

Republic of Yemen

Presidency of Council of Ministers

Social Fund for Development

Manual of Operation

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Introduction

SFD was established in 1997 by Law No. 10 as an autonomous State organization under a Board of Directors chaired by the Prime Minister. *"The Fund aims at contributing effectively to the implementation of the State's social and economic development plan through enabling individuals, households, micro-entrepreneurs and poor & low-income groups to get access to employment and production by providing services, facilities and lawful credits for contribution to the reduction of unemployment, alleviation of poverty and handling the impact of the Economic Reform Program and lessening the burden of its measures affecting limited-income people."*¹

As social funds are generally designed and established to timely deliver their services to the poor and remote communities in an efficient manner, they were equipped with the necessary tools to play their social and developmental role. As such, they were guaranteed a sufficient level of autonomy and flexibility, staffed with qualified staff and enabled by linking them directly to the highest political level.

SFD is governed by a Board of Directors chaired by the Prime Minister. The Board is composed of members representing the government, the private sector and civil society. Since its establishment, SFD, with extensive and expanding support from the government and the donor community has become a significantly active institution of State, with operations throughout the country prioritizing poorer communities with investments in several sectors. These include *education, health, water and sanitation, agriculture, rural feeder roads, cultural heritage, small and micro enterprise development, social protection, training, capacity building* of partner institutions and *workfare programs*.

¹ Article 5, Law No. 10, 1997

Preamble

This Manual presents SFD mandate, general policies, the different units, sectors and programs outline, subproject lifecycle stages, general eligibility and selection criteria, and coordination of SFD with others. Internal procedures, including processes of the subproject cycle, guidance on specific agreed criteria for appraisal, approval, monitoring and evaluation of each sector is found in the Guidelines for Operations and detailed technical guidelines.

Chapter 1 of this manual describes the mandate of the Social Fund for Development, its main features and programs.

Chapter 2 presents its Organizational structure with roles and responsibilities of the Board of Directors, Managing Director, its different units and branch offices.

Chapter 3 is looking briefly at the subproject cycle stages and main events from the stage of subproject identification to evaluation.

Chapter 4 outlines the different sectors and programs through which SFD carries out its various interventions.

Chapter 5 describes general eligibility and selection criteria for subprojects that can be supported by SFD as well as funding conditions.

Chapter 6 presents financial and procurement procedures pertaining to SFD-supported subprojects.

Chapter 7 illustrates coordination of SFD with donors and relevant bodies at the central, regional and local levels.

List of Abbreviations

AWP	Annual Work Plan
BO	Branch Office
BOD	Board of Directors
BOM	Branch Office Manager
BOQ	Bill of Quantities
CLD	Community and Local Development
CSO	Central Statistics Organization
EMP	Environmental Management Plan
EIA	Environmental Impact Assessment
GDP	Gross Domestic Product
GO	Governmental Organisations
HQ	Headquarters (Main) Office
IGA	Income Generating Activities
ITU	Information Technology Unit
LC	Local Council
LA	Local Authority
LIWP	Labor Intensive Works Program
MD	Managing Director
MoPIC	Ministry of Planning and International Cooperation
NCB	National Competitive Bidding
NGO	Non-Governmental Organisation
PAC	Project Approval Committee
PO	Project Officer
RALP	Rain Fed and Livestock Program
RMF	Road Maintenance Fund
SA	Sponsoring Agency
SFD	Social Fund for Development
SME	Small and Micro-Enterprises
SMC	Small and Medium-sized Contractors
SMED	Small and Micro Enterprises Development
SNG	Special Needs Groups
TOR	Terms of Reference
WHO	World Health Organization

Chapter I: Main features and programs of the Social Fund for Development

1.1 Main features

The establishment of the Yemen Social Fund for Development is based on the experience of other Social Funds implemented worldwide. Key elements of its approach are:

Autonomy

Secured by an independent Board of Directors chaired by the Prime Minister, full implementation authority given to SFD's management, and a set of independent administrative, financial, procurement and technical work systems.

Efficiency

Assured by: (a) strong and decisive management with political support from the highest levels; (b) enthusiastic output-oriented staff with strong experience; and (c) use of objective indicators to monitor progress and impact;

Transparency

Transparency in operating procedures is assured by: (a) well-publicized procedures and transparent decision making; and (b) transparency through proper two-way communication between SFD and its partners.

Poverty targeting

Targeting the poor is a fundamental policy directing SFD's interventions. SFD uses various methods to insure that its resources are addressed to the poor areas, communities and groups as follows:

- *Geographic targeting*, in which funds are allocated according to the number of poor households in each governorate and district.
- *Sectoral targeting*, by which SFD focuses on filling huge gaps in certain areas such as water scarcity, girls' enrollment in basic education.
- *Social targeting* has a special focus on certain groups such as special needs, including the disabled, children, women at risk and socially marginalized groups.

Furthermore, SFD may establish special programs (such as integrated interventions and labor-intensive works), through which SFD invests more time and resources in the poorest areas as to improve living conditions substantially.

Community Participation

Insured by demand-driven-approach; poor communities are entitled to express and prioritize their needs. Communities are working at different stages of the subproject cycle evolving wherever possible from project-focused to supporting social capital development.

Partnership

This is assured by collaboration and wherever required working with central and local government bodies, NGOs, private sector and local communities and CBOs.

Continuous development and flexibility

SFD is adjusting its organizational setup and operational policies and practices in line with lessons learned and based on emerging issues.

Demonstration effect

SFD intends to represent a successful model in its domain through: (a) SFD performance including efficient unit cost; (b) SFD proven systems and modalities including MIS; (c) Bottom up planning; (d) gender sensitivity; and (e) respect of environmental and social safeguards.

1.2 Programs

The SFD pursues its objectives through providing support to a number of activities under ***four main programs*** as follows:

a) Community and Local Development (CLD)

The objective of this program is to improve the living conditions of the poor by increasing access to basic services including education, health, water and sanitation, agriculture, rural roads and other areas such as cultural heritage and special needs groups—while involving communities and engaging local authorities in implementing development projects.

b) Small and Micro-enterprise Development

The objectives are to develop national capacity to ***deliver*** business and/or financial services to small and micro-enterprises in a cost effective and sustainable way. Credit delivery for micro-enterprises is done through NGOs, cooperatives and associations while for small business it would be through the financial system with the collaboration of specialized institutions.

c) Capacity Building

This program provides institutional support and capacity building and transfer knowledge and skills to governmental institutions, local authorities, local communities, non-governmental organizations and the private sector (individuals). Support targets institutions at the central and local level in the areas related to SFD activities, focusing on human resources development, institutional development and strengthening of systems as well as exchange of experience and mutual learning.

d) Labor Intensive Works Program

As an important part of the national efforts in poverty alleviation, SFD's operations should – generally- follow labor-intensive implementation techniques. This program aims at providing short-term employment in urban and rural areas for unskilled and semiskilled labor while implementing needed infrastructure. Wherever possible, it should seek to achieve longer-term impact on living conditions, reduce vulnerability and assist poor communities in critical times.

Chapter II: Organization and functions

2.1 Overall structure and organisation

The structural organization of SFD and further the labor division between various levels and elements was designed as to follow the best practices of separation between policies delineation and implementation of activities as well as separating monitoring and evaluation from implementation responsibilities. The above characterises the nature of administrative managerial and technical responsibilities given to each level and each element in SFD's organizational structure. While the board of directors endorses overall policies, approves annual plans and supervises the performance of the institution, SFD management is mandated to develop and approve administrative, financial and technical procedural policies, guidelines and operations (programs and subprojects).

The overall structure of the Social Fund for Development, as presented in chart 2.1, has three main levels: the Board of Directors, the HQ and the Branch Offices.

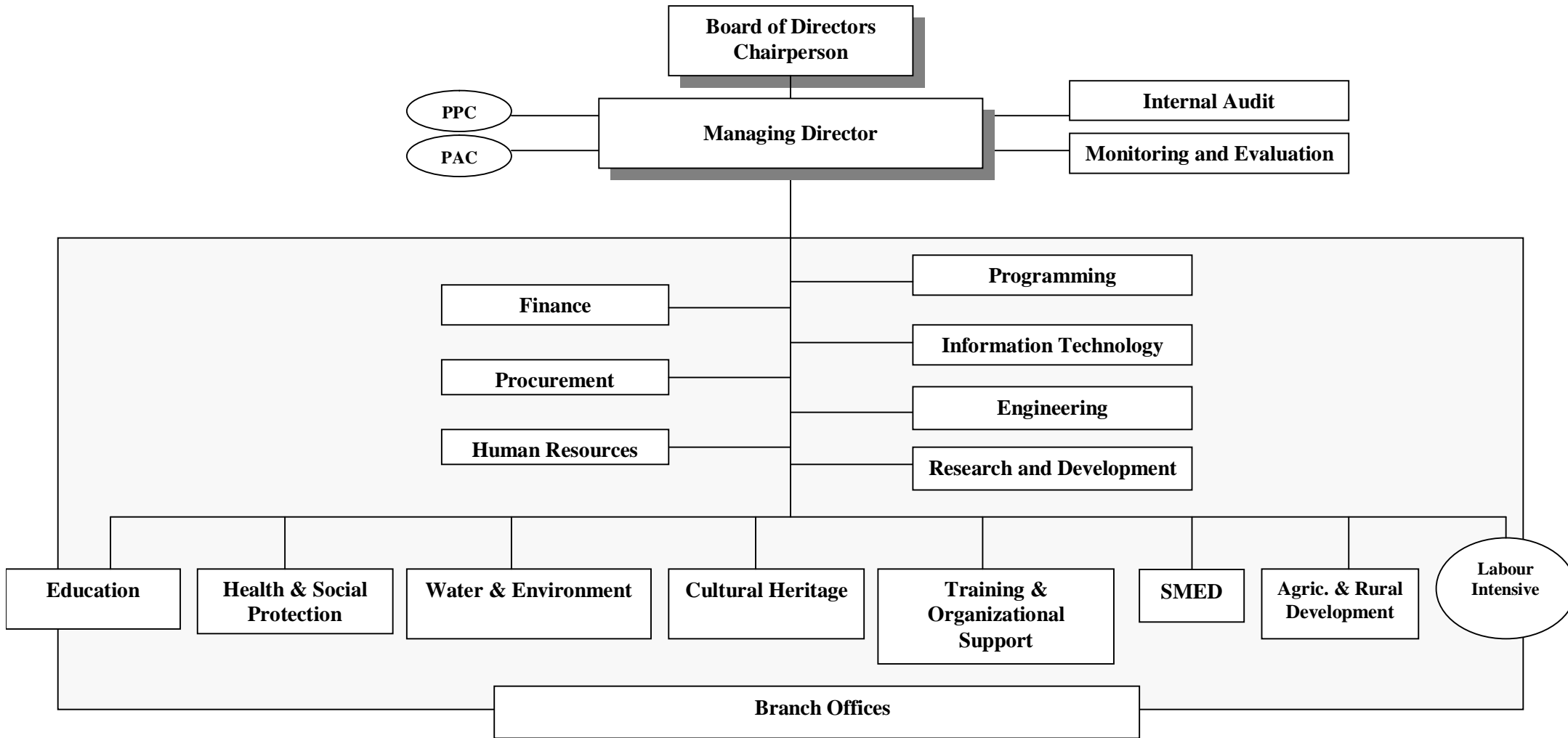
The Board of Directors chaired by the Prime Minister, approves the main policies and orientations of SFD, Annual Work Plan (AWP) and reviews the progress made by SFD on a regular basis.

The HQ is in charge of overall operations. It carries out its duties through Procedural Policy Committee (PPC), Projects Approval Committee (PAC), supporting units and technical units in addition to the Labor Intensive Works Program (LIWP). The technical units are the *Education*, the *Water & Environment*, the *Health & Social Protection*, the *Training & Organizational Support*, the *Small & Micro Enterprise Development*, the *Agriculture & Rural Development* and *Cultural Heritage*. Amongst the different support units, there are the *Programming*, the *Monitoring and Evaluation*, the *Finance and Administrative*, the *Procurement*, the *Technical*, the *Information Technology*, the *Internal Audit*, *Research and Development* and *Human Resources* Units (Chart 2.1).

At the regional level, SFD is represented by its Branch Offices (BOs), each covering one or more governorates and responsible for the preparation, implementation and monitoring of SFD activities in that governorate(s). Up to now, *nine* Branch Offices have been established: Sana'a, Aden, Al-Hudaidah, Amran, Dhamar, Al-Mukalla, Taiz, Ibb and Hajjah.

Detailed information about SFD organizational structure and functions is included in SFD's Guidelines for Operations.

CHART 2.1 Organizational chart of SFD



2.2 Responsibilities of the Board of Directors

SFD Board of Directors is structured in such a way that the participation of the government, the private sector and the civil society is ensured for policy setting and guidance of SFD activities. The Board meets at least once every three months upon an invitation from its Chairperson. Other meetings can be held upon an invitation from the Chairperson or a request from at least five members.

The Board can, if needed, request the technical assistance of experts to join its meetings. Outside experts have no voting rights.

The Board generally approves the general policies of SFD and oversees SFD activities. It is responsible for i) supervising SFD policies to ensure that they support relevant sectors and government policies; ii) approving SFD's Annual Work Plan (AWP) and Budget; iii) Approving SFD annual, semi-annual progress reports that present SFD's achievements during the respective period and its financial status; and iv) Assigning an external independent auditor for SFD.

2.3 Responsibilities of the Managing Director

The Executive body of SFD is headed by a Managing Director (MD) who has full authority to manage the operations including the following:

- i) Hiring SFD personnel, evaluating their performance, promotions or termination of contracts
- ii) Overseeing all SFD's operations and insure that:
 - ⇒ Annual Work Plans are developed for SFD with indicators on geographical and sectoral allocations of funds.
 - ⇒ Branch Offices are established and are fully operational.
 - ⇒ Subprojects are screened, appraised and selected according to SFD eligibility criteria.
 - ⇒ Subproject Agreements are signed with relevant partners respecting SFD objectives.
 - ⇒ Subprojects are implemented and monitored in conformity with the Operational Manual.
 - ⇒ An adequate internal auditing system is in place.
 - ⇒ Procurement procedures are respected by SFD and relevant partners implementing SFD subprojects.
 - ⇒ An external independent Auditor acceptable to the BOD and SFD's donors is assigned to audit all SFD activities.

- iii) The MD manages all aspects related to co-ordination with SFD partners including:
- ⇒ Negotiations of new agreements, preparation and submission of progress reports according to donors' requirements
 - ⇒ Coordinates SFD activities with line ministries, in charge of sectors in which SFD is intervening, and for which their commitment to contribute to the operation and maintenance is required
 - ⇒ Liaises with other governmental agencies interested to co-finance certain activities
- iv) Signing all cheques issued by SFD. He also represents SFD legally for all aspects of operation on national and international issues.

The MD can delegate any of the above responsibilities within limits specified for each task—keeping, however, the overall responsibility.

2.4 Procedural Policies Committee (PPC)

The purpose of the Procedural Policies Committee (PPC) is reaching collective decision-making process based on synergy and exchange of experiences.

The Committee performs the following functions:

- ⇒ Develop and adopt general procedural policies.
- ⇒ Provide greater synergy and coordination between programs and sectors.
- ⇒ Commission sub-committees to design or develop mechanisms of action as needed.
- ⇒ Make proper recommendations on policies and criteria.
- ⇒ Approve the Technical Guidelines for Operations and its updates.

2.5 Project Approval Committee (PAC)

The Committee performs the following functions:

- ⇒ Discuss subproject proposals submitted by the Units or Branch Offices in light of the general SFD policies and relevant criteria.
- ⇒ Approve, suspend or reject subprojects' proposals based on clear justifications.
- ⇒ Insure synergy and coordination between programs and sectors.

Members of both committees are appointed by the MD.

The MD may add or amend authority and responsibilities given to both committees, and any other administrative level within HQ and BOs, as to facilitate their mandates.

2.6 Responsibilities of SFD Supporting Units

2.6.1 Responsibilities of the *Monitoring and Evaluation Unit*

The Monitoring and Evaluation Unit main tasks include the following:

- ⇒ Submit special programs prepared by the respective units to potential donors.
- ⇒ Participate in negotiations with donors.
- ⇒ Prepare periodical progress reports for BOD, Ministry of Planning and International Cooperation (MoPIC) and donors as per their requirements.
- ⇒ Advise on the allocation of Fund resources in accordance with SFD mandate and objectives.
- ⇒ Participate in setting SFD's annual budget.
- ⇒ Monitor the progress of the achievement of SFD subprojects lifecycle.
- ⇒ Monitor development trends and policies relating to SFD operations including gender aspects, draws lessons and ensures the incorporation of changes (agreed on) in SFD's programs;
- ⇒ Design, supervise and carry out impact studies of SFD projects and programs.
- ⇒ Disseminate information, results and lessons from SFD activities through quarterly newsletters, annual reports and through the SFD website.

Monitoring and Evaluation tools, methods and process are included in Guidelines for Operations.

2.6.2 Responsibilities of the *Programming Unit*

The Programming Unit main tasks include:

- ⇒ Insure incorporation and alignment of SFD's contribution to the national development plans;
- ⇒ Propose SFD's fund allocation policies, available resources and poverty indices
- ⇒ Coordinate, harmonize and monitor progress of annual plans preparation and implementation.
- ⇒ In coordination with relevant units, insure alignment with national development plans.
- ⇒ Collect, develop and update relevant databases and indices making them available for all units and branches and monitor appropriate use in SFD's programs and operations.

- ⇒ Review the completeness of the proposed projects data and incorporating them in the MIS prior to submission to the Policies and Project Committee;
- ⇒ Propose and develops guidelines for annual plans preparation, formulates and monitor progress of implementation of the Annual Work Plans (AWP);
- ⇒ Participate in setting SFD's annual budget;
- ⇒ Analyze the information received from units and branches and prepares annual progress achievement reports.
- ⇒ Play a proactive role in spreading relevant information for development and poverty alleviation activities in favour of targeting the poorest and neediest areas.
- ⇒ Utilize the existing automated and developed programs in presenting and using data, indicators and information easily and simply, serving the targeting policy and supporting decision-making in SFD and its interventions.

(Detailed procedures of targeting, planning and reporting is found in Section 7 of SFD Guidelines for Operations).

2.6.3 Responsibilities of the ***Information Technology Unit***

The Information Technology Unit (ITU) is responsible for the design, implementation and periodic updating of the Management Information System (MIS) including the necessary databases of all SFD vital activities. ITU is also responsible for guiding, supporting and supervising subsystems and databases related to different units of SFD.

SFD MIS includes a database of ongoing and pipeline subprojects, which enables the HQ to monitor the status of approved, ongoing and completed subprojects, investments per sector and governorate, number of beneficiaries and their contribution, people trained and employment created, total number and amount of loans and rate of repayment for income generating activities and micro-finance programs. In addition, MIS includes databases for SFD's procurement and funding management.

The ITU is also responsible for design and updating of the Financial and Human resources subsystems.

The Unit also equips the Branch Offices with the necessary computer equipment and link them to the HQ. It conducts training of the employees at both Headquarters and the Branch Offices.

It also provides the necessary logistical computer-related support to the Headquarter Units and Branch Offices.

2.6.4 Responsibilities of the *Procurement Unit*

- Ensure that procedures for subprojects procurement are applied according to the binding procedures;
- Develop a database of suppliers and contractors.

The Procurement Unit (PU) has the following tasks:

- ⇒ Carry out and/or review the tendering done at the HQ and Branch Office level.
- ⇒ Develop and update Standard Bidding Documents for civil works, goods, and consultants' contracts;
- ⇒ Keep a roster of consultants and contractors for specialized works. (PU, together with MIS, develops and—on a continuous basis—upgrade and update the registers of consultants).
- ⇒ Prepare and review the procurement plan for the various projects of SFD. PU collects information from branches and units about their respective procurement plan and compiles them into a general yearly Procurement Plan.

2.6.5 Responsibilities of the *Internal Auditing Unit*

Functions and Duties

- ⇒ Review and evaluate the internal control systems of the Social Fund for Development (SFD) to ensure they are performed properly, address and remedy any weakness or incompleteness.
- ⇒ Audit samples of the financial operations to verify that they are correctly recorded and properly registered, and are supported with legal, sound documents.
- ⇒ Make sure of the correctness and completeness of technical, financial and administrative information and data.
- ⇒ Review the accounting, administrative and financial actions, besides those pertaining to the preparation and implementation of projects and programs, to gauge their efficiency and effectiveness, and compliance of the competent officers with laws, decisions, by-laws, systems, instructions, contracts and agreements.
- ⇒ Measure the level of performance efficiency of SFD's units and branch offices, and explore points of weaknesses and issue recommendations for improvement.
- ⇒ Ensure the following:
 - Secure sufficient protection to save the assets of SFD from being wasted, embezzled, stolen, damaged or subjected to unwise disposal, manipulation and cheating, and verify the appropriateness of ways of use and disposal and to what extent they are properly maintained, invested, documented and exploited.
 - Efficiency and effectiveness of making use of material, human, financial resources available with SFD

- Have sufficient, explicit policies for achieving SFD’s goals.
 - Maintain a sound, clear, proper organizational structure separating among jobs and stopping duplicity in occupying the same, outlining the functions and powers.
 - Keep sound methods for planning, organization, programming and evaluation.
 - Have a proper recruitment system.
 - Employees are aware of and committed to their functions and well performance.
 - Replying to the reports of the Central Organization for Control & Accounting and External Auditor and comply with reports’ sound recommendations.
 - Authenticity of SFD obligations and rights
- ⇒ Conduct unscheduled, sudden inventory to the stocks, treasuries and assets as well as supervise the annual inventory procedures and assess the outcomes.
- ⇒ Prepare an annual work plan to carry out the Unit’s tasks, pursuant to SFD's activities and functions.
- ⇒ Submit periodical reports—and when needed—to the Managing Director on the Unit’s work result, recommendations and suggestions.
- ⇒ Follow up the reports submitted to the Managing Director to verify the compliance of the competent officers with their recommendations.
- ⇒ Any other assignments entrusted by the Managing Director.

Authorities

- ⇒ Review, audit and inspect all SFD’s operations and activities, including projects, on a sample basis.
- ⇒ Adopt the most appropriate daily, monthly and periodical auditing approach.
- ⇒ Resort to whomever executives and specialists in carrying out the Unit’s functions.
- ⇒ Ask for, and obtain, whatever necessary (information, data, clarification and documents) from all competent officers of SFD to execute the Unit’s specified duties.
- ⇒ Conduct unscheduled inventory to the stocks, treasuries and assets.

2.6.6 Responsibilities of *Engineering Unit*

The Engineering Unit carries out four major tasks as follows:

- ⇒ Quality control, including conducting visits to the projects to follow up on the quality of implementation and testing them and to assure commitment of all involved parties;
- ⇒ Developing implementation documents and systems, proposing solutions to reduce costs, and providing engineering technical support to project officers;
- ⇒ Studying and assessing the damages resulting from poor implementation or natural disasters, defining responsibilities of contractual parties from the financial and technical aspects, and addressing the ensued damage;
- ⇒ Following up on issues of implementation standstill and failure in addition to issues submitted for arbitration or courts and deciding on accepting or appealing the verdicts

2.6.7 Responsibilities of the *Financial Unit*

The Financial Unit (FU) has a separate manual that describes its organizational structure, disbursement and payment procedures and job descriptions. The main tasks of the FU are:

- ⇒ Establishing a chart of accounts
- ⇒ Administrating all SFD bank accounts
- ⇒ Drawing applications (bank cheques) for all SFD payments
- ⇒ Forwarding of financial reports for the replenishment of special accounts
- ⇒ Ensuring that financial procedures for subprojects disbursement are followed
- ⇒ Verifying interim statements of contractors, suppliers, consultants and SA from a financial point of view
- ⇒ Disbursement for the entire Fund's supplies (computers, furniture, stationery, etc)
- ⇒ Disbursement for all SFD's subprojects (SA, contractors and consultants).
- ⇒ Insuring timely payment of running expenses of HQ and BOs and check related expenditures.
- ⇒ Facilitating the work of external auditors by providing all information required, including the financial statements and implementing auditor's recommendations.

2.6.8 Responsibilities of the *Human Resources Unit*

Managerial tasks

- ⇒ Develop appropriate HR management systems;
- ⇒ Assess SFD's staffing needs;
- ⇒ Recruit and orient new staff;
- ⇒ Organize performance assessment
- ⇒ Career path planning
- ⇒ Provide health and social insurance

Training and development

- ⇒ Develop and implement training and development policy

2.6.9 Responsibilities of the *Research and Development Unit*

Specific Roles:

- ⇒ Assist and inform decision makers
- ⇒ Conduct Development researches and support SFD management in procedures and policies development;
- ⇒ Stay up to date around innovations and new initiatives on development in the world;
- ⇒ Assist the process of customization of project implementation ;
- ⇒ Ensure that SFD services are update and as per current trends and standards.
- ⇒ Develop development benchmarks;
- ⇒ Develop a database of service providers (individuals and companies) in the development sector.

2.7 Responsibilities of SFD Technical Units

The purpose of the technical units is to ensure that SFD policies and strategies are linked to its core mission and respected by branch offices. Their role is guidance, monitoring and provision of technical backstopping for branch offices operations. They are responsible of development and refinement/updates of sectoral procedural policies in collaboration with the PPC. In addition, technical units are also responsible for piloting, developing special programs whenever needed, overall planning within the Unit and contributing to SFD as a whole.

The general functions of the various technical units are discussed below. Description of objectives and main activities of each sector are found in Section 5 of this Operational

Manual. Detailed descriptions are found in section 4 of SFD's Guidelines for Operation and their respective operations technical guidelines.

2.7.1 Education Unit

The Education Unit supports two types of interventions: Expansion of the basic education infrastructure, which is managed by the Project Officers at the Branch-Office level and special Programs, which are implemented and managed by the TIU in close cooperation with the Ministry of Education.

2.7.2 Health and Social Protection Unit

The Health and Social Protection (HSP) Unit focuses on improving the quality of and access to primary health care services to women and children. The unit also supports interventions to address the special needs of certain marginalized and vulnerable groups.

2.7.3 Cultural Heritage Unit

The Cultural Heritage Unit aims at contributing to and participating in the protection of tangible and intangible cultural heritage assets, focusing on most endangered historic sites and monument of significant aesthetic and historic value.

2.7.4 Training and Organizational Support Unit

The Training and Organizational Support Unit (TOSU) is responsible for catalyzing institutional development and the capacity building of government institutions, NGOs, communities and individuals.

2.7.5 Water and Environment Unit

The objective of the Water and Environment Unit (WEU) is to improve access to water and sanitation. The WEU interventions include a wide menu for water projects in order to respond to water demands. In addition, the WEU is the focal point for implementing the SFD Environmental Management Plan (EMP) as it provides backstopping on environmental issues.

2.7.6 Small and Micro Enterprises Development Unit

The goals of the Small and Micro Enterprise Development (SMED) Unit are to develop local capacity and provide financial and non-financial services for small and micro enterprises through financial intermediaries capable of providing financial services to the target group. Poor women are expected to make-up a significant proportion of the target group, with the aim being to increase their economic participation, creating job opportunities and reducing poverty. To achieve these goals, SFD provides the necessary financial and technical support

to establish sustainable microfinance institutions in cooperation with local communities (including women), non-governmental organizations and financial institutions.

2.7.7 Agriculture and Rural Development Unit

The Agriculture and Rural Development (ARD) Unit aims at assisting poor farmers to enhance and increase their agricultural and livestock productivity as essential means of improving their living conditions. The scope of this unit's work covers various areas such as traditional and water saving irrigation systems, rural women development activities, watershed management, creating and enhancing income generating and marketing opportunities, anti-qat awareness activities and needed relevant infrastructure.

2.7.8 Labor Intensive Works Program (LIWP)

This program aims at providing short-term employment in urban and rural areas for unskilled and semiskilled labor while implementing needed infrastructure. Wherever possible, it should seek to achieve longer-term impact on living conditions, reduce vulnerability and assist poor communities in critical times.

The sectors and sub-sectors, for which seven technical units are responsible, as well as the LIWP, are described in detail in chapter IV.

2.8 Structure and responsibilities of the Branch Offices

The Branch Offices (BOs) are the implementation arms of SFD, each covering one or more governorates. New BOs can be established based on the MD's recommendations and approval of the Board of Directors.

The branch office is managed by branch office manager (BOM), who is responsible for all the office operations. He/she reports to the Managing Director. The BOM is assisted by supporting staff (accountant, procurement specialist, etc) and sectoral project officers.

SFD's Branch Office is responsible within their region for:

- ⇒ Promotion of SFD activities
- ⇒ Liaison with relevant stakeholders at the local level
- ⇒ Preparation, implementation and monitoring progress of Annual Work Plans according to SFD's policies and procedures
- ⇒ Follow-up of completed subprojects to verify Operation & Maintenance arrangements

Chart 2.3 Branch Offices

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

Chapter III: Subproject Cycle and Mainstreaming

3.1 Introduction

This Section provides an overview of the subproject cycle processes, it highlights community basic infrastructure subprojects which make-up the largest share of SFD interventions. Cycle stages for SFD interventions such as those in the capacity building and microfinance may differ in terms of targeted groups, needs assessment and procurement of goods and services.

3.2 Principles of the Subproject Cycle

The subproject cycle stages are designed to ensure:

- A fairly consistent application of procedures throughout the country;
- Community and other stakeholder participation;
- Different applicable safeguards are met;
- Cost effective solutions;
- Efficient operations;
- Effective decision making
- Sustainability of sub-projects;

3.3 Stages of the Subproject Cycle

The main stages of the subproject cycle are

- Subproject Identification
- Subproject Preparation
- Subproject Implementation
- Subproject Operation and Maintenance.
- Subproject Evaluation

There are various events that transfer subproject from one stage to the next upon fulfilling certain requirements related to the mainstreamed issues and the above principles. These events are indicated in Table 3.1.

Detailed subproject cycle procedures are found in SFD's Guidelines for operations.

Table 3.1 Stages of Subproject Cycle

Stage
<p>Subproject Identification</p> <ul style="list-style-type: none"> ○ Eligibility of proposed subproject including respected safeguards ○ Meeting selection criteria ○ Community participation
<i>Output:</i> Proposal is approved
<p>Subproject Preparation</p> <ul style="list-style-type: none"> ○ Sufficient coordination with stakeholders ○ Sub-project technical detailed studies ○ Community participation and contribution ○ Procurement process implemented
<i>Output:</i> Financing and implementation agreement signed with relevant partner Implementation contracts signed
<p>Subproject Implementation</p> <ul style="list-style-type: none"> ○ Quality control and safeguards ○ Insure adequate financial and physical progress ○ Sub-project initial handing over
<i>Output:</i> completion report submitted
<p>Subproject Operation and Maintenance</p> <ul style="list-style-type: none"> ○ Follow up to insure that operation inputs are provided by relevant agency ○ Service is utilized by target beneficiaries ○ Sound operation and maintenance arrangement
<i>Output:</i> Operation follow up report submitted
<p>Subproject Evaluation</p> <ul style="list-style-type: none"> ○ Final works and goods handover and all retention amounts are paid ○ Final evaluation done one year after completion ○ Subproject considered closed
<i>Output:</i> subproject evaluation and closure report

3.4 Mainstreaming Development Issues in Subproject Cycle

3.4.1 Definition of Mainstreaming

Mainstreaming refers to the process of taking account of and incorporating all the concerns and issues of a specific aspect of development in subproject objectives, components and activities, in all sectors or sub-sectors. Mainstreaming has some impact on all aspects of development. SFD mainstreams decentralization and local government, gender, environment, safeguards, maintenance and sustainability in all subproject objectives, components and activities. These aspects of mainstreaming are monitored in SFD.

3.4.2 Gender

Gender mainstreaming is a process of assessing the implications for women and men of any planned action and making women as well as men's concerns and experiences an integral part of the design, implementation, monitoring and evaluation of policies, Programs and sub-projects.

Mainstreaming gender issues in the subproject cycle provides opportunities to improve women's participation in decision-making.

Subproject identification, its location, choice of technology, seasonal factors, gender of those delivering the services are all gender-related factors which have impact on the use, sustainability and success of the SFD supported subproject.

3.4.3 Environment

Environmental issues should be given high attention in SFD's interventions as to avoid or mitigate any adverse environmental impacts. Such attention implies to consider the environmental aspects since the earliest stages and during the whole subproject cycle. As to materialize the above, an Environmental Management Plan (EMP) should be developed. The EMP should include the environmental classification of subprojects based on the extent of their adverse impacts and accordingly the relevant mitigation measures at each stage of the subproject cycle as well as self-monitoring, reporting and periodic inspection.

3.4.4 Sustainability

All factors of sustainability of subprojects from the operational, social, technical and environmental perspectives should be considered during all stages of the subprojects cycle. SFD units and branch offices should make sure that all operation and maintenance arrangement are properly reflected in the subproject financing and implementation agreement, and further ahead materialized during the course of implementation and operation and maintenance.

Chapter IV: SFD Sectors

4.1 Background

This Chapter includes a summary of descriptions of supported sectors by SFD. The content of the sectors presented is not exhaustive. Each sector has separate detailed guidelines.

4.2 Education Sector

SFD aims at contributing to the implementation of the national strategies for the development of basic & secondary education and Literacy & Adult Education through enhancing enrolment rates, providing equal opportunities for males and females, providing models for education quality schools, offering education opportunities for girls in rural areas, enhancing decentralization of education services and strengthening infrastructure of district education offices. In addition, SFD provides capacity building and institutional support to the staff of the MoE and its governorate offices.

The above to be realized through:

- § Providing equal opportunities for males & females and rural & urban areas to increase enrollment rates and increase the number of enrolled in education by continuing to develop, expand and improve infrastructure services of Basic and Secondary education.
- § Narrowing the gap between male and female enrollment in basic and secondary education in rural areas where the gap is more than 80%, through the provision of appropriate educational opportunities for girls in rural areas and offer programs to encourage enrollment and continuity and to strengthen community participation in the educational process.
- § Improving the educational process by supporting preschool education , Gifted and talented, and experimenting new approaches on development of the quality of education and the introduction of new technologies , teaching Methodology, testing several concepts, and new applications in the practice of the educational process and capacity building
- § Developing the administrative and institutional structure for MoE sectors at the Ministry's offices, Governorate and districts levels, through strengthening the decentralization of educational services.
- § Paying special attention to non-formal education and, literacy & adult education through supporting several activities in the field of infrastructure, capacity building to expand service coverage , development and updating of training programs, curricula and manuals

4.3 Water Sector

SFD helps poor communities to secure their basic water needs in a sustainable manner depending mainly on rainwater harvesting. Thus, contributing to and aligning with national water strategies. This sector includes four sub-sectors:

- Rooftop rainwater harvesting;
- Public rainwater harvesting;
- Piped systems;
- Training and awareness

4.4 Sanitation Sector

Sanitation sector in its broad meaning covers three sub-sectors:

- Wastewater management;
- Solid waste management;
- Training and awareness

SFD should promote traditional sanitation schemes with little modification as they are in harmony with the water scarcity situation, with limited interventions in conventional sanitation systems in urban areas, particularly the poorest, most polluted, or historic zones of cities. In line with that, SFD should pilot and adopt water saving sanitation systems that can be operated efficiently under the low water consumption.

4.5 Health Sector

SFD aims at supporting the efforts of the Ministry of Health and Population towards achieving the national health goals, through enhancing the basic health services, system performance and human resource management

The above to be realized through:

- § Providing infrastructure investment to increase basic health services coverage and quality with a focus on the development of an integrated approach for provision of primary healthcare services, improving access to services, and enhance community involvement.
- § Qualifying paramedical health workers to meet healthcare needs in poor and disadvantaged areas and aiming at operating primary healthcare facilities.
- § Improving the administrative and institutional capacities of the MOPHP and its governorate and district offices through supporting infrastructure and institutional building as well as strengthening the decentralization of healthcare services
- § Supporting premedical health education through increasing absorptive capacity, improving learning environment, and strengthening capacity of technical and administrative personnel
- § Increasing coverage of reproductive health services through increasing deliveries under medical supervision, expanding infrastructure, training cadres, and focusing on improved quality of training and services outputs
- § Expanding and improving mental health care services according to the framework of the National Mental Health Strategy.

4.6 Social Protection and Special Needs

SFD aims at promoting inclusive societies and equal rights & opportunities for persons with disabilities and exposed to abuse. The Fund focuses its activities *on building up* the local respective capacities (service providers, social supporters, consultants); *increasing the sensitivity and awareness for the rights* of children with disabilities and exposed to abuse (among Local Authorities, line ministries, unions) following rights-based approach and supporting policies and strategies. This is achieved through the following:

- 1) Development of strategies and policies with the relevant ministries;
- 2) Developing new approaches: establishing a new methodology in programs targeting the orphans and juvenile delinquents such as alternative and sequential education, the preparation of the Early Intervention Program in preparation of invoking it in 2008;
- 3) Supporting government and non-governmental efforts to provide these groups with the social, medical, and educational services;
- 4) Encouraging the organizations to begin implementing the rural outreach programs;
- 5) To continue supporting the inclusive education, partial and full integration programs and pre-integration rehabilitation;
- 6) Enhancing activities in private education and expanding education for children with poor sight;
- 7) To continue coordination and integrating with the partners

4.7 Cultural Heritage

SFD's Cultural Heritage sector aims at contributing to and participating in the protection of tangible and intangible cultural heritage, focusing on most endangered historic sites and monuments of significant aesthetic and historic value.

Besides maintaining national identity and participation in protecting an important potential economic resource, SFD's support to Cultural Heritage can also contribute to poverty reduction through labor-intensive works, and encouraging entrepreneurship and job creation especially for traditional artisans, both male and female.

Cultural Heritage sector supports the documentation, conservation, restoration, and rehabilitation of historic cities, monuments and built assets including those listed in the world heritage as a main area of intervention.

The overall objective is to effectively participate in protecting different endangered cultural heritage assets through the following strategies to:

- Contribute to the conservation of main historic cities especially those inscribed in the World Heritage sites and those of architectural importance;
- Expand the national technical, professional and managerial capacity at different levels to protect cultural heritage;
- Assist in the establishment of inventories of the country's cultural heritage assets;

- Save the most endangered, most significant sites and monuments (*given the large number and diversity of endangered assets*); and:
- Explore and demonstrate cultural-heritage-based income generating opportunities (economic benefits).

The Cultural Heritage sector emphasizes achieving the highest possible quality of interventions employing local, national, regional and even international expertise (whenever needed).

Projects are implemented using mostly the onsite management mechanism, whereby SFD delegates implementation responsibilities to special executive teams (as detailed in the Onsite Management Manual).

4.8 Training and Organizational Support

The Two Sectors concentrates on institutional support and capacity building to governmental institutions, local authorities, local communities, non-governmental organizations and the private sector (individuals including young graduates, as well as small contractors), focusing on human resources development, institutional development and strengthening of systems.

Within the two sectors, SFD gives due care and attention to the achievement of the following general objectives:

- § Contribution in the sustainability of SFD projects (Community and Local Development Program).
- § Institutional development and raising the capacities of SFD partners whose activities related to SFD mandates.
- § Development of effective strategies for enhancing community participation and targeting the poor, together with the integration of women in development
- § Helping the government, represented by the local authority and the executive organs in preparing the relevant and suitable circumstances for community development, as well as adoption of suitable means for realizing sustainable development
- § Establishment and development of community entities that assist the local authority in its development efforts, with concentration on the possibility of the best utilization of available local resources
- § Improvement and development of human resources concerned with the SFD's objectives and interventions.

4.9 Agriculture Sector

SFD's agriculture sector aims at increasing productivity and income of the poor farmers through their agricultural activities, enabling them to upgrade and diversify their agriculture and livestock production, processing and marketing systems.

Focus should be given to enhance the rational use of soil and water as scars natural resources through better watershed management, flood protection works, traditional irrigation systems improvement, groundwater recharge, high value crops...etc.

4.10 Rural Roads Sector

Under this sector SFD aims at connecting remote areas with the civil centers, facilitating access to services (such as health and education), facilitating marketing of rural agricultural products to urban regions and reducing cost of transportation of goods to rural areas.

SFD's policy in this Sector is to support only those road works, which are required to allow **year round traffic**. This implies measures, which permanently prevent road blockage and erosion of road surface and slopes. Such policy keeps the road-maintenance cost low, making it financially manageable for the beneficiaries.

The scope of intervention is to rehabilitate existing roads. Such intervention facilitates access to services and markets in rural areas as well as creates job opportunities in the targeted benefiting communities.

Special focus is to be given for maintenance and rehabilitation aspects as well as the improvement of the capacity of communities, both men and women, to maintain and manage their roads.

4.11 Labor Intensive Works

This program aims at providing short term employment in urban and rural areas for unskilled and semi skilled labor while implementing needed infrastructure. Wherever possible, it should seek to achieve longer-term impact on living conditions, reduce vulnerability and assist rural poor communities in critical times. Interventions should use simplified targeting implementation methods as to allow scaling up of interventions for the sake of greater contribution to the country's poverty and unemployment alleviation and food security strategies. The program should also focus on the role of beneficiary communities and other stakeholders, especially local government. Priority is given to interventions representing common interest of benefiting communities with extra attention to gender and environmental issues.

Subprojects of this program may include street pavement, watershed management, repair of simple feeder roads, water harvesting, terraces protection, soil conservation and agricultural lands protection,

4.12 Small and Micro Enterprises Development (SMED)

The goals of the Small and Micro Enterprise Development (SMED) are to develop local capacity and provide financial and non-financial services for small and micro enterprises through financial intermediaries capable for providing financial services to the target group. Poor women are expected to make up a significant proportion of the target group. The aim is to contribute to increasing their economic participation, creating job opportunities and reducing poverty. To achieve these goals, SFD provides the necessary financial and technical support to establish sustainable microfinance institutions in cooperation with local communities including women, non-governmental organizations and financial institutions.

On the other hand, non-financial services as aiming at improving the quality and quantity of production, marketing, revival of handicrafts and traditional skills, and practical training on different trades and skills practiced by the poor are delivered through NGOs, trade associations, and other organizations. Such services have a direct impact on the creation of new sources of income for the poor and improving the profitability of their current activities.

a) Financial Support

The SFD does not lend directly to small and micro entrepreneurs but uses financial intermediaries (NGOs, institutions, companies and banks). These organizations are in a much better position to assess the borrower's character and have a better understanding of the financial risk in their respective areas.

b) Non-financial Support

As in the case of financial services, SFD does not provide non-financial services directly to beneficiaries but, mainly, uses SMEPS (an organization set up by SFD for such purpose) to channel financial support to NGOs, trade associations, and other organizations active in this field that, in turn, deliver non-financial services to poor entrepreneurs. These organizations are in a much better position to assess the beneficiary's needs and have a better understanding of the type of activities practiced and market conditions in their respective areas.

c) Enabling environment

SFD focuses on passage of relevant legislation/regulation for developing small and micro finance industry.

Chapter V: General Eligibility and Selection Criteria of Sub-Projects

5.1 Introduction

This chapter presents the general eligibility criteria applicable for subprojects supported by SFD. The aim of such criteria is to insure the best use of resources through financing the most feasible cost effective, cost efficient and well-targeted subprojects.

5.2 Subproject Selection Criteria

- Community development subprojects must serve the targeted population. The subprojects must meet the basic needs according to poverty and service needs national indicators giving the priority to poorer communities and emanates from ideas formulated by community groups or emerges from national indicators. A firm commitment to the active participation and contribution of the beneficiaries is requested.
- Proposals must be technically feasible, financially viable and socially justified: social subprojects must show clear social benefits that justify their investments and running costs, while productive subprojects must be financially and economically profitable.
- The community must have made a clear commitment to operate and maintain the subproject after completion where applicable. Project Agreements must include clear provisions for all components (financial and institutional) necessary to guarantee the future operation and maintenance of subprojects. Training to set up or reinforce users' associations should be provided whenever required.
- Priority should be given to:
 - Infrastructure subprojects that can be realised using Labor-based techniques and maximising the use of local materials or subprojects that are creating permanent employment.
 - Subprojects that are part of a set of complementary or integrated investments concentrated in defined areas (district or sub-district) in order to increase the impact of different activities.
 - Subprojects that benefit the poorest part of the population have the highest priority.
 - Subprojects that benefit special needs groups: the disabled, children in difficult circumstances (or at risk), women in difficult circumstances (or at risk), and the socially marginalized
 - Subprojects that increase the Organizational, technical or social capital of intermediate organisations and of beneficiaries

5.3 Subproject Rejection Criteria

Sub-projects that are not sustainable, poorly targeted, have negative social and/or significant environmental impact or fall outside the mandate of SFD shall be rejected such as:

- Recurrent activities, for example, subprojects only consisting of the maintenance of infrastructure for which line ministries or local governments are responsible. An exception is made for repair activities of subprojects realised with funding from SFD for which the Benefiting communities are in charge but which require limited technical and financial assistance during the first years of operation.
- Subprojects containing components, which are too difficult to operate (too sophisticated).
- Subprojects, which can only be executed using solely heavy earthmoving equipment or those that are highly mechanised
- Subprojects that cannot be maintained by the communities themselves or by the concerned parties such as technical departments of the line ministries
- Subproject that lead by any mean to any resettlement of any member of local population.
- Subprojects that have been eliminated from public investment programs for valid reasons or that are in contradiction with national sector policies.
- Subprojects proposed to be implemented on sites which ownership is disputed.
- Subprojects proposed to be implemented on lands where acquisition made unfairly.
- Subproject where the site has cultural, archaeological or religious significance.
- Subprojects already of potential investment overlap with other agencies.
- Completion of subprojects or interventions with unsettled contractual relations
- Subproject proposed by or benefiting any entity or community with unfulfilled commitment towards SFD previous interventions.

The table below indicates sector specific factors that may eliminate a subproject from being funded during appraisal.

Table 5.1 Sector Specific Appraisal Indicators

Sector	Sector Guidelines Indicators
Roads	Poverty level of subproject area Population benefiting (directly and indirectly) economic potential Access to infrastructure :(water supply, education, health) Remoteness

Sector	Sector Guidelines Indicators
	Status in road network extension Per capita cost (type of terrain, existing transport facility, length)
Education	# students per classroom in urban/rural areas
Health	Existence of essential staff Existence of minimal service delivery
Water for domestic use Water coverage Cost per capita
Cultural Heritage	Archaeological, historic and aesthetic value; High degree of threat; Training content Employment creation Tourism attraction
Sanitation	Cost per capita for Degree of pollution
Agriculture	Priority: Focus on households to upgrade and diversify agriculture and livestock production, processing and marketing systems and protect their assets: soil, water, rangeland, seeds and animals. Empower rural communities to organize and participate in, and gain benefit from community-based development planning Improve their access to public and private services as well as input and output markets.

5.4 Guidelines for Community Contribution and Building Social Capital

Sustainability of subprojects is found to be strongly linked to the ownership of beneficiary communities, which implies active participation in and contribution for the implemented subprojects. For SFD interventions, beneficiary contribution is defined as the process of community members' contribution, by their own will, for their community and enhancing their potentials in making and utilizing opportunities that lead to develop their living conditions. This contribution is built on the views of local available resources including land, labor, local materials, time and supporting efforts. Cash contribution should be avoided to the extent possible and (if found unavoidable) must be closely monitored.

The amount of their counterpart contribution should be made in a sufficient level at the same time avoiding pressure on limited and much needed resources of poor communities. In cases where third parties are contributing, their co-funding can never replace the community counterpart contribution.

The application and determination of percentage of contribution may depend on:

- The nature of intervention
- Degree of poverty
- Traditionally known norms among beneficiaries

The community willingness to contribute is a sign of demand and buys in from the side of the community for proposed intervention.

The indicative community contribution by Sector is show below:

Sector	Sub Sector	Community Contribution
Water	Public Rainwater Harvesting and Piped Water Systems	5% of the total capital cost
	Rooftop Rainwater Harvesting	SFD provides cement, steel reinforcement, pipes and inspection covers while the community provides all the remaining materials as well as labor
Roads	Rural roads	5% of the total capital cost Community provides works, labor and/or local materials (according to the community available resources assessed by SFD staff);
Education	Improving infrastructure	5% of cost, in kind, works or cash or part of each one
Health	Health Units	5% of cost, in kind, works or cash or part of each one
	Training health workers	0%
Special Needs		0%
Sanitation	Wastewater Management Solid Waste Management	5% of the total capital cost
Agricultural	Agricultural	Community provides works, labor and/or local materials (according to the community available resources assessed by SFD staff);depends on project type
Cultural Heritage	Screening factors - Historic value - Aesthetic value - Uniqueness - Labor content and skills building - Utility	None

Chapter VI: Subproject-Related Financial and Procurement Policies and Procedures

6.1 Financial Policies and Procedures

The significant accounting policies adopted by the SFD are set out below:

§ Basis of Accounting:

The SFD uses the cash accounting basis to record its transactions. On this basis, sources of funds are recognized when received rather than when earned, and disbursements are recognized when paid rather than when incurred.

§ Foreign Currencies:

The SFD's transactions are recorded in Yemeni Riyals (YR). Transactions in currencies other than YR are recorded at the rate of exchange prevailing on the date of the transaction. Fund balances denominated in currencies other than YR are retranslated at the rates prevailing at the year end. Gains and losses arising on exchange rates are reported in the statement of sources and uses of funds.

§ Books of Accounts:

The SFD maintains its books of accounts in Yemeni Riyals (YR) and equivalent foreign currencies.

§ Financial Statement:

The SFD depends on the Statement of Sources and Uses of Funds as the financial statement, to disclose its activity results during a certain financial period. This financial statement is presented in YR as the presentation currency of SFD, and in the functional currency of the donors, each separately.

FINANCIAL POLICIES

- A bank account is opened for each financing agreement separately, in a commercial bank adopted within the Republic of Yemen, and hence, those accounts are to be distributed to different banks, in order to reduce risk.
- Interest earned is imposed on current bank balances and deposits of donor funds. This interest is added to the balances of such accounts, to be used for implementing related projects.
- The SFD projects are distributed to donors through MIS, without dividing a project into more than one donor.

However, it can, as donors agreed, participate in the implementation according to the SFD's financial procedures as previously stipulated.

- The SFD follows the centralization to disburse on projects, using a special communication network between the management and branches.

- The branches are authorized only to pay out expenses on monitoring, supervision and management.
- The donor projects are disbursed upon his currency paid, and these projects can be disbursed in Yemeni Riyals (YR).
- Any deficits in the projects financed by foreign donors are to be covered by the government contribution.

CONTROL AND AUDIT

- Internal control procedures are applied over all financial transactions within the SFD, through identifying specializations, giving powers through documented financial rules and specific documentary cycle, depending on the principle of "data written once" using the computer.
- The SFD's financial transactions and all financial statements issued are subject to the annual audit by an external auditor accredited, internationally recognized and accepted by donors as per each funding agreement. Such transactions are also subject to internal review.

6.2 Procurement Mechanisms

6.2.1 Introduction

Unless otherwise stipulated differently in the financing credit/grant agreements, the procurement of goods, works, and consultant services will be carried out according to the procedures indicated in this core manual and further explained in SFD's detailed Procurement Manuals.

This chapter provides a summary of the different methods and procedures used by SFD for procurement of the following types of contracts:

- § Civil works contracts;
- § Community contracting (community managed subprojects);
- § Goods' contracts; and
- § Contracts for consultant services.
- § Contracts for non-consultant services.

Responsibilities of various administrative levels regarding Procurement

The Procurement Unit is responsible for the overall management of procurement. Specific responsibilities and authority during and after procurement process may be delegated to different administrative levels based on informed decisions to be taken by the Managing Director as may be practically necessary.

General Considerations

SFD's procurement procedures aim at insuring that the invested funds are used for their developmental purposes, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations." The procurement detailed procedures should ensure such purpose. While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, four considerations generally guide the SFD's requirements:

- a) the need to ensure that the proceeds of any of the grants or credits managed by SFD and its partners are used only for the purposes for which they were given, with due attention to economy, efficiency and transparency in contractual matters, following the conditions agreed by the donors, the Government of Yemen and SFD;
- b) SFD's interest in giving all eligible bidders the same information and equal opportunity to compete in providing goods and works financed by SFD;
- c) SFD's interest in encouraging the development of domestic contracting and manufacturing industries in the country; and
- d) to promote the active participation of local communities and NGOs in the execution of sub-projects.

Open competition is the basis for efficient public procurement. ICB/NCB properly administered, are the most appropriate methods. Where ICB/NCB is not the most appropriate method of procurement, other methods of procurement may be used. These are described below as well the circumstances under which their application would be more appropriate.

It is the SFD's policy to require that its own employees as well as bidders, suppliers, and contractors and their subcontractors observe the highest standard of ethics during the procurement and execution of such contracts to prevent any corruption or fraudulent practice. In pursuance of this policy, the terms set forth below are defined as follows:

- i.) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- ii.) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- iii.) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
- iv.) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- v.) "obstructive practice" is deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.

A proposal for award will be rejected if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

Chapter 2 6.2.2 SFD Procurement Tools²

SFD provides tools to facilitate the processes required for procurement. These include:

- i.) **A Procurement Manuals.** Which constitute SFD's detailed guidelines for works, goods, and consultants services;
- ii.) **Roster of Consultants** – The list of consultants gives information about their experience, staff, references, and financial situation. This roster will be updated regularly.
- iii.) a Unit Price Reference Register which gives information on unit prices for goods, works and services. The price Reference Register will be updated regularly
- iv.) **A Database:** any information about contractors and suppliers can be extracted from SFD database. The database will be updated regularly.

Chapter 3 6.2.3 Procurement of Civil Works and Goods

Chapter 4

4.6.2.3.1 Types and Definitions of Procurement Methods:

4.

The SFD use the following methods for procurement:

a) International Competitive Bidding (ICB)

International Competitive Bidding (ICB) will be conducted according to the nature of the items of the operation. It is based on basic principles of adequate competition, openness of procedures, fair and equal treatment of all bidders according to the pre-disclosed criteria. (ICB) provides All eligible bidders the opportunity to bid for the required services. ICB requires timely and adequate notification of the requirements of the services to all prospective eligible bidders inside and outside Yemen. A notice is published in Development Business and/or other appropriate international publications in addition to the SFD's web-site at least six (6) weeks prior to the stated bid submission date.

Contracts for civil works or Goods which is procured on the basis of ICB may involve a prequalification stage.

b) National Competitive Bidding (NCB)

The principles of ICB also apply to NCB, except that advertising may be limited to the national newspapers. Eligible foreign firms may also participate. NCB is the most common method of procurement of civil works used by SFD. It is usually the most efficient and economical way of procuring goods or civil works. Foreign firms are usually not interested because the contract sums are relatively small, the works are scattered geographically, works

² For more details refer to Basic Principles which includes the matrix of responsibility as part of the Procurement Manuals

are labor intensive, and the goods and works are available locally at prices below the international market.

c) Prequalification and Request for bid

In general prequalification is used only for large complex or specialized works and sophisticated Goods. The contractors would be pre-qualified and a list of pre-qualified contractors established. Only those with adequate capabilities and resources to perform the contract are qualified asked to submit a bid, taking into account: experience, past performance, capabilities and financial position.

d) Shopping

Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. Quotations may be submitted by letter, facsimile or by electronic means. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract

e) Community contracting

Community contracting means procurement by or on behalf of a community. Under this method, SFD shall provide funds directly to communities responsible for managing the implementation of Sub-projects. Such procurement will be carried out by eligible communities according to the policies and simplified procedures set out in SFD "community contracting manual"

Procurement from United Nations Agencies

There may be situations in which procurement directly from specialized agencies of the United Nations (UN) such as UNCIF and UNOPS, acting as suppliers, pursuant to their own procedures, may be the most appropriate way of procuring: (a) small quantities of off-the-shelf goods, primarily in the fields of education and health; and (b) specialized products where the number of suppliers is limited.

f) Procurement of Goods Using Direct Contracting or Direct Purchasing

Direct contracting is basically single source contracting and is an appropriate method in cases such as:

- § A competitively awarded contract may be extended for additional goods of a similar nature, no advantage could be obtained by further competition and the prices on the extended contract are reasonable. Provisions for such an extension shall be included in the original contract as appropriate.
- § Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected.
- § The required equipment is proprietary and obtainable only from one source.

- § The Contractor responsible for a process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee.
- § In exceptional cases, such as in response to natural disasters.

6.2.3.2 General Procedures

6.2.3.2 Procurement Using National Competitive Bidding (NCB)

The standard documents will include the following:

- § the invitation to bid;
- § instructions to bidders and form of bid;
- § the form of contract;
- § the conditions of contract,
- § the technical specifications;
- § the list of goods, or bill of quantities and drawings;
- § the bid security and performance security forms;
- § legal clauses;
- § the criteria used by SFD to evaluate bids;
- § the date, hour and place of latest submission of bids;
- § the day, time and place of opening of bids.

The notification of bidding is advertised in national newspapers.

Bidding is open to all firms. Bidders are given an adequate time to prepare and submit bids. Any bid received after the stated time is returned unopened to the bidder.

All bids shall be opened in public at the stipulated time; bidders or their representatives shall be allowed to be present. .

At the opening the name of the bidder and the total amount of each bid are read aloud and recorded in the bid-opening minute.

Unless otherwise decided by the MD, the Evaluation Committee for each bid evaluation is composed of the following:

- § the project officer;
- § procurement officer; and
- § relevant specialist /technician (the number and specialty as required)

Thereafter the Bid Evaluation Committee will examine whether the bids are responsive, and meet the following requirements:

- § been properly signed;

- § no substantial deviations from terms, conditions and specifications in the bidding documents;
- § are accompanied by the required bid security

Detailed evaluation is carried out by the evaluation committee. They compare bids, examine if the bids are substantially responsive to the bidding documents. A bid is not substantially responsive if it contains substantial deviations from or reservations to the terms, conditions and specifications in the bidding documents. If a bid is non responsive, it should not be considered further for comparison. The bidder is not being allowed to correct or to withdraw substantial deviations or reservations once bids have been opened.

The evaluation committee will sign the evaluation report. Inter alias it should state the elements used for comparing the bids and recommending the selected contractor/supplier. If the contract's value exceeds the specified branch threshold for systematic review, the evaluation report is forwarded to the Procurement Unit at Head Office for verification, set procedures for the next steps based on financing agreement and final approval by the MD. Otherwise the Branch or the Unit proceeds to the signature of the contract with the selected contractor/supplier.

SFD will always award the contract to the lowest evaluated and responsive bidder, provided that the bidder has the capability and resources to carry out the contract effectively.

Under specific conditions, SFD may award a contract to a contractor with ongoing SFD contracts - depending on an assessment of the capacity of the contractor at the time of evaluation, the locations and the stage of implementation of the ongoing contract(s) (see SBD and Procurement Manuals).

The rates and prices quoted by the bidders shall be fixed for the duration of the contract and shall not be subject to adjustment. If the contract duration exceed more than 18 months, price adjustment will be applied".

The rejection of all bids is only justified when all bids received are not consistent with the tender specifications, or when there has not been any real competition between contractors/suppliers. The tendering process should not be cancelled and new bids invited on the same specifications solely for the purpose of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the updated estimated cost by a substantial amount.

When re-bidding is proposed, and unless otherwise decided by the MD the Procurement Unit at Head Office should be consulted first to examine the causes justifying the rejection. They will first consider making either revision to the specifications and conditions or modifications in the sub-project before they agree to invite new bids. When new bidding is agreed the original tender must then be cancelled and the re-tendering process commenced.

6.2.3.3 Procurement of Civil Works and Goods Using Prequalification and an Invitation to Bid

Prequalification Process

When prequalification is needed or stipulated then the following steps shall be undertaken or followed:

Step One

A prequalification document is prepared for the execution of the specific project activities. The PQD (Pre-qualification Document), harmonized or otherwise, will generally include the following parts (which may contain some or all the details mentioned depending on the specific case):

Part (1): Prequalification Procedures

This part will include the following sections:

- Section I : Instruction to applicant (ITA)
- Section II : Prequalification Data Sheet (PDS)
- Section III : Qualification Criteria and Requirement
- Section IV : Application Forms
- Section V : Eligible Countries

A brief outline of the contents of each section is summarized as follows:

Section I: Instruction to applicants in addition to the general stipulation will detail the terms and requirements which are required to be followed by the potential applicant such as:

- (a) How to prepare the Applications
- (b) Terms of Submission of Applications
- (c) Procedures of Evaluation of Applications
- (d) Evaluation of Applications and prequalification of Applicants

Section II: Prequalification Data Sheet

This sheet will contain the provisions information, or data related to the specific prequalification. The provisions mentioned here will refer to the various clauses of the ITA (Instruction to Applicants) and will modify, detail, supplement etc, as applicable, the information included in section I.

Section III: Qualification Criteria and Requirement:

This section will contain all methods, criteria and requirements that shall be used for the purpose of evaluations of application.

Specifically this will include the criteria related to Eligibility, Historical Contract non – Performance, Financial Situation and experience.

Section IV: Application Forms This will include all the Application Forms in which each applicant is required to provide the information in relation to each of the requirement specified in Section III (Including the Applicant submission Form. Applicant Information Form, Applicant's Party Information Form etc).

Section V: Eligible Countries

Part (2): Activities or Works Requirements:

Here the specific activities (or work) requirements will be included scope of Activities (or Work) (description, Implementation period, Site Data and other Data).

Step Two: The specific procurement notice (or invitation for prequalification IFP) is published or issued in (1) National News Paper (2) In the international publication of wide circulation .

The IFP will provide the necessary information that will enable potential bidders to decide whether to participate. If needed any other specialized prequalification requirements to qualify for prequalification shall be indicated.

Step Three: Only those bidders which were established to be qualified and eligible based on the evaluation results shall be invited to submit their bids. In other works only those bidders which successfully met the qualification criteria shall be invited to bid.

The remaining steps are the same as for NCB for Civil Works (receiving of bids, bid opening, bid evaluation, draft recommendation of award etc.

In all cases confidentiality should be maintained through the bids evaluation process until contract is awarded. Thereafter, the unsuccessful bidders should be advised of the winner.

6.2.3.4 Procurement of Civil Works Using Community Contracting

In sub-projects that use community contracting, the procurement of works, construction materials, and the hiring of equipment, transport and skilled laborers, is done by the communities themselves. The community will first decide which part of the works will be executed by themselves (using hired local skilled labor and construction materials), and which part will be subcontracted to small contractors using local shopping. Refer to community contracting regulations.

4.

6.2.3.5 Contract Management and Monitoring

The term contract management here refers to the monitoring and supervision of implementation of the various types of contracts in accordance with the agreed terms and conditions. For this purpose standard regularly updated and reviewed document are used which define the tools, means, criteria, quality and technical aspects, legal covenants, etc. which are pre-requisites to the successful implementation or delivery of services within the specified time as stipulated under the contract.

The Procurement Unit at Head Office examines and validates tender evaluation reports forwarded by the Branch Offices and where appropriate, gives opinion especially to the MD on the appropriateness and soundness of the recommendation of award.

The PO responsible for the sub-project monitors the implementation of progress based on consultants' reports. Based on the site visits the PO also directly monitors actual progress against agreed implementation schedules in the contract and the quality of works. Inspection and monitoring of sub-projects under implementation is done also by the Head Office Technical Unit on an ad hoc basis and if and when problems arise.

With respect to goods the project officer monitors the procurement contract and jointly with the consultant or technical specialist inspect the goods when delivered to verify their compliance to the requirements in addition to the verification of the overall proper performance of the contract by the supplier

In all cases the PO also responsible for following and managing the consultants' contracts.

Variation Order: If there is a need to issue a variation to the contract within the applicable or approved contractual limit, then the concerned official (Unit, BO, etc) shall formulate a substantiated motivation in accordance with the conditions of contract and without violating or damaging the interest of the project. The BO shall provide PU with the motivation as required. In case the variation order exceeds the applicable or pre-specified limit this shall be dealt with in accordance with the applicable guidelines, loan/ credit covenants and the proper course of action or solution proposed.

Contingency sums on the other hand are used either:

- § For approved adjustments to lump sum contracts, or
- § Where price escalation exceeds agreed limits.

Any insufficiencies in the bills of quantity and/or additional unforeseen works that result in variation orders, or use of contingencies, are subject to prior review and approval by Head Office.

6.2.4 Procurement Procedures for Consultants Services ³

6.2.4.1 Types and Definitions of Procurement for Consultant Services

SFD makes use of various local consultants' services, either as individuals or as firms. The selection of the consultant is based on extracting consultants' qualifications and experience from a database managed by SFD. The procurement methods used by SFD for recruiting and hiring consultants are the following:

- a) **Quality and Cost Based Selection (QCBS)** which is a competitive process between short-listed firms and takes into account both the quality of the proposal and the cost of the services offered;
- b) **Quality-Based Selection (QBS)** - when more than one individual, or firm, qualifies to execute the assignment and the assignment requires the best experts available. The consultants are invited to present technical proposals that are then evaluated and ranked. The terms of the contract are then negotiated with the highest ranked consultant;
- c) **Consultant's Qualifications** - When preparing and evaluating competitive proposals are not justified.
- d) **Single-Source Selection** - when the tasks represent a natural continuation of previous work carried out; where rapid selection is essential in the case of an emergency; and where only one individual or firm has the required qualifications and experience.
- e) **Fixed Budget Based Selection (FBS):** The method is used when the task is relatively simple and can be defined accurately and the allocation or budget assigned to carry out the task is limited or fixed.

In all cases confidentiality should be maintained through the evaluation process until contract is awarded. Thereafter, the unsuccessful bidders should be advised of the winner.

³ For more details refer to the Consultants Part of the Procurement Manuals

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6.2.4.2 Procedures to Pre-qualify Consultants

SFD maintains registers of consultants **updated regularly** for both firms and individuals; the register of individual consultants sorts and ranks them according to their gender, qualifications, university degree, and field of expertise, years of experience, Branch office and date of registering. Their performance as consultants on SFD projects is evaluated and their ranking is adjusted continuously. Four categories of performance are recognized:

- § Very Good;
- § Good;
- § Acceptable and newly registered consultants; and
- § Blacklisted/ poorly performing consultants.

6.2.4.3 Procurement of Consultants using Quality and Cost Based Selection (QCBS)

QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

The selection process shall include the following steps:

- Preparation of the TOR;
- Preparation of cost estimate;
- Advertising;
- Preparation of the short list of consultants;
- Preparation and issuance of the RFP [which should include: the Letter of Invitation (LOI), Instructions to Consultants (ITC), the TOR and the proposed draft contract];
- Receipt of proposals;
- Evaluation of technical proposals: consideration of quality;
- Public opening of financial proposals;
- Evaluation of financial proposal;
- Final evaluation of quality and cost; and
- Negotiations and award of the contract to the selected firm.

Technical and financial proposals have to be submitted in separate envelopes, and the technical evaluation is carried out separately and independently from the financial evaluation.

The selected firm is invited to negotiate the contract with SFD. Negotiations are related to work planning, personnel and different clauses of the contract. Contract negotiations shall not involve any substantive change to the consultant's offer – such as adjustments to the scope of work, senior staffing, or the bid price.

6.2.4.4 Procurement of Consultants using Quality-Based Selection (QBS)

The QBS method is useful for complex projects where the terms of reference are difficult to define in advance or there are other special circumstances. In this case a Request for Proposals is issued with a requirement for either:

- i.) only a technical proposal; or
- ii.) a technical and financial proposal (in which case the separate envelope system will be used – as in the QCBS method;

The evaluation and contract award process will follow that for the QCBS method, with the contract awarded to the firm with the best technical proposal, evaluated on the basis of pre-determined evaluation criteria and an evaluation method defined in the instructions to consultants. In this case the evaluation criteria will be important and specific to the circumstances of the procurement. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

6.2.4.5 Procurement of Firms or Individual Consultants Using Consultants' Qualification

1. **The consultant qualification based selection method (CQS)** may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the concerned official shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.
2. **Individual consultants (IC)** are selected on the basis of their qualifications for the assignment. Advertisement is not required⁴ and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been chosen from SFD data base (roster). Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed, shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization, except in cases where "single sourcing" is justified (see paragraph 6.2.4.8 below).

6.2.4.6 Procurement of Consultants using Least Cost Based Selection (LCBS)

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a "minimum" qualifying mark for the "quality" is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest

⁴ However, in some cases SFD may consider the advantage of advertising at their option.

price shall then be selected. Under this method, the minimum qualifying mark shall be established, understanding that all proposals above the minimum compete only on “cost.” The minimum qualifying mark shall be stated in the RFP.

6.2.4.7 Procurement of Consultants using Fixed Budget Based Selection (FBS)

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

6.2.4.8 Procurement of Firms or Individual Consultants Using Single Source

The single source method of procurement can be used:

- § in case where services are available only from a single source, because of the special nature of the work, or because of an emergency situation; or
- § there are no consultants interested or available - for example, in remote places, or where very small contract amounts are involved;

In all cases it must be justified. Using this method requires the MD’s approval in each case.

6.2.4.9 Other Issues related to the Procurement of Consultants

Hiring of government agencies, universities and research institutes, or their staff is permissible only in cases where there is no viable private sector alternative. Government-owned universities and research institutes in Yemen that are not financially autonomous, or do not operate under commercial law, may participate in competitive selection in association with private consultants only as sub-consultants (to carry out specialized tasks for which these entities are uniquely qualified);

Use of Nongovernmental Organizations (NGOs). NGOs are voluntary nonprofit organizations that may be uniquely qualified to assist in the preparation, management, and implementation of projects, essentially because of their involvement and knowledge of local issues, community needs, and/or participatory approaches. NGOs may be included in the short list if they express interest and provided that the SFD is satisfied with their qualifications. Preferably, consulting firms should not be included in the short list for services for which NGOs are better qualified. For assignments that emphasize participation and considerable local knowledge, the short list may comprise entirely NGOs. If so, the QCBS procedure shall be followed, and the evaluation criteria shall reflect the unique qualifications of NGOs, such as voluntarism, nonprofit status, local knowledge, scale of operation, and reputation. The NGO may be selected on a single-source basis, provided the criteria outlined in paragraph 6.2.4.8 above

Chapter 5 6.2.5 Procurement Procedures for Non-Consultant Services

Non-Consultant Services are services that are not classified as Consultant Services and are bid and contracted on the basis of performance of a measurable physical output. The methods and procedures of procurement of works and goods are applied to non-consultant services.

Chapter VII: Alignment with National Development Plans and Strategies

7.1 General

In order to contribute best to the national and international efforts in poverty alleviation and maximize the use of available resources as well as to exchange experience and transfer knowledge, SFD has the coordination as a prime policy guiding its interventions since its establishment. The level and mechanisms of this co-ordination varies according to the degree of SFD involvement in a certain sector or region. Implementation experience should set the basis for the kind of co-ordination required in different sectors and regions. In this chapter, an outline of this co-ordination is presented with different modalities of co-ordination mechanisms.

7.2 Co-ordination with line Ministries and other national institutions or agencies

SFD's co-ordination with line ministries is mainly on program level. Subproject level co-ordination is rather with line Ministries directorates in different regions.

Co-ordination will seek to and/or insure that:

- SFD activities are consistent with national and sectoral relevant strategies;
- Policies of intervention (such as Basic Education Reform, Rural Water Supply Program, Road Maintenance Fund etc.) are synchronised with the respective sector programs.
- Overlap in activities/investment is avoided.
- Foster a pro-poor strategies and interventions

Mechanism

Based on the kind of involvement SFD is having in different sectors, appropriate co-ordination mechanisms can be developed on a case-by-case basis.

Co-ordination with any party should not result in any kind of blockage or dependency of any step in the subproject cycle on external bodies.

7.3 Co-ordination with Directorates of Line Ministries

Intensive co-ordination takes place at the regional level between SFD Branch Offices and different Directorates of line Ministries. Co-ordination is mostly on sector level. It should ensure that:

- SFD activities are consistent with regional plans if existing.
- Allocations for personnel and part of maintenance costs for SFD supported subprojects are secured once SFD involvement phases out, especially in cases where posting of personnel and operating costs will be supported by directorates of line ministries and local authorities (education and health sector).
- Inputs from relevant government agencies and local authorities for SFD subprojects are agreed upon.

Mechanism

As mentioned above, co-ordination with directorates of line ministries will mostly be on the subproject level. SFD Branch Office Managers are also encouraged to represent SFD in regional advisory committees established to discuss development policies and priorities in sectors of particular interest to SFD. In other cases where Directorates of line ministries or local authorities will sponsor or co-sponsor a SFD supported subproject, they will enter into contract agreement as third party with SFD and the community or sponsoring agencies.

7.4 Co-ordination with other development programs

With its size and level of funding, SFD is one of the major contributors in the social sector. Co-ordination with other donor agencies (WHO, UNICEF etc.), especially those involved in social activities, is essential.

SFD co-ordination with development programs activities ensure that:

- Lessons learned from other donors' experiences are used to improve the design and implementation of SFD subprojects.
- Sectoral and geographical co-ordination amongst the activities of SFD and other donors is in place ensuring the best use of available resources.
- Possibilities for co-financing subprojects with other donors are fully explored by SFD.
- A common position is reached, whenever possible, between SFD and other donors in areas relating to SFD's activities.

Mechanism

To ensure this kind of co-ordination, SFD should maintain a continuous dialogue with donor agencies at national and regional level. The HQ makes sure that its relevant units and branch offices are informed about donors' ongoing and future activities. SFD should also seek

representation at any donor co-ordinating committees or sub-committees in sectors of interest to SFD. It also makes sure that donor agencies are informed periodically on SFD ongoing and future activities through the SFD information bulletins and SFD website.