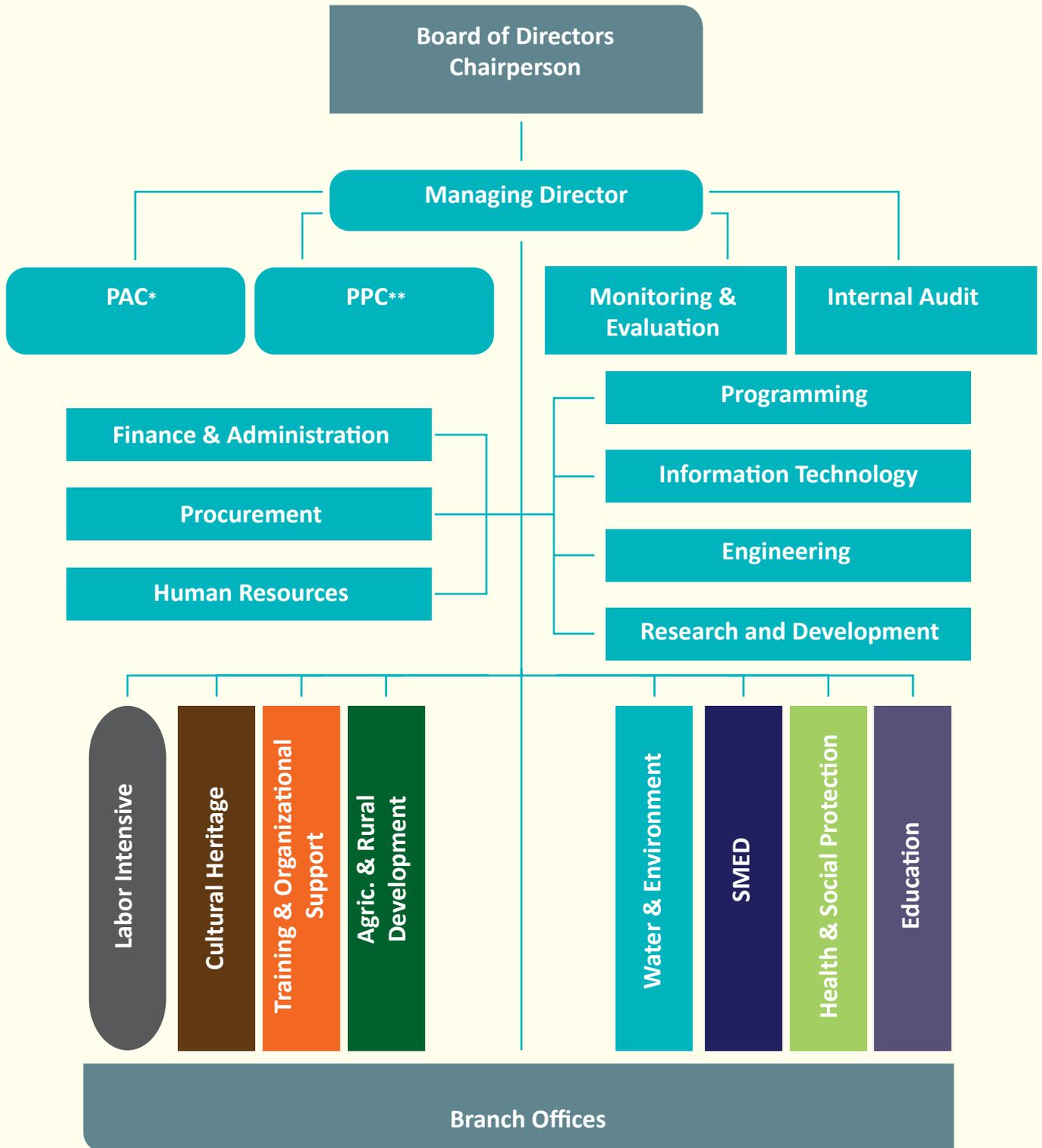


Figure A8. Number of direct beneficiaries of projects (1997–2010)
Millions



Organizational chart of SFD



* PAC Project Approval Committee

**PPC Project & Policy Committee

Branch Offices

<p>Amran</p>	<p>Aden</p>	<p>Sana'a</p>
<p>Governorates:</p> <p>Amran Sa`adah</p>	<p>Governorates:</p> <p>Aden Lahj Abyan Al-Dhale`</p>	<p>Governorates:</p> <p>Capital City Sana'a Mareb Al-Jawf Al-Mahweet</p>
<p>Al-Mukalla</p>	<p>Dhamar</p>	<p>Al- Hudaidah</p>
<p>Governorates:</p> <p>Hadhramaut Shabwah Al-Maharah</p>	<p>Governorates:</p> <p>Dhamar Al-Baidha</p>	<p>Governorates:</p> <p>Al-Hudaidah Raimah</p>
<p>Ibb</p>	<p>Hajjah</p>	<p>Taiz</p>
<p>Governorate:</p> <p>Ibb</p>	<p>Governorate:</p> <p>Hajjah</p>	<p>Governorate:</p> <p>Taiz</p>

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Social Fund for Development, Yemen

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