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Social Fund for Development - Annual Report 2008



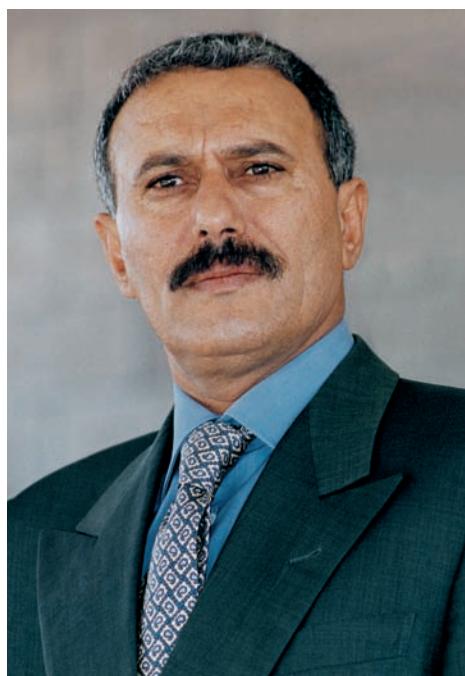
Republic of Yemen
Social Fund for Development



Annual Report 2008

In the Name of Allah, the Gracious, the Merciful

Annual Report 2008
Social Fund for Development



H. E. President of the Republic

Ali Abdullah Saleh



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The Social Fund for Development at a Glance

Yemen's Social Fund for Development (SFD) was established in 1997 as an administratively and financially autonomous agency to help implement national social and economic plans. The SFD is supervised by a Board of Directors chaired by the Prime Minister and composed of members representing the government, the private sector and civil society. The Board defines and approves the SFD's general policies and plans and monitors its performance and progress in achieving goals.

By improving basic services and facilitating poor communities' access to them, the SFD helps reduce poverty and improve living conditions of poor people. It also helps refine approaches to delivering social services and empowers communities and local councils to take charge of development in their areas.

In 2008, the SFD introduced a new program—supported by the donor-initiated Global Food Crisis Response Program—that uses a labor-intensive works approach to provide income for individuals and families most affected by the dramatic increase in food prices.

The SFD achieves its goals through four main programs:

- *Community development* initiatives facilitate access to basic social and economic services—mainly in rural areas deprived of such services, as well as some urban areas.
- *Capacity building* of local partners, along with efforts to support capacities and organize communities and some government agencies and nongovernmental organizations (NGOs).
- *Small and Microenterprise Development* projects enhance small and microfinance services by supporting intermediaries such as NGOs and financial institutions, and develop the business sector to provide nonfinancial services for small entrepreneurs.
- *Labor-intensive works* focus on creating job opportunities to temporarily absorb unskilled workers.

These four programs cover projects in a wide range of sectors and sub-programs, including education, water, environment, health, groups with special needs, rain-fed agriculture, rural roads, integrated interventions, training, organizational support, cultural heritage and small and microenterprise development.

Through these programs, the SFD seeks to empower communities and promote local development, expand and enhance economic activities, build capacities and expand partnerships, and increase efficiency within and outside the SFD. These goals are outlined in the SFD's Mid-Term Vision (2006–10), developed to ensure that SFD interventions are consistent with and support implementation of the government's third Five-Year Plan for Economic and Social Development and Poverty Reduction (2006–10).

The SFD's first (1997–2000) and second (2001–03) phases of operations involved \$90 million and \$200 million in costs, respectively. The third phase, originally planned to run from 2004–08, was extended to 2010 to synchronize with the government's plan.

SFD funding has come from many internal and external sources. These include the Yemeni government, World Bank, Arab Fund for Economic and Social Development, European Community, German Development Bank (KfW), International Fund for Agricultural Development, Islamic Development Bank, Netherlands, OPEC Fund for International Development, Saudi Fund for Development, U.K. Department for International Development, United States, United Nations Educational, Scientific and Cultural Organization, Italy and Oman.

In addition, communities that benefit from SFD interventions contribute to project costs by providing labor, construction materials or other in-kind contributions, and cash.

By the end of 2008, the SFD had committed about \$787 million to 8,227 projects. These projects have generated some 31 million days of employment.

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

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

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NGO Representative

Dr. Tariq Sinan Abu Luhoum

NGO Representative

Abdulrahman Dhaiban

Expert Representative

Muhammad Ana'am Ghaleb

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



This report shows that the Social Fund for Development (SFD) continues to play its role as a component of Yemen's social safety net—contributing effectively to implementation of national plans for economic and social development and poverty reduction.

It is gratifying to observe the SFD's ability to develop and adapt its interventions. It has proven its capability to efficiently absorb funds and use them to help the poorest and neediest people.

We have noted that the SFD has attained the confidence and support of donors.

All these indicators encourage us to strengthen the SFD's role in the coming years to be an effective national tool that helps improve the living conditions of poor people.

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

Statement of the Managing Director



In 2008, the Social Fund for Development (SFD) developed and approved 1,360 projects worth about \$196 million. Thus, between its inception in 1997 and the end of 2008, the SFD developed 8,227 projects in various sectors, with investments of nearly \$787 million.

This report highlights the serious efforts made by the SFD to provide as many basic services as possible for Yemeni citizens, especially in the poorest and neediest rural areas—still one of the SFD's most important goals. In addition, the SFD pays utmost attention to continuously improving the quality of its interventions and developing advanced work mechanisms.

Although SFD work mechanisms do not include responses to emergencies, the SFD was selected to implement a grant provided by donors under the Global Food Crisis Response Program. Labor-intensive works were used to achieve two goals: benefiting communities with the services delivered by the projects and providing income for labor to families in rural areas most affected by the crisis and distressed by drought. This initiative adds a new dimension to the SFD's ability to conduct interventions serving the poor.

During the year, the SFD continued to synchronize its activities with sector policies to achieve sustainable development and respond to national priorities as well as expand its absorptive capacity for the optimal use of financial resources and allocations. In this pursuit, the SFD extended the third phase of its operations until 2010 in harmony with the government's third Five-Year Plan for Social and Economic Development and Poverty Reduction (2006–10).

These accomplishments have been attained thanks to the continued support provided to the SFD by the political leadership, headed by His Excellency Ali Abdullah Saleh, President of the Republic, as well as by the Government, headed by His Excellency Dr. Ali Muhammed Mujawar, Prime Minister and Chair of the SFD's Board of Directors. In addition, the SFD has succeeded by virtue of the persistent support from the donor community, efforts of our partners in local development and the outstanding performance of SFD staff.

Abdulkarim Ismail Al-Arhabi
SFD Managing Director



EXECUTIVE SUMMARY

This report summarizes activities conducted by the SFD in 2008, when 1,360 projects were developed and commitments approached \$196 million. Since its inception in 1997, SFD commitments have totaled \$786.9 million for 8,227 projects. The 2008 interventions focused on community empowerment, building institutional capacities and enhancing economic development as well as service delivery.

In 2008, the SFD began implementing labor-intensive works targeting areas most affected by the increase in wheat prices as well as by the drought. This program is being funded through a grant provided under a World Bank Trust Fund initiative to respond to the global increase in food prices.

Education projects continued to account for the majority of SFD investments, with 43.4% allocated to the sector in 2008. Areas of focus included expanding infrastructure for basic education, improving the quality of education and promoting education of rural girls.

The SFD also continued to emphasize traditional rainwater harvesting projects, focusing on low-cost techniques and local knowledge and traditions, as well as low-cost sanitation projects based on the community-led total sanitation approach, which emphasizes raising community awareness. Water and environment projects accounted for 20.4% of SFD investments in 2008.

Health projects, which made up 5.6% of SFD investments in the year, focused on improving access to primary and reproductive health care, training rural health workers (particularly women) and improving the performance of health institutes.

The SFD also continued to advocate for the rights of groups with special needs and support efforts to integrate them with mainstream society by implementing projects targeting them and supporting NGOs working with them. These projects accounted for 1.4% of the year's investments.

The SFD also supported agriculture and rural development through projects for rural roads (13.5% of investments in 2008) and labor-intensive works programs (4.9%) as well as rain-fed agriculture and integrated interventions (1.3%).

During 2008, the SFD continued to support local authorities and contribute to developing the National Local Governance Strategy, help build the capacity of NGOs and community organizations, and emphasize the importance of training and building human and institutional capacity throughout the country, with 3.3% of investments allocated for training and organizational support.

In addition, the SFD continued to support conservation and restoration of historical monuments and archeological sites of significant cultural value and to build local capacity in this field throughout the country, with 4.6% of investments in 2008 going to the sector.

During the year, the SFD also continued to support microfinance programs, enhance their competitiveness and improve their services. Small and microenterprises, along with business development services, accounted for 1.6% of SFD investments in 2008.



2008 OPERATIONS

In 2008, the SFD's projects and programs were executed by seven implementation units: Education, Water and Environment, Health and Social Protection, Agriculture and Rural Development, Training and Organizational Support, Cultural Heritage, and Small and Microenterprise Development, as well as the Labor-Intensive Works Program. During the year, the SFD approved 1,360 projects worth an estimated \$196 million (table 1).

Table 1. Approved projects, commitments and disbursements, 2008

Indicator	Planned	Committed	Achieved (%)
Approved projects	1,362	1,360	99.9
Commitments (millions of U.S. dollars)	171	196	114.7
Disbursements (millions of U.S. dollars)	114	110	96.4

Targeting and allocation of resources

The SFD uses a targeting policy that emphasizes financing the priority needs of poor communities and remote areas. This policy relies on the most recent poverty indicators for the country, from the 2004 Census of Population and Houses, the 2005/06 Household Survey and qualitative tools to further refine broad geographic allocation of resources.

The SFD utilizes three key targeting strategies:

1. *Geographic targeting* covers all the districts in the country by distributing the majority of SFD resources based on the estimated number of poor and needy individuals in each governorate, then each district.
2. *Qualitative targeting* uses assessment tools and participative approaches to target communities within the broad geographic allocation framework.
3. *Programmatic targeting* allocates additional resources to design and implement programs and projects that address problems affecting specific communities and groups.

Geographic targeting is continuously monitored and updated to ensure that areas utilize their allocated funding. Additional analyses have been conducted using an aggregate poverty index—based on data from the 2004 Census—that is an average of seven basic indicators reflecting poverty. These indicators are illiteracy among citizens 10 years and older, non-enrollment in basic education among

6–15 year olds, households using wood or coal for cooking, households without safe drinking water, households lacking electricity, households living in temporary (shanty) dwellings and households lacking access to appropriate sanitation. The higher an area's poverty index, the worse are its living conditions and thus more deserving of SFD interventions. Of about 4,860 projects developed during 2004–08, 2,389 projects totaling more than \$300 million were geographic-targeting-based. These projects and investments were distributed among four groups based on village poverty indices (figure 1):

- *Poverty index of 0–25%.* This group of 5.8 million people includes the relatively better off (only 14% are poor), and consumed 16% of total investments.
- *Poverty index of 26–50%.* This group of 4.6 million individuals (37% of them poor) received 19% of the total.
- *Poverty index of 51–75%.* This group, with nearly 5.1 million people (63% of them poor) expended 44% of the total.
- *Poverty index of 76–100%.* The 4.1 million people in this group (86% of them poor) reside in the poorest and neediest areas and utilized 21% of the total.

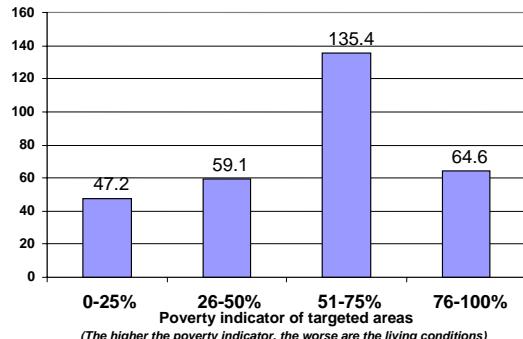
Thus, 65% of geographically targeted investments went to areas with a poverty index above 50 percent, comprising a population of 9.2 million (73% of them poor). Only 35% benefited better-off areas with a poverty index of 0–50%.

Qualitative targeting utilizes assessment tools and community participation approaches to refine broad geographic and demographic indicators to ensure that the neediest areas receive support. The SFD has been continuously improving its tools and deepening its engagement with communities. This approach allows more strategic investments within areas, as there are often diverse circumstances within districts as a result of social and economic factors.

Programmatic targeting includes the Integrated Interventions Program (addressing needs in the poorest areas), girls' education program (allocating additional resources to areas with low enrollments of girls), quality education program (aimed at developing models to address low-quality education) and various training programs (targeting shortage of rural health workers).

Resources are also allocated to target groups with special needs so that they do not compete with other groups for geographic allocations. In addition, small and microenterprise development, training and organizational support and labor-intensive works fall under this framework.

Figure 1. Distribution of investments 2004–08
(Millions of USD)



Source: SFD Management Information System.



Community members prioritizing their development needs- Maswar, Amran



EDUCATION

The SFD's vision for its education sector is to help the Ministry of Education implement the national basic and secondary education development strategies and the global declared goals represented by Education for All by 2015 and the Millennium Development Goals.

SFD education interventions in 2008 focused on expanding and improving basic and secondary education infrastructure, improving education quality, providing education opportunities for girls in rural areas, enhancing education excellence, expanding preschool education, enhancing decentralization of education services and supporting literacy programs.

During the year, the SFD approved 466 education projects worth nearly \$85 million (table 2). These projects are expected to directly benefit 198,462 people, 44.8% of them female. Since its inception in 1997, the SFD has approved 3,520 education projects worth \$385 million and directly benefiting 2.1 million people, 44% of them female.

Table 2. Indicators for education projects, 2008 and cumulative

Indicator	2008	Cumulative (1997–2008)
Approved projects	466	3,520
Commitments (millions of U.S.dollars)	85.0	385.3
Completed projects	222	2,847
Disbursements (millions of U.S.dollars)	40.3	276.4
Direct beneficiaries (millions)	0.2	2.1
Female share of direct beneficiaries (%)	45	44
Employment created (days)	2,826,135	14,522,429

Expanding education infrastructure

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

During 2008, the program developed 365 projects worth an estimated \$69.5 million. The projects included building 2,620 new classrooms and rehabilitating 330 classrooms. Nearly 155,000 students are expected to benefit from these projects (45% of them female).

Since the SFD's inception, 3,237 education infrastructure projects have been approved at an estimated cost of more than \$354.5 million, directly benefiting more than 1.7 million people (43% female).

Improving education quality

This program aims to create models of good-quality schools that achieve a qualitative change in the education process and make their staff more efficient.

This is done by improving the school environment and changing education concepts, methods and practices among administrators, teachers, supervisors, parents and students by providing supportive equipment and technology, building capacity and establishing student structures.

During 2008, 14 quality education projects were developed at a total estimated cost of about \$0.3 million. The cumulative number of such projects reached 47 at an estimated cost of more than \$1 million, directly benefiting more than 36,454 people (53% female).

The components of this program help consolidate quality education concepts based on efficiency and improve staff performance at pilot schools by providing quality training and supporting social workers in handling all kinds of challenges.

In 2008, 30 training courses were conducted for administrative and specialized staff as well as male and female teachers at schools under the quality education program. These courses, covering several areas in each category, benefited 411 staff members (314 of them female).

Training of headmasters and headmistresses and their deputies as well as teachers, social workers and librarians focused on building capacities and improving skills in various areas.

In addition, equipment was provided to six basic education schools.



Rural girls' education in Al-Dhale'

Program evaluation

The SFD pays careful attention to evaluations of its programs. Accordingly, it hired a specialized, independent company to evaluate the Quality Education Pilot Program (QEPP), which began in 2004, to assess the program's results, relevance, effectiveness, impact and sustainability.

The evaluation concluded that the SFD has demonstrated the practical steps needed to introduce quality education. "In the schools evaluated, it was found that considerable positive changes had been achieved in terms of administration and management, teacher knowledge and skills, student participation in the educational process and in bridging the gap between education and the necessities of contemporary life skills. In particular, it is evident that there are positive changes in the teaching system, both through the participatory approach for students and through the introduction of new technologies in schools to assist in the learning process" (North South Consultants Exchange 2008b).



Al-Zubairi Basic and Secondary School, Ataq, Shabwah

The evaluation indicated that the QEPP has created an enabling environment for higher-quality education by providing useful capacity building and skills training, introducing new teaching methodologies and technologies, and reviving outdoor activities and the arts—allowing for tangible progress on all fronts. The program has raised awareness among all stakeholders in the education process (students, parents, teachers, administrators, social workers) about the potential of Yemeni schools.

The evaluation also found that the program is highly relevant to Yemen's education needs and that teachers became more motivated to change their methods after the effects of new teaching methods became apparent in teacher performance.

In addition, the evaluation confirmed that the QEPP introduced innovative educational activities by forming activity groups on the environment, theater and music—with



A classroom in an education quality school

the most visible contribution being the introduction of the Douroub distance learning program (box 1). The evaluation found that the program has helped improve relations between teachers and administrators, and between students and teachers. With the cooperation of their teachers, students have become involved in preparing lessons for their peers.

The evaluation also found that the new teaching methods are successful. Student grades have improved, and the new methods have helped create more interactive and participatory classrooms, using some of the principles of active learning. The methods have also helped control disruptive classroom behavior and improved teacher training.

Moreover, the evaluation results emphasize the overall impact of the QEPP, which are evident in the drop in dropout rates across schools, which stems from positive changes in the quality of education. These outcomes are due to better relations between schools and parents, significant decreases in violence in schools, more active involvement of parents in school activities and the introduction of new technologies in schools.

The evaluation recommended that the benefits of the QEPP be consolidated and expanded by reaching out to more schools. It also recommended developing and expanding the Douroub distance learning program to other schools and more students.

Box 1.

The Douroub program: innovative, enjoyable education

Douroub—empowerment through global education—is a professional development program for Yemeni teachers and principals. The program started with participants from 11 model schools in the Capital City (6 schools), Ibb (1) and Taiz (4) and has played a leading role in establishing a sustainable educational program using the latest technologies and methods. The model schools have multimedia computer labs and Internet access and serve as knowledge hubs in their communities. Designed in Arabic and English, the program provides the basis needed to grow and support all schools in Yemen.



Zaid Al-Mowshki School, Taiz

An SFD team recently visited the Zaid Mutahhar Girls' School, in the Capital City, to see how the Douroub program was working. Asma Rafeeq, a 13-year-old student, approached the team to thank them for the program. In an interview, Asma said that the program has increased her confidence. She is part of the school's Gifted and Talented Group, which the program formed in addition to Groups for Girls with Learning Difficulties and for Information and Communication Technology. Being part of the group has improved her critical thinking skills and provided her with new sources of knowledge, such as using Microsoft Windows applications. Asma has also gained communication skills, learned to surf the Web, and been inspired to write stories and make speeches.

The headmistress of the school, Shafiqah Al-Nizari, said that the Douroub program has achieved impressive results. "We gained many gifted girls and even more computer-skilled ones," she said. She added that "we created a plan to coordinate the training efforts of teachers, and 90% of our students are computer literate—which is enabling us to change how we give lessons. We even conducted peer-to-peer training for

our students, and we communicate with other school administrations who are members of the network." Al-Nizari said that her school was lucky to have been selected for the Douroub program. "Douroub has made us all a success: teachers, administrators and students. That is why we promise the SFD to mobilize our capacity and potential and be a model school for quality education development."

At a meeting with the Gifted and Talented Group at the Hafsah Girls' School in Sana'a, geography teacher Siham Abu Dunia said that she had benefited considerably from the Douroub program in recent years. Douroub has changed her teaching methods and acquainted her with colleagues from other schools who participate in the network, enabling them to exchange experiences. She and her colleagues now create tests using computers and use PowerPoint to present their lessons. "Unlike in the past," she said, "girls participate and interact with us during lessons and aren't mere recipients." Teachers motivate students to think, search for information and use it when writing reports and stories, which they can exchange with other network members over the Internet.

In Taiz, biology teacher Bilquis Al-Masu'odi—who is heading the Group for Girls with Learning Difficulties—said that her Zaid Al-Moshaki School developed pioneer practices by using the Douroub program. For example, she says, "We chose 30 students who failed last year and trained them with network members. Afterward, all of them passed the toughest biology lesson, which gave them more confidence and greater capacity." As a result, teachers expanded the program to all basic and secondary education classes. The school has now two labs for presenting lessons using PowerPoint and cannot meet teachers' demand for books.



Muhammed Mutahhar Zaid School

Rural Girls' Education Program

The Rural Girls' Education Program, a pilot initiative now being prepared for expansion, targets five sub-districts in five governorates—Amran, Al-Dhale', Al-Hudaidah, Sa'adah and Taiz—where enrollment gaps between male and female students exceed 90% in basic education. The program aims to increase girls' enrollment in targeted areas by 20% between 2005 (when the program began) and 2010 (when the third phase of SFD operations ends) and enhance community participation in supporting and advocating girls' rights to education. The program also contributes to Ministry of Education efforts to narrow gaps between male and female education (box 2).

Box 2.

Expanding education for girls

The village of Bait Bady is in the sub-district of Eiyal Hatem (Gabal Eiyal Yazeed district, Amran governorate). The village is densely populated and has a high illiteracy rate—particularly among adult women, among whom the rate is 81%. About 40% of girls in the village were enrolled in school before the SFD's intervention.

Until recently the village lacked a freestanding school building, and villagers had low awareness about the importance of girls' education. To improve things, the villagers—working with the region's educational office—leased a house for use as a girls' school. The school hired seven teachers for 221 female students in grades 1–6.

The villagers then asked the SFD to finance construction of a school for girls. The request was approved, resulting in the nine-classroom Al-Khansa' Girls School in Bait Bady and supporting facilities (administration office, warehouse, lab, teachers' room, toilets and a fence). The villagers contributed to the cost of the school by preparing the site and building the ground for the fence.

During 2008, 11 projects were developed by the program (6 for capacity building and training, 3 for community structures, 1 to raise awareness and mobilize communities and 1 to construct a hall for activities at a school in Maqbanah, Taiz).

The program's components are infrastructure, community structures, capacity building, and community awareness and mobilization.

Under the infrastructure component, seven rural girls' development centers have been built in Al-Hudaidah, Sa'adah and Taiz. In addition, six classrooms have been built and one has been renovated, providing 244 chairs and 112 tables and benefiting 200 girls.

For community structures, 10 sub-district community development committees have been formed and trained, including those substituting for project committees that had been formed earlier to follow up on project implementation as well as project committees in the newly targeted sub-districts. In addition, 21 community development committees were formed and trained in the sub-districts covered

The school benefits Bait Bady village as well as nearby areas with a combined population of nearly 2,600 people. The new school has had a clear impact, raising the number of girls attending the school to more than 450, extending education to grade 9 and increasing the number of teachers to 12 (including 4 female). There are also three school administrators.

Moreover, in the afternoon the school building is used to teach literacy classes to women in Bait Bady.



Interactive learning in a community classroom—Nefnaf, Al-Maja'esha, Maqbanah, Taiz

by the program in four of the targeted governorates (Amran, Al-Dhale', Al-Hudaidah and Taiz). Moreover, three field studies have been conducted to identify the needs of women, youth and student structures in those four governorates, aiming to develop a life skills manual for those groups. In addition, four preliminary community participation studies were conducted in four sub-districts in Maqbanah (Taiz) to identify intervention priorities and expand the girls' education program.

Under an agreement between the SFD and the Al-Saleh Social and Development Foundation, 950 school uniforms and 1,000 school bags were distributed to girls' education schools in the five governorates and 800 Eid costumes to boys and girls in the same areas.

Under the capacity building component, four training courses for mothers and fathers were conducted at the rural girls' development centers, as was a course for school administrators and on-the-job courses for community education facilitators in Al-Hudaidah and Taiz. Moreover, three female facilitators from

Al-Hudaidah participated in a literacy skills and technique training course.

As part of community awareness raising and mobilization, four awareness campaign plans were developed by the development committees in the targeted sub-districts, with the goal of raising awareness about the importance of education and increasing girls' enrollment. Two campaigns were conducted in Al-Dhale' and Al-Hudaidah (with the participation of the development committees) to promote education and warn about the risks of early marriage.

Finally, eight literacy training courses were implemented, with 174 male and female teachers from eight districts in Al-Hudaidah participating in the first phase. In addition, a course was held for national trainers in designing and implementing teaching techniques in literacy and active learning, attended by 30 persons of both sexes.

classes and community classrooms. The evaluation emphasized that the literacy classes filled a significant gap between girls who receive education and those who have passed the age of education—including mothers, sisters and other female relatives—with many girls who began their education in literacy classes later entering regular schooling. The findings indicate that community classrooms have been successful in educating rural girls thanks to their flexible times, unthreatening learning environment, tailored subjects, participatory and active learning methods, and the inclusion of life skills training, making the classrooms an attractive option for girls who cannot attend school.

One of the evaluation's most important findings was that building girls' schools and expanding existing ones considerably raised female enrollment. In addition, the implementation of water supply projects addressed an urgent need in Amran and Taiz—and reduced the amount of time girls spent fetching water.



Literacy teachers training—Al-Zaidia, Al-Hudaidah

Program evaluation

In 2008, an evaluation of the Rural Girls' Education Program assessed its results, relevance, efficiency, effectiveness, impact and sustainability. The evaluation found that the program had exceeded its 20% goal of expanding girls' enrollment and had made targeted interventions to increase the availability and suitability of school structures, managerial capacities of school administrators, capacities and skills of teachers and other key school staff (such as social workers), and improved community participation, awareness and educational methods (North South Consultants Exchange 2008a).

The evaluation confirmed that the program is highly relevant to the needs of the targeted areas, has increased girls' enrollments and involved girls in alternative forms of education such as literacy

The evaluation also found that program activities related to building the capacity and improving the skills of teachers have made them more motivated and active. As a result, the relationships between teachers and students, and between students and schools, have improved. In addition, school administrators have become more active in management and supervision.

The evaluation affirmed that SFD-led events were effective in drawing the attention of communities to their schools and making parents, students and families see schools as a focal point of interest. The evaluation also pointed out that the program's awareness-raising activities have been highly effective in increasing girls' enrollment and raising awareness about the importance of girls' education.

This is evident in the responses of participants in literacy classes and community classrooms, who say they learned about the program through word-of-mouth awareness campaigns.



Qarain male and female schools – Baihan, Shabwah

In addition, the evaluation showed that the formation of parent councils has been enormously beneficial to the schools supported by the program and to girls' education in general. The councils have increased contact between families and schools, and families are playing a more active role in raising awareness about girls' education and coordinating with authorities. Moreover, training of community leaders, parents, activists and volunteers has reduced community resistance to change. Communities have started to think about other problems that make their lives difficult—such as water resources, roads and infectious diseases, and «this may lead such communities to focus on integrated and sustainable development.»

The evaluation concluded that the program has improved the lives and futures of girls and women inside and outside the targeted schools and community classrooms, with many girls gaining more self-esteem, confidence and self-respect. Most of the girls in the program mastered basic literacy skills within a few months, and their reading and writing abilities are as high as the level of students in the upper classes of basic education.

Finally, the evaluation recommended that, despite the program's success, it would be premature for the SFD to withdraw its support at the end of its four-year pilot stage.

Education Excellence Program

The Education Excellence Program aims to support the Ministry of Education in developing an institutional system that provides gifted and talented students throughout Yemen with advanced academic programs that meet their needs and interests, enhance their capacities and enable them

to achieve their utmost potential in education and innovation (see box 1).

In 2008, six projects were developed to support the program, develop pilot schools' infrastructure, nominate and select the second batch of students (2008/09), implement testing, train teachers, and provide equipment (books, computer and science labs, and the like). In addition, questionnaires assessed the progress of the first batch of students (2007/08).

Expanding preschool education

This program supports government efforts to expand preschool education, which provides an essential foundation for basic education. Investments in preschool education have benefits that are reflected in the quality of education. Preschool also helps curb the squandering of education spending that results from cases of nonadjustment, frustration or dropout.

During 2008, electrical and electronic equipment was procured for eight kindergartens in the districts of Al-Hali and Al-Mina' (Al-Hudaidah), Al-Baidha (Al-Baidha), Al-Mashannah (Ibb), Dhamar (Dhamar), Zingibar (Abyan) and Al-Ma'alla (Aden), in addition to the Capital City. Since its inception, the SFD has supported 40 preschool projects worth an estimated \$7.3 million, directly benefiting about 8,000 people (50% female).



Huraidhah Kindergarten – Huraidhah, Hadhramaut

Supporting the decentralization of education

The SFD supports the Ministry of Education's efforts to achieve administrative decentralization in education by building and furnishing education offices at the district level. These efforts are intended to achieve staff stability in district education offices,

improve communications between them and other educational institutions, ensure direct control over these facilities and provide them with school supplies more quickly.

In 2008, the SFD constructed 13 district education offices. In addition, construction was approved for 48 other offices to be implemented by SFD branch offices based on criteria such as need and the number of students, schools and education staff in each district. Since its inception, the SFD has supported 78 education decentralization projects worth nearly \$12.9 million.

Supporting literacy programs

In 2008, the SFD signed a memorandum of understanding with the Ministry of Education's Illiteracy Eradication and Adult Education Department to enhance cooperation and coordination and enforce a partnership agreement to increase literacy.

During the year, 11 literacy projects were approved worth an estimated \$0.3 million. Projects included providing training and building capacity for 1,608 literacy teachers (of both sexes) at the district level in Al-Baidha, Dhamar, Hajjah, Al-Hudaidah and Taiz. In addition, training was provided to 61 literacy supervisors (of both sexes) from those five governorates as well as Al-Dhale', Sa'adah and Sana'a. Finally, national literacy training manuals as well as life-skills guide manuals and curriculums were prepared.



Ali Bin Abi-Taleb School—Al-Qatn, Hadhramaut



WATER AND ENVIRONMENT

During 2008, the SFD approved 160 water projects worth \$22.9 million and 41 environment projects worth about \$17 million (table 3). Since its inception, the SFD has approved 1,313 water and environment projects worth an estimated \$120.3 million.

Table 3. Indicators for water and environment projects, 2008 and cumulative

Indicator	Water		Environment	
	2008	Cumulative (1997–2008)	2008	Cumulative (1997–2008)
Approved projects	160	1,104	41	209
Commitments (millions of U.S. dollars)	22.9	83.4	17	36.8
Completed projects	79	813	13	136
Disbursements (millions of U.S. dollars)	9.2	56.2	2	13.7
Direct beneficiaries (millions)	0.3	2.5	0.2	2.2
Female share of direct beneficiaries (%)	50	50	50.5	49
Employment created (days)	478,953	3,123,428	1,595,911	2,391,515

Water

Most SFD water projects focus on increasing poor communities' access to safe water, expanding cultivated lands and raising hygienic and environmental awareness. During 2008, water initiatives focused on low-cost projects, with an emphasis on participation by communities and their knowledge, experiences and traditions. Projects involved rainwater harvesting, piped water systems, small dams, partner training, policy development and publications.

Rainwater harvesting

The SFD approved 60 rainwater harvesting projects in 2008, serving 56,373 beneficiaries. These projects included 75 cisterns (55 covered and 20 open), 15 karifs* with total capacity of 103,270 cubic meters, 50 sedimentation tanks, 54 animal water troughs and a 7,213 meters gravity pipeline.

Projects also included expanding low-cost options for collecting rainwater from the roofs of houses and training consultants on their implementation. In this regard, 51 projects providing 4,759 covered tanks with total capacity of 266,784 cubic meters were approved to serve about 61,000 beneficiaries

In addition, the SFD published a technical manual titled *Designing and Implementing Rooftop Rainwater Harvesting Cisterns Using Ferro-Cement Technique*, to help promote this economical technique among engineers.

The SFD has also continued to provide training to upgrade skills of the sector's consultants. During the year, 48 consultants were trained in rooftop rainwater harvesting and community contracting. In addition, 11 consultants in the Amran branch office received training on small dams, while 27 consultants in the Ibb branch were taught about rainwater harvesting.

Finally, the SFD's water team has been actively participating in updating the National Water and Sanitation Strategy and Investment Program. The program considers rainwater harvesting an important source for household water use, especially in rural areas (box 3).

Piped water systems

During 2008, the SFD approved 22 projects to provide 170,421 people with improved water through a 118,941 meter network, including 500 house connections, 20 communal taps and 26 water tanks. Some of these projects were implemented in partnership with local water and sanitation authorities, such as two well-connecting projects in Al-Mudhafar (Taiz) and rehabilitation of water networks in Manfadha Bain Al-Dhahiyatain (Hubaish, Ibb) and Salah Al-Deen and El-Arish (Khormaksar, Aden). The other projects are being implemented in partnership with communities to collect spring and stream water in tanks and distribute it through communal taps.

In late 2008, the SFD adopted a new policy to implement mechanized water projects in areas where rainwater harvesting is impractical and surface water is unavailable. In addition, the SFD released the second compact-disc edition of the *Typical Designs Manual for Drinking Water Systems*.

*karifs are natural or artificial depressions made in impervious soil to store water



Al-Shalil tanks—Jabal Ashraq, Dhamar

Small dams

In 2008, the SFD approved 12 small dam projects with a total capacity of 712,250 cubic meters, providing water to 25,800 beneficiaries in the districts of Al-Haimah Al-Dakhelyiah, Khoalan, Sanhan and Bani Bahloul (Sana'a), Khab Al-Sha'af and Bart Al-Anan (Al-Jawf), Hazm Al-Odain (Ibb) and Al-Taizziyah (Taiz). Of these, 11 were multipurpose dams for groundwater recharging, irrigation, household use and animal watering and 1 added a sedimentation trap to a previously completed small dam.

In addition, the SFD developed a policy for its interventions in small dam and irrigation schemes, based on discussions with managers and project officers from branch offices. The policy requires that small dam projects be linked with irrigation networks if such projects primarily target agriculture.

National water and sanitation projects survey

In 2008, the SFD participated in funding and implementing a comprehensive survey of water and sanitation projects in all the rural areas of the country to assess coverage of rural water and sanitation services and the technical conditions of these projects. The survey was approved to support the General Authority for Rural Water and Sanitation Projects and was co-financed by several development partners, including the government of the Netherlands, United Nations Children's Fund (UNICEF) and other national development agencies.

The agencies involved in rural water supply agreed on an SFD initiative to develop a map pinpointing areas suited for mechanized water interventions and other areas suited for rainwater harvesting, to improve the use of resources. This map was based on geological and topographical maps of Yemen and data on depleted and contaminated water basins.



Bait Mulaik, Adhul'a Al-'Ala—Shibam Kawkaban, Al-Mahweet

Box 3.

Delivering water to improve rural lives

Life is extremely difficult in some parts of Yemen—especially in areas where water is hardly accessible. Jaishan district (Abyan) is one of those areas, and other factors such as dispersed population and poor access roads have exacerbated people's suffering. Jaishan is one of the poorest districts in Yemen; its people have small, rocky land holdings and have been forced to use salty groundwater for drinking and other uses.

Among various interventions in Jaishan, in 2008 an SFD team visited Atwailqa village in Amjafaf sub-district and were received by dozens of people who showed them the Al-Luqaiya School, established by the SFD in 2004. The head of the local council, Saleh Ali Hussein, praised the school and its water tank (the latter was built in 2007), which is in a low-lying area that receives floodwaters and benefits 4,000 people in seven surrounding villages. According to a villager, "many months had passed without rain, so we and our animals were bitterly drinking salty water from the wells in these villages. This tank has made us taste life differently—thanks to the SFD."

Afterward, the SFD team went to check on the Sabikeh dam in Assawadia district (Al-Baidha),

where people have not seen rain in a year and a half. This drought-prone area is adjacent to the desert-blanketed governorate of Marib.

Built three years ago, the SFD-supported Sabikeh dam has eased the effects of the waves of drought that have been striking the area and beyond. The dam was at one-third of its capacity when the team visited it. The people of Sabikeh said that floodwaters have reached the top of the dam three times since it was built. They also said that the dam was not prone to damage or malfunction.

Beneficiary Mohamed Sa'ad summarized how the village has benefited from the dam: "The SFD extended the drainage pipe into the village to serve people, and it goes further, during the rainy season, to feed village wells. Now we can find water and use it during drought."

Abdurabo Muhammed, a farmer and camel herder, noted other benefits: "I have found pastures to feed my camels and have been able to give them water. Many others and I are cultivating the spacious lands that, before the dam was built, were merely tracks for torrential floods."



Atwaileqa-Jaishan tanks, Abyan

Environment

SFD environment projects aim to increase access to sanitation among poor communities and to improve the hygienic and environmental conditions of those communities. Projects involve wastewater management, solid waste management and soil and water preservation as well as training and awareness raising.

Wastewater management

The SFD approved 15 wastewater management projects in 2008 serving about 97,300 people. These included a project to supply materials for hte infrastructure projects in the historic city of Shibam (Hadramaut). The projects include 90,229 meters of sanitation networks, 3,806 manholes, 2,894 house connections and 2 wastewater treatment plants.

The SFD also continued to build the capacity of local consultants in designing and implementing wastewater management projects. A contract was signed with Sana'a University's Water and Environment Center to prepare a training material and deliver seven courses at the center to qualify consultants from all SFD branch offices to work in this field.



SFD-supported Berlin Park in 2008—Harat Al-Sad, Capital City: Transformed from a polluted swamp into a public park

Shibam infrastructure project

The infrastructure project being implemented in Shibam is intended to provide complete infrastructure in the city, including water supply, sewerage, electricity and telephone networks, and pavement and runoff drainage (with all these components to be built underground). The project should supply all the needed equipment and materials.

A site-based unit was created to manage implementation of the project. Because the buildings of Shibam are fragile, the project is being implemented manually by trained local laborers. Accordingly, implementation is expected to take three years. To identify all the requirements of project materials and safety procedures during implementation, work began with a pilot area that is about 85% complete. Once the pilot area is complete, there will no longer be hanging cables and other distortions to the historical buildings.

Pavement works in the pilot area were not affected by rains and floods that occurred in October 2008. Thus, people are satisfied with the strength of the pavement, which used locally available materials (cement was not used because it does not allow water vaporization from soil).

Community-Led Total Sanitation approach

The SFD continued implementing the Community-Led Total Sanitation (CLTS) approach, which does not provide designs or subsidies to build toilets. Instead, it focuses on raising community awareness about the perils of open defecation.

The SFD continued to follow up on activities in villages where this approach has been implemented (74 villages in the governorates of Amran, Dhamar, Al-Hudaidah, Ibb, Lahej, Al-Mahweet and Taiz with a combined population of about 44,000 people).

In addition, the approach was introduced in six villages in Al-Mukalla (Hadramaut), with training provided to 26 consultants (half of them women) on the approach and its tools.

The Dhamar and Sana'a branch offices held two courses to qualify consultants in applying this approach, attended by 28 and 25 participants, respectively. During the courses, field implementation of the CLTS was conducted in six villages in Al-Ja'aferah sub-district (Al-Manar, Dhamar) and six villages in Dhela' Al-A'ala (Shibam, Kawkaban, Al-Mahweet).

Solid waste management

The SFD approved four solid waste management projects in 2008. One aimed to establish a slaughterhouse in Al-Barah (Maqbanah, Taiz), and another to create a biogas unit at the Vocational Agricultural Institute in Sardud (Al-Hudaidah). The other two projects evaluated the pilot CLTS projects and biogas interventions.

In addition, as part of SFD activities to promote solid waste recycling in partnership with the private sector and NGOs, a workshop was held to establish a vision for potential SFD support to the private sector and relevant NGOs in recycling solid waste. The workshop, attended by 25 participants, discussed a number of working papers and the roles of the different parties in implementing projects for solid waste recycling and the obstacles facing this sub-sector.

Soil and water preservation

Seven soil and water preservation projects were approved in 2008, serving 71,556 beneficiaries. Three of the projects involved financing two parks in Sana'a and one in Marib using labor-intensive technique. Two other projects sought to protect the watercourse in Al-Hajerin (Do'an, Hadhramaut) by providing 900 meter retaining walls and protecting Gorab village (Hoarah, Wadi Al-Ain, Hadhramaut) from floods. Another project aimed to reuse ablution water from a mosque in Taiz, and the final project reuses wastewater treated at the Al-Arish Treatment Plant (in Aden) to irrigate the road's median at Aden Corniche and Tareq Park.



Biogas unit—Bora', Al-Hudaidah

Box 4.

Water filters improve health in Amran villages

A wide smile crossed the face of Khalid Mohamed, 40, when he realized that he was talking to SFD team members visiting his village, Al-Zafin, in the Thula district of Amran governorate. He removed his headscarf and put it in the hands of the team leader—a traditional act implying an insistence on hosting the team to drink tea at his modest house. There, the team saw the silver-coated filter that processes and cleans the water that the family has been fetching from the SFD-built rainwater harvesting tank. The SFD and the German Agency for Technical Cooperation (GTZ) had distributed such filters to Al-Zafin households.

Khalid attributed his smile to the filter. He said that the intervention had included chemical and bacterial tests on the village's water, a campaign to raise awareness about common hygienic issues and training on ways of dealing with the water tank and cleaning the filter. The SFD also conducted and financed part of a field study on the effects of the filters. The study found that using the filter for a few months had dropped the incidence of diarrhea from 64% to 14% among children in the Amran villages of Al-Zafin, Al-Mo'amar and Bait Al-Sa'aidi (Jabal E'yal Yazid) and Al-Moqanna' (Al-Sawd).

Moreover, Khalid added that the villagers were not used to the repeated visits and care about their health conditions provided by SFD staff. At the end of the discussion, Khalid laughed and said, "I could never

have imagined that the cure to constant diarrhea would be a simple tool costing 4,000 ryals (\$20)—accompanied by health awareness, of course."

As they were leaving Al-Zafin, the team members found Ali Ayidh, 55, digging a leaching pit next to his house. He said that he had been working on the rocky ground for three months. "After the SFD implemented the health awareness campaign and provided the water cistern, 11 households constructed leaching pits and 10 came back and resettled in houses they had left after a drought that affected Al-Zafin for an entire year," Ali explained.

In Al-Mo'amar and Al-Moqanna', the team first checked on the two water harvesting cisterns and saw tremendous piles of dry mud that the villagers had extracted from them. The head of the Al-Mo'amar Beneficiaries Committee, Bakil Al-Moamari, said, "Anyone who refuses to participate in the collective cleaning efforts is fined 1,500 ryals, and the money is paid to another villager as a wage." (The same approach is used in Al-Moqanna') He added that all households have received filters and training and their health was good. Bakil called the health awareness campaign a success, saying that it had convinced villagers to wash their hands with soap and water after using the bathroom and before meals.



Drinking water before and after using silver filter—Al-Zafin, Thula, Amran



HEALTH AND SOCIAL PROTECTION

The SFD's Health and Social Protection Unit conducts activities involving health care and groups with special needs. In 2008, the unit approved 204 projects in the two sectors worth an estimated \$13.7 million (table 4). Since 1997, the SFD has approved 1,237 health and social protection projects worth an estimated \$82.9 million.

Table 4. Indicators for health and social protection projects, by sector, 2008 and cumulative

Indicator	Health		Groups with special needs	
	2008	Cumulative (1997–2008)	2008	Cumulative (1997–2008)
Approved projects	141	796	63	441
Commitments (millions of U.S. dollars)	10.9	57.9	2.8	25.0
Completed projects	72	472	30	320
Disbursements (millions of U.S. dollars)	7.2	35.5	2.1	19,102
Direct beneficiaries (millions)	1.4	5.4	0.02	0.2
Female share of direct beneficiaries (%)	64	62	38	39
Employment created (days)	265,360	1,616,213	62,063	704,092

Health

Yemen's health sector faces serious challenges, including limited financial resources, service shortages, inadequate equipment, weak performance by health facilities, insufficient numbers and inadequate training of health workers (particularly in rural areas), and low health awareness among the population.

The SFD's vision for health care focuses on supporting efforts by the Ministry of Public Health and Population to expand basic health services and enhance health system performance and human resources management. This goal is being pursued through four programs designed to increase access to primary health care, strengthen health education, improve and expand reproductive health services and provide psychological care.

During 2008, the SFD approved 141 health projects worth an estimated \$10.9 million (see table 4). Direct beneficiaries are expected to exceed 1.4 million people (64% female).

Increasing access to primary health care

This program aims to expand health care coverage, increase the number of service providers and improve health services. In 2008, this program accounted for 38% of SFD health projects, comprising the following components.

Expanding coverage

This component aims to increase primary health care coverage by rehabilitating existing health units and centers (the first level of the health care system, providing preventive and basic curative services), building permanent facilities to replace temporary ones, equipping and furnishing health facilities, and forming and training health unit committees.

The SFD developed 43 health-related infrastructure projects in 2008. These included 28 projects to build, furnish and equip new health units and centers in 17 governorates. In addition, 12 projects provided 17 health units and centers in nine governorates with furniture and medical equipment, and 2 projects built fences for 13 health facilities in Al-Mahweet and Sana'a governorates. Finally, a project was approved to build and furnish the second floor of the primary health care building in Taiz (with the goal of enhancing the capacities of administrators overseeing primary health care programs and directing resources toward improving health services in the governorate).

Increasing the number of service providers

This component seeks to train mid-level health workers in all specialties involving primary health care (physician assistants, dental assistants, nurses and lab technicians) or secondary health care (x-ray technicians, physical therapists).

In 2008, three projects were developed to qualify 80 female students as general practitioner assistants in various districts of Amran and Hajjah governorates and to train 30 male and female students as general-practitioner and dental assistants as well as technicians in Soqatra Archipelago (Hadhramaut).

Improving services

This component enhances the efficiency of primary health care providers through on-the-job training. During 2008, two courses on integrated management of child illness were delivered to health workers in Al-Baidha and Dhamar governorates.



Birth Dept. of Abdul-Moghni Hospital—Al-Saddah, Ibb

Strengthening health education

The SFD program to strengthen health education aims to improve educational processes in the two Higher Health Science Institutes in Aden and Sana'a as well as their branches in other governorates. Efforts include providing infrastructure (construction, furniture, equipment), improving the educational environment, upgrading practical and theoretical curriculums, and qualifying teaching staff. In addition, the institutes received means to improve health education, including modern teaching technologies, audio-visual aids and reference manuals.

The program's main component involves increasing the health institutes' absorptive capacity and improving their educational environment. The focus is on improving the institutes' infrastructure and student dorms by constructing, rehabilitating or expanding buildings. During 2008, four projects were developed under this component. These included rehabilitating a dorm for female students at the health institute in Hajjah, building, renovating and furnishing health institute buildings in Taiz, constructing and equipping three wide classrooms and a training room at the health institute in Dhamar, and constructing and equipping four classrooms and a lab at the health institute in Al-Mukalla (Hadhramaut).

The program also builds training and skills labs, equips libraries, develops supporting systems, and updates and upgrades curriculums and manuals. During 2008, two such projects were developed. One expanded, furnished and equipped pharmacy and computer labs as well as the library of the Sa'adah health institute. The other project equipped the computer lab and skills lab of community midwives and nurses at the Al-Maharah health institute. In addition, new office furniture was provided to the pharmacy lab at the Amran health institute.

Improving and expanding reproductive health services

This program aims to increase the number of babies delivered under medical supervision and reduce maternal and neonatal mortality. Projects under the program accounted for 55% of SFD health projects in 2008.

Increasing medically supervised deliveries

This component focuses on conducting pre-job and on-the-job training for community midwives, awarding internal scholarships to girls studying midwifery and medical guidance in all governorates to enhance mother and child health services.

In 2008, the SFD developed 23 projects to train and qualify 460 girls from 13 governorates in midwifery. In addition, a project was developed to build the capacity of midwives in emergency obstetrics sections of hospitals in Taiz City, as was a project to provide refresher courses on prenatal care and contraceptives for 30 midwives in Amran, Hajjah and Sa'adah governorates.

Reducing maternal and infant mortality

This component is designed to expand and improve reproductive health services, build basic and comprehensive emergency obstetrics centers and mother and child health centers, and equip sections for newborns. In 2008, 52 such projects were developed. Six conducted primary studies and provided training for the Maternal and Neonatal Health Program in the five governorates targeted by the program (Amran, Al-Dhale', Ibb, Lahej, Taiz). Three projects assessed the needs of health facilities in the Capital City and Aden, Raimah and Sa'adah governorates, while one equipped a mother and child health center in Hadhramaut (box 5) and one furnished and equipped a reproductive health and basic emergency obstetrics ward in a hospital in Al-Hudaidah. Another 29 projects established and rehabilitated basic and comprehensive emergency obstetrics facilities in the five aforementioned governorates.



Al-Jawf community midwives at training in Sana'a

Moreover, eight projects were developed to train 160 traditional birth attendants from Al-Baidha, Al-Hudaidah, Ibb, Al-Maharah and Taiz governorates. In addition, 2 projects provided training to local female community communicators on mother and child healthcare in Ibb and to female students on tetanus and the importance of vaccination in Taiz. Finally, two projects printed out training materials on mother and child health.

Providing psychological care

This program supports national efforts to reduce the prevalence of psychological illnesses by improving and updating psychological health policies and strategies, enhancing psychological services, building new psychological centers, building capacity and raising awareness.

Four projects were developed under the program in 2008. One provided national trainers (7 psychiatrists and 27 psychologists and psychological guidance supervisors) with modern training skills. Two projects trained medical and paramedical staff (18 general practitioners in Ibb and Sa'adah governorates, and 16 in Al-Baidha) on psychological care. The fourth project trained social specialists from Capital City schools on psychological guidance for students.

In addition, the role of Sana'a University's Psychological and Educational Guidance Center was enhanced by providing the center with training, equipment and scientific references. Finally, an analytical study on the state of psychological health in Aden, Hadhramaut, Al-Hudaidah, Sana'a and Taiz governorates was prepared as part of the National Psychological Health Strategy.

Box 5.

The Tareem Mother and Child Center: matching potential with ambition

Ubaid Salem Ba-Subai' is well known to the inhabitants of Tareem district (Hadhramaut), having spent more than 22 years providing unparalleled health care to mothers and children. Ubaid and his small team long dreamed of upgrading and expanding the old Tareem Mother and Child Center.

At the start of 2008, the SFD made those dreams come true—building a spacious health center with many sections and providing the needed equipment. As a result, Ubaid and his team have expanded and improved vaccination, family planning and prenatal services.

Ubaid says that the creation of such a modern center has motivated his team to admit far more patients and enabled them to provide even better care. The center served 21,260 patients in 2008—25% more than before the SFD's intervention, according to Ubaid's estimates—and a large share is for Tareem's 140,000 residents.

Apart from quantitative and qualitative improvements, Ubaid is grateful to the SFD for providing the center with basics such as sufficient cupboards, which he says "have enabled us to open separate files for every case and monitor how each one develops." He adds that "the center can now play educational videos in the waiting room, raising awareness among female patients and visitors." Patients are now comfortable while

waiting for their appointments, and waiting and treatment times have shortened significantly.

Intisar Al-Saqqaf has been visiting the center ever month for three years. "Instead of the old single-room center, today we have a five-room one with an air conditioned waiting room where visitors—including pregnant women—can relax. In the past, we used to wait three hours for our appointments. But now, thanks to the center's spaciousness, modern equipment and better services, waiting times are an hour or less," she said. "The videos we watch while waiting help protect women against disease and provide valuable information. And we don't even pay for these services," she concluded.

The visiting SFD team sought out the opinions of its partners in Tareem. Ali Khamis Sabih, head of the Financial, Planning and Development Committee for the district's local council, remembers the small old center where three sections had to work together and pregnant women and their accompanying children were overcrowded. "Now," he says, "our women can visit the center with ease. They also benefit from the awareness raising videos provided by the SFD."

Another indicator of the center's success is that it receives 10–15 visitors a day from neighboring Al-Maharah governorate. It has also become a center for training midwives and nurses from other districts in Hadhramaut.



Practical training of Tareem Mother and Child Center's nurses—Tareem, Hadhramaut

Groups with special needs

The SFD's approach to working for groups with special needs focuses on improving the quality of life of the most underprivileged and vulnerable groups as well as those at risk (such as people with disabilities, street children, orphans, juveniles and the socially marginalized). This approach is supported by programs that enable these groups to access basic services and prepare them for social and educational integration (box 6).

In 2008, the SFD approved 63 projects worth an estimated \$2.8 million for groups with special needs. Nearly 19,600 people of both sexes benefit from the projects. The projects were distributed over the following programs.

Supporting policies and strategies

Working with the World Bank, the SFD continued to support the Ministry of Social Affairs and Labor and the Ministry of Planning and International Cooperation in preparing the national Social Protection Strategy. The SFD supported a workshop to discuss a World Bank report on Yemen's social protection and social safety network programs. In addition, two projects were developed to help the Ministry of Social Affairs and Labor implement the second phase of the National Disability Strategy and the Strategy for the Handicapped Welfare and Rehabilitation Fund. Finally, the SFD developed a project to support a survey of child labor, covering 30,000 urban and rural families, in cooperation with the International Labour Organization and the United Nations Children's Fund (UNICEF).

Integration and inclusive education program

The SFD supports the Ministry of Education's program promoting inclusive education as well as education integration programs implemented by civil society organizations. During 2008, the SFD developed 15 projects to integrate 1,083 children with special needs (nine for inclusive education, five for education integration and one for pre-integration rehabilitation).



Integrating the socially disadvantaged into school—Taiz

The projects included building, furnishing and equipping new classrooms, constructing learning resources rooms, building new toilets and providing a number of schools and associations with education-supportive materials.

The projects also provided inclusive education departments in several governorates with training and institutional support, with training targeting male and female teachers and aimed at raising community awareness. Finally, the SFD approved printing 5,000 copies of the Yemeni sign language dictionary after it had been updated with 1,200 new sign terms.



Physiotherapy Center—Fowah, Hadhramaut

Rural outreach program

The SFD encourages relevant associations to extend their education integration services to rural areas. During 2008, the SFD implemented three projects to support three associations in extending their services to rural areas (in Sana'a, Dhamar and Taiz). The projects trained 120 teachers and integrated 101 children (of both sexes) by building, furnishing and equipping classrooms for deaf students in four public schools, constructing facilities, rehabilitating bathrooms and providing learning tools for deaf and low-vision children. In addition, teachers were trained to conduct preliminary screening of students with low vision and to teach children with hearing disabilities and low vision, and efforts were made to raise community awareness on dealing with people with disabilities.

Expanding and enhancing special education centers

This program aims to enhance and support services provided by special education centers and associations working with people with disabilities. Three projects were implemented in 2008. The first provided training for eight workers in eight centers for the blind. The second provided three overseas scholarships for education in vision rehabilitation. The third project provided the Yemen Autism Center with equipment and furniture for its kindergarten and trained its female teachers in autism-related areas.

Training national trainers

This program aims to qualify staff providing services to children with special needs. In 2008, the SFD developed two projects—one provided 55 trainers with training skills and techniques and the other qualified 15 others as trainers on mental disability.

Child protection

During 2008, training was provided to 81 social specialists and social service supervisors in 30 schools in Taiz on diagnosing behavioral problems and

disturbances and establishing growth, preventive and curative guide programs. In addition, eight female workers at the Female Orphanage in Taiz received training in administrative and computer skills, and a fence and other facilities were built for the orphanage.

In Ibb, the Juvenile Social Rehabilitation Center was provided with furniture and books, and 26 of its staff members received training in planning, follow-up and evaluation of projects as well as in human and child rights. In addition, 13 workers at the Ibb Orphanage received training on project planning, follow-up and evaluation, and labor markets study. The training in Taiz and Ibb also emphasized enhancing principles of alternative and subsequent care.

In Hadhramaut, the awareness room of the Juvenile Court was furnished and equipped, and 17 workers in the governorate's orphanage received training on orphans' psychological and social needs and on administration and accounting. This project also provided books to the orphanage's library.

Finally, an information system was established in the Capital City's Physical Therapy and Prosthetic Limbs Center, providing it with an information network and computers as well as relevant training.



Dumb and Deaf Welfare Center—Capital City

Supporting early interventions

Early intervention programs include health, educational, rehabilitative and social aspects. These programs target people with disabilities as well as disability-prone children. In recent years, the SFD has focused on health and educational aspects of early interventions by establishing kindergartens and physical therapy centers.

Three health-related projects were developed in 2008 establishing two disability early detection and early intervention programs as well as training 20 doctors from 10 health centers in Aden and Taiz governorates. In addition, training was provided to 10 workers from two associations—From Child to Child and Special Need Groups Development—in data analysis and record keeping.



Sunna' Al-Hayah Kindergarten—Al-Mukalla, Hadhramaut

Also, seven early education interventions were implemented. One built, furnished and equipped a deaf-integration kindergarten composed of nine classrooms (as well as supportive facilities) in Aden, while another rehabilitated a former kindergarten building to continue providing psychological assessments and family counseling. In addition, four workers from the Physical Disability Association in Wadi Hadhramaut were trained on how to educate children with cerebral palsy, and 25 mothers received training on how to treat their disabled children.

In Rada' district (Al-Baidha governorate), 16 female workers were trained on integration, sign language and speech therapy, extracurricular activities, preparation of educational materials and administrative aspects. Finally, a guide manual was prepared and printed for those working with the families of children with mental disabilities at the Al-Maladh Association in Dhamar. In addition, the association's kindergartens were furnished, equipped and provided with appropriate educational materials, and 12 of the association's female workers received training on early intervention and family counseling.

Community-based rehabilitation

During 2008, the SFD adopted a community-based rehabilitation program to ensure that equal opportunities and social integration were offered to all individuals with disabilities and to facilitate access of the rural disabled to services.

Nine training projects were implemented in nine rural and semi-urban districts in Amran, Al-Baidha, Hadhramaut, Al-Hudaidah, Ibb, Lahej, Sana'a and Taiz governorates. These projects targeted 216 individuals working in rehabilitation and 2,035 disabled persons by establishing community committees and training them on community-based rehabilitation concepts and mechanisms as well as furnishing and equipping community-based rehabilitation rooms.

Supporting socially disadvantaged groups

The SFD works with socially disadvantaged groups within the framework of integration—focusing on educational integration. In 2008, four projects were implemented to prepare 16 leaders of the Al-Amal City for Socially Disadvantaged Groups (in Taiz) as trainers to address the behavioral and educational problems of the city's children.

The projects also trained 101 teachers from nine public schools on dealing with disadvantaged students' behavioral, educational and legal issues. In addition, awareness raising activities have been carried out among students and workers from nine schools in two urban areas (Sa'awan in Sana'a and Al-Amal in Taiz), and the Al-Noor Association (in Dhamar) received needed furniture and equipment.

Finally, 20 socially disadvantaged individuals in Ibb were trained on communication skills and awareness raising to prepare them as social communicators.

Improving services for prisoners and the institutionalized elderly

This program aims to improve services in prisons and provide appropriate care for incarcerated women and their children as well as to mentally ill prisoners and the institutionalized elderly.

In 2008, four such projects were implemented. The first renovated, furnished and equipped the psychiatric clinic in the Central Prison in Al-Mahweet governorate. The second treated and rehabilitated the sanitation network of the Central Prison in the Capital City. The third furnished and equipped a house for the elderly in Al-Mukalla (Hadhramaut) and trained its workers on health, psychological and social care of the elderly. Finally, the fourth project rebuilt some sections and facilities of a house for the elderly in Al-Hudaidah.

Box 6.

The Al-Amal Center—creating heroes

The life of Rami Mohamed Al-Absi—an 18-year-old student in grade 5 who suffers from Down syndrome—has changed since he began attending the Al-Amal (Hope) Center and School for Disability Rehabilitation in Taiz City. The school, built by the SFD, was the first of its kind in the governorate, with a branch in the Al-Taizziyah. Both schools have received similar support from the SFD.

Before Rami began attending the school five years ago, he had been depressed and antisocial. He spoke to no one, and his fingers were constantly moving due to stress. But two years after enrolling in the school, he became one of four athletic champions there who received medals in the latest Special Olympics.

The school's headmaster attributes Rami's progress to the qualitative support provided by the SFD and to the building of the school, which filled many student needs and replaced a small old building. A year after the school was built in 2002, representatives of the SFD and the school evaluated the situation. The team then began training the school's staff on special education and ways of dealing with disability. The SFD also provided institutional support, including furniture and equipment for the school's mentally disabled students.

The headmaster says that, "SFD officials paid regular visits to the school to identify needs, and introduced qualitative and construction improvements. The SFD provided accounting and administrative support, equipped the school's carpentry workshop and trained teachers in social

integration. The SFD also provided two buses and furnished and equipped the mobility support room."

"Our school began attracting many mentally disabled persons. But its 50 teachers and administrators were unable to admit any new students. We are proud that the number of students increased from 35 in 2002 to 224 in 2008. We work to integrate our students in their communities, make them more confident and teach them basic values such as independence and hygiene. We then train them on the basics of carpentry, handicrafts and artworks. We also focus a lot on sports. During the recent Special Olympics, our school won two gold, one silver and one bronze medals."

Rami's teacher says that he has become more confident, speaking louder and more clearly. His handwriting is clear and stable. He likes sports and is motivated to achieve more excellence.

Rami's older sister describes her ongoing relationship with the school: "I contact Rami's teachers either in person or by phone. We discuss how he is progressing at school and at home," she says. "The school provided Rami with a lot of confidence and independence. I can now depend on him to pay our utility bills. He goes to the market alone using public transport and buys his own clothes, prays at the mosque and spends a lot of time with his friends in the neighborhood. The thing I like most about the school is that Rami has become ambitious and wants to continue his education at university or abroad."



Supporting children with special needs—Al-Amal Center after intervention



AGRICULTURE AND RURAL DEVELOPMENT

The SFD's Agriculture and Rural Development Unit supports projects involving agriculture, rural roads and integrated interventions. In 2008, the unit approved 31 agriculture projects worth \$1.8 million, 122 rural road projects worth \$26.5 million and 30 integrated intervention projects worth \$0.8 million (table 5). Since its inception, the SFD has approved 709 projects in these three areas worth a total of about \$100.2 million.

Indicator	Agriculture		Rural roads*		Integrated Interventions Program	
	2008	Cumulative (1997–2008)	2008	Cumulative (1997–2008)	2008	Cumulative (1997–2008)
Approved projects	31	52	122	519	30	138
Commitments (millions of U.S. dollars)	1.8	2.7	26.5	88.1	0.8	9.4
Completed projects	5	14	69	282	9	49
Disbursements (millions of U.S. dollars)	0.5	0.9	22.5	60.1	1.8	6.5
Direct beneficiaries (millions)	15,305	35,046	571,961	3,308,194	25,534	144,019
Female share of direct beneficiaries (%)	48	49	49.7	50	49	51
Employment created (days)	44,418	54,048	1,336,475	5,295,385	18,161	346,726

* Also includes urban street paving.

Agriculture

The 31 agriculture projects approved in 2008 fell into two categories. The first included activities under the third component of the Rain-fed Agriculture and Livestock Project, involving rural production development activities in 11 districts of five governorates. These districts were Aslam, Bakil Al-Meer and Mustaba' (Hajjah), Bura' and Al-Hujailah (Al-Hudaidah), Al-Maqaterah and Al-Qabaitah (Lahej), Al-Khabt and Al-Rujum (Al-Mahweet) and Arhab and Bilad Al-Rous (Sana'a). The second type of projects involved building institutional capacity and advancing economic and social development.

Rain-fed Agriculture and Livestock Project

This project continued to provide technical support and implement a variety of activities to continue building the capacity of producing groups and committees in communities where the project has already been implemented in five targeted districts (Bakil Al-Meer, Bilad Al-Rous, Al-Hujailah, Al-Khabt and Al-Maqaterah).

During 2008, new intervention areas were selected within the 11 target districts. These areas were then evaluated, and producing groups (male and female) formed.

These efforts resulted in the creation of a database that contains economic and social data for more than 36,700 families. The database made it easier to focus on targeted categories and ensure that rural producing groups were formed from among the poorest farmers. In all, 1,433 producing groups were formed (621 for men, 709 for women and 103 mixed) in 92 communities in the targeted districts (table 6).

a workshop was held to present and discuss the findings of the study, with 50 farmers and government officials participating. In addition, male and female farmers in Wadi Tuban received training on the best and safest use of pesticides and chemical fertilizers.

Rural roads

The SFD realizes that rural roads play a vital role in linking remote and isolated areas to major roads and cities, enabling rural residents to access needed markets and services. Rural roads improve the lives of poor people by lowering the costs of transporting basic commodities and reducing the time spent accessing markets and services (box 7).

In 2008, the SFD continued to improve rural roads cost-effectively, involving beneficiary communities in preparing, implementing and maintaining projects. The 122 projects approved will benefit nearly 570,000 people. About 1,210 kilometers of rural roads were

Table 6. Producing groups formed under the Rain-fed Agriculture and Livestock Project

Governorate	District	Number of communities	Number of producing groups			Total
			Men	Women	Mixed	
Hajjah	Aslam	10	117	71	0	188
	Bakil Al-Meer	9	50	35	25	110
	Mustaba'	10	69	46	0	115
Al-Hudaidah	Al-Hujailah	9	51	46	0	97
	Bāra'	6	21	16	6	43
Lahej	Al-Maqaterah	9	53	130	32	215
	Al-Qabaitah	10	53	95	15	163
Al-Mahweet	Al-Khabt	9	71	104	17	192
	Al-Rajm	8	62	97	8	167
Sana'a	Arhab	6	53	25	0	78
	Bilad Al-Rous	6	21	44	0	56
Total		11	621	709	103	1,433

Other projects

Female trainers in rural development were prepared to improve traditional knowledge and skills—such as homemade cheese—being practiced by families in Socotra Archipelago.

In addition, a social and economic study was conducted in Wadi Tuban (Lahej) on the use of pesticides and chemical fertilizers. Afterward,

built, improved, protected or rehabilitated in 2008, and 375,072 square meters of urban roads were paved.

Since its inception, the SFD has developed 519 rural road projects worth more than \$88 million, benefiting 3.3 million people. About 3,124 kilometers of rural roads have been built, improved, protected or rehabilitated and 1,594,278 square meters of urban roads have been paved.

Box 7.

Rural roads ease isolation and advance development in Al-Maqaterah

"They are indispensable arteries that have helped deliver essential life requirements to remote communities whose difficult topography has put them beyond the reach of development." This was the first sentence uttered by Ahmed Mohamed Ayedh, engineer at the Lahej-based Corporation of Electricity Office, in reference to the Naqil Assanoon-Alabadelah and Naqil Alhajama-Almashar'ia feeder roads. The roads have ended a geographic siege on the villages in Al-Maqaterah district, which are scattered in several valleys and towns on mountaintops and beyond. Ayedh added that before the roads were built by the SFD, many villages in the district had been deprived from accessing power projects due to the impossibility of transport. The previously difficult, inaccessible roads and heavy weight of project equipment were the main causes of weak development in dozens of villages. But the SFD's road projects paved these access roads, enabling the Electricity Office and many other development partners to reconsider long-neglected project proposals and raising villagers' living standards.

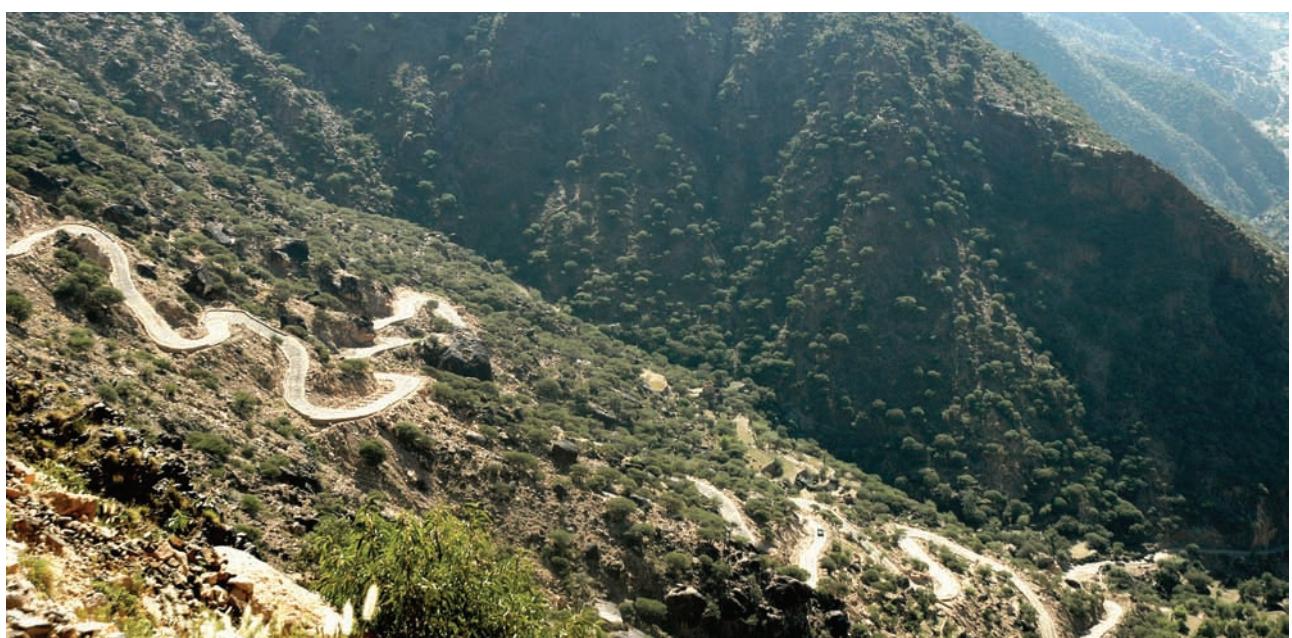
On top of the 40 kilometer, mostly stone-paved road of Naqil Alhajama-Almashar'ia, the SFD team met with Abdu Ahmed Ghaleb, driver of a four-wheel drive vehicle accompanied by passengers he had picked up from his and other villages to take to Atturbah town. Ghaleb recalled the problems he faced before the road was paved, when his vehicle was in constant need of repairs because of the rocky road. Today he cannot remember the last time he visited a mechanic.

Passenger Mohamed Al-Hayari, 55, said that his

fellow villagers did not believe the road would actually be paved until the SFD started laying down stones. Al-Hayari said, "I did not have money to contribute, so I helped collect rocks, prepare the road-supporting walls and widen the road shoulders. I usually use the road to visit Atturbah or Taiz City for shopping or to visit medical facilities, buy cooking fuel or work there when I need more income. In the past, taking family members to the Atturbah hospital or to visit relatives cost 8,000 riyals and took 4.5 hours. Now, thanks to God and to the SFD, the road is far more comfortable, fares are half as much and the ride takes only 45 minutes."

Down the road, the SFD team came across Abdulqadir Ali Saeed and his son carrying vegetables and food cans on donkeys to sell in villages near the road. The father said that their products now reach villages fresh due to the short journey. Moreover, he said, "I have largely recovered from a respiratory illness because the air is purer and there is less dust. Moreover, my family is happier because I get home earlier and we can have lunch together."

On Naqil Assanoon-Alabadelah road, the Sheikh of Al-Hilla village said that before the road was built, the main challenges had been that this difficult road mixed rocks and earth, and its fragile supporting walls collapsed after rains. As a result, the road was inaccessible and closed in mid-2004. The SFD focused on sustainable interventions such as building stronger supporting walls, road protection, flood draining canals and road shoulders, reducing road slopes and leveling the road.



Naqel Al-Hagamah-Mushare' feeder road—Al-Maqaterah, Lahej

Integrated Interventions Program

The Integrated Interventions Program is a multi-sector development program aimed at improving economic and social conditions in the poorest areas and enhancing communities' capacity to undertake self-initiatives to develop their areas.

The first phase of the program (2001–05) was piloted in four areas in different regions of Yemen. The program was evaluated in 2005 and—based on the findings—the second phase was initiated to expand to eight new sub-districts in eight governorates targeting more than 56,000 people (table 7). In 2008, the SFD began implementing the program through its branch offices, a move that is expected to expand the program's interventions to new areas.

Building community capacity

During 2008, the Integrated Interventions Program focused on the role of community committees and structures formed from the targeted communities with the participation of local authorities as a basis for strengthening partnerships between communities, local authorities and development institutions. The program implemented several activities, including workshops and training courses for consultants and members of local authorities and local development committees.

Economic and agricultural activities

The program conducted courses in raising agriculture-related awareness, forestry, animal health and production, beekeeping, traditional crafts, weaving, palm-frond works and vocational agricultural education. These courses aim at building the farmers' capacity and improving economic conditions.



Formation of rural groups and building their capacities to carry out income-generating projects

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

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

support groups with special needs.

Education interventions

Two schools were completed in the sub-districts of Bani Mubarez (Al-Qafr, Ibb) and Al-Mashareej (Tour Al-Baha, Lahej). In addition, 13 other schools are being built in all of the program's intervention areas. A study of teacher training needs was also initiated and, based on this study, a training package and an awareness manual on the importance of girls' education will be developed.

Moreover, courses were organized for female literacy teachers, and a basic training course was conducted for female health workers on eradicating illiteracy. These were in addition to other courses on community education.

Health interventions

Nearly a hundred traditional birth attendants from the program's various areas received training. In addition, a course was conducted on hygiene and environmental awareness, and a health services activation team was formed and trained. Finally, two pilot projects were developed to establish community-based rehabilitation programs that

Expanding the program

In 2008, implementation of the program through SFD branch offices commenced, aiming to expand the program's interventions to new areas. Within the same context, a workshop was conducted, during which the program officers and branch offices managers concurred on ways to expand the program to the areas covered by the offices.



Traditional birth attendants in training - Bani Ma'anes / Dhamar

Box 8.

Villages of Asaweda move into all-out development

Villagers chose the name and site of the New Dawn School—on a hilltop in Athanaba, a center of gathering for villages in Asaweda sub-district (Mawiya, Taiz)—to emphasize that the first development project in their area has multiple components and targets a poor community. The school has been part of the SFD's Integrated Interventions Program, which supports projects in various sector. The school attracts 800 male and female students (including 200 girls, up from just 2 before the SFD's education awareness campaign) from nearby areas—including 3 sub-districts of Dimnat Khadir district that are 20 kilometers from the school. Though some students spend an hour and a half each way getting to and from the school, the school's headmaster sounded satisfied. "Before this intervention," he recounted, "students were learning under trees and in poorly built and limited 'community-sponsored' classrooms."

The SFD has achieved unprecedented enlightenment across this needy area. Abdu Mudehish, teacher and head of the local development committee, said that SFD education interventions had also started building several literacy centers. About 140 women have enrolled in the centers, while dozens more are on waiting lists. In addition, the SFD has trained six volunteer teachers in community education that targets 8-14 year old boys and girls.

To improve health care, the Integrated Interventions Program has also provided health education to peer nurses in the targeted villages. The nurses were trained over 18 months on midwifery, first aid, and care for the pregnant, mothers and children, as well as in conducting community health awareness campaigns. The SFD gave the nurses medical bags, and they are now providing health services in their communities.

In Esam Warrafi'a, a center of villages, the SFD met with Fatima Hassan Saif, 52, who the SFD trained along with 17 other volunteer traditional birth attendants over 45 days. She laughed in agony as she recalled her erroneous practices before she received the training. "I was self-trained in midwifery, and used unsterilized blades and thread during deliveries and grass sickle to cut placentas. In addition, I provided

flawed information about cleaning and nutrition for new mothers and newborns. I saw several women die during childbirth because of a midwife's ignorance. Today, I have sufficient training from the SFD and have learned about sterilization, nutrition and correct practices after delivery. After I received the training, post-delivery acute inflammations fell considerably. All pregnant women now call on us to help them give birth, and we give them advice on health care for them and their newborns."

The poorest center of villages, Najd Wal'ameria, involves eight village gatherings of 600 persons. The SFD's Integrated Interventions Program provided a water harvesting tank with a capacity of 370 cubic meters as the first service infrastructure component in the area. Now, efforts are being made to build a basic education school. Um Abdulrahman Jamal described how the tank has eased the lives of dozens of female students and children. She said, "The old water well would dry after the summer. Then the children and we would fetch water from Athanaba center, carrying it on our heads and on the backs of donkeys. Our three-hour journeys were fraught with danger. Before we had the new tank, we washed our children, then reused the water to wash our clothes."

In addition, the SFD built 8 other water tanks in Asaweda villages and trained 22 beekeepers on the latest techniques for honey production and bee care.



Rainwater harvesting tank - Isam Warrafi'a, Asaweda, Taiz



TRAINING AND ORGANIZATIONAL SUPPORT

Training and organizational support interventions target SFD staff and partners, including government entities, NGOs, local authorities, community committees, the private sector (including consultants, contractors and technicians) and rural university graduates.

During 2008, the SFD approved 154 projects worth about \$6.4 million in the two sectors (table 8). Since 1997, the SFD has approved 981 projects worth about \$30.4 million.

Table 8. Indicators of training and organizational support projects, by sector, 2008 and cumulative

Indicator	Training		Organizational support	
	2008	Cumulative (1997-2008)	2008	Cumulative (1997-2008)
Approved projects	94	545	60	436
Commitments (millions of U.S. dollars)	2.6	10.3	3.9	20.0
Completed projects	50 5	463	28	360
Disbursements (millions of U.S. dollars)	1.5	7.4	3.4	13.8
Direct beneficiaries	46,294	83,799	75,323	581,535
Female share of direct beneficiaries (%)	45.6	40	48	49
Employment created (days)	27,217	141,359	77,995	576,383

Government organizations

During 2008, various government agencies received training and organizational support from the SFD. These included the Social Welfare Fund (the main social safety net program that delivers cash assistance to poor people), the ministries of local administration and legal affairs, and general authorities for environmental protection, water resources (in Taiz) and the National Women Committee (Hadhramaut), Productive Families and Community Development Center (Hadhramaut) and Tihama Development Authority (Tihama). In addition, four public libraries were established in Dhamar.

Interventions included supporting the computer system in the Social Welfare Fund's 22 branches and building its staff capacities under the Global Food Crisis Response Program. Other agencies also received equipment, systems and consulting services as well as training on management, planning, computers, needs assessment and prioritization, communication, management of beneficiaries' development services, environmental awareness raising campaigns, environmental impact evaluation, sewing and handicrafts, hairdressing and training of trainers in professional fields.

Nongovernmental organizations

About 36 SFD projects provided training and organizational support to NGOs in 2008, targeting some 70 organizations in the Capital City and the governorates of Abyan, Aden, Al-Dhale', Dhamar, Hadhramaut, Hajjah, Al-Hudaidah, Ibb, Lahej, Al-Maharah, Al-Mahweet, Marib, Sana'a and Taiz. Training covered financial, administrative and organizational issues as well as marketing, strategic planning, advocacy and networking, development principles, feasibility studies, sewing and sewing machine maintenance, hairdressing, handicrafts, bookkeeping, beekeeping and training volunteer female teachers in illiteracy eradication. In addition, training included fundraising, community participation and empowerment, preparation of participatory community plans, and awareness raising about the NGO Law and its bylaws.

Organizational support for NGOs involved providing consultancy services and institutional evaluation and analysis, as well as the needed equipment, databases and institutional systems.

Local authorities

Interventions targeting local authorities reflect SFD support for government initiatives to strengthen decentralization and local development. These include programs to empower local development, provide local authorities with training and organizational support, and foster decentralization and local development (box 9).

Empowerment for Local Development Program

This program aims to initiate comprehensive development using available economic and natural resources. This goal is achieved through participatory approaches and grassroots planning as well as coordination between communities, local authorities, donors and the private sector.

Implementation of the program continued in 2008 in the districts of the Al-Haimah Al-Dakheliyyah (Sana'a) and Jiblah and Al-Nadira (Ibb). The program also supports local initiatives. For example, 96 development

committee members (male and female) received training on veterinary skills and 48 development committees were trained on organizational issues related to empowerment and committee work (including conflict resolution). Moreover, support was given to self-help literacy initiatives in 10 sub-districts of Al-Haimah Al-Dakheliyyah and 14 of Al-Nadira.



SFD consultants during interactive training – SFD head office

Training and organizational support for local authorities

The SFD is implementing projects to build the institutional capacities of local authorities. During 2008, local authority tender committees in 14 districts in Taiz received training on bidding practices and measures of development projects. In addition, a training manual titled *Rights-Based Development Methodology* was developed.

Moreover, institutional assessments were conducted for the head offices of Hadhramaut and Marib governorates. Two other projects provided second-phase support to the head offices of Amran and Ibb governorates through institutional analysis, preparation of executive plans for institutional development strategy, workshops and training on a number of relevant components, and provision of needed equipment.

Program to Support Decentralization and Local Development

In partnership with the United Nations Development Programme (UNDP), the SFD has conducted this program in 10 districts in Amran, Al-Hudaidah and Taiz. The program supports application of the Local Authority Law, reinforces decentralization and activates local development. In addition to providing budget support for these districts, SFD activities include conducting evaluation studies and workshops as well as providing training for district facilitation teams that implement the program.

Box 9.

SFD support for local authorities and the National Strategy for Local Government

Since its inception, the SFD has recognized the importance of decentralization in advancing local development, and so has made considerable efforts to support and strengthen local authorities. The National Strategy for Local Government was approved in October 2008 after more than 1.5 years of work by numerous agencies, including the SFD, and detailed analysis of local authorities by local experts. The analysis focused on identifying the differences between Yemeni legal systems and actual practices, to define obstacles to the development of effective local government systems. The strategy provides a clear vision for improving local government systems, capable of achieving local development under the framework of national development efforts.

SFD support for and partnerships with local authorities have involved a range of activities:

- Early on, the SFD formed a partnership with the Ministry of Local Administration and local authorities in all governorates and districts. This resulted in numerous projects targeting local authorities, including a variety of programs promoting development concepts, analyzing organizational and institutional problems, and planning development with community input. As a result, the SFD became one of the biggest supporters in training and qualifying local authorities. These programs were implemented throughout Yemen, using modern scientific training and small groups to ensure high-quality training—and increasing the SFD's expertise on local issues.
- The SFD has helped finance the decentralization and local development support program since the program's introduction in late 2003. The program has helped the SFD plan and implement

decentralized development projects.

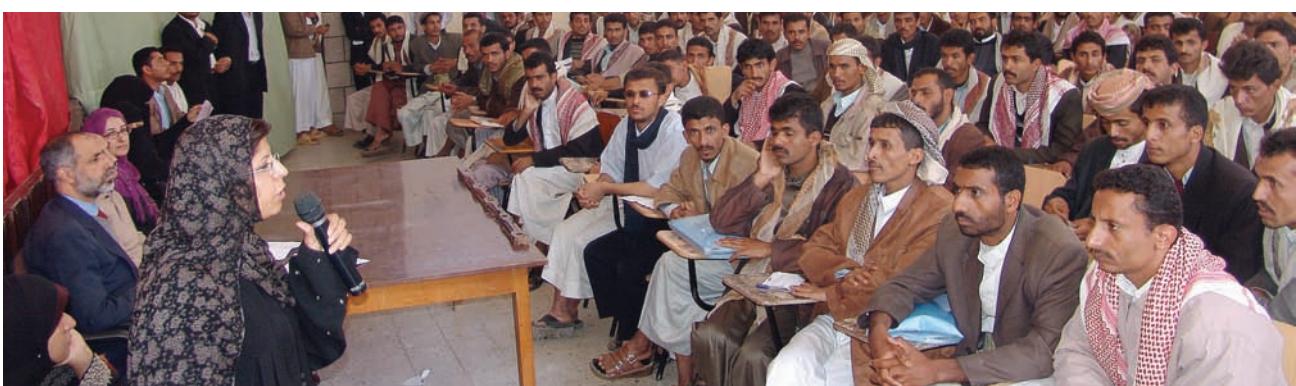
- The SFD has provided detailed analysis on community participation, including successful experiments and best practices, and helped integrate this dimension in the National Strategy for Local Government.

- The SFD has conducted institutional assessments of head offices in various governorates and districts and drawn important conclusions from them, enriching institutional assessment in the national strategy.

- SFD staff were members of the committees and technical teams preparing the national strategy and were closely engaged in their activities, contributing to their success.

- The SFD financed and implemented five workshops—in cooperation with the Ministry of Local Administration—Involving all governorates and many districts, with participants representing the leaders and members of local councils, executive organs and civil society organizations. These workshops considerably strengthened community participation in drafting the National Strategy for Local Government.

The SFD will continue to support the transition toward empowering local governments by supporting implementation of the National Strategy for Local Government and continuing to build the capacities of local authorities and deepen partnership with them. In addition, it will draft training manuals and materials with the Ministry of Local Administration and other entities in this field.



Empowerment for Development activists vow to develop their regions

Community committees

Interventions under this program involved forming and training 864 community committees for projects involving education, water supply, rainwater harvesting and feeder roads in the SFD's branches in Aden, Amran, Dhamar, Ibb, Al-Mukalla, Sana'a and Taiz.

In addition, needs assessment and prioritization studies were conducted for projects scheduled for 2009 for the branches in Amran (150 communities), Dhamar (80), Al-Hudaidah (71), Taiz (100) and Sana'a (70)—with target communities reaching 535 in 11 governorates. Finally, the A'al Salem community (moved from Sa'adah governorate and resettled in the Capital City) was provided with a sewing workshop.



Training session for volunteers

In addition, 25 projects trained beekeeping trainers in various governorates and enhanced beekeepers' capacities in Hajjah, Al-Hudaidah and Raima governorates. These projects were in addition to second-phase training of beekeepers in the districts of Al-Nadira and Al-Sadda (Ibb) and Khadir Al-Mawaset and Shara'ab Al-Roanah (Taiz).

Program to Qualify Young Volunteers for Development

Interventions under this program included training and raising the capacity of university graduates linked to SFD branch offices in the governorates of Dhamar, Al-Hudaidah, Ibb and Sana'a. Efforts involved training on forming and training community committees, conducting needs assessment, participatory rural assessment, coordination skills and SFD intervention policies.

In addition, two projects qualified rural youth from Al-Jawf governorate to support development programs there. The projects provided training for about 840 male and female trainees in the aforementioned fields in addition to computer applications (box 10).



Volunteers training on drawing social maps for the target village

Private sector and individuals

Interventions under this program developed the capacities of 2,822 consultants, contractors, technicians and community contracting accountants who work on SFD projects. Consultants received training in various fields, including community participation, needs assessment, strategic planning, and engineering and technical issues. These consultants will apply their skills while working with other development agencies in Yemen. The SFD's community participation consultants have helped many other agencies apply a participatory development approach.

Box 10.

Hopes reborn

Recognizing that people are the means and goals of development, the SFD—through its Training and Organizational Support Unit—has been training about 800 male and female youths from 12 districts of Al-Jawf governorate. The three-month training program, called Qualifying Newly Graduated Rural Youth to Assist and Support Development Projects, aims to:

- Help educate of the younger generation on development issues and concepts.
- Correct misconceptions and provide information about the workings of development institutions.
- Revive volunteerism among young people and encourage their entrepreneurship.
- Reinforce a spirit of belonging among educated rural youth to their home areas and prepare them to initiate needed support to solve the problems of their communities.
- Establish a base of supporters for development projects in Al-Jawf.

The overarching goal is to help these young people recognize their value—as well as the value of their areas from cultural, social, historical and economic perspectives. By doing so, the training intends to unleash their pride and make them feel deep love for their land, as well as help them fight the poverty that invades their areas, destroys their abilities and weakens their wills.

H. A. may be one of the fruits harvested from this

activity. Trainees were divided into groups, each comprising 25 participants. H.A. and his colleagues received about 12 days of training in human aspects of development, such as volunteerism and communication. Other topics covered included archaeology, health, education, special needs groups, agriculture, NGOs, local councils, children's rights, conflict and its effect on development, and strategies for reducing poverty.

H. A. bravely said that, «I had thought that there was only one way for me to find success in life, and that was by selling archeological treasures from my country as if I were selling valueless stones. Then I heard about this training and it aroused my curiosity, so I took part in it. I was deeply affected by what I learned and by living with my colleagues during training. So, I could not resist crying in the training hall for the gross sins that I had committed, and thank God that I did not continue on that path. I now recognize its danger and gravity. Today, I have in front of me a different path, one in which I feel my value as a human being in addition to being proud of my country's history.»

During the training's closing ceremony, H. A. insisted on playing the role of a smuggler of archeological pieces in one event, to show his colleagues what they might be exposed to if they engaged in such activity. His expressive scenario produced the desired effect on participants.



Al-Jawf youths during training on empowerment



CULTURAL HERITAGE

During 2008, the SFD approved 27 cultural heritage projects worth an estimated \$9.1 million (table 9). Since its inception, the SFD has approved 190 cultural heritage projects worth \$38.6 million.

Table 9. Indicators for the cultural heritage projects, 2008 and cumulative

Indicator	2008	Cumulative (1997–2008)
Approved projects	27	190
Commitments (millions of U.S. dollars)	9.1	38.6
Completed projects	12	110
Disbursements (millions of U.S. dollars)	5.7	24
Employment created (days)	268,457	1,628,391

Note: Data on direct beneficiaries and the female share of direct beneficiaries are not included because these indicators do not apply to most cultural heritage projects.

Projects in 2008 continued to focus on documentation, restoration and conservation of monuments with heritage significance. In addition, attention was given to development-related activities in urban areas through the Historic Cities Development Program, which is being implemented by the German Agency for Technical Cooperation (GTZ) in the cities of Shibam (Hadramaut) and Zabid (Al-Hudaibah) (box 11), as well as three other cities to be specified later. The program, extending through 2010, includes development activities, capacity building, restoration of historic houses and assets and strengthening urban preservation efforts.

In 2008, the main restoration projects—such as the Great Mosque in Sana'a and the Al-Ashrafiyyah Madrasah (religious school) in Taiz—entered advanced stages and began addressing deeper structural problems. Restoration at the Great Mosque in Sana'a reached its most delicate stage in the third phase of restoration, which includes the northern wing and part of the western one. Most of the ceiling girders in these wings suffer from structural weaknesses, as well as cracks and holes in bearing walls. Moreover, previous interventions (conducted in the 1970s) were poorly implemented and pose structural threats. The SFD continued to restore the northern wing's oldest coffered decorative ceilings, which are more than one thousand years old, and provided theoretical and practical training for national relevant staff.

In the Al-Ashrafiyyah Madrasah and Mosque in Taiz, restoration of the decorated/painted stucco works continued, as did renewal of the *Al-Qadhad* (a traditional waterproof material able to survive for hundreds of years and widely used on dams, cisterns and irrigation channels). Consultations were held with the local community about the Al-Ashrafiyyah Madrasah and Mosque as well as with the local

council about future use of the discovered spaces. Ongoing consultations have ensured community support for the project, including involving local youth in works and providing them with training. About two-thirds of the jobs created by the project employed local workers, contributing to a strong sense of project ownership.

Attention was also paid to reflecting the SFD's Mid-Term Vision for enhancing synergy and coordination between its units and paying attention to economic aspects. Accordingly, coordination has deepened among relevant units by conducting joint work in providing training to young people from Al-Jawf governorate, where the SFD provides support to document and save highly valued archaeological assets as well as to document traditional handicrafts and promote and market them through the Internet and international exhibitions. The promotional activities showed enormous potential demand for such traditional products—confirming that cultural heritage is not only an issue for national identity, but also a promising economic resource for Yemen.



Restoring Dar Al-Dhiafah building-Zabid



Ancient endangered archaeological-site in Al-Jawf

Box 11.

Preserving and saving the Historic City of Zabid

A 2008 report by the United Nations Educational, Scientific and Cultural Organization (UNESCO) was the first to provide an optimistic view about the conservation situation in Zabid, which had deteriorated in recent years. Zabid had almost been removed from the list of World Heritage Sites due to rapid deterioration in conservation, but the report recognized the efforts made by various parties to improve conservation of the city and achieve significant results in the future.

The SFD role was crucial in advancing conservation interventions in Zabid, using its institutional and financial resources to save the city's cultural heritage through a number of projects. The SFD's interventions earned the respect and recognition of city inhabitants, NGOs, the private sector and public institutions in addition to the central and local authorities.

The SFD recently launched a partnership program with the German Agency for Technical Cooperation (GTZ) targeting Shibam (Hadramaut) and Zabid (Al-Hudaidah). The program aims to ensure sound, long-term technical assistance for the two cities to support development and conservation efforts and improve local capacities.

In Zabid, the program restores old houses, supports

local NGOs and governmental organizations and stimulates economic activities—especially of the city's old market. In addition, the program develops plans and regulations to preserve the city, with the SFD having supported 14 projects worth \$4.7 million through the end of 2008. These have included restorations of monuments such as Bab Al-Qurtob, Bab Seham, parts of the citadel and Al-Asha'er Mosque, Guest House and the two Al-Fawz schools (for boys and girls), as well as pavement of city streets.

Bab Al-Qurtob southern gate—along with the attached defensive elements on both sides—had almost collapsed totally, and the remaining traces were starting to disappear. Without the SFD's intervention, much of the city wall and its defensive elements would have vanished completely. But with the SFD's high-quality documentation and restoration work, these cultural assets were recovered. Traditional master builders, local laborers and skilled young men from Zabid conducted the work in accordance with international restoration and preservation standards. Training through practice, under professional supervision, is the only way to bring back and pass on traditional building and restoration skills—an SFD strategy in preserving cultural heritage.



Bab Alqurtub Gate renovated- Zabid, Al-Hudaidah

Documentation of cultural heritage assets

Al-Shamsiah Madrasah, in Dhamar governorate, established in the 10th century AH (16th AD), is one of Yemen's most important educational and religious monuments. It has been documented by a specialized team of Yemenis who used advanced technology to assess all of its architectural and decorative components (prayer hall, student rooms, ablution facilities, and minaret). Reference points have been established in the monument for future restoration or scientific studies.

Intangible cultural heritage

Documentation of traditional handicrafts began in Zabid after similar activities were completed in the Old City of Sana'a, and a reference book was published containing comprehensive information on existing and endangered handicrafts—helping to promote handicrafts and improve their marketing and quality, with the goal of achieving economic benefits.

During 2008, a field survey of child- and mother-related verbal folklore was completed in four governorates (Abyan, Hadhramaut, Al-Maharah, Shabwah). The information collected and tapes recorded during the survey were then compiled. These activities were conducted by the Mail

Al-Dhahab Association, with assistance from the French Institute for Antiquities and Social Sciences.

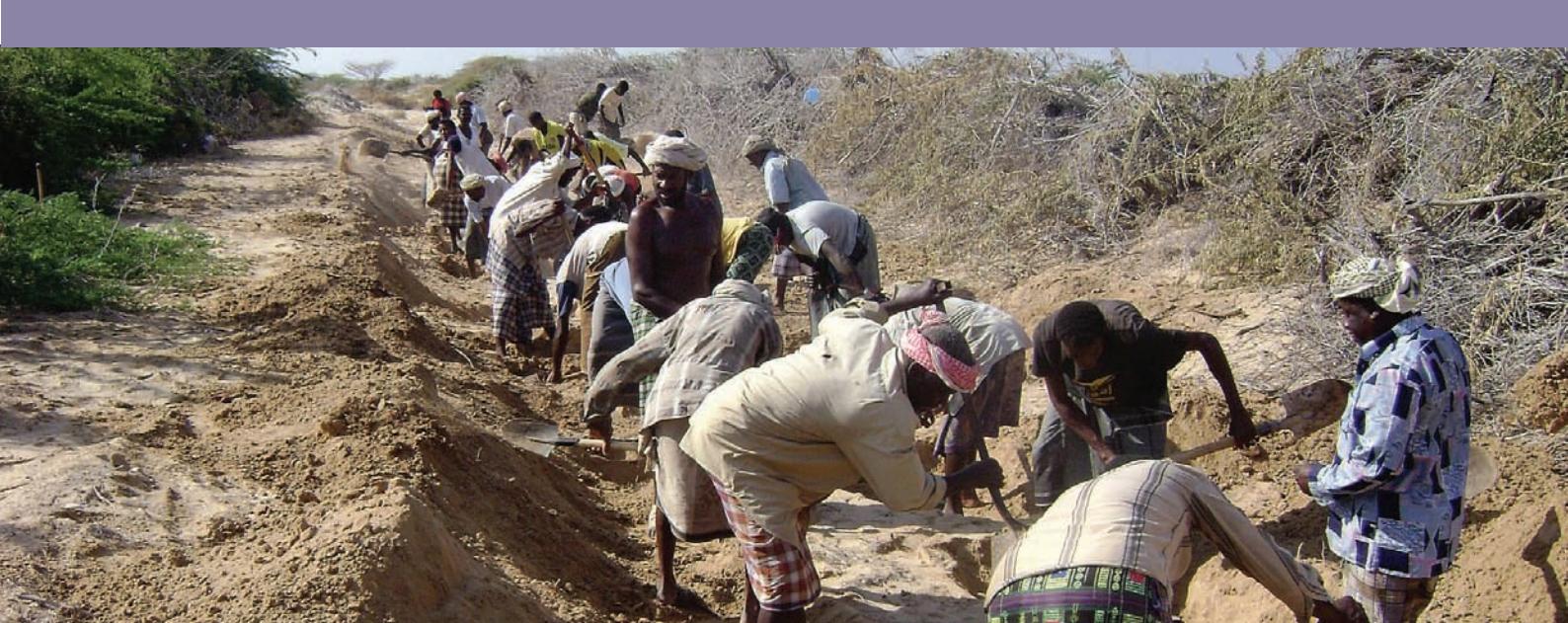
In addition, as part of a project to safeguard the traditional Sana'ani songs, implemented in partnership with the United Nations Educational, Scientific and Cultural Organization (UNESCO), a musical database gathered more than three hundred traditional tunes. In addition, information was collected on the social history of the Sana'ani songs, which have become part of the world's verbal heritage. The project also recorded old songs performed by famous traditional singers—especially songs in which the old Yemeni lute (Al-Turbi or Al-Qunbuz) is used.

Yemen's membership in the ICCROM

During 2008, the SFD continued to help strengthen national-level technical capacities in cultural heritage preservation. Yemen became a member of the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM), a technical training arm of UNESCO. As a result SFD started to send trainees to attend specialized courses in the field of conservation and managing cultural heritage assets and sites.



Preserving traditional building materials – Shibam, Hadhramaut



LABOR-INTENSIVE WORKS PROGRAM

The SFD supports two types of labor-intensive work projects. The first is in main and secondary cities, and it mainly absorbs unskilled laborers migrating from rural areas. The second targets rural areas distressed by rising food prices and drought.

Labor-intensive projects, 2006–10

The SFD introduced the Labor-Intensive Works Program in late 2006 in response to a government mandate to provide temporary job opportunities to unskilled and semiskilled workers. In response, the government provided the SFD with \$25 million a year in additional funding.

The program seeks to create 8–10 million days of employment in 2006–10, focusing on projects such as urban street paving, rural access roads, rainwater harvesting, soil conservation and rehabilitation of agricultural terraces.

By the end of 2008, the SFD had approved 227 projects worth \$54.4 million.

Investments are allocated based on clear criteria, including unemployment rates at the governorate level (based on the 2004 Census and Labor Force Survey) and the extraordinary conditions in the eligible communities. Projects are implemented by local contractors, with control set to ensure that the largest possible number of unskilled laborers are employed.

The Global Food Crisis Response Program

In 2008, the Republic of Yemen and the World Bank signed a \$10 million grant agreement, with the money to be used by the SFD to mitigate the rising food prices by implementing labor-intensive work projects. Accordingly, the SFD formed a team to develop the projects and create jobs for development projects essential to communities most affected by the rising food prices, with \$9.1 million of the grant allocated for this purpose (table 10; box 12).

The SFD will use the remaining funds to help the Social Welfare Fund improve its targeting by completing the social survey and analyzing the results—thereby identifying the individuals and families in greatest need of support from the Social Welfare Fund.

The two main goals of the program are to generate income by creating temporary jobs in the crisis-struck areas and provide basic services that contribute to community development—thus, helping alleviate the repercussions of the increase in food prices.

The projects target 16,341 poor rural households with high poverty indicators distributed over 80 sub-districts in 40 districts throughout 11 governorates. Most people in these areas work in agricultural activities—a factor further exacerbating the devastating effect of the food crisis (as the country was hit by drought in 2007).

About 98 projects are being implemented at an estimated cost of nearly \$9.6 million. The projects include water harvesting, rehabilitation and improvement of existing rural roads, rehabilitation and restoration of agricultural terraces, soil conservation and removal of harmful weeds. The program has also built capacity by providing training to the program management and branch offices, with 110 male and female consultants trained in technical, accounting and social fields.



Table 10. Labor-intensive projects financed under the Global Food Crisis Program, December 2008

Governorate	Number of projects	Estimated cost (U.S. dollars)	Number of workers		Employment created (days)	Number of beneficiary families
			Men	Women		
Sana'a	8	595,100	2,194	1,204	37,298	2,197
Al-Mahweet	7	728,600	1,117	1,674	47,447	
Amran	3	544,700	186	0	850	297
Hajjah	4	451,540	936	0	5,927	
Al-Hudaidah	1	485,00	358	23	4,239	683
Raimah	3	400,380	395	0	4,588	
Ibb	11	1,086,712	567	0	4,646	640
Dhamar	7	1,318,613	751	12	4,324	485
Taiz	14	1,405,067	1,309	123	16,315	1,735
Lahej	15	885,800	406	0	5,036	634
Al-Dhale'	15	422,000	307	0	4,415	
Hadhramaut*	8	283,961	0	0	0	0
Shabwah*	7	433,595	0	0	0	0
Total	98	9,041,068	8,219	3,036	135,085	6,671

* Works were stalled in Hadhramaut and Shabwah due to the floods that overwhelmed both governorates in 2008 (although emergency projects were introduced to provide job opportunities to the people affected by the catastrophe).

Box 12.

Easing the effects of floods in Hadhramaut

The SFD responded swiftly to the effects of the floods that overwhelmed a number of eastern areas of the country in October 2008. In Hadhramaut governorate, the SFD's branch office conducted a rapid assessment—in collaboration with the governorate's local authority—of damages to public facilities in the most affected districts of Wadi Hadhramaut, including Hourah, Al-Qatn, Sah, Seyoun, Shibam, Al-Soum, Tarim and Wadi Al-Ain, in addition to Al-Mukalla City and the Soqotra Archipelago. The assessment found that the SFD could reconstruct 12 collapsed schools, 3–4 health facilities and 2 water projects. Other players will rehabilitate other schools and water schemes.

Documentation of the damages began immediately, and renovations began in December 2008. In addition, the branch office has expanded labor-intensive projects to areas struck by the floods to provide income for the affected families. Moreover, the SFD decided to initiate the fourth phase of a

project involving the restoration of the historic houses in Shibam (Hadhramaut), which included urgent renovations to address the damages caused by the catastrophe. By the end of this phase of the project, three-quarters of the city's houses will have benefited from the restoration efforts.

The SFD played a central coordination role in unifying the stakeholders' technical vision regarding the status of the cultural heritage of Wadi Hadhramaut and the damages caused by the disaster.

In addition, the SFD attracted attention to the grave consequences of changing the perception toward mud as a reliable construction material in the Wadi and has advocated—along with the relevant agencies—to restore the city without affecting its original historical characteristics. The agencies involved include the World Bank and the German Technical Cooperation Agency (GTZ) as well as relevant national and local government parties.



Labor-intensive works – Wesab, Dhamar



SMALL AND MICROENTERPRISE DEVELOPMENT

In 2008, the SFD approved 26 projects involving total investment of almost \$3 million. Since its inception, the SFD has approved 178 projects worth \$19.8 million to develop Yemen's small and microfinance sector.

Support for small and microfinance institutions accounts for most of the small and microenterprise development activities, with a focus on enhancing their technical and financial capacities to enable them to expand. In 2008, SFD-supported microfinance institutions had more than 36,000 active borrowers (77% female), 28,000 active savers and a loan portfolio of more than 1.8 billion ryals (table 11). Since the SFD's inception, the supported microfinance institutions have disbursed more than 230,000 loans worth more than 12.7 billion ryals.

Table 11. SFD-supported microfinance institutions and programs, cumulative, 31 December 2008

Program	Number of active clients			Outstanding loans (millions of (riyals	Portfolio at risk (%)	Cumulative numbers		Area of operations	
	Borrowers		Savers			Number of loans	Loan amounts (million of		
	Total	Women (%)	Total						
National Microfinance Foundation	11,519	99	13,997	245	2.5	49,255	1,573	Capital City, Al-Qa'edah and Yarim (Ibb), Taiz	
Microfinance Development ('Program (Nama	4,715	33	979	149	0	24,268	1,010	Aden, Sana'a ,Taiz	
Al-Awa'el Microfinance Company	3,133	100	0	61	4.4	29,727	626	Taiz	
Aden Microfinance Foundation	3,062	94	5,262	55	0	21,180	727	Aden and Lahej	
Abyan Savings and Credit Program	3,062	100	3,314	68	0	11,421	388	Abyan	
Sana'a Microfinance Program	2,698	85	2,297	59	14.0	17,828	632	Capital City	
Social Institution for Sustainable Development	2,350	88	0	89	0	7,329	443	Capital City	
Small Enterprise Development Fund	2,110	8	0	1,016	2.0	8,080	5,522	Aden, Capital City, Al-Mukalla,Taiz	
Al-Hudaidah Microcredit Program	1,870	79	0	19	24.0	30,094	727	Bajil and Al-Hudaidah City (Al-Hudaidah)	
Wadi Hadhramaut Savings and Credit Program	1,434	28	1,728	49	11.5	5,889	340	Seyun (Hadhramaut)	
Al-Amal Microfinance Bank	200	33	503	11	0	201	12,6	Capital City	
Other activities and income-generating projects				0		27,926	753	Several areas	
Total	36,153		28,080	1,821		233,198	12,759		

Financial services

The SFD has continued to fund a number of microfinance institutions to enable them to continue providing services and expand their operations. Funding totaled about \$1.2 million in 2008.



Qamaria artifacts – Old City of Sana'a

Capacity building and technical assistance

The sector carried out 25 on-the-job courses to build the capacity of more than 400 staff members of microfinance institutions. This training covered topics such as improving the skills of credit officers, product development, operational risk management, Islamic lending, human resource management, computerized loan tracking system (Maeen) and microfinance promotion. In addition, comprehensive training package (Bidayah) was introduced to raise awareness and qualify credit officers.

Moreover, in partnership with the Microfinance Network of Arab Countries (Sanabel), the SFD signed a memorandum of understanding to qualify national trainers in several microfinance areas. Three courses trained 53 male and female trainers, covering human resource management, product development and operational risk management. In addition, Sanabel trainers supervised four courses

in the same fields, as well as in financial analysis, for 87 male and female trainees.

Al-Amal Microfinance Bank

As part of its mandate to increase the number of microfinance service providers, the SFD completed building the infrastructure of the Al-Amal Microfinance Bank. The SFD also recruited and trained the bank's main staff and formulated rules and regulations governing the bank's operations—in line with the role it is expected to play as the first microfinance bank in the Arab region (box 13).

The SFD also helped develop the bank's strategic plan and operations manual, and organized training for its staff in management, customer service, financial analysis, marketing, finance and accounting. Moreover, the SFD helped the bank select its computerized loan tracking system. During its pilot phase, the bank made 200 loans worth 10.6 million rials, and attracted 503 savers.



Livestock raising – Lahej



Beauty salon – Aden

Box 13.

Al-Amal Microfinance Bank—helping poor people become entrepreneurs

Al-Amal Microfinance Bank was established in 2002 as the first microfinance bank in Yemen. The bank was an outcome of efforts by the SFD, Arab Gulf Program for United Nations Development Organizations (AGFUND) and private sector contributions. The bank's paid capital is \$5,050,000, 45% of which comes from the Yemeni government through the SFD, 35% from AGFUND and 20% from the private sector.

Al-Amal Bank provides poor clients engaged in productive activities (micro-entrepreneurs) with small and micro loans to help them create and expand their businesses. The bank aims to provide 100,000 clients with financial services by 2013, to be provided by 40 branches covering the entire country.

The bank offers a diverse range of products, including Collective Solidarity Loans provided to groups of women organized based on mutual trust and commitment to repaying the loan. Such loans account for 43% of the bank's active borrowers. In addition, four types of Individual loans are provided, including Amal individual (35% of the bank's active borrowers), Masharee[»] «projects» (13%), Sharakat «partnerships» (6%) and Estithmari «investment» (3%).

Moreover, the bank offers three types of Savings (Amal, child and time deposits) and Takaful product.



Annual microfinance events

The SFD organized the fourth and fifth annual Small and Micro Enterprises Days in Taiz and Aden (respectively) under the slogan "Dreams Come True." The events aimed to familiarize the public with the services provided by microfinance institutions and teach a large number of international agencies, NGOs and government bodies, as well as the residents of the two governorates, about the role of microfinance in economic and social development. In addition, microfinance institutions from the two governorates were given an opportunity to exhibit their products and highlight their experiences and success stories (box 14).

Box 14.

Small entrepreneurs tell how their dreams came true

During the annual microfinance event in Taiz City in 2008, some of the participating entrepreneurs discussed their situations before, during and after becoming involved in microfinance. A few of them tell their stories:

Dawla and Sa'ad—a successful life partnership

Dawla Muhammad and Sa'ad Ghaleb are a young married couple from a family that weaves *ma'awez* (traditional gowns worn by Yemeni men in some areas) in the city of Taiz. After getting married, they hired three workers for their workshop, which was equipped with two weaving machines. Dawla obtained a 20,000 riyal (\$100) loan from Al-Awa'el Microfinance Company and bought some weaving cotton. Every time she repaid a loan she took an additional one, taking a total of eight loans to develop her business. She now owns a workshop equipped with 15 weaving machines and 15 workers. Dawla also makes *ma'awaz* in her home, in addition to those made in the workshop. She and her husband's business makes 30 *ma'awaz* a day, costing 1,400–3,800 riyals apiece. They invested 198,000 riyals in the business, and gross monthly income has reached 312,000 riyals—with net profits of 114,000 riyals.

Warda—seeking to obtain a trademark and develop exports

Warda Muhammad Kasim, 51, started her story with her dream "to own a small plant to make *oshar* (pickles) and sweets and sell the products in a shop. After that I will trademark my products, then export them abroad." To support her three children, she began selling homemade food in 2000. One day a credit officer from the Al-Awa'el Microfinance Company visited her home, and Warda ended up taking nine loans.

Warda began creating and selling products based on seasonal ingredients, enabling continuous diversification. She now owns the equipment needed to make her products, including a freezer, furnace, slicing machine and cookie-cutters. Warda says that, "My sons help me make and sell my products during the *sanbusa* season, which is Rajab, Sha'aban and Ramadan (the seventh, eighth and ninth months of the Islamic calendar). I've encouraged one of my sons to take a loan to trade

in women's accessories and taught him how to sell because he is unemployed. I consult with my sons, and we plan for marketing opportunities. They are smart, and each of them uses his connections and acquaintances. «The minimum profit we make in a month is 25,000 riyals», she explained. «We sell our products to the largest supermarket and its branches in Taiz. Today, my situation is better than in the past. My sons attend private schools, as well as English and computer institutes." Warda adds that she has not monopolized the delicious taste of her products. "Some neighbors come to my house to learn how to make my products. If I am busy, I let them participate and I pay them for their labor."

Al-Nehmi's products overwhelm Taiz markets

Muhammad Ali Al-Nehmi, 28, owns Al-Nehmi Furniture, which consists of two workshops and two showrooms. He describes his experience in microfinance by saying, "Seven years ago I started working with a single machine to gin wool using sewing remnants. I applied to the Small Enterprise Development Fund for a loan to expand my business. I used my first loan, for 400,000 riyals, to buy an additional machine for ginning wool and started making armrests and pillows using sewing remnants. Then I applied for another loan twice the previous amount and with it bought raw materials to make armrests and pillows from polyester. My third loan was twice the second one, and with it, I opened a second workshop to manufacture three types of children's cradles. With the final loan, for 3 million riyals, I increased the production of the workshops to meet local demand." Al-Nehmi earns sound profits.



Microfinance Event in Aden

Capacity building of Social Welfare Fund beneficiaries

The SFD continued to raise awareness about the importance of sustainable self-reliance instead of relying on grants and handouts. Accordingly, and based on a memorandum of understanding signed with the Consultative Group to Assist the Poorest (CGAP) and the Social Welfare Fund (SWF), the SFD agreed to link 900 SWF beneficiaries to microfinance institutions, to enable them to run their own income-generating projects.

In 2008, a managing director was appointed to initiate activities for this 30-month project.

Yemen Microfinance Network

The SFD signed an agreement with the United Nations Development Programme (UNDP) to establish the Yemen Microfinance Network—the country's first microfinance network. The network will be equally co-financed by both parties, with the SFD taking responsibility for establishment. The network aims to provide microfinance institutions with technical assistance and facilitate the exchange and dissemination of information on development and progress in the microfinance industry. The network will provide a number of services, including staff training, market studies, impact evaluation and transparency. It will also help provide the human resources needed for the industry to grow and improve the financial services provided to microfinance clients.



Ma'awez weaving- Ibb

Gender study

The SFD conducted an analytical study of women's microfinance activities, funded by the German Development Bank (KfW). The study aims to provide microfinance institutions with the information they need to develop and expand their operations and target female clients—thus, having a greater impact on reducing poverty. The study found that there is broad satisfaction among female clients with the services provided by microfinance institutions and their means of delivery. It recommended that all relevant parties and organizations provide technical

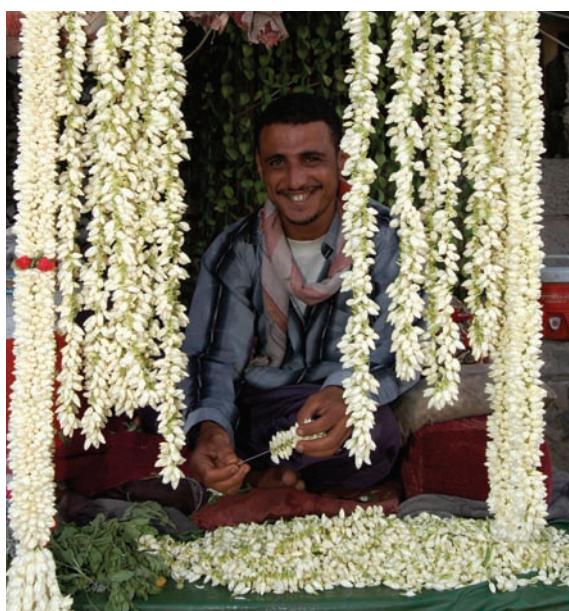
and financial assistance to microfinance institutions and support, develop and promote microfinance projects on a large scale to build up cooperative networks.

Supporting the Small and Microenterprise Promotion Services agency

The Small and Microenterprise Promotion Services (SMEPS) agency, established by the SFD, facilitates small entrepreneurs' access to business development services and provides them with technical assistance to develop their businesses. The SFD continued to finance the agency, enabling it to implement its activities and expand its services in cities such as Aden, Al-Mukalla and Sana'a.

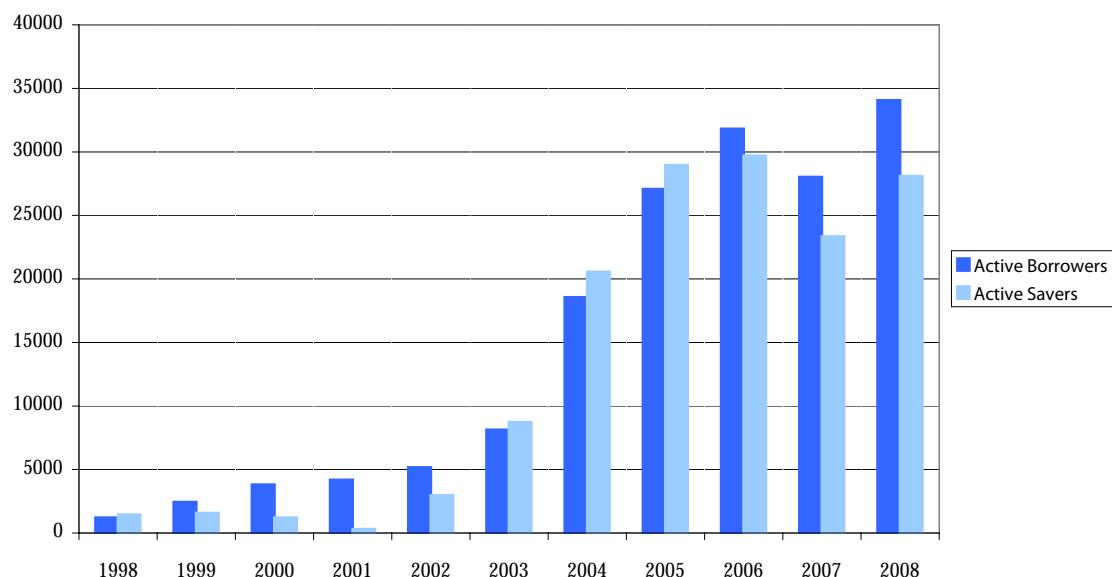
In 2008, SMEPS implemented several activities including the Know About Business program in cooperation with the Ministry of Technical and Vocational Training, the introduction of new production lines for the manufacturing of plastic irrigation pipes, a management training program (Business Edge) and value analysis studies in the fishing sector. In addition, SMEPS conducted specialized courses on air conditioning and refrigeration, hairdressing and handicrafts marketing—including marketing abroad—and opened an information center for small enterprises in Hadhramaut's Chamber of Commerce.

The agency started receiving funding from outside the SFD and formed a good institutional framework. The German Agency for Technical Cooperation (GTZ), through its Private Sector Development Program, is financing several studies conducted by SMEPS (in value analysis for coffee and incense, for instance). Finally, the U.S. Agency for International Development (USAID) agreed to finance some SMEPS interventions and projects over the next few years.



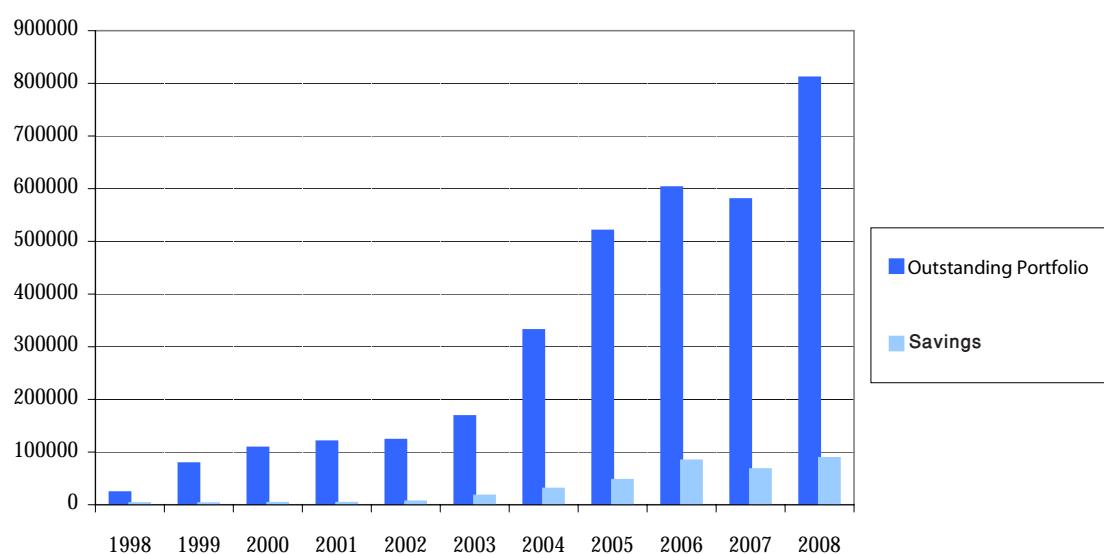
Aden Microfinance Foundation client, Lahej

Figure 2. Number of microfinance active borrowers and savers, 1998-2008 *



* Data of the Small Enterprise Development Fund are not included

Figure 3. Outstanding loan portfolio and saving amounts, 1998-2008 *
(Millions of Yemeni Rials)



* Data of the Small Enterprise Development Fund are not included



THE SFD'S INSTITUTIONAL DEVELOPMENT

The SFD's institutional development activities in 2008 involved the following:

Meetings of the Board of Directors

The SFD's Board of Directors held three meetings in 2008 under the chairmanship of His Excellency Ali Muhammad Mujawar, the Prime Minister and Chairman of the Board.

During the first meeting, held on 17 February, the SFD's 2008 work plan was discussed and approved. The second meeting, on 16 April, discussed the SFD's financial statements for the fiscal year ending on 31 December 2007 in light of the auditor's report. The Board also discussed the SFD's 2007 administrative review, which evaluated SFD activities at the internal and project management levels as well as disbursement mechanisms at different levels. The Board commended the efforts of SFD management.

In the third meeting, on 4 August, the Board of Directors discussed and approved the SFD's draft budget for fiscal 2009—totaling 25.4 billion rials (about \$127.6 million), a 20.5% increase over fiscal 2008. About 1,460 projects are to be implemented under the approved budget. The Board praised the SFD and the positive and palpable impacts of its projects on social development and poverty reduction.

Updating the Geographic Information System

During 2008, the SFD prepared, categorized and distributed population and social data based on the 2004 Census at Yemen's administrative and geographic divisions levels. The SFD also classified and tabulated poverty indicators based on 2005/06 Household Budget Surveys at the governorate and district levels. These data support the SFD's targeting policy. Most of these data and indicators were incorporated into the SFD's Geographic Information System. Moreover, the SFD continued to build up a broad geographic database at all levels (governorate, district, sub-district, city, village, urban/rural).

In addition, staff and project officers in branch offices and units received data and indicators that had been extracted and tabulated for their areas. They were also trained on how to use and benefit from these data and indicators when screening priority targeted areas. In addition, the SFD continued to provide many agencies, ministries, experts and researchers with data and indicators, the poverty map and other information.

A number of courses were conducted at SFD headquarters and the Aden and Al-Mukalla branch offices on the use of Geographic Positioning System (GPS) devices and Google Earth.

In addition, data from the 2006/07 education survey have been reviewed and classified in coordination with the Ministry of Education's Department of Statistics. Finally, SFD project sites were updated based on the latest geographic and administrative framework, relying on data from the 2004 Census.

Communication activities

The SFD's communication activities in 2008 continued to provide information on its activities and their outcomes, its policies, plans, programs and interventions, and its role in reducing poverty and enhancing transparency.

The SFD is currently preparing a Communication and Influence Strategy. In 2008, terms of reference were prepared for an international communication expert, and the contract is being finalized. The expert will draft the strategy as well as a three-year action work plan based on the interests of individuals and parties targeted by this strategy within and beyond the SFD.

In addition, during the year, the 2007 annual report was finalized and four of the SFD's quarterly newsletters were issued and disseminated, covering performance and progress. Moreover, two 2009 calendars were issued and distributed, containing pictures of SFD-supported activities. The SFD also continued to improve and update its Website

Finally, the SFD's Monitoring and Evaluation Unit began sending SFD staff weekly e-mails containing news about local media coverage of the SFD and its activities as well as development projects in the country and partners' activities in supporting development. These emails aim to inform the SFD of the various development challenges and progress throughout Yemen.



Enhancing technical support and quality control

The quality control section assesses SFD initiatives in all sectors to ensure high-quality projects. To this end, inputs were defined for the various stages of the project life cycle, with the stages defined as studies and designs, implementation, supervision and follow-up, post-primary project handover and post-final handover. To target projects in these stages, teams visited 446 projects (accounting for 80% of those under implementation) to assess their technical quality. The field visits found a clear improvement in the quality of projects, with 31% excellent, 59% good and 9% satisfactory.

Ensuring cost-effectiveness

The SFD continued to monitor project costs in 2008, without compromising project quality. Nevertheless, education project costs increased during the year, with the average construction cost reaching \$274 per square meter, up from \$226—a 21% increase compared to last year (tables 12 and 13). The reasons for this increase include higher labor costs and rising costs of construction materials such as steel (which jumped from 110,000 rials a ton to 300,000) and cement (from 1,500 rials a sack to 1,700). In addition, the rial's exchange rate has been fluctuating, making some contractors hesitate to bid or causing them considerably raise their prices.

Table 12. Average construction costs for education projects, 1997/98–2008
(U.S. dollars per square meter)

Type of structure	1997/98	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
One-story building	180.3	152.2	147.1	147.8	154.2	170.8	185.5	217.4	239.0	259.8	328.6
Two-story building	155.1	131.5	125.5	121.0	126.8	152.3	164.6	189.2	214.0	226	272.1
Three-story building	—	—	—	—	—	135.5	143.0	176.4	182.0	201.7	257.0
Average cost	163.1	139.4	137.2	127.0	136.1	154.2	167.0	192.0	210.0	225.6	273.9

Table 13. Average construction costs for education projects by area, 2008
(per square meter, U.S. Dollars)

Area	Number of projects	Average cost
Urban	13	258.7
Semi-urban	82	264.7
Mid-level remote	116	275.8
Remote and rugged	63	287.1
Extremely remote and rugged	6	323.1
Total/average	280	273.9

Gender mainstreaming

During 2008, the SFD continued its efforts to enhance gender concepts at all levels of activities through the development and implementation of the Gender Mainstreaming Strategy (2008–10). The SFD adopted the strategy to improve the quality and effectiveness of poverty alleviation efforts for men and women alike, enhance the status of women in communities and integrate men and women's roles in development. The strategy includes a three-year action plan and tools to ensure its implementation as well as general indicators at the program level, sectoral indicators and checklists to measure the progress of implementation.

Through cooperation with unit heads and project officers, an implementation plan was created for gender-based updates and reviews of SFD operational guidelines. A study was also prepared on challenges and opportunities for women in accessing microfinance services, and gender monitoring indicators were incorporated in the SFD's management information system.

In addition, the SFD's progress reports and quarterly newsletters reflect gender achievements and assess progress in implementing the gender strategy, based on indicators, and branch offices and units have been followed up with. Moreover, a meeting was held to discuss how to incorporate lessons in relevant policies and to assess progress in implementing the strategy.

Furthermore, all SFD employees and consultants receive training on gender issues, and efforts are made to ensure that gender issues are reflected in all field reports.

Finally, a team of 30 male and female consultants was trained, and trainers will be selected from among this group to train branch office consultants on gender analysis.

A study on women engaged in microfinance

Since its inception in 1997, the SFD has strived to enhance Yemen's microfinance industry as

an important tool for advancing development, alleviating poverty and creating income-generating opportunities. The SFD currently works with 11 small and microfinance institutions and programs (see table 11).

To enhance the gender mainstreaming strategy in SFD programs and activities, the Monitoring and Evaluation Unit—in cooperation with the Small and Microenterprise Development Unit—conducted a study on the activities, preferences and ideas of women participating in microfinance activities. The study, conducted by international experts, involved the cooperation of six small and microfinance institutions serving 84% of active clients and accounting for 81% of the loan portfolio in SFD-supported microfinance programs. The study covered 164 small entrepreneurs in six areas (Aden, Al-Hudaidah, Ibb, Sana'a, Taiz and Yareem) and included both urban and rural clients.

The main outputs of the study included a comprehensive evaluation of the different financial, economic, social, cultural, political and legal aspects of small and microfinance and an evaluation of the impact of microfinance on women's social and economic empowerment based on collected data and in-depth interviews. In addition, the study provided recommendations on product development and program design changes to better meet the needs of female clients.

Inclusion of gender in updated SFD operational guidelines

During 2008, the SFD updated its operational guidelines to include gender issues. In addition, an orientation handbook reflecting gender concerns was prepared to help train new employees and acquaint them with the SFD and its culture. The updated operational guidelines and orientation handbook were based on several workshops and discussions aimed to increase women's participation in the different phases of SFD project cycles and activities.



MONITORING AND EVALUATION

Monitoring and evaluation activities at the SFD help its staff regularly and methodologically monitor and follow up on the projects and programs they implement. The Monitoring and Evaluation Unit also seeks to enhance the SFD's management information system and conduct field surveys and studies for data collection and analysis, with the goal of evaluating the outcomes, efficiency and impact of projects and programs on targeted groups.

The SFD conducts regular internal evaluations of its interventions and tries to continuously develop its capacities in this regard. The SFD also periodically undergoes independent external evaluations, where the Monitoring and Evaluation Unit's role is to participate in reviewing the methodologies and design of the evaluations and assist in understanding the evaluation context. The unit disseminates evaluation findings and discusses them with SFD staff to enhance operations.



Evaluation considers beneficiaries' input, Bakil Al-Meer, Hajjah

Monitoring

During the year, monitoring and evaluation activities included implementation of the 2008 plan that included producing internal quarterly monitoring reports, disseminating findings to SFD staff, visiting selected projects to assess their implementation and developing monitoring indicators.

The internal quarterly reports use data from the management information system, field visits and reviews of project documents. These data are then analyzed to assess the SFD's performance and efficiency. The reports are disseminated to the branches and units and their findings discussed.

Field studies have noted a constant improvement in meeting implementation schedules and branches' commitment to identifying priority needs in consistence with field visits. In addition, women have become more active in identifying priorities and in forming and joining community project committees—proof that women can participate in local development.

During the year, the SFD's third phase indicators were modified in collaboration with donors to synchronize the indicators with the extension of the phase (ending in 2010 instead of 2008). The SFD monitors progress in achieving the phase indicators and publishes the results on quarterly basis.

To cope with the growing number of SFD projects, monitoring efforts have continued to be upgraded and simplified. Simple automated reports were developed for field visits conducted by project officers and consultants at every stage of the project cycle. These reports will allow qualitative information to be provided on project implementation.

The SFD follows up on projects' performance even after their completion. In 2008, visits were paid to numerous completed projects to assess the services and benefits delivered to intended beneficiaries. Visits were also made to review recently implemented projects, including rooftop rainwater harvesting projects in several districts. The reviews focused on getting acquainted with the targeted areas, assessing local satisfaction, matching it with earlier expectations, as well as mechanisms for electing project committees and ensuring women's participation in elections and committees.

Evaluation

In 2008, the SFD's evaluation activities focused on preparing for the impact evaluation to be conducted in 2009, including for evaluations of the Rain-fed Agriculture and Livestock Project and the Labor-Intensive Works Program. Evaluation efforts also included providing technical support and consultancy for a number of SFD activities, including education, social protection and microfinance. Moreover, efforts focused on building the capacity of SFD staff and nationwide in evaluation and raising awareness on the importance of evaluation for improving policies and interventions and for increasing the efficiency of using resources.

The SFD held two courses to build capacity in using monitoring and evaluation tools to assess different aspects of interventions (impact, targeting, benefits) and teach participants on the steps of creating a monitoring system. The courses were led by two international experts and attended by 40 male and female participants.

The first course focused on evaluation for change (development) and aimed to build the capacity of participants in establishing a common vision on preparing reports for donors, making monitoring and evaluation an integral part of projects and using monitoring and evaluation for learning and improving efficiency.

The second course aimed to acquaint participants with the evolution of monitoring and evaluation, especially development evaluation. The course focused on monitoring and evaluation concepts and terms as well as on steps of preparing a monitoring and evaluation system, and the basic evaluation standards (efficiency, effectiveness, sustainability, impact), methods, procedures and challenges.



Evaluating improvement of rural household food consumption



FUNDING MANAGEMENT

In agreement with donors, the government extended the third phase of the SFD's operations by two years. The third phase now covers 2004–10 to align SFD efforts with and contribute to implementation of the third national Five-Year Plan for Economic and Social Development and Poverty Reduction (2006–10). Accordingly, the SFD had to mobilize additional funding, and several donors—including Gulf Cooperation Council countries—pledged additional funding for SFD operations.

During 2008, seven funding agreements were signed, valued at \$50.3 million. This raised the total resources since the start of the third phase of SFD operations to about \$670 million under 41 funding agreements with the Yemeni government and external donors (table 14). Since 2004, the SFD has obtained \$424 million in grants under 33 agreements and \$246 million in loans under 8 agreements.

Given this large number of agreements, the status of funding is being carefully tracked by the SFD's management information system, which monitors the management of commitments, disbursements, uses, and replenishments, as well as the outputs of each funding agreement. The system also generates periodic and ad hoc reports that the SFD submits to donors and the government. In addition, the SFD's donors have aligned their missions to the SFD and conducted joint annual reviews.

Table 14. Sources of foreign SFD funding for the third phase, 2008

Donor	Agreement number or description	Amount	Currency	Type	Signing date	Date of effectiveness
Arab Fund for Economic and Social Development	2005/480	15,000,000	Kuwaiti dinar	Loan	29/01/06	3/05/06
European Community	MED/2003/005-973	2,861,500	Euro	Grant	22/11/06	01/01/07
European Community	Trust fund 053450	7,840,000	Euro	Grant	02/02/05	02/02/05
France	Cultural heritage	100,000	Euro	Grant	26/11/08	31/12/09
Germany	KfW 2003 65 155	4,000,000	Euro	Grant	16/03/04	16/03/04
Germany	KfW 2004 65 757	5,000,000	Euro	Grant	20/08/05	20/08/05
Germany	KfW 2005 66 059	6,000,000	Euro	Grant	12/09/06	12/09/06
Germany	KfW 2007 65 248	5,000,000	Euro	Grant	04/12/07	04/12/07
International Fund for Agricultural Development	Rain-fed Agriculture and Livestock	16,400,000	U.S.dollar	Loan	11/08/07	03/02/09
Islamic Development Bank	YAR-0071	7,000,000	Islamic Dinar	Loan	30/05/07	26/03/08
Italy	Commodity aid 2005	951,000	U.S.dollar	Grant	03/11/07	03/11/07
Italy	Debt-for-development swaps	4,000,000	U.S.dollar	Grant	30/07/07	30/07/07
Kuwaiti Fund for Development	—	15,000,000	Kuwaiti dinar	Loan	22/02/09	—
Netherlands	Microfinance 60844	750,000	U.S.dollar	Grant	24/11/05	1/1/06
Netherlands	Education 16025	10,000,000	U.S.dollar	Grant	26/03/07	01/04/07
Netherlands	Education 18959	15,000,000	U.S.dollar	Grant	22/11/08	22/11/08
Netherlands	International Finance Corporation 18374	385,000	U.S.dollar	Grant	29/07/08	29/07/08
Netherlands	Health 17014	3,300,375	U.S.dollar	Grant	24/11/07	16/12/07
Netherlands	Health 13253	920,596	U.S.dollar	Grant	28/11/05	28/11/05
Netherlands	Health 15849	8,500,000	U.S.dollar	Grant	18/07/07	01/09/07
Netherlands	Education 10784	6,100,000	U.S.dollar	Grant	20/11/04	20/11/04
Netherlands	Education 13202	8,500,000	U.S.dollar	Grant	28/11/05	01/12/05
Netherlands	Health 13256	3,000,000	U.S.dollar	Grant	03/12/05	03/12/05
Netherlands	Health 10829	2,750,000	U.S.dollar	Grant	20/11/04	20/11/04
Oman	—	5,000,000	U.S.dollar	Grant	27/02/08	27/02/08
OPEC Fund for International Development	959P	13,000,000	U.S.dollar	Loan	04/02/04	29/10/04
Saudi Fund for Development	422/24	75,000,000	Saudi riyal	Loan	12/12/04	28/08/05
Saudi Fund for Development	1/1429	375,000,000	Saudi riyal	Grant	02/04/08	02/04/08
United Nations Educational, Scientific and Cultural Organization	Cultural heritage	140,540	U.S.dollar		18/11/05	18/11/05
United Kingdom	SFDIII	63,100,000	Sterling pound	Grant	31/08/04	01/09/04
United States	Health 416b/2002 (Mareb and Jehanah)	585,493	U.S.dollar	Grant	17/04/05	17/04/05
United States	Health 416b/2002 (Shabwah and Al-Jawf)	500,000	U.S.dollar	Grant	17/04/05	17/04/05
United States	Community development PL-480/2003	500,000	U.S.dollar	Grant	08/11/05	08/11/05

United States	Dar Al-Dhiyafa (Zabid) rehabilitation	111,000	U.S.dollar	Grant	27/09/06	27/09/06
United States	Program b-416/2004	1,413,000	U.S.dollar	Grant	27/03/06	27/03/06
United States	Program b-480/2006	3,896,000	U.S.dollar	Grant	08/04/07	08/04/07
World Bank/ IDA	YEM-3861	51,600,000	Special drawing right	Loan	23/04/04	08/04/07
World Bank/ IDA	Rainfed Agriculture and Livestock Project	14,000,000	Special drawing right	Loan	11/09/06	06/08/07
World Bank/ IDA	Global Food Crisis Response Program Trust Fund	10,000,000	U.S.dollar	Grant	01/07/08	26/08/08
Yemen	Labor-Intensive Works Program	35,000,000	U.S.dollar	Grant	---	---
Yemen Liquid Natural Gas Company	Education (Shabwah)	411,290	U.S.dollar	Grant	15/01/08	15/01/08

Donor missions

Joint donor missions visited the SFD in June and December 2008. Both discussed and reviewed the SFD-managed grant under the Global Food Crisis Response Program. The teams also discussed a number of cross-cutting issues, including poverty targeting, gender mainstreaming, funding, impact evaluation and plans for the SFD's fourth phase (after 2010). They also reviewed the SFD's preparations for its 2009 impact evaluation and its Communication and Influence Strategy.

Representatives of the World Bank, U.K. Department for International Development, European Community, German Development Bank (KfW), Netherlands, and Arab Fund for Economic and Social Development participated in the reviews.

Sources of funding

During 2008, the SFD continued to use funds provided in previous years for the third phase of its operations. New grants were received from the Netherlands government to support the International Finance Corporation, and the U.K. government added £43.3 million to the £19.8 million agreement that was signed previously to support the third phase operations. Additional grant agreements were signed with Oman, the Saudi Fund for Development, World Bank (for the Global Food Crisis Response Program) and Yemen Liquid Natural Gas Company.

Two education grants (10784 and 13202) and two health grants (13256 and 10829) provided by the Netherlands government, a German government grant (2003 65 155) and a European Community grant (053450) were closed in 2008.

In addition, during 2008 a loan agreement with the International Fund for Agricultural Development, supporting the Rain-fed Agriculture and Livestock Project, was approved by the Cabinet of Ministers and House of Representatives. In addition, a World Bank/International Development Association loan for the Rain-fed Agriculture and Livestock Project and a grant overseen by the World Bank under a trust fund for the Global Food Crisis Response Program also entered into force.

The World Bank loan agreement 3861 has been extended to 31 December 2009, and three of the health grant agreements from the Netherlands (13256, 13253 and 17014) were extended to 31 August 2008, 30 June 2009 and 30 September 2009, respectively. In addition, the Netherlands health grant 15849 (for maternal and neonatal health) was raised to \$8.5 million.

Finally, the SFD applied for new funding from the Abu Dhabi Fund, Arab Fund for Economic and Social Development, European Community, Kuwait Fund for Development and OPEC Fund for Development. These requests are expected to be honored in 2009 (table 15).

Arab Fund for Economic and Social Development loan 2005/480

This loan, signed in January 2006, provides 15 million Kuwaiti dinars (\$50 million) for community development projects and small and microenterprise development programs. The entire loan amount has been fully committed.

European Community

Grant MED/2003/005-973

In November 2006, this 2.9 million euro grant agreement was signed with the Ministry of Public Health and Population (MPHP) to implement

demographic and health projects under the framework of European Community support to the ministry. Under the agreement, the SFD supports 129 projects for health offices in the governorates of Lahej and Taiz.

Trust fund grant 053450

This 7.8 million euro grant supported 120 SFD projects under the Integrated Interventions Program, water, rural roads and organizational support. The World Bank administered the grant, which was closed in August 2008.

German Development Bank (KfW)

First grant 2003 65 155

This grant, providing 4 million euros (about \$4.8 million), was fully disbursed and closed in December 2007.

Second grant 2004 65 757

This grant, signed in August 2005, provided 5 million euros for 95 community development and institutional support projects. The grant has been fully disbursed and is expected to be closed in August 2009.

Third grant 2005 66 059

This grant, providing 6 million euros to finance 165 projects, is expected to be closed in mid-2010.

Fourth grant 2007 65 248

Most of this grant, providing 5 million euros, was allocated to 73 projects by the end of 2008.

International Fund for Agricultural Development

A \$16.4 million loan agreement was signed in August 2007 to support components of the SFD's Rain-fed Agriculture and Livestock Project. The SFD will soon start using the loan to finance projects.

Islamic Bank for Development Loan YAR-0071

A \$10 million loan agreement was signed in May 2007 and ratified in March 2008 to support components of the SFD's third phase in five sectors (education, water, environment, health and rural roads). Commitments reached \$9.3 million by the end of 2008.

Italy

Commodity aid 2005

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

Debt-for-development swaps (cultural heritage projects)

A \$4 million agreement was signed in July 2007 to support cultural heritage projects. Commitments by the end of 2008 reached about \$2.35 million.

Netherlands

Education grant 16025

This \$10 million grant was signed in March 2007 and is being used to finance 75 projects. About \$8 million has been disbursed.

Education grant 18959

This \$15 million grant was signed in November 2008 and is being used to finance 61 projects, with total commitments reaching about \$12.

Health grant 13253

This \$0.9 million grant was signed in November 2005 to improve reproductive health services and emergency obstetric care in Al-Salakhana Hospital (Al-Hudaidah) and other health projects, including several health centers in Capital City. The closing date of the grant was extended to 30 June 2009 to complete implementation of the remaining projects.

Health grant 15849

This \$4.2 million grant was signed in July 2007 to support 33 maternal and neonatal health care projects. It was agreed to raise the grant amount to \$8.5 million and extend the closing date to December 2012.

Health grant 17014

This \$3.3 million grant was signed in November 2007 to support health projects, and will be closed in September 2009.

Microfinance grant 60844

This \$750,000 grant has been used to support business development services and is being used by the Small and Microenterprise Promotion Services agency, an autonomous entity established by the SFD.

International Finance Corporation support grant 18374

This \$385,000 grant, signed in July 2008, supports the International Finance Corporation.

Oman

A \$5 million grant agreement was signed in February 2008 to finance 33 projects worth \$5.3 million. The grant is being managed by the Arab Fund for Economic and Social Development.

OPEC Fund for International Development loan 959P

This \$13 million loan, signed in February 2004, finances 138 projects involving community development (education, water, environment, social protection, health, rural roads) and capacity building.

Saudi Fund for Development

Loan 422/24

This loan, for 75 million Saudi riyals (\$20 million), was signed on 12 December 2004 and entered into force on 28 August 2005. It supports 127 education projects under the SFD's third-phase community development program.

Grant 1/1429

This grant agreement provides 375 million Saudi riyals (\$100 million) to support community development (education, health, water, environment and rural roads) for the third phase of SFD operations. By the end of 2008, 150 projects had been committed under this grant, with total costs of \$30.4 million.

United Kingdom

An initial grant agreement was signed in 2004, then extended in 2007 and 2008 for a total of 63.1 million through March 2011. The grant finances all SFD operations. By the end of 2008, the entire grant had been committed.

United Nations Educational, Scientific and Cultural Organization

UNESCO and the SFD signed two contracts worth \$140,540 to finance two cultural heritage projects worth \$246,500 and a total contractual amount of \$297,000—with the replenishment to be covered by the Yemeni government.

United States

Health grant 416b/2002

This grant provides \$500,000 to finance training for health workers in Al-Jawf and Shabwah governorates and \$585,493 to finance training for health workers in Mareb and Jehanah.

Community development grant PL-480/2003

This grant provides the SFD with \$500,000 to implement three community development projects in the Hajjah and Tehama regions.

Infrastructure grant b-416/2004

This \$1.4 million grant, supporting the implementation of 15 projects in Amran, Al-Jawf, Mareb, Sa'adah and Shabwah, has been entirely committed.

Dar Al-Dhiyafa (Zabid) Rehabilitation grant

This grant, signed in September 2006, provides \$111,000 to rehabilitate Dar Al-Dhiyafa in Zabid (Al-Hudaidah).

Program grant b-480/2006

This grant provides \$3.9 million to implement projects in various governorates. Twenty-three approved projects will be financed by the grant.

World Bank/International Development Association

Credit YEM-3861

The first agreement for this credit was signed in 2004 for nearly \$60 million. In 2007, an additional funding agreement of nearly \$15 million was inked. The entire credit has been disbursed, and the agreement is expected to closed by the end of 2009.

Credit for Rain-fed Agriculture and Livestock Project

This project has three components: introducing a farmer-based system for seed improvement and management, providing livestock husbandry and veterinary services and promoting productive rural development. While the Ministry of Agriculture is responsible for the two first components, the SFD is implementing the rural development component, which includes supporting farmers in rain-fed areas in 23 districts within five governorates. The project and credit agreements were signed in September 2006 for \$20.8 million. The SFD component is for \$10.4 million.

World Bank trust fund for Global Food Crisis Response Program

This \$10 million grant, provided to cushion the crisis in global food prices, mainly supports labor-intensive works. In addition, institutional support is being provided to the Social Welfare Fund.

Yemeni Liquid Natural Gas Company

This \$411,290 agreement was signed in January 2008 to finance the construction of five schools in Shabwah governorate.

Table 15. Sources and uses of funds, 2007, 2008 and cumulative (U.S. dollars)

Source	2007	2008	Cumulative (1997–2008)
Yemeni government	34,032,079	34,006,098	107,410,515
World Bank/International Development Association*	14,919,427	15,810,302	195,785,810
Netherlands	7,003,973	10,308,029	72,078,602
Arab Fund for Economic and Social Development	14,164,828	14,628,205	111,737,526
United States	4,197,870	53,857	27,130,246
OPEC Fund for International Development	3,201,714	160,626	18,711,189
United Kingdom	9,315,762	20,910,103	53,670,609
German Development Bank (KfW)	5,747,670	4,891,806	18,481,441
United Nations Educational, Scientific and Cultural Organization	0	75,318	237,454
Saudi Fund for Development	8,414,127	13,518,683	26,709,664
Italy	0	2,907,697	2,907,697
Oman	0	1,996,701	1,996,701
Islamic Development Bank	0	499,475	6,799,440
France	0	140,113	140,113
Yemen Liquid Natural Gas Company	0	205,152	205,152
European Community	2,675,243	0	16,376,595
Other sources from previous years	0	0	109,021
Subtotal	103,672,692	120,112,166	660,487,776
Interest earned on bank balances	4,310,686	5,890,651	15,207,627
Sub-loan recoveries	1,733,823	1,882,925	5,260,772
Refunded payments previously disbursed	1,843,080	420,322	10,978,752
Other funds	927,751	-3,476,481	2,956,493
Total	112,488,032	124,829,582	694,891,419
Uses			
Works and goods	-73,399,066	-81,765,786	-455,807,902
Sub-loans	-1,170,367	-1,486,905	-8,484,625
Vehicles and equipment for projects	-6,221,752	-6,618,338	-44,185,542
SFD fixed assets	-258,219	-691,936	-4,490,398
Consultancy services and training	-11,360,911	-13,830,857	-70,435,232
Operating costs	-4,028,575	-5,462,379	-28,889,601
Total**	-96,438,889	-109,856,200	-612,293,299

Note: 2007 exchange rate is \$1 = 199.5 rials; 2008 exchange rate is \$1 = 200.8 rials.

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

**Any differences in cumulative uses of fund are due to changes in exchange rates

Source: Independent auditor report, March 2009.

Annex: Additional Data

Table A1. Commitments by program, 2008 and cumulative (millions of U.S. dollars)

Program	2008	Cumulative
Community development	162.5	688.3
Capacity building*	20.8	69.2
Small and microenterprise development	3.1	19.9
Labor-Intensive Works Program	9.6	9.6
Total	196.0	787.0

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

*Includes SFD operating expenses and fixed asset costs.

Table A2. Disbursements by program, 2008 and cumulative (millions of U.S. dollars)

Program	2008	Cumulative
Community development	88.6	519.6
Capacity building *	16.0	77.9
Small and microenterprise development	2.6	14.4
Labor-Intensive Works Program	2.8	2.8
Total	110.0	614.7

Note: Amounts include operating expenses for SFD headquarters and branches (less than 5% of the total in 2008).

*Includes SFD operating expenses and fixed asset costs.

Figure A1. Distribution of commitments by sector, 2008

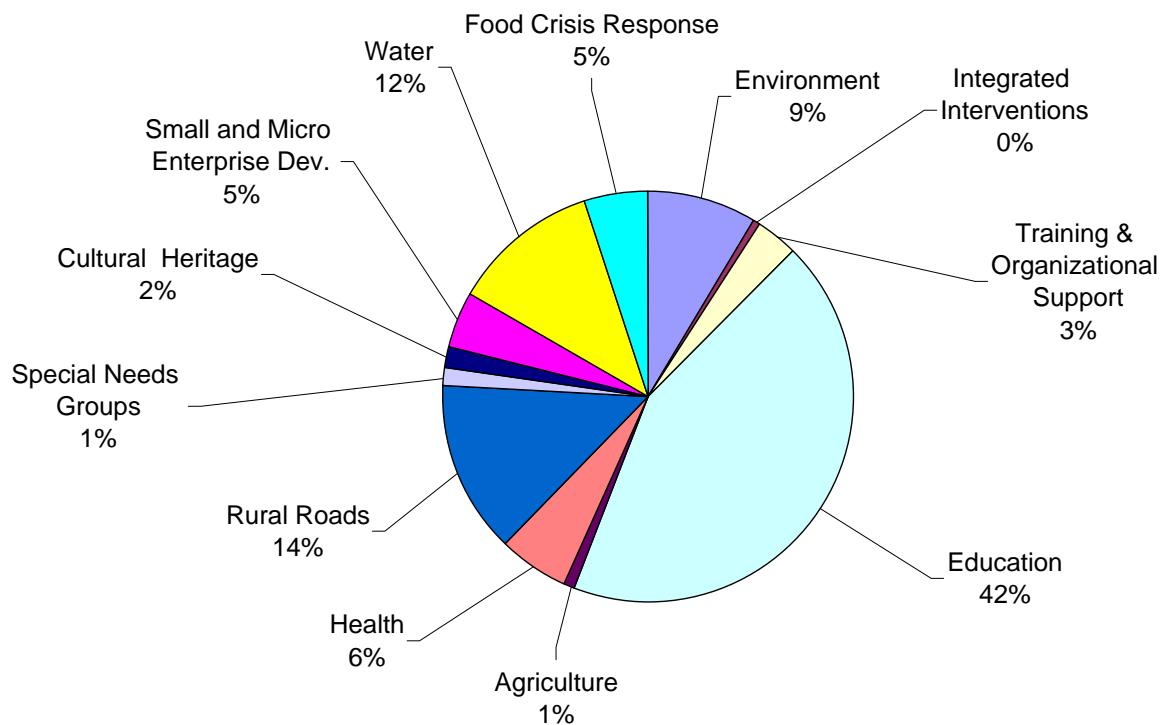


Figure A2. Distribution of commitments by sector, 1997–2008

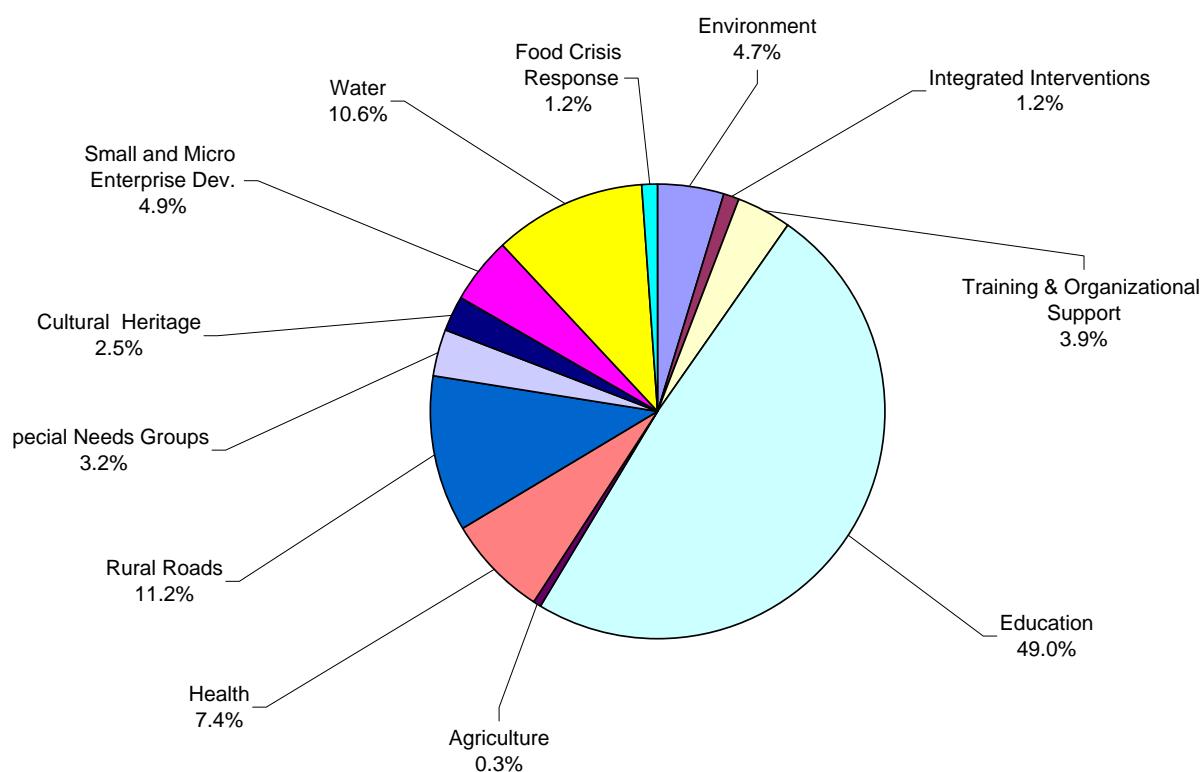


Figure A3. Distribution of commitments by governorate, 2008
Millions of U.S. Dollars

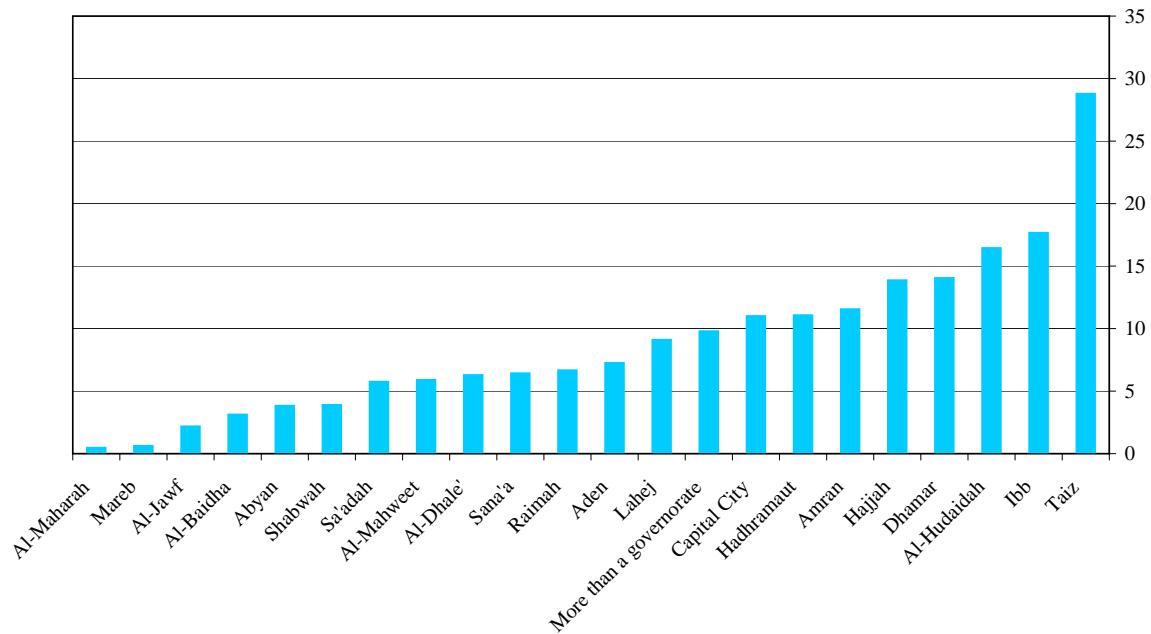


Figure A4. Distribution of cumulative commitments by governorate (1997–2008)
Millions of U.S. Dollars

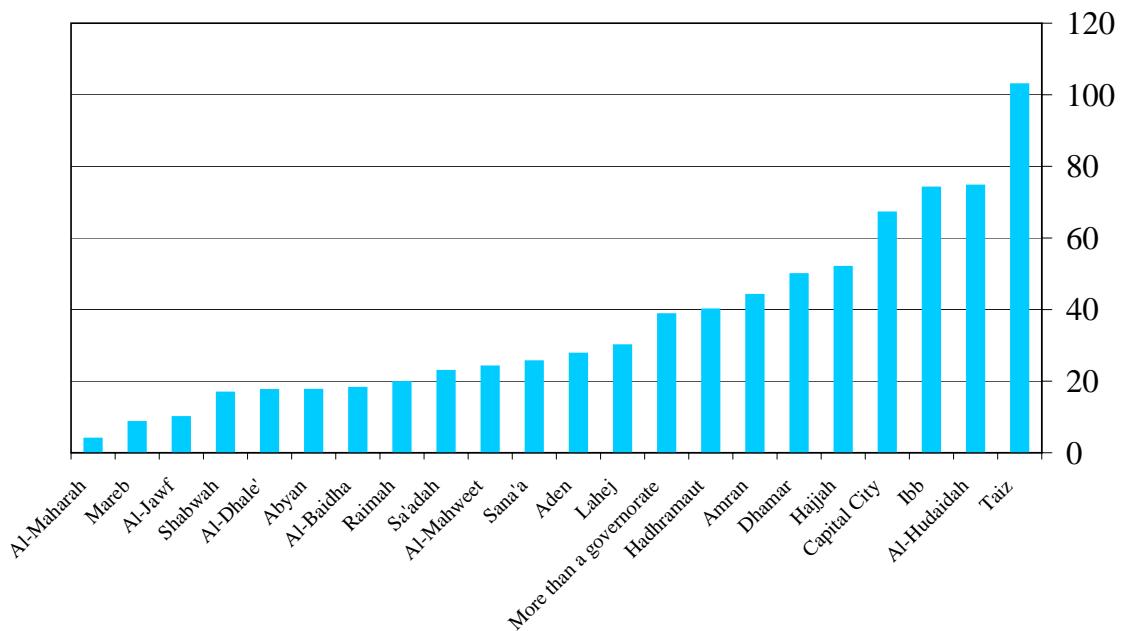


Figure A5. Commitments (1997–2008)

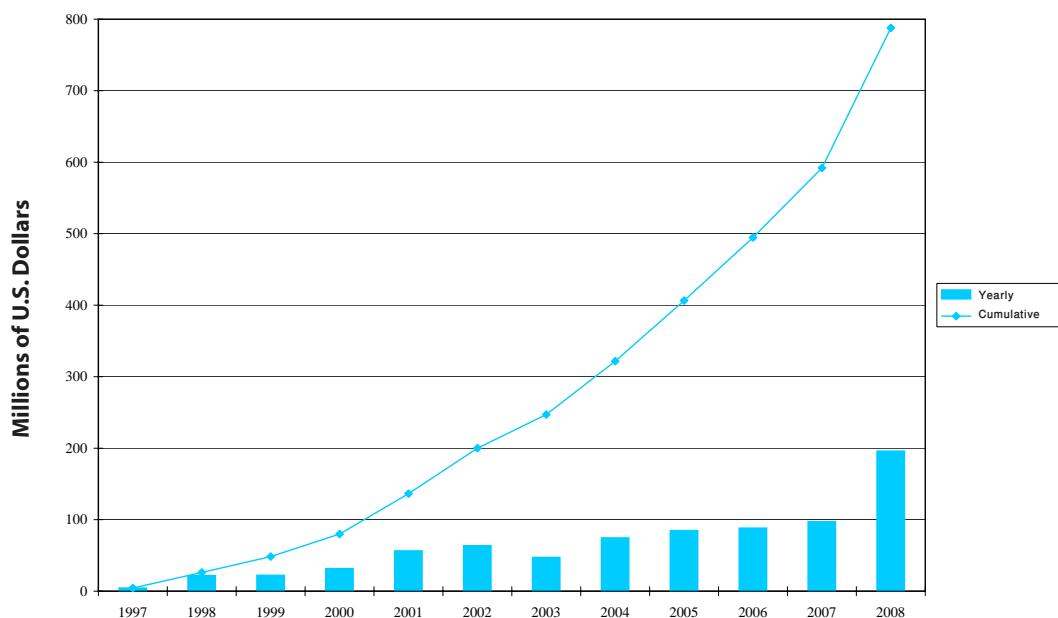


Figure A6. Disbursements (1997–2008)

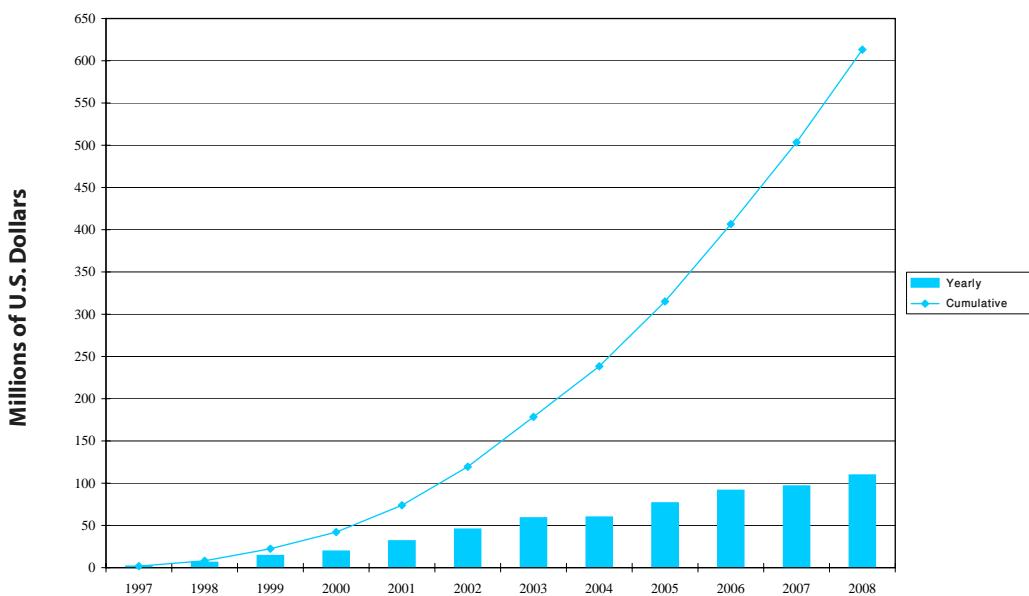
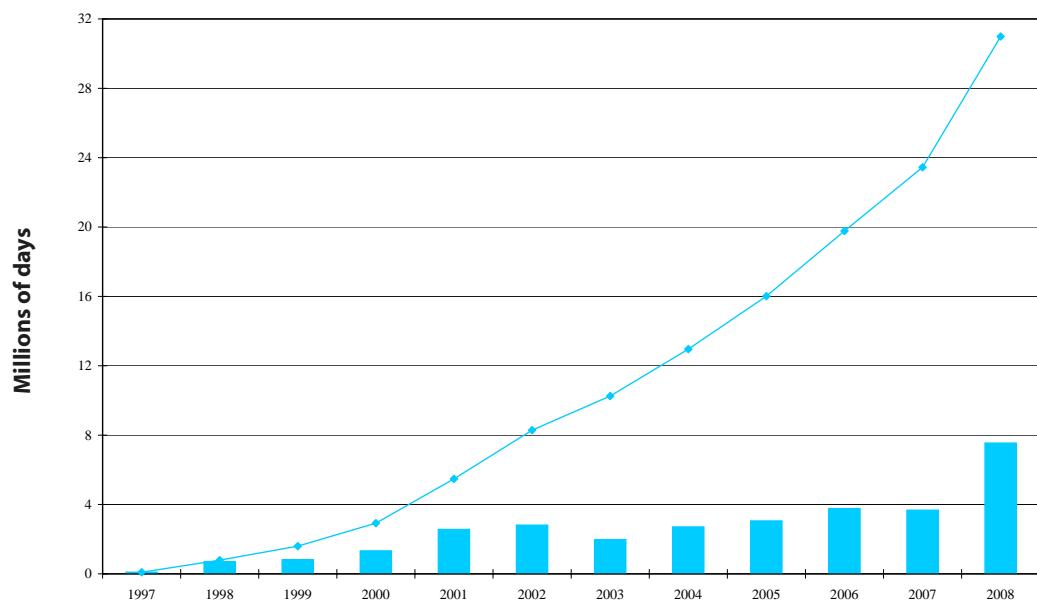
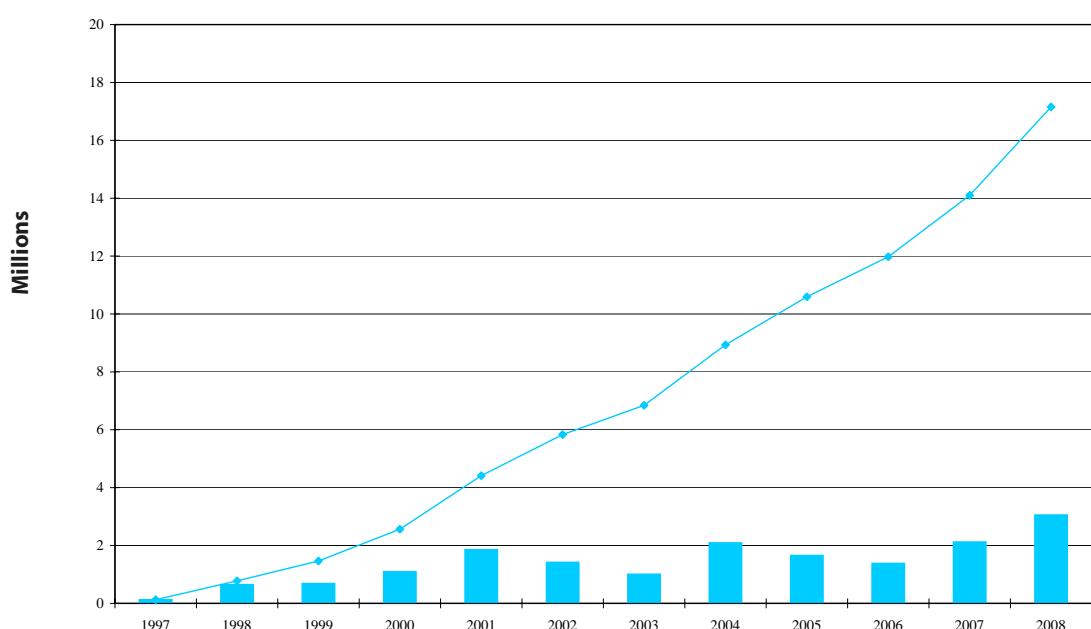


Figure A7. Project-ensued temporary employment (1997–2008)



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Figure A8. Number of direct beneficiaries of projects (1997–2008)



Poor-density distribution of SFD geographic-targeting projects, 1997-2008

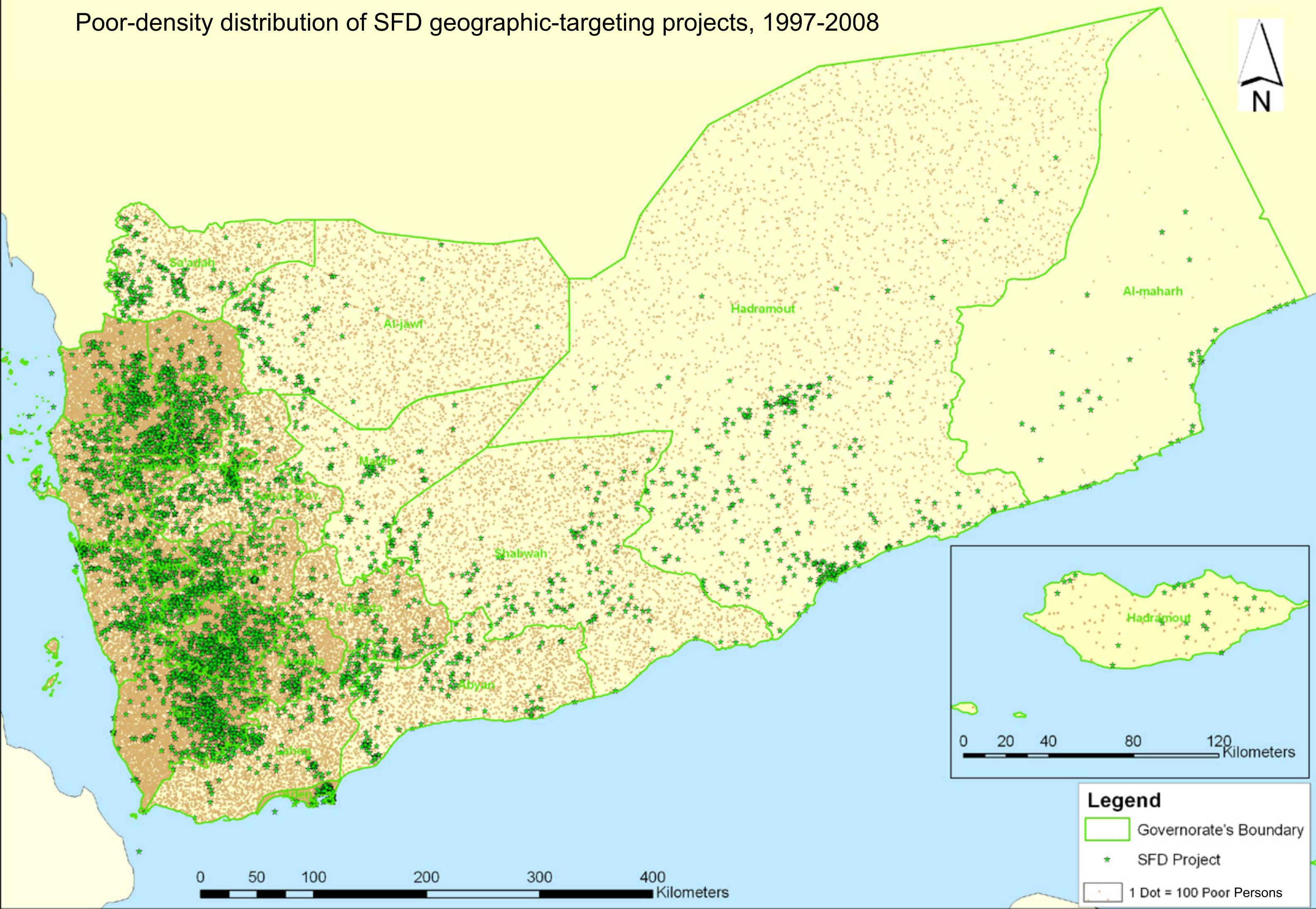


Figure A9. SFD organizational structure

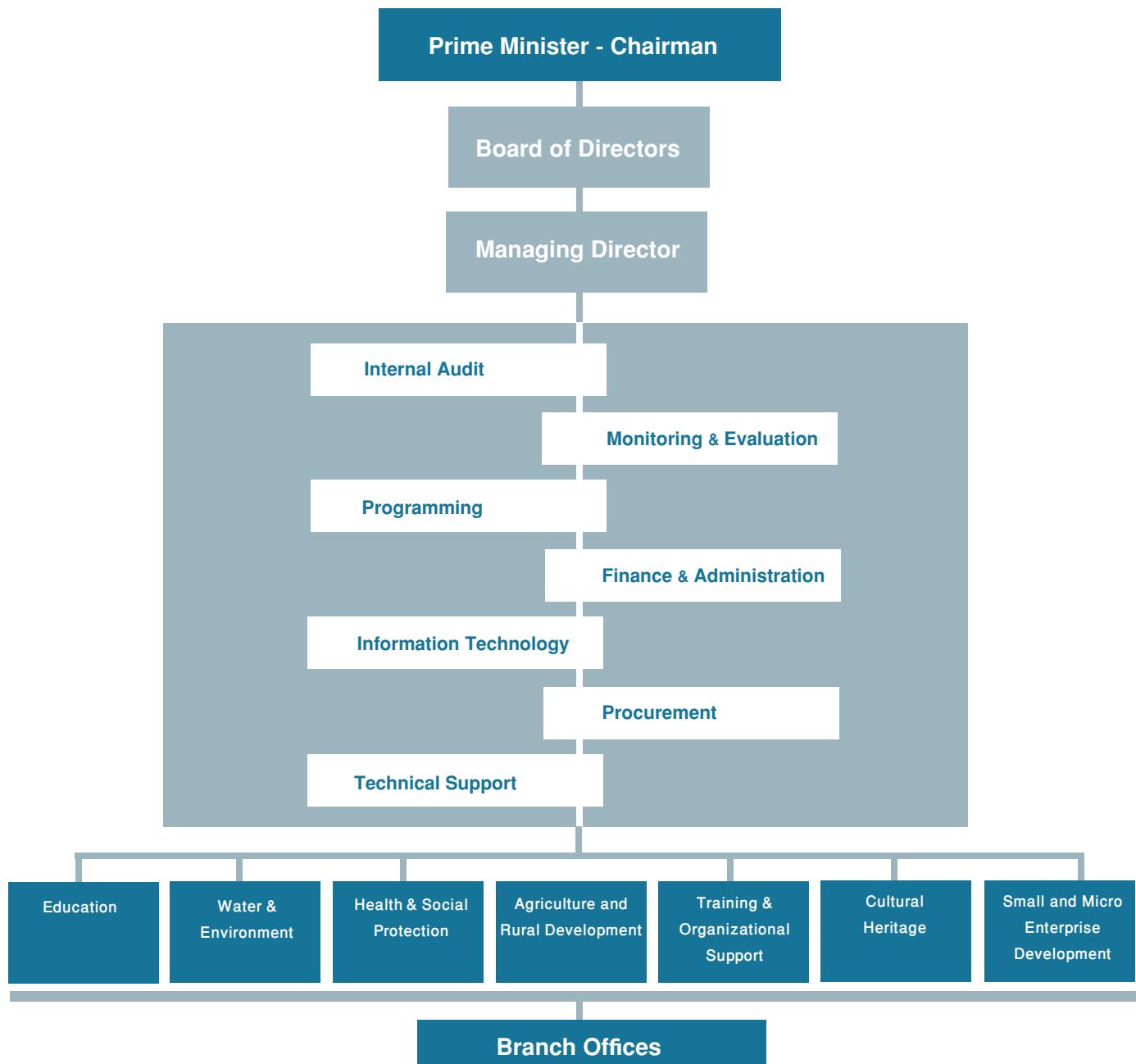
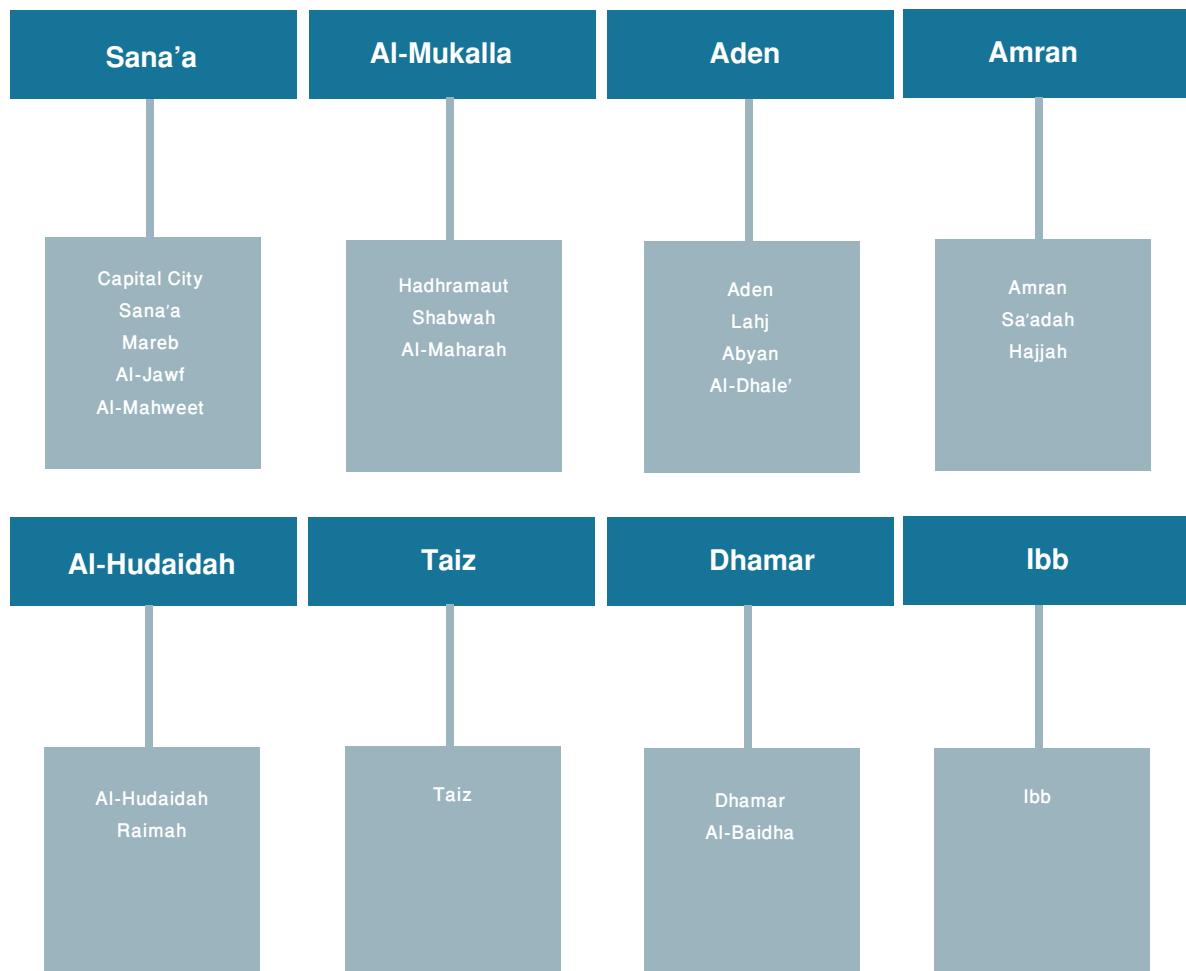


Figure A10. SFD branch offices and areas of operation



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