

EDITORIAL

As the security and political conditions continue to deteriorate in Yemen and the humanitarian conditions exacerbate, the SFD has begun to prepare and discuss many suitable alternatives to ensure that its response is adapted to meet the increasing and changing needs. For example, the SFD developed the Early Recovery Activities and the Humanitarian Response Plan, both intended to mitigate those consequences for a specific time period and planned to be revised for further improvement. Both documents mainly target the donor community in order to mobilize funding to the SFD operations for the next phase.

During the past three months, most activities focused on improving livelihood, as most people had lost their jobs and income. They include activities under SFD's LIW Program (particularly Cash for Work Program). The SFD also supported non-financial services provided by SMEPS that had been founded by SFD and is being funded in order to support the promotion of small and micro enterprises and reinforcement of SMEPS work to serve the microfinance sector in Yemen. SMEPS has responded to the current crisis by developing an emergency application through a mobile phone company. The ensued financial revenues will be used to support activities serving the IDPs. SMEPS also carried out a survey on the businesses environment in Yemen, giving special attention to two new programs: the Cash for Social Services and Cash for Food.

On top of the SFD's recently developed activities come emergency services and support provided to the IDPs as well as to the hosting communities. In mid-2015, the SFD has developed a working paper for the post-conflict period, based on the people's understanding of their needs. In the same context, SFD has adjusted and extended Phase IV for two additional years (2016–17) in order to contribute to rebuilding the state and the country's infrastructure.

A working paper entitled SFD Response to the Impacts of the Current Situation was also launched focusing on the conflict-resulted priorities. The plan will be reviewed frequently in order to be adapted to the changing context and to any ground developments or impact.

SFD new measures to help the poor despite major conflict challenges

The nationwide escalated conflict that plagued Yemen since end of March, has affected the SFD funding and operations the hardest since establishment in 1997. Although several organizations suffered access and security problems, the SFD managed to continue project implementation using its limited funds.

The SFD's flexible policy allowed its operations to adapt to insecurity, funding shortfall and the growing project cost. Most projects have been implemented by community and beneficiary households, and the materials used are procured locally. SFD's supervisors and consultants have resided within or close to the projects' sites to overcome fuel shortages and insecure access. It stored quantity of fuel in May to operate its systems in all offices. It reduced the working hours to 5 instead of 8. Aden branch office was re-opened and some Taiz branch staff are working from Ibb. Staffing dropped by 15% to reduce cost.

Since the conflict escalated, SFD disbursed \$13.5 million (470% less than the \$63.7 million disbursement during Sep. 2014 – Mar.2015). SFD developed 18 new projects funded by the Islamic Development Bank (IDB) and the small grant from the UNDP. It also continued the implementation of around 93 projects mainly funded by KfW, IDB, the Netherlands and the AFESD.

In July, SFD was asked to prepare a rapid assessment and cost estimation for reconstruction works of some sectors in four southern governorates. A quick draft assessment was completed based on meetings with the relevant local authorities and ministerial offices in these governorates.

Life-saving and economic activities respond to communities' pressing needs

The current wide conflict has triggered sharp deterioration of access to public services, escalation of poverty and rise of basic commodities' prices. The UN estimated that 81% of Yemenis are in need of humanitarian services, basically due to disruption of access to public services and lack of income.

Therefore, and with the SFD funding shortfall, SFD has focused its operational program priorities on 93 projects to overcome those consequences with life saving and income generating interventions, mostly labour-intensive works and water activities. The Vocational Literacy Training project also provides training to 2,000 male and female youths in Al-Hudaidah and Hadhramaut Governorates. Beneficiaries have highly valued these projects especially that they meet their critical priorities during this extremely difficult time.

SFD monitoring reports say that the SFD's established Village Cooperative Councils (VCCs) and community committees with help of local councils have launched initiatives responding to the conflict-ensued deterioration in a number of districts within the Empowerment for Local Development program. These structures implemented 1998 initiatives in only 34 districts located in 11 governorates at a total locally donated cost of Riyals 155 million (\$721,000) despite the war and deterioration of different fields. These initiatives benefited the local population and the displaced. The activities varied in infrastructure like rural roads maintenance, sewage, and water, as well as capacity building, relief for displaced population.

These initiatives have provided a clear-cut evidence of the importance of the continuation of SFD work with local communities, particularly during the difficult circumstances. Building on the SFD's long history of strong relation with the local communities and of experience, the donors' support to the SFD activities becomes essential to effectively support the conflict-affected population especially the remote rural communities that have not been accessed by other relief or development partners.

SECTOR ACTIVITIES

Education

The Education Sector's total cumulative number of projects reached 5,272 at an estimated cost of \$762.7 million expected to serve nearly 2.813 million people (46% female) and to generate 25 million jobs. Of these, 4,761 projects have been completed at a contractual cost exceeding \$572.4 million.

Vocational and Literacy Program (VOLIP)

The program aims to alleviate poverty, especially among youth and women in poor rural areas. The program seeks to train these groups to acquire the appropriate skills and facilitate access to financial sources and microfinance in order to enable them to achieve their economic growth on their own. The project focuses on reducing school dropouts, enhancing mastery of reading and writing, and providing unemployed youth and working women with professional skills needed for the labour market. Then they are provided with access to financial services to facilitate the integration of target groups in economic and social development process. The project includes education enrolment of out-of-school children and training of young people and rural women.

The program is expected to benefit 9,000 children, 4,000 women and 4,000 young people (60% female).

The activities of the program focused in the third quarter 2015 on providing training in Al-Hudaidah Governorate on the basics of the use of computer and the internet, with the trainees comprising 70 young unemployed males and working women (41 female).

The trainees came from six districts of Al-Hudaidah (Al-Zaidiah, Zabid, Al-Luhayah, Al-Maraw'eah, Bajil and Al-Sokhnah).

The training included internet skills (Introduction to Information Technology, Windows and applications of Word, Excel, PowerPoint and Internet as well as printing in Arabic).

Although most of the trainees came from rural areas, and had never been familiar with computer and internet, they significantly improved their skills and command of the computer, benefiting from the theoretical and practical sessions.



Vocational training in carpentry (Al-Mukalla, Hadhramaut)

Education Indicators

Result Indicators		Phase IV Target (2011-15)	Cumulative (as of 30 Sep 2015)
Number of classrooms	Constructed		6,148
	Rehabilitated		2,795
	Total classrooms	9,000	8,943
Number of pupils benefiting from space created by newly construct SFD classes disaggregated by	Boys	201,600	136,156
	Girls	158,400	109,764
	Children with S.N	5,000	6,750
Number of formal education teachers trained	Male	100	200
	Female	100	226
Number of female informal-education teachers trained by SFD	Male		28
	Female	1,000	2,334
Number of female informal-education teachers qualified by SFD	Female	200	311
Number of educational professionals trained	Male	782	673
	Female	600	485

Health

The total number of health projects has amounted to 1,218 worth over \$108.6 million. The projects are expected to benefit directly more than 7.83 million people (64% female) and to generate nearly 2.32 million job opportunities. Of these, 1,107 projects have been completed at a contractual cost of nearly \$71.74 million.

Improvement and expansion of primary healthcare services

The program aims at reducing the rate of morbidity and mortality among members of society, especially among children and mothers.

The third quarter witnessed the completion of constructing and equipping of the health center in Wadi Al-Erbed (Al-Gabeen District, Raima Governorate).

Promotion of Reproductive Health Services

This program aims to enhance the health services provided for mothers and newborns.

During the quarter, all tenders of medical and office equipment, generators and A/Cs of EU-grant-funded health facilities have been completed. Also, the EMO Center building (in Al-Khookha, Al-Hudaidah) has been received. The center, built to replace the old one, is stuffed with a general practitioner, 3 paramedics, 5 community midwives, 2 nurses and x-ray technician working in the center. The EMOC, being the only health center in the district, serves the district's population of 64 thousand people distributed over 123 sub-districts and villages.



Building & equipping of a health unit (Tareem, Hadhramaut)

Health Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 31 Sep 2015)
Number of health facilities constructed or renovated and equipped	100	99
Number of health facilities furnished and equipped	50	69
Number Community midwives trained	2,000	2,058
Number of Community midwives qualified	240	255
Number of Primary Health Care personnel trained	Male	1,125
	Female	750
Number of Primary Health Care personnel qualified	Male	300
	Female	300

Social Protection

The total number of projects under this sector amounted to 718 at an estimated cost of about \$38 million, expected to benefit directly about 185 thousand people (39% female) and to generate about 0.9 million job opportunities. Of that total number, 682 projects have been completed at a contractual cost of nearly \$29.64 million.

Early Childhood Development

The Social Fund for Development (SFD) pays special attention to early childhood due to its importance in the development of children and their multidimensional growth. In this context, SFD carries out a number of related programs and activities to serve childhood development in multiple ways (educationally,

hygienically and psychologically).

During the third quarter, a project aiming to strengthen services provided for trafficked children was completed. SFD had also built the temporary Child Social Protection Center in Haradh City (Hajjah), SFD continues to support the center by providing technical support, viz, and has provided the center with training for its employees along with the staff of relevant authorities. The training focused on protection and psychological rehabilitation, alternative institutional care, subsequent care, tracing children and social reintegration as well as the developing children's life skills and the basics of administrative functions for this kind of centers.



Groups with Special Needs Indicators

Result Indicators		Phase IV Target (2011–15)	Cumulative (as of 31 Sep 2015)
Number of Children with special needs	Male	2,500	3,159
	Female	2,500	3,591

Water & Sanitation

The activities included the sectors of water and environmental sanitation as follows:

Water Sector

As the SFD has suffered sharp funding shortfall since the beginning of the current year, SFD has not approved any new water project during the second quarter. The total cumulative number of the sector's projects (since 1997 till end of September 2015) remains 2,297 projects at an estimated cost of USD 430.8 million (including SFD's contribution that amounts to about \$212.3 million). These projects are expected to directly benefit approximately 4.14 million people (half of whom female) and to generate temporary jobs of about 9 million workdays. Some 1,878 projects have been completed at a contractual cost of \$152.3 million (totally contributed by SFD).

This sector includes the following sub-sectors

Rainwater harvesting (covered general tanks): during this quarter, six projects were completed containing 6 tanks, with a capacity of 6,950m³, 3 public springs, 7 sedimentation basins (the SFD contribution amounted to \$694 thousand serving 2,945 people).

Roof-top rainwater harvesting (household cisterns): During the quarter, 13 projects have been completed including 1,460 tanks with a total capacity of 60,830m³, supported fully by the SFD with \$1.5 million. The projects served 13,131 people. The local community contribution is estimated at \$3.6 million.

Rainwater harvesting (open public tanks): during this quarter, no project has been achieved.

Surface water: these projects depend on springs' water, which is collected in covered tanks, and then be transported through the pipeline (often natural flow) to the beneficiaries.

Groundwater: During the quarter, two projects have been completed containing a project management room, a pumping unit, 12,804 meter long pipelines, a tower reservoir to distribute 100m³ of water and 426 household connections at a total cost of \$343,000 serving 3,884 beneficiaries.

Water Scarcity Response Program

The total completed projects in this program reached 154 with a total cost of nearly \$19.2 million (totally supported by SFD) to serve 163 thousand people. These projects fall within the water sector.

Communication with partners

The SFD continues to participate in meetings of the Water, Sanitation and Hygiene Cluster "WASH" (which is being held on a monthly basis). The SFD provides the cluster with regular reports about its relevant achievements. It also continues its coordination meetings with all partners working in Yemen's water sector.

Sanitation

As the SFD has suffered sharp funding shortfall since the beginning of the current year, only 2 Dutch-second-grant-funded projects have been approved at an estimated cost of nearly \$41.6 thousand, with direct beneficiaries expected to amount to 21.2 thousand people (50% of whom are female).

This brings the total cumulative number of the sector's projects to 414 at an estimated cost of \$46.1 million expected to serve 3.6 million people (half of them female, too) and to generate 1.4 million workdays. SFD has completed 354 projects at a cost approaching \$25 million.

This sector comprises the sub-sectors of Wastewater Management, Solid Waste Management and Community-led Total Sanitation (CLTS) approach.

Community-led Total Sanitation approach (CLTS)/ health awareness campaigns

During this quarter, two projects have been completed consisted of 45 awareness sessions targeting 2,846 persons, who established covered sanitation pits attached to their residents. SFD announced 39 population settlements free of uncovered sanitation.

Water and Sanitation Program in Abyan: All relevant projects are being funded by the German Development Bank (KfW) grant (Euro12 million, equivalent to \$15.6 million). The grant covers 38 water projects and 5 sanitation projects. As 10 water projects have been completed, the remaining 33 water and sanitation project are still under construction many of them at high rates. Disbursements under this grant have reached \$7.9 million by the end of this quarter.

Infrastructure Project (Shibam / Hadhramaut): The cumulative achievement of the project (as of the end of September 2015) amounted to 96.5%.



Construction of a small dam Shoeb Al Duhanat - Al Jawaf

Water Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 30 Sep 2015)
Water access: Number of people provided with access to improved water sources	646,000	760,220
Storage capacity for improved water (m ³)	2,240,000	2,788,665
Storage capacity for unimproved water (m ³)	1,690,000	1,838,602

Sanitation Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 30 Sep 2015)
Sanitation access: Number of people with access to improved sanitation facilities	265,000	227,234
Number of open defecation free communities	240	695

Agriculture and Rural Development

The total cumulative number of projects amounts to 440 at an estimated cost exceeding \$58.11 million, with direct beneficiaries expected to reach 461 thousand people (46% female) and employment opportunities generated to amount to about 1.44 million workdays. Of those projects, 310 have been completed at a contractual cost approaching \$22.5 million.

During the quarter, SFD continued implementing the coffee productivity and quality improvement project, with the rainwater harvesting tank (RHT) project received (Al-Rujmah, Bura', Al-

Hudaidah) with a storage capacity of 230 m³. Also, more than 80% of the works pertaining to A'atam RHT have been completed (Al-Rujum, Al-Mahweet) with a capacity of 1,100 m³.

In the Savings and Credit Program, the boxes of savings and credit groups in Hajjah and Al-Hudaidah Governorates have been received and supplied, and work is underway to receive and supply similar boxes of Sana'a Governorate groups.



Planting of drought-resistant livestock fodder- Hajja

Rain-fed Agriculture Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 30 Sep 2015)
Storage capacity of water for agriculture and livestock use (m ³)	3,000,000	3,674,718
Total area of land irrigated by water sources provided (Hectares)	2000	998
Total area of rehabilitated agricultural land and terraces (Hectares)	600	318

Training & Organizational Support

The objectives of the operations in the fourth phase concerning Training & Organizational Support focus on building the capacities of SFD partners. These partners include consultants, local communities, small contractors, technicians, local authorities, government organizations, and civil society organizations whose activities are closely linked to poverty mitigation and local development.

The total cumulative number of the Training Sector projects reached 1,046 at an estimated cost approaching \$27.6 million, with beneficiaries expected to be about 164 thousand persons (38% female) and job opportunities generated about 405 thousand work/day. About 940 projects have been completed at a cost exceeding \$15.85 million.

The cumulative number of the Organizational Support Sector projects reached 659 at an estimated cost exceeding \$40.7 million, and beneficiaries are expected to exceed 1.2 million persons (49% females), while job opportunities are expected to amount to 0.92 million work/day. About 591 projects have been completed costing more than \$21.3 million.

Empowerment for Local Development (ELD) Program

Implemented activities included the following during the quarter concerning works related to community structures formed within the framework of the Program (councils and Uzllas' committees) as well as their estimate cost as indicated below:

Humanitarian & Relief Works: Distribution of food baskets, mattresses, covers, cleaning utensils, and medicaments. The number of families benefiting reached 28,932.

Self Help Initiatives: Roads' initiatives (construction, paving, support walls, widening) , water projects' initiatives (constructing water tanks-extension of present projects – completion and connection of water networks) , construction of mosques and schools' WCs, opening literacy classes, building outer walls and fencing of cemeteries.

The total cost of humanitarian and relief works is estimated at 42.12 million riyals, while the total cost of Self Help Initiatives is estimated at 42.14 million riyals (the grand total cost of the two activities mentioned above is 84.26 million riyals).

It is worth mentioning that most of relief works were carried out mainly in the governorates covered by SFD's Aden Branch Office (BO).

NGOs

The quarter witnessed the issuance of the first draft of the National Tool for Evaluating Civil Society Organizations as well as reviewing the reports on the locally displaced people in Al-Baidha and Amran Governorates and submitting them to the relevant staff in SFD. Also,

SFD carried out communication with BOs' officers and followed up with what has been implemented in the CSOs' sector, in addition to revising the CSOs' reports concerning relief and humanitarian aspects in different governorates and revising the case study related to CSOs.

RAWFD program

Since July 2015, fifty RAWFD graduates (including 17 females) obtained short-term job opportunities in a number of national and international organizations working in the country. Similarly, 21 RAWFD graduates (including 9 females) obtained long-term job opportunities with a number of national and international organizations working nationwide.

Also, within RAWFD youths' roles during the war, about 58 volunteers participated in the implementation of 34 initiatives with estimate cost reaching 421 thousand riyals. The initiatives included education, illiteracy eradication, community activation to build WCs in mosques and abstaining from defecation in the open, reclamation of some agricultural land in rural areas, rehabilitation of some rural roads, training other youths particularly in first aid, cleaning campaigns, awareness and health education campaigns, helping the destitute to have shelters, and providing donations such as blood donation. The initiatives also comprised of donating used clothes, providing blankets and mattresses for IDPs, providing support to the Red Crescent and other relief organizations, performing field assessments to survey the sick and contagious disease, as well as helping the poor and the IDPs and providing them with shelter. Since the beginning of July 2015, and as a result of continuous monitoring of RAWFD graduates, 248 graduates performed voluntary works despite the difficult circumstances due to war, including serving the displaced , treating the sick and wounded due to the political conflicts and providing assistance and correct information to the relief agencies.

Integrated Intervention Program (IIP)

The IIP's total cumulative number of projects reached 340 at an estimated cost exceeding \$32 million, with beneficiaries expected to be about 313 thousand persons (51% female) and job opportunities generated about 792 thousand work/day. SFD has completed 239 projects at a contractual cost of more than \$15.5 million.

During the quarter, SFD has prepared a case study in animal health workers, and salt pits' project and completed the environmental and health awareness campaigns' project. Also, SFD has communicated with

Training and Org. Support Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 30 Sep 2015)
Number of village councils in pilot areas, which are functioning effectively	1,500	3,983
Number of young volunteers trained in different areas, disaggregated by:	Male	887
	Female	702
Number of Local Authority members trained within the Empowerment and Local Development Program	1,500	4,868
Number of individuals consultants trained in community participation skills (engineers, contractors)	3,000	6,482
Number of NGOs supported	90	55
Number of Local authorities supported	90	50
Number of Community-Based Organizations formed	2,500	1,832

development committees to be acquainted with the current situation and the impacts taking place in the areas due to war. Moreover, SFD supervised the setup of irrigation network for the illustrative fields.

Additionally, a number of economic activities continued in certain areas including intervention in animal health, whereby workers in this field provided veterinary service for about 4,518 animals (cows, sheep, and lamb). This has contributed to preserving the productive animal-wealth assets of in targeted areas.

This project, completed last year, is considered as one of the most important projects that left an impact on farmers' lives (especially small farmers'). It also had an impact in the diversification and productivity increase in agricultural crops. In this respect, the operation and maintenance committee carried out maintenance for 8-km-long canals in Radfan and Batais Al-Haila in a 100% self-help community effort. Similarly, with self-help efforts, too, farmers in Bani Asa'ad have carried out maintenance of agricultural terraces and lands for the purpose of protecting them from erosion, which helps the improve agricultural productivity.

Concerning the IDPs and self-help initiatives, help and aids have been provided to thousands of displaced families in Hajjah, Ibb and Lahj Governorates. Also, rainwater harvesting tanks (RHTs) have been provided in Bani Sa'ad Sub-district (Al-Hazm, Ibb) as well as the rooftop RHTs in 5 villages in Al-Athlooth (Wisab Al-A'ali, Dhamar). Self-help initiatives included cementing works and construction of covers for some tanks, with the total cost being 2.8 million riyals.

On the other hand, Development Committees and Community Structures have played an active role in helping the IDPs, especially in the settlement of community difficulties and problems and following up communities' issues with the relevant authorities.

They have been also deeply involved in solving problems concerning water tanks and providing help to the ultra-poor in addition to surveying the IDPs and looking for channels to support them as well as providing them with shelters. The IDPs have been also assisted through providing them with a number of basic needs; coordination with

a number of benefactors to provide the IDPs with wheat and dates' bags; supervising the on-going projects in the area; providing treatment for a number of war-wounded persons and searching for the missing people and communicating with the authorities concerned, as well as with the projects' officers.

Community Participation: The main activities included developing field directives for work with the local communities in urban areas and drawing out an implementation mechanism for intervention in these areas based on the methodologies of community participation to realize sustainable development.

Data have been collected on the IDPs and areas of displacement as well as following up with the steps taken by the authorities to deal with this issue, in addition to contributing to submitting proposals and ideas concerning interventions related to the recovering plan and reconstruction. SFD has also communicated with the community committees, project officers, and community-participation consultants to provide information on the IDPs, their conditions and the activities undertaken for helping them.

Other activities included completing water projects, the implementation of public rainwater projects and rooftop rainwater harvesting tanks (with community contribution) as well as road maintenance including those destroyed by floods and entering a number of community field studies into the MIS.

Additional community-participation activities can be summarized in developing 4 training manuals, carrying out 18 workshops and training courses in various fields (such as first aid , psychological support, field surveys, enlisting the IDPs, assessment of damages, training on life skills and management of IDPs' camps and sheltering centers).

Finally, the community committees have implemented several projects including 544 rooftop rainwater harvesting tanks, 17 pools and small dams, repairing 16 water cisterns and 14 roads, 11 survey assessments & 577 need-assessment studies and safekeeping & protection of construction materials for 13 schools as well as formation of 60 community committees.



Empowerment for Local Development (Sa'afan, Hajjah)

Labor Intensive Works Program

LIWP comprises projects under the Cash-for-Work Program and Roads Sector.

Cash-for-Work Program

During the quarter, 8 projects have been approved at an estimated cost of approximately US\$1.6 million. The number of the expected direct beneficiaries exceeds 6,630 (50% female), and the temporary job-opportunities expected to be created amounts to 124 thousand workdays.

Cumulatively, the total number of projects (1997 – 30 September 2015) amounts to 811, worth nearly \$168.6 million, expected to directly benefit about 1.3 million people (49% female), while the total temporary job-opportunities generated approach 14.5 million workdays.

Cash for work Indicators

Result Indicators		Phase IV Target (2011–15)	Cumulative (as of 31 September 2015)
Number of people directly benefiting from multi-year workfare assistance in rural areas		90,000	-
Number of people directly benefiting from short-term workfare assistance disaggregated by	Rural	900,000	636,077
	Urban	416,900	390,860
	Total		1,000,000
Number of working days employment created under workfare assistance program for multi-year activities in rural areas		2.625m	-
Number of working days employment created under workfare assistance program for short-term activities disaggregated by	Rural	13.13m	8,800,000
	Urban	2.64m	1,800,000
	Total		10,600,000
Indirect beneficiaries: Number of people benefiting from community livelihood assets		260,000	256,734
Land: Total area of rehabilitated agricultural lands and terraces (Hectares)		4,980	3,858
% of resources paid as wages		60%	0.70

Roads Indicators

Result Indicators	Phase IV Target (2011–15)	Cumulative (as of 31 September 2015)
Total length of roads improved/built (km)	1,300	1,723

Of these projects, 607 were completed at a total contractual cost of US\$111.6 million.

Road Sector

The sector's cumulative number of projects reached 845 at an estimated cost of more than US\$193.4 million, expected to benefit directly around 4.43 million people (50% female) and to generate more than 9 million workdays. The projects have constructed, improved, and rehabilitated 3,500-km-long rural-access roads as well as paved an area exceeding 3 million square meters.

Of those projects, 731 were completed at a contractual cost of nearly US\$152.5 million.



Akroob Al-Jabal (Aden)

Small and Micro Enterprises Development (SMED)

In light of the precarious conditions in Yemen since April, the war has cast its shadow on the economic, security and living conditions on the lives of people in general and on the microfinance foundations' institutions, in particular. Therefore, the sector was affected by wide paralysis of all these factors and to inability of most activities and inability of owners to repay the instalments due for the microfinance institutions.

Therefore, the performance of the SFD's Small Micro-Enterprises Development Unit (SMED) focused on following up on the MFIs and its activities, reviewing their emergency plans and developing some mechanisms and policies to apply them during post-conflict phase. The volume of portfolio of active loans for MFIs has amounted to over YER10 billion (equivalent to \$64.1 million), while the number of borrowers from MFIs amounted to more than 107 million active borrowers (of both sexes), and the number of active savers is more than 731 million. The total number of loans amounted to 762 thousand loans at a total amount of YER 86 billion (equivalent to about \$400 million).

Technical support to develop MFIs' computerize systems

SFD conducted an assessment for the MFIs' needs that were generated by the current insecurity. The needs assessment focused on a mechanism to manage repayments through bank, a mechanism to manage repayment of instalments of the MFIs through Al-Kuraimi Islamic Microfinance Bank that could facilitate management and review of the repayment. This mechanism was first applied to Azal Microfinance Program. Another mechanism for field repayment was designed for documenting and organizing the repayment during the current situation. In addition, the SFD continues supporting MFIs with technical support especially in developing the computer-aided system, updating data basis of the clients' credit query website. In addition, the SFD studied and analyzed the accounting cycle that was expected to be practiced by the Customer Finance Guarantee Fund proposed to commence its operations during 2016.

Continuity of support plan during the current crisis

SFD has prepared a proposal to address all the possible ways and projects that will assist and support the MFIs to adapt and continue during the crisis of 2015 in order to put its activities on recovery especially through granting grants and loans, loans rescheduling, capitalization, supporting a variety of MFIs activities provision of technical support and other effective measures that will be implemented through the SFD's plan during 2016.

Reporting on the microfinance situation

The SFD set up a general report about the difficult conditions experienced by the microfinance industry in Yemen as a result of the war in 2015 targeting donors. The report focused on a number of typical MFIs as case studies and the measures it applied to address the current situation. The report included cases of a number of conflict-affected customers.

Proposal to establish Customer Finance Guarantee Fund

The SFD prepared a project proposal for the establishment of Customer Finance Guarantee Fund. This initiative is unique in Yemen, which will allow MFIs wishing to enter new activities and areas to share risk with this Fund. The project is a new push intended to revive the sector in Yemen after they suffered from the consequences of war. It is expected that this project's budget to reach about \$ 2 million in capital and a half million dollars to cover expenses of the Fund's establishment and operations for a certain period. The proposal also included a financial plan and budget and an integrated vision on the project, its objectives and outputs.

MFIs' Capitalization Policy

The SFD set up an integrated post-conflict policy for the capitalization of loans of the MFIs. This policy aims to strengthen the financial position of MFIs, which will be reflected on their financial performance and its capability to respond to crises, to expand and to proliferate. The policy has taken into account the ways and mechanisms of capitalization, and the standards by which those MFIs have been classified as eligible for capitalization.

MFIs Clients' Takaful List

The SFD prepared a bylaw for of the MFIs Clients' Takaful Fund. SFD will also develop a project to support MFIs to overcome conflict impact and to help them address the conflict risks the MFIs faced and to support their continuity and enable borrowers deferring to pay their instalments to MFIs, and to continue practicing their income-generating activities.

Field visits

The SFD focused on field visits to follow up and support MFIs and identify their difficulties in light of the current conditions, which had a negative impact on their business growth and plans leading to a decline in performance indicators of microfinance industry, the sizes of disbursement of funds, the closure of a number of branch offices in the conflict areas and the reluctance of a large number of affected clients to repay the loan instalments as their activities completely stopped. The visits also helped those MFIs to put in place measures notably a mechanism to verify the financial flows for each MFI to address this crisis and to develop appropriate solutions to reduce these difficulties.

Yemen Microfinance Network (YMN)

YMN carried out several activities during the third quarter including:

A workshop on strengthening microfinance

YMN in cooperation with the GIZ set up this workshop in Sana'a entitled "Strengthening the microfinance industry vs the crisis challenges" targeting a number of MFIs' representatives. The workshop aimed to identify the crisis-resulted challenges affecting microfinance industry and means to address them and to adapt to any further political or economic developments. Participants recommended to produce a roadmap to guide MFIs to short term solutions and to support recovery so they return to profitability in the medium term.

A seminar on loan development

This seminar was held in the sidelines of the Improvement of Economic Opportunities in Rural Areas project. It discussed the initial draft of the preliminary study on "the loan development" focussing on the value-added chain of sesame crop. The project targeted workers including farmers, grinders, producers and distributors of the product. The participants recommended that the study to include a clear loan repayment mechanism, the relationship between the MFI and client and the need to open a saving account for borrowers.

A study on conflict impact on the microfinance sector

With fund provided by the SFD, YMN launched this field study targeting MFIs and aiming to evaluate impact and damage inflicted on the microfinance sector in Yemen. This study has helped find solutions and measures to reduce these effects. The study seeks to identify factors that snag the development of the small borrowers and their businesses and proposing appropriate solutions.

Microfinance Programs Supported by SFD as of 30 Sep 2015

Program	Number of active clients			Outstanding loan portfolio Million YR	PAR (%)	Cumulative numbers		OSS	FSS	Number of Personnel	Number of Loan Officers	Area of Operation
	Borrowers	Savers				Number of loans	Loan amounts Million YR					
	Total	Women (%)	Total									
1- Al-Amal Microfinance Bank	39,486	39	120,549	2,529	20.69	135,546	13,650	132	66	257	124	Capital City, Taiz, Ibb, Hajjah,
2- National MF Foundation	13,756	80	27,022	526	72.24	108,343	7,879	94	60	124	54	Capital City, Taiz, Ibb, Thamar, Yarim, Hajjah, Lahj, Al-Hudaidah, Aden, Altawahe, Hadhramaut
3- Aden MF Foundation	14,210	92	11,469	926	100	52,402	5,007	96	16	86	43	Dar sad, Al-Buraikah , Al-Mukalla, Altawahe, Khoor Maksar, Kerater, Aden, Lahj, Aldali
4- MF Development Program (Nama')	7,793	50	3,010	440	41.64	79,588	6,958	88	73	116	79	Capital City, Taiz, Ibb, Aden, and Al-Hudaidah
5- Altadhamon Bank	5,224	32	0	648	30.95	38,640	8,830	54	54	108	88	Capital City, Taiz, Al-Hudaidah, Aden, Ibb, Hajja, Shabwa, Mukalla , Seyun , Amran
6- Alkuraimi Islamic Microfinance Bank	4,915	4	562,590	1,075	47.8	17642	8170	18	17	114	54	Capital City, Taiz, Ibb, Aden, Thamar , Al-Hudaidah, Almokala, Seyun, Rada'a, Yarim, Alkaeda, Amran, Aldali, Hajja, Lahj, Hadhramaut
7- Hadhramaut Microfinance Program	7,023	39	4,422	789	40.80	43,105	5,074	183	143	56	20	Hadhramaut (Seyun – Tarim, Al-Suom), Alkton, Shebam, Almahra, Shabwa
8- Small Enterprise Development Fund (SEDF)	5,206	25	0	2,123	3	22,617	17,055	179	177	126	21	Capital City, Taiz, Aden, Hadhramaut , Al-Hudaidah, Ibb
9- Azal Microfinance Program	3,856	66	2,635	293	54.39	47,164	3,817	52	39	80	39	Capital City, Almahweet
10- Aletihad Microfinance Program	3,810	100	0	479	67.08	50,330	2,767	57	27	77	29	Abyan, Almokala, Alshehr, Aden
11- Al-Awa'el MF Company	1,546	79	0	93	100	81,945	4,088	90	68	41	21	Taiz (Al-Camb, Hawdh Al-Ashraf, Al-Rahedah, Sainah, Al-Qada'edah)
12- Other Activities & IGP's						85,024	3,413					Several areas
Total	106,825		731,697	9,921		762,346	86,708			1,185	572	

Number of projects approved and estimated costs– third quarter, 2015 (by governorate)

Governorate	No. of projects	Estimated cost (USD)	Estimated SFD's contribution (USD)	Percentage (%)
Al-Hudaidah	1	7,870	7,870	100
Taiz	2	495,000	495,000	100
Hajjah	2	233,895	233,895	100
Dhamar	2	339,459	339,459	100
Raimah	1	33,688	33,688	100
Amran	2	519,645	519,645	100
Total *	10	1,629,557	1,629,557	100

*The total includes 2 projects with no funding

Number of projects & estimated costs —Third quarter, 2015 (by sector)

Sector	No. of Projects	Estimated Cost (\$)	Est. SFD Contribution (\$)	Direct beneficiaries		Temporary Job Opportunities
				Total	Females %	
Environment	2	41,558	41,558	21,145	50	719
Organizational Support	8	1,587,999	1,587,999	6,631	50	123,977
Total*	10	1,629,557	1,629,557	27,776	50	124,696

*The total includes 2 projects with no funding

Cumulative number of completed projects and contractual costs as of the end of third quarter 2015 (by sector)

Main sector	No. of projects	Contractual cost (USD)
Environment	352	24,924,966
Integrated Intervention	239	15,501,428
Training	940	15,852,452
Education	4,761	572,447,677
Organizational Support	591	21,333,690
Agriculture	310	22,451,609
Health	1,107	71,736,647
Roads	731	152,478,596
Special Needs Groups	682	29,638,074
Micro Enterprises Development	167	30,927,323
Small Enterprise Development	32	7,719,646
Cultural Heritage	235	40,043,016
Water	1,877	152,272,062
Cash for Work	607	111,608,002
Business Development Services	53	6,957,215
Total	12,684	1,275,892,402

Cumulative number of completed on-going & approved projects and contractual est.&confr. costs as of the end of third quarter 2015 (by governorate)

Governorate	No. of Projects	Estimated Cost (\$)	Est. SFD Contribution (\$)	Contractual cost (\$)
Ibb	1,404	202,684,953	169,170,238	152,942,776
Abyan	348	68,210,926	56,506,379	44,007,823
Socatra	52	6,117,126	5,882,421	5,783,809
Capital City	709	108,734,821	103,373,699	92,980,346
Al-Baidha	309	40,041,101	35,558,457	32,271,079
Al-Jawf	160	19,613,292	18,766,891	15,741,222
Al-Hudaidah	1,243	185,551,905	180,044,177	154,977,286
Al-Dhale	295	49,617,730	43,450,925	36,552,897
Al-Mahweet	431	61,535,801	53,624,907	47,764,729
Al-Maharah	107	8,616,810	8,117,054	7,191,132
Taiz	1,806	280,603,743	206,775,003	192,902,930
Hajjah	1,181	166,962,227	149,096,734	128,636,446
Hadramaut	680	78,841,309	76,213,748	62,838,262
Dhamar	974	130,797,012	103,447,355	99,647,458
Raimah	363	57,677,451	36,610,550	38,445,165
Shabwah	305	33,390,460	32,095,542	29,129,035
Sa'adah	354	56,579,464	55,535,159	50,520,986
Sana'a	532	66,488,946	62,003,116	53,584,207
Aden	325	48,333,060	45,786,804	39,660,014
Amran	928	125,223,382	111,070,856	100,327,213
Lahj	729	119,040,157	89,908,055	83,490,686
Mareb	129	12,095,465	11,538,118	10,740,474
Several Governorates	1,285	121,683,148	119,901,645	89,150,124
Total*	14,649	2,048,440,290	1,774,477,834	1,569,286,098

* The total includes 217 projects with no funding

Cumulative number of projects, commitment, beneficiaries and temporary employment as of the end of third quarter 2015 (by sector)

Sector	No. of Projects	Estimated Cost (\$)	Estimated SFD's contribution (USD)	Contractual cost (USD)	Expected direct beneficiaries		Expected indirect beneficiaries		Total estimated employment (workdays)
					Male	Female	Male	Female	
Environment	413	46,071,877	39,749,644	37,259,214	1,814,344	1,810,003	208,442	205,668	1,388,494
Integrated Intervention	339	32,056,710	26,533,119	21,505,177	152,515	159,634	110,961	114,018	791,792
Training	1,046	27,596,957	27,558,356	19,229,850	101,566	62,089	445,904	477,658	405,245
Education	5,272	762,645,713	737,888,352	640,286,021	1,527,211	1,285,651	1,918,618	1,630,341	24,974,097
Organizational Support	659	40,748,153	38,032,211	24,217,974	628,140	599,304	326,324	290,584	920,636
Agriculture	439	58,114,888	53,427,306	40,349,838	248,595	211,954	418,278	317,960	1,434,869
Health	1,218	108,640,422	105,826,019	89,002,252	2,858,101	4,977,209	865,795	1,505,715	2,319,133
Roads	845	193,412,560	187,268,897	178,057,185	2,225,326	2,202,830	843,899	834,600	9,036,918
Special Needs Groups	718	37,945,828	37,191,932	31,441,797	112,070	72,549	68,482	52,431	864,313
Micro Enterprises Development	197	49,359,185	49,196,083	40,403,890	87,356	370,469	515,911	1,511,056	173,379
Small Enterprise Development	33	8,982,031	8,981,031	7,849,646	18,434	22,101	60,129	44,866	17,828
Cultural Heritage	284	65,996,983	65,257,577	55,825,938	209,365	183,538	109,306	83,393	2,514,029
Water	2,295	430,804,730	212,345,138	210,335,791	2,037,987	2,055,020	157,172	137,762	8,899,138
Cash for Work	811	168,551,832	167,709,750	157,695,375	645,180	628,034	991,111	1,043,679	14,452,562
Business Development Services	80	17,512,419	17,512,419	15,826,151	66,541	26,567	94,317	68,919	3,555
Total*	14,649	2,048,440,290	1,774,477,834	1,569,286,098					68,195,988

* The total includes 217 projects with no funding

30 rural women sell hand-made handicrafts in Europe and train peers

Ms. Suad Derwish looks confident as she explains ways that enabled her to make European women in fashion capitals, such as Berlin and Paris, buy handbags that Suad has made manually. Before she joined the training program, Suad had felt that this was an exaggerated fact when she was listening about the program's outputs. Suad, coming from the rural Tehama area, says "We learn how to meet the demands of distant markets based on the modern and fashionable tastes by inserting local and natural materials and designs to the items made."

A couple of female trainers (from Africa and UK) arrived to Sana'a to hold a ToT training to 30 rural skilled makers of palm frond handicrafts, including Suad, to make similar products with specifications required in the world markets. This was also the professional dream reached by the Briton Philippa Thorne, working in basket designing and development and owning a center to market them worldwide, as she visited an international exhibition and saw Yemeni products that could have been marketed much better if the designs were to be improved in line with the European tastes.

The Executive Director of the SFD-affiliate SMEPS, Mr. Wisam Qaid says that the training program was built on value chain study that covered most areas where handicrafts were being made of palm fronds and points of sale. "Product quality has been greatly improved after the training, and more than 70 products were sold out in the international market at high prices," says Qaid. "Demand therefore has increased, and SMEPS is now preparing more handicrafts to respond to four additional orders to Germany, France and Denmark. Meanwhile, Ms. Fayzah Al Sulaimani, Communication Officer says that SMEPS' program is focusing on making these trainees accredited trainers to other peer women. Referring to the training's economic benefits, Al Sulaimani added "The items are sold abroad five times more expensive than in Yemen, the commodity is being wider promoted so demand increases, it generates hard currency for the country and it employ more number of men and women who suffer from unemployment and poverty. "

Suad has concluded her enthusiastic comments saying "we are proud that we in the countryside of the Tihama we make such items in consistence with the international demand and as the buyer wants. We have learned what the colors and designs the European women prefer."



SOCIAL FUND FOR DEVELOPMENT

Faj Attan, P.O. Box 15485 Sana'a, Republic of Yemen

Tel +967 (1) 449 669/8 Fax +967 (1) 449 670 Email info@sfd-yemen.org

www.sfd-yemen.org  /SFDYemen  /SFDYemen - /SFDYemenAr  /user/SFDYemen/

