



Bridging the Gap

**YEMEN MICROFINANCE
NETWORK**

Case Study On Self-Help Group Program Abyan as a Microfinance War Affected Program

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February, 2012



Publishing Information:

Published by :

Yemen Microfinance Network

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Acknowledgement

I would like to acknowledge and extend my heartfelt gratitude to Yemen Microfinance Network who has given us this chance to conduct and present this study and made the completion of the study notes possible. Most especially to the management and staff of the self-assisted microfinance program in Abyan for assisting and working hard in their jobs, and for their determination to continue providing the program services under harsh conditions, as well as their cooperation with us during the conduction of the field study.

Abstract

Purpose of the study :

After the events of the 27th of May, 2012 in Abyan Governorate and the fall of Zunjubar and Khanfar governorates at the hands of armed mercenaries, where the headquarter of the microfinance program and its branch are located, these events have caused displacement of the people of the two regions, including clients and staff of the program in Abyan to the adjacent regions, particularly Aden city during the armed battles and confrontations in Abyan Governorate between military forces and insurgents. As a result, these military events have burned everything and destroyed all components of the infrastructure in the Governorate of Abyan. In addition, these military events have also affected the microfinance program and threatened its existence in the future.

For this reason, this study aims to introduce and highlight the microfinance program in Abyan Governorate as a case of a microfinance institution influenced by the war and confrontations in Abyan between military army and armed insurgents.

Scope of the study :

This study introduces and highlights the microfinance program of Abyan as a case of a microfinance institution influenced by the armed war and confrontations. It also highlights the impacts and consequences of those military events on the program's clients of the branches of Zunjubar and Khanfar (women and men branches) who displaced to Aden city. The study also highlights the impacts on the staff of Zunjubar and Khanfar branches and staff of the program's management who also displaced to Aden city.

Issues of the study:

The study highlighted the following issues:

- Measure and study the damage to the program.
- Measure and study the damage to the program's clients.
- Measure and study the damage to the program staff.
- Highlight the social and economic implications on the staff of Zunjubar and Khanfar, particularly clients and staff who lost their houses and business or both.
- Highlight the problems caused by war on the program and threatened its existence in the future.
- Provide suggestions and solutions for the problems shown by this study.

Approach of the study:

The chronological approach has been used in the case study of the program in Abyan through making comparisons between the performance indicators of the program before and after the outbreak of war. The descriptive, statistic, and analytical approaches have been also used in the study of the implications. A set of research tools have been used as follows:

- Interviews
- Comments
- Group discussions and focus groups
- Questionnaire: a test of a random sample conducted and amendments were made on the questionnaire based on the findings of the test.

Findings of the study

The most important findings of the study:

The program has stopped working on its plan of 2011 and retreated implementing the expansion plan, as well as began to clear up the Ahwar branch as a result of the crisis and military confrontations in Abyan Governorate, following by displacement of mass of people.

A significant increase in the value of the liabilities of the programs, along with the lack of ability to meet these liabilities on the due dates in the light of slow turnover of loan portfolio and decreasing the net operating capital as a result of the military events. For this reason, this largely threatens the ability of the program to continue in the future.

The negative consequences of the events on the program due to a decrease and contrasting of the income within the loan portfolio, and declining rates of operating and financial coverage during low turnover of the loan portfolio, in addition to the cession of the process of granting and distributing loans in the program's branches in Abyan Governorate. The negative consequences were also resulted by a significant increase in the level of arrears because the clients are not able to repay as their businesses were suspended, following the decline of the portfolio quality. Thus, a large part of the loan portfolio and operating capital may be lost. The financial implications of the events on the program can be briefed as follows:

- The implementation of the program's plan was stopped and the expansion plan had been cancelled. The program started to clear up the Ahwar branch, following the appearance of lost revenue of the loan portfolio valued at 36.5 million riyals.
- Significant increase in the proportion of the portfolio at risk as it reached 82%.
- Lack of ability to meet the liabilities of the program on the due dates with a high increase in the proportion of these liabilities to the total assets to 95%.
- Decrease and decline in income of the loan portfolio along with stability of operating and financial expenses during 2011. As a result, this caused a decline in the proportion of the operating and financial expenses of the program to 97% as it was sustainably operated during the previous years.
- The assets of the program were exposed to arson and armed robbery. The value of the initial losses is estimated at 3.5 million riyals.
- The implications relating to the decline of the social role played by the program towards its clients, and

the significant increase in the degree of all kinds of risks that program was exposed to.

- The negative implications resulted by the war on the clients of the program, who lost their houses and business or both. As a result, this caused a set of problems, most importantly are social, physical, and psychological problems, which destroyed several stories of success and development of clients' projects, as well as health and educational problems and family disintegration and etc...
- The study concluded that both war and poverty affect each other, however, the effect of the war along with the poverty is greater. This will cause in the future high rates of poverty and unemployment in Abyan Governorate in a greater form than the previous period of the war. It will also change large numbers of citizens and workers from producers to clients of the aid, following by creating individuals of negativity, failure, reliance on others, poor ability and ambition.
- The study also concluded with the consensus of the program staff and clients that the living expenses in Aden city are high compared to the living expenses in Zunjubar city. As a result, this has affected them due to the high damage during the events.
- The negative implications of the displacement of the program staff to Aden city. Consequently, they have to bear additional expenses such as housing rent in Aden city and food, and transport expenses without any increase in their monthly salaries and income, moreover the field staff of the program have lost some elements of the income such as the productivity incentives in which they used to get before being displaced. As a result, all this largely contributed to increase the damage that affected the program staff.
- The program's management also has laid off a big group of qualified staff. This formed the largest pictures of the damage reflected on the program staff who displaced to Aden city due to the confrontations in Abyan. For this reason, this also created several social, physical and psychological problems, most importantly is a sense of possibility that the program is going to stop its business activity in the future in which the staff will be laid off. These problems have caused negative results and stress towards their families.

Recommendations of the study:

The program should establish a branch in Aden city in order to continue its loan activity with the clients of microfinance activities and projects in Abyan and Lahj because Aden and Lahj are encouraging environments to practice microfinance activity due to the expansion and spread of business activities and handicrafts, in addition to targeting the program's clients who displaced to Aden city and are willing to engage in activities during the period of their displacement. This will help the program regain its activity and extend and continue providing its services, as well as cover the operating expenses and accommodate the jobless staff of Zunjubar branches or those who had been laid off.

The concerned microfinance industry institutions shall help the program in opening a branch in Aden city through which it carries on its business activities in Aden and Lahj Governorates. The program can be assisted through the following aspects:

- Training on how to cover the loan risks in Aden and Lahj Governorates.
- Design appropriate products to the nature of the new work.
- Assist the program in providing affordable sources of funding (liquidity).
- Assist the program in coordination with the microfinance programs, institutions, and banks in Aden and Lahj in order to avoid lending the same clients.
- The program's management should study the needs of the program's clients who displaced from Abyan

Governorate. It should also design appropriate lending products to suit the current needs such as designing a loan to finance the costs of housing rent for the program's clients who have other income such as those clients who obtain salaries from the government, in addition to the study of making schools that accommodate large numbers of displaced people and clients of the program as a co-living society. As a result, this will help to establish temporary projects providing all the needs of the program's clients and making integration between the displaced people, as well as turnover of the capital amongst them such as activities of making snacks to the school students and displaced people, projects of selling their daily needs, clinic of first aid, selling second hand clothes, washing clothes, selling phone top-up cards, public sale, and other activities that may create an integration between the members of the co-living society.

- Coordination with the microfinance institutions in Aden and Lahj Governorates to prevent lending the displaced clients of the program in both Governorates.
- Necessary actions should be taken by the program's management to increase productivity of the two branches of Hadramout Governorate (Mukalla and Shahar) for the purpose to increase the efficiency and return on the loan portfolio. As a result, this will help the program cover the operating expenses and exceed this period. The study also recommends providing the branches of Mukalla and Shahar with some qualified and experienced staff of the program in Zunjubar to help the program increase the productivity and efficiency and accommodate the jobless staff of the two branches of Zunjubar.
- The program's management is required to reschedule the installments of the clients and reduce them to half for the clients who are not able to repay in order to motivate them to repay, in addition to studying the idea of in-kind repayment of loan installments of the program's displaced clients and find ways to distribute the in-kind repayment.
- The study also recommends that the Yemen Microfinance Network in coordination with the microfinance programs and institutions should prioritize during the coming period the recruitment of the program staff who were laid off during the period of the crisis experienced by the program in the regions and governorates where they are willing to work in, in order to avoid the loss of the qualified and experienced staff in the microfinance industry.
- The study recommends the need that the Social Fund for Development represented by the Unit for the Development of the Small and Micro Foundations should study the ways to help the program of Abyan to meet the outstanding liabilities of the program on the due dates, especially with regard to the due loan installments of the Social Fund, or that will be due on the program in order to enable the program to continue and extend the service provision of services to its clients. The study suggests in this regard the following:
 - a. Exempt the program from the fees of the loan contracts (loan interest) currently existing which amounted to approximately 23.7 million riyals.
 - b. Reschedule the loan installments to fit with the effectiveness levels of the collection process expected by the program during the coming period.
 - c. Allocate a small portion of the loan installments of the program funded by the Social Fund for Development (10 million riyals) in order to establish Takaful fund allocated for the repayment of the clients' installments that were affected during the events, which caused the loss of business activities and damaged their housing. According to the study, a program should perform each case separately.
 - d. The study recommends that lending the program to help it meet its liabilities and launching the lending business activity is not the solution for the time being. The study also suggests that the aspects of the intervention needed by the program at the present time is in capital grants or interest-free lending.
- The study recommends the international donor organizations that are interested in the microfinance industry to finance the program's clients who lost their businesses and housings. They also need funding in order to recover and restart these business. The study also recommends that these organizations are required to cover the expenses of the loan interests instead of clients of the program who lost their business activities due to the events.
- The study recommends the program's management to reconsider the decision to discontinue the activity of Ahwar branch and clear up the loan portfolio of the branch. The study also suggests the need to study how to activate the business activity of the branch and increase its productivity through designing the appropriate products to the nature of the region and to overcome the distance, disconnection with the program through changing the way and subordination of the supervision.

Purpose of the case study

The purpose of this study is resulted by the growing tension between the political parties in Yemen, and the accumulation of the effects associated with this tension of the past years, especially after the presidential election of 2006, which peaked in early February, 2011 and caused continuous crisis to this very day. As a result, this crisis largely influenced the economy of the country in which it will need a long time to recover. The most significant damage caused by the crisis was that several shops and business projects were stopped and interior and exterior investment were declined. Furthermore, high rates of poverty and unemployment, commercial recession, and significant inflation in the basic services and oil products were resulted by the crisis. Several offices of foreign organizations for development in Yemen were closed. For this reason, these organizations decided to leave Yemen. In addition, the crisis has caused decline in investment expenditure, a significant deficit in the budget, and decrease in the government revenues. As a result, all of this caused further damage on the economy of the country which itself has many problems. According to the analysts, the economy of Yemen is deeply deteriorating and it is almost semi-collapsed along with growing of inflation rates and severe recession.

The microfinance sector is an integral part of the economy of the country. As the microfinance sector has a full privacy, it is more affected by the crisis than other sectors when we compare it with the effects caused to the banking sector and other sectors for many reasons including:

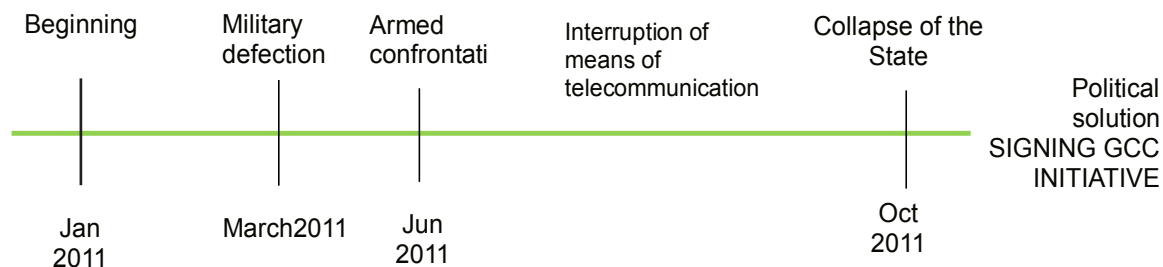
1. The microfinance industry in Yemen is still recent, and many private and public institutions are working on developing this industry in cooperation with foreign organizations. So, this crisis came to decay all the efforts made for the development of this industry.
2. The approach used by the microfinance institutions is to provide small loans to small business development throughout Yemen for personal guarantees without prosecution under these conditions. In other words, a billion riyals in the market without any guarantees forms significant risks to the microfinance industry in the case of the clients failed to repay.
3. The microfinance sector depends on cultures and concepts which help it to be advanced and developed. As a result, most of these concepts have been lost because of the crisis. Thus, the sector which needs a long time to restore these concepts and cultures has been affected.
4. Increase in the indicators of the portfolio at risk and lack of ability of shops and microfinance business clients to repay the due installments due to the simple and limited potentials of these business activities as a result of commercial recession and high living expenses, as well as lower revenues.

Based on the annual report of the Economist, it indicated in the international ranking for Yemen that there is a big drop in the performance of the microfinance sector. The report attributed the reason of that drop to the popular uprising that swept Yemen during 2011. It reported that the ranking of Yemen has declined in ranking from 27 to 44. According to the report, the performance of the microfinance sector in Yemen is the worst in the Arab world during 2011.

It is expected that the microfinance sector needs a lot of time to recover as a result of the long period of the crisis which has been taking place for eleven months now, and multiplicity of its aspects and impacts. This scares the people and employees who are interested in the microfinance, especially with the high rates of unemployment and poverty within the Yemeni society.

Even though signs of breakthrough loom on the horizon have appeared as a result of the international and regional efforts made to find a solution that avoids further deterioration in the country.

The most affected regions by the crisis were the regions of conflicts and confrontations such as Abyan, Taiz, and the capital Sana'a. These armed events have caused large damage and physical losses as well as casualties during these confrontations. The following figure shows the stages of the Yemeni crisis during 2011.



The effects of the crisis have impacted on the activity of the microfinance institutions working in Yemen through the following:

1. The areas of the clients' businesses were closed. Consequently, this caused the closure of the clients' business shops.
2. Several shops of the clients' microfinance institutions were looted and burned.
3. Working hours were reduced.
4. Sales of the clients' businesses were decreased.
5. People of areas of conflicts and confrontations were displaced to the countryside.
6. The problem of arrears worsened due to the difficulty to reach the areas of the clients.

Abyan Governorate was the most region affected by the crisis especially after the events of May 27th, 2011 in Abyan and the fall of Zunjubar and Khanfar at the hands of insurgents of al Qaeeda, where the headquarter of the microfinance program and its branches are located. The confrontations in Abyan between the army and insurgents, which burned everything and destroyed all the elements of infrastructure have caused displacement of the families of Zunjubar and Khanfar including the clients and staff of the microfinance program to the adjacent regions, particularly Aden city. As a result, these confrontations have largely affected the microfinance program in Abyan and threatened its existence in the future.

Thus, this study aims to introduce and highlight the microfinance program in Abyan as a case of a microfinance institution affected by the war and confrontations between the army and insurgents in Abyan Governorate.

The microfinance program of Abyan was established in the last quarter of the year 2003, under the umbrella of the Yemeni Women Union as a non-governmental and non-profitable project. It provides savings for its clients as a main product. It also targets the poor women who have experience in the handicrafts and business activities. The program is located in Abyan. It has five branches. Two of them are located in Abyan in Zunjubar city to serve city of Zunjubar and Khanfar. One of them is designated for women and the other one is for men as it is recently established (it was established one month before the outbreak of the confrontations) and Ahwar branch. The other two branches are located in Hadramout Governorate: the first one is based in Mukalla and the second one is based in Shahar city.

The program implements the policy of self-help groups. This project is the only project that uses such a policy in Yemen so far. This policy includes saving for a certain period then lending of a certain percentage of the savings according to the order of the loans. The project basically targets women in Abyan Governorate and Hadramout according to specific policy and procedures.

Mission of the program:

The program strives to improve the social and living conditions of the low-income and poor families in the rural and urban areas in Yemen. This is achieved by providing sustainable financial, non-financial, effective, and high quality services that meet the needs of women, and transform to a sustainable microfinance institution.

Objectives of the program:

1. Improve and develop a variety of financial services and products that fit with the needs of women in urban and rural areas and in all governorates of Yemen.
2. Expand and spread providing financial services for the targeted women to reach 20,000 savers, 18,000 of them are borrowers by the end of 2013.
3. Transform to a sustainable financial institution with effective management systems and qualified staff, as well as access to the diversified funding sources.

Outcomes of the case study

The outcomes of the case study of the microfinance program in Abyan as a microfinance institution affected by the war and confrontations between the army and insurgents are focused on six mainstays which are as follows:

- Measure and study the damage to the program.
- Measure and study the damage to the program's clients.
- Highlight the social and economic implications, especially with the clients and staff, who have lost their houses or business activities or both.
- Highlight the problems caused by war on the program and threatened its existence and continuity.
- Suggest solutions for the problems shown by the study.

Damage Assessment of the Program

The study showed that the most prominent marks of the damage to the microfinance program in Abyan during the war are defined as follows:

1. the implementation of the program's plan for the year 2011 was stopped, and the expansion plan had been cancelled. The program began to clear up Ahwar branch.
2. The significant increase of the portfolio at risk.
3. Lack of ability to meet the liabilities of the program on the due dates within the high proportion in these liabilities to the total assets.
4. Decrease and decline in income of the loan portfolio along with the stability of the operating and financial expenses of the program during 2011, which caused a decline in the proportion of the operating and financial coverage of the program.
5. A large number of the program staff were laid off during 2011.
6. The program is exposed to a high degree of risk.
7. The social and development role of the program towards its clients was declined.

The following illustration shows the damage marks in details:

First: the implementation of the program's plan were stopped, and the expansion plan had been cancelled. The program started to clear up Ahwar branch.

- The confrontations in Abyan Governorate have hindered the program to achieve its plan of 2011, whether with regard to the distribution of loans, or plan of expansion and having new branches. The process of granting new loans in the three branches of Abyan was stopped after the events of May 27th, 2011. The program focused on the collection of loan installments in Ahwar branch. This trend has caused the following effects:
- Deviation in the value of loans distributed to the scheme of 2011, estimated at over 203 million riyals was occurred.
- Deviation in the number of loans distributed during 2011, estimated at 2,417 loans was occurred.
- A missing return on the loan portfolio was occurred as result of a deviation in the distribution of loan amounts compared to the scheme of 2011, estimated at more than 36 million riyals.

Table (1) shows the missing return on the loan portfolio in 2011

as the implementation of the program's plan was stopped.

indicators of plan implementation	2011
scheme	
distributed loans	7,369
value of distributed loans	458,830,000
the actual	
distributed loans	4,952
value of distributed loans	255,640,620
deviation	
distributed loans	2,417
value of distributed loans	203,189,380

return of portfolio missing loans	
rate of the return	18%
value of the missing return	36,574,088

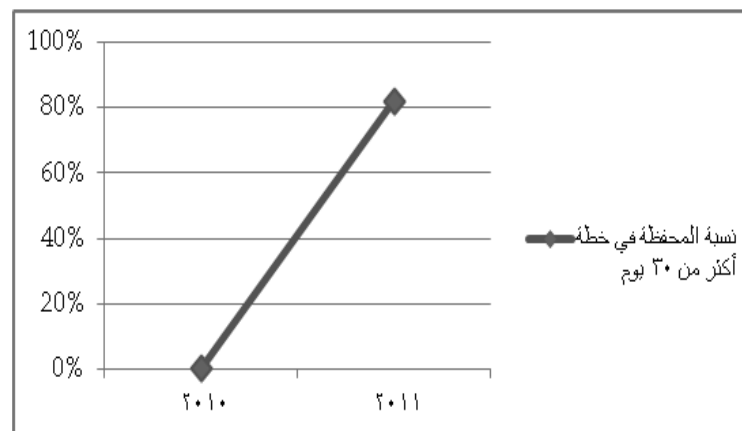
The scheme was supposed to expand the business activities of the program through having new branch in Shabwa Governorate, in addition to opening a branch for men in Zunjubar city, which was already opened two months before the outbreak of the confrontations, but it was closed shortly after the outbreak of confrontations. As a result, the management had decided to clear up and close Ahwar branch and collect the portfolio of the branch due to the disconnection of with the program and high transport costs.

Second: the significant increase in the proportion of portfolio at risk.

The proportion of the portfolio at risk - more than 30 days has reached 82% on December, 2011. This proportion has shown a great disability to collect the portfolio installments of the two branches of Zunjubar due to the events. As a result, this case accounted for 75% of the total loan portfolio of the program as a whole. By comparing this proportion with the year 2010, we find that this proportion have largely worsened than the last year due to the confrontations in Abyan Governorate. The portfolio at risk remained in the best levels (0%) during the seven previous years. Thus, these events have largely affected the business activity of the program, through the significant decline in the quality of loan portfolio of the respective program compared to the previous years. This is resulted by the difficulty to collect the portfolio installments of Zunjubar branch, which estimated at 186 million riyals.

Table (2) shows the impact of war on the high proportion of portfolio at risk in 2011, compared to 2010.

item	2010	2011
proportion of portfolio at risk are more than 30 days	0%	82%



Third: lack of ability to meet the liabilities of the program by their due dates with a high proportion of these liabilities to the total assets.

The total liabilities of the program on December 31st, 2011 amounted to 245 million riyals. 208.8 million riyals is the value of the rest of the pending amounts loaned by the program of Abyan from the Social Fund for Development. Thus, this shows the following:

- 86% of the total loan portfolio value is equal to the value of the amounts loaned by the program from the Social Fund for Development. As a result, this may demonstrate that the proportion 86% of the loan portfolio is not really possessed by the program.
- It is worse if we know that the proportion 75% of the loan portfolio value of the program is the proportion of the portfolio of the two displaced branches of Zunjubar in which the potential for default is high on these short and long term loans.

There is another liability to the program valued at 35.7 million riyals. This amount represents the value of deposits and savings of the program's clients. These liabilities are part of the due loan payments, however they are considered part of the existing liabilities of the program as it is required to meet the repayment upon request, taking into account that the total cash in bank accounts of the program on December 31st, 2011 is not more than 16 million riyals.

The foregoing confirms the lack of ability of the program to meet the liabilities on the due dates. It also confirms that lending the program to help it meet the liabilities and launch the activity of taking loans is not the solution at the moment.

Table (3) illustrates the existing liabilities of the program in the form of taking loans from the Social Fund for Development.

loan contract	amount of contract	paid amount	pending amount
100-11578	58,142,607	41,272,844	16,869,763
100-11917	116,514,183	41,262,467	75,251,716
100-12122	116,742,729	-	116,742,729
total	291,399,519	82,535,311	208,864,208

The study also noted the high proportion of liabilities of the program to the total assets in 2011. It reached the high levels compared to the two last years. The proportion of these liabilities reached 95% to the total assets at the end of the fiscal year 2011 compared to 84% and 74% for 2010 and 2009 respectively. Thus, this proportion is truly high and doesn't encourage others to loan the program in the future.

Table (4) shows the high proportion of existing liabilities to the total assets, compared to the previous years.

year	assets	liabilities	proportion of liabilities to the assets
2009	136,045,757	100,419,259.00	74%
2010	245,020,884	206,927,098.00	84%
2011	264,389,865	251,654,818.00	95%

Fourth: decrease and decline in income of the loan portfolio along with the stability of operating expenses in 2011 have decreased the rates of operating and financial coverage of the program.

The income obtained from the loan portfolio of the program in Abyan in 2011 was declined compared to the income obtained from the loan portfolio in 2010. The rate of the decline reached 14% and valued at 7,5 million riyals from the previous year. This illustrates the following:

- Slow turnover of the loan portfolio, especially portfolio of the two branches of Zunjubar for (men

and women), as it is the place of confrontations. The loan portfolio of the two branches represents a rate of 75% of the total loan portfolio of the program as a whole. The reasons of this slow turnover of the loan portfolio refer to the failure on collecting the due loan installments of the clients of the two branches. Thus, the income of the portfolio was decreased.

- The loan value distributed by the program in 2011 was decreased, compared to the year 2010 at a rate of 24% and valued at 79 million riyals. As a result, the reasons refer to the suspension of distributing and granting loans in the two branches affected in Zunjubar city as the place of confrontations.

Table (5) shows the decline of the loan portfolio return during 2011, compared to 2010.

Item	2010	2011	Difference	Rate
income obtained from loan portfolio	54,490,391	46,908,607	7,581,784	14%

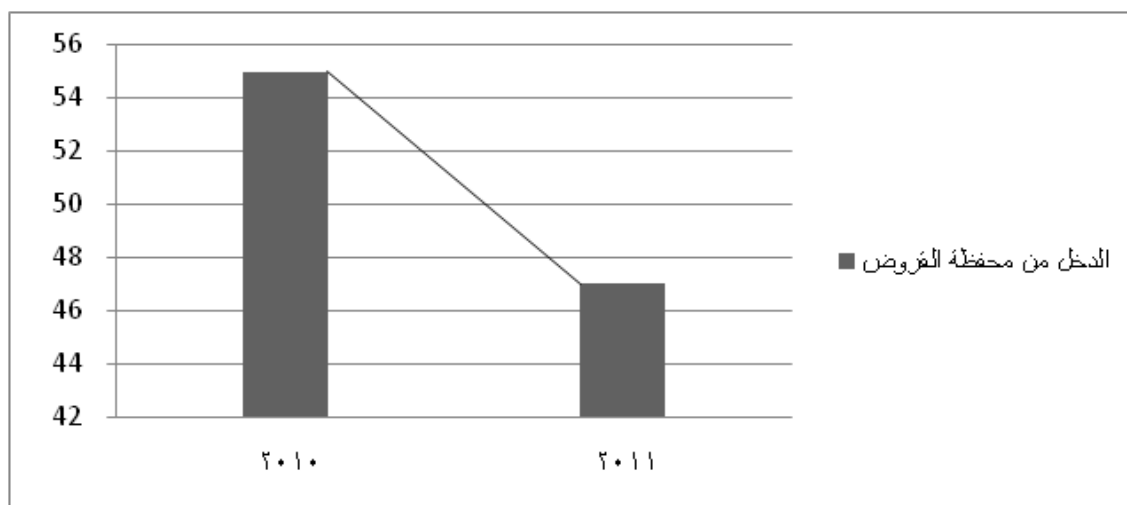


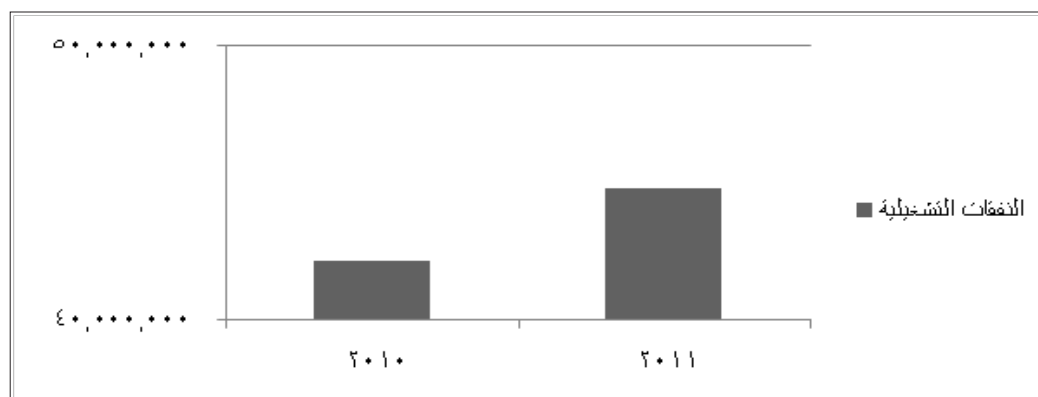
Table (6) shows the decline in the loan portfolio return during 2011, compared to 2010.

revenues	2010	2011	difference	rate
number of distributed loans	6,524	4,952	1,572	24%
value of distributed loans	334,770,150	255,640,620	79,129,530	24%

A relative stability was marked in the operating expenses of the program in 2011, with an unnoticeable high rate for these expenses compared to the operating expenses of 2010. This shows that the most of the structure of the program's expenditures is stable. On other words, the rate of the variable expenditures based on the level of productivity is at the lowest levels.

Table (7) shows the remarkable stability of the structure of operating expenses during 2011 compared to 2010.

item	2010	2011	difference	rate
operating expenditures	42,127,301	44,756,105	2,628,804	6%



The effects of the decrease and decline in income from the loan portfolio with a relative stability in the operating expenditures during 2011 were largely reflected in the decline of rates of operating and financial coverage and self-sufficiency of the program. The program was one of the first operating sustainable microfinance programs in the last years and until 2011. The events affected the program during the confrontations had caused a lower rate of operating coverage valued at 97% during 2011, after it was 105% during 2010. As a result, the program operationally became unsustainable and unable to cover all expenses of the lending project.

Table (8) shows the low rate of the operating and financial coverage of the program during 2011 compared to 2010, due to lower revenue from loan portfolio with stable operating expenses.

indicator	2010	2011
self-operating sufficiency	105%	97%
self-financial sufficiency	78%	58%

Fifth: the program has laid off a large number of staff as a result of the crisis.

The confrontations have stopped the business activity of the program in the three branches of Abyan. It was confined only to collect the loan installments. As a result, this largely caused low returns of the loan portfolio. The program then had to bear the operating costs without obtaining revenues that cover these costs. For this reason, the program had to lay off a large number of its qualified staff. This layoff may be permanent or temporary, or just until the end of the crisis and the return to the normal life. The total staff who were laid off reached 24 by 32% of the total staff before the events in Abyan. These staff were appointed in office jobs and field jobs. The layoff has significantly focused on the job of the lending officer. The following is the list of staff who were laid off according to the general management and branches.

Item	staff		laid-off staff		staff who left their jobs
	before events	after events	No.	rate	
general management	13	5	3	23%	4
Zunjubar branch	40	18	21	53%	0
Ahwar branch	7	4	0	0%	3
Mukalla branch	9	9	0	0%	0
Shahar branch	6	8	0	0%	0
total	75	44	24	32%	7

The measurement of the damage that had affected the program and microfinance industry in Yemen during the events will be at the highest levels if it is noted that the average age of the program staff that were laid off reached 4 years of experience in microfinance. The experience in the industry of some of the program staff who were laid off has reached 9 years. In addition, the program had laid off a large number of its staff as result of the events in 2011. It had to bear the cost of a group of its staff during that period without any outcome of their performance.

Sixth: the program is exposed to a high degree of various risks

The high degree of the risks that the program is exposed to has dramatically increased as a result of the confrontations in Zunjubar and Khanfar, where the headquarters of the program and its main branches are based in. The degree of these risks has reached the highest levels. The following is a detailed explanation for each type of these risks affected the program:

1. Liquidity risks: these risks have significantly assimilated on the concentrations of the loan portfolio and borrowers of the program in the region of confrontations, in addition to irregular cash flows from the collections of loan installments and losses as a result of the default and lack of ability to repay.
2. Risks of loss of fixed assets: as a result of lack of security in Zunjubar and Khanfar and expansion of confrontations, as well as disability of the government to control the situation. The two branches of the program in Zunjubar city were exposed to artillery bombing and armed robbery. The total losses of the fixed assets of the two branches have estimated at around 3.5 million riyals. These estimated losses were resulted by theft, burning of a set of assets and furniture of the branches and the main center.
3. Risks of loss of business activities of the program staff and the failure of loan portfolio. As it is well known that the program invests its money by lending its clients with business activities to create income from the portfolio that covers the operating costs of the program and enable it to continue providing its financial services for the targeted group. As a result of the confrontations in Zunjubar and Khanfar, many business activities of the clients were exposed to damage, armed theft, and burning. The field study of the selected sample has shown that 40% of clients' business activities were lost. As a result, this demonstrates that the program is facing high risks in regard with the collection of loan portfolio installments of the two branches. Thus, the exposure to losses is resulted by the failure of the business projects and lack of ability to repay.
4. Risks of losing success stories of the clients' projects in the program. This type of risk had eliminated success stories and development of the clients' projects in the program. This happened when the clients used their savings and capital of their projects in order to cover their needs during the period of their displacement to the governorates on border. In addition, a large number of the program staff

were turned to seek aid after they were producers. Consequently, this condition has created negative cases and dependency, and weak capacity and ambition.

5. Risks of human assets: this type is one of the most important risks affected the program. It exposes the staff of the program to risk when being assigned to go to Abyan Governorate to check the headquarters of the program, and its branches and clients. In addition, the program had laid off a group of staff. It is also intent to lay off another group of its staff.

Seventh: decline in social and developmental role played by the program to its clients

It was planned for the program to reach 9104 active borrowers by the end of 2011. Besides, it was expected to distribute 7369 loans amounting at 458 million riyals as a distributed portfolio throughout the same year, which means the delivery of services to 36,845 beneficiaries during the year, considering the average of the family members is 5 persons. This means creating 5496 job opportunities, taking into account that each \$500 creates 1.2 job opportunities. Given the indicators of implementation of the plan, it is noticed that armed confrontations have deprived targeted groups of the proportion 33% of the program's services. In addition, the program's ability to create career opportunities has decreased by 44%. Therefore, all these indicators may point to the decline of the developmental and social role of the program, especially in the areas of dispute and armed confrontation.

Table (9) Implementation Deviation of the operational plan indicators of the program in 2011, compared to the scheme

Indicators of Plan implementation	2011
scheme	
Number of loans distributed	7369
Value of loans distributed	458,830,000
The actual	
Number of loans distributed	4.952
Value of loans distributed	255,840,620
Deviation	
Number of loans distributed	2417
Value of loans distributed	203,189,380

Field study

Field study was carried out with the damage assessment that affected the program staff and clients according to the following stages:

- Collection of the primary survey data.
- Meetings with officials in the program
- Sampling and interviews and questionnaire design (experimental).
- Testing interview questions and questionnaires randomly and then modifying it.
- Distributing questionnaires and performing interviews.
- Classification, tabulation, analysis and presentation of information.
- Presenting findings with comments

Approach of the Study

The chronological approach was used in the case study of Abyan program through making comparisons between the indicators of the program performance before and after the crisis. In addition, the descriptive, statistical and analytical approaches were used to study the effects. A set of research tools appropriate to the information type and the required statistics were followed. These research tools are as follows:

- Interviews
- Comments
- Group discussions and focus groups
- Questionnaire. It was tested by a random sample, and then modified in the light of the test results.

Problems that faced the study:

The study has faced many problems. These problems were overcome by doubling the efforts. The most important ones were as follows:

- Lack of financial data of the program until the date of the study. The financial data were limited until April 2011, which was a month prior to the crisis. The reason was the breakdown of the networking between all branches of the program as a result of the transfer of servers from the displaced areas.
- It was difficult to depend entirely on the financial statements delivered lately to the researcher in the light of visible differences in the balances of the financial position. These differences significantly weaken the reliability and credibility of the financial performance of the program, in addition to a lack of completion of some other data on the business activity of the program as a result of a loss of some data.
- It was difficult to estimate the total loss of assets at the headquarter of the main center of the program and its branches in Zunjubar and Khanfar, as a result of the high risk of entry to the city of Zunjubar and the difficulty of access to these headquarters. Though we have obtained an estimation of these losses prepared by some of the program specialists who were able to enter the city of Zunjubar.
- It was difficult to express the social and psychological problems for the clients and staff of the program, as well as the difficulty of measurement.

Selected samples of the study:

The study relied on the selection of deep random samples to ensure diversity whether for employees or clients, according to the following:

1. The research sample of the staff was 16 displaced staff of the program with their families from the governorates of Zunjubar and Khanfar, which are the site of armed confrontations. This number is a ratio of more than one third of the displaced staff.
2. As for the clients of the program, the research sample was 100 female clients of the program who displaced from the governorates of Zunjubar and Khanfar. As a result, this forms a ratio of more than 2% of the clients of the program in the destroyed branches.

It was taken into account in the selection of the random sample the following:

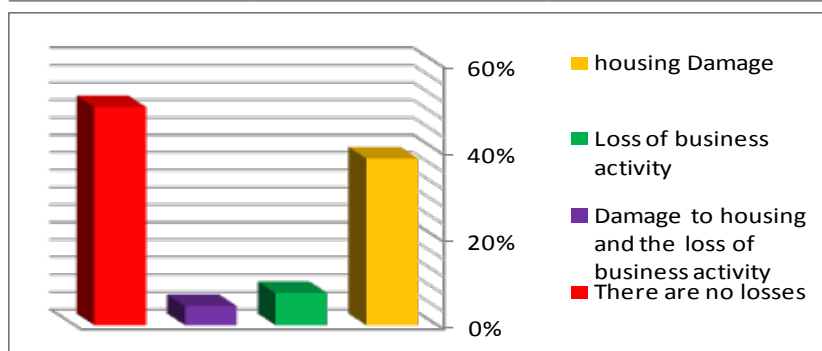
- Diversity in terms of administrative levels of the selected personnel in the sample to include program management, directors of departments, branch's managers, and desk officers in the administration and branches, in addition to the lending staff.
- Diversity of the sample selection between the employees who are still working now in the program and the staff who were laid off permanently or temporarily.
- Diversity of the place where the information was collected from seven schools in different parts of Aden City.
- Representation by selecting the appropriate number so that the sample should not be less than 2% of the total number of the program's displaced clients..
- The suitability of the sample to the device used to collect information about clients, and employees. It includes direct meetings, questionnaire, and intensive group discussions in addition to the comments.

Groups from which samples were taken:

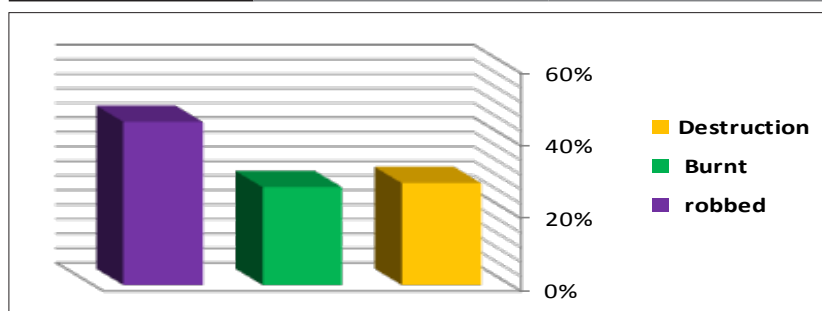
- Staff who displaced with their families to the Governorate of Aden and the occupants of the houses for rent, or homes of relatives, either those staff who are still working in the program or those who were laid off.
- Staff who displaced with their families to the Governorate of Aden and occupants in schools, either those staff who are still working in the program or those who were laid off.
- Displaced clients in the schools of Aden Governorate which are Al Fat-h, Al Masmoom, Bilqees, Sa'eed Nagi, Abdu Othman, Abdullah Sharaf, and Al Ab'abbadi schools.
- Displaced clients in the houses for rent in the Governorate of Aden.

Damage assessment of the program's clients (analysis of the results of interviews, group discussions and questionnaire) :

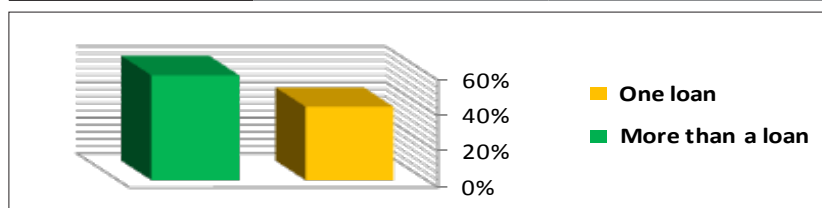
Material losses suffered by the damaged housing in Abyan	housing Damage	38%
	Loss of business activity	7%
	Damage to housing and the loss of business activity	4%
	There are no losses	50%



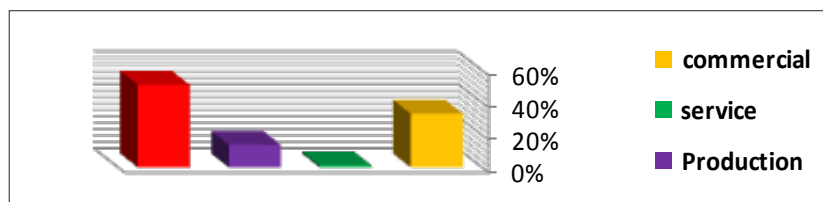
The size of the damage to the	Destruction	28%
	Burnt	27%
	robbed	45%



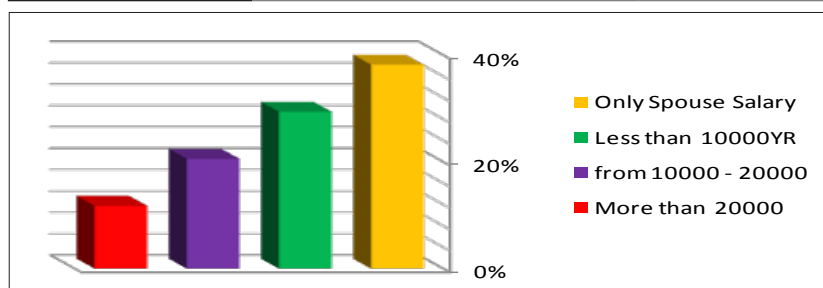
Borrowing from Abyan program	One loan	41%
	More than a loan	59%



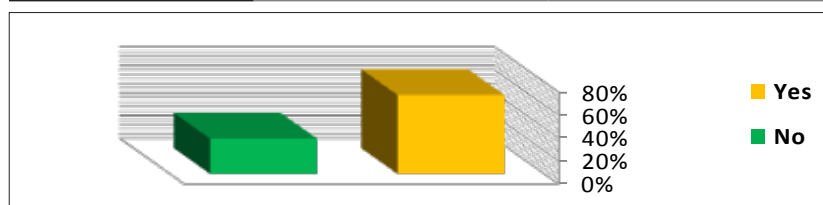
Type of your business activity in Abyan	commercial	33%
	service	1%
	Production	14%
	Consumer	51%



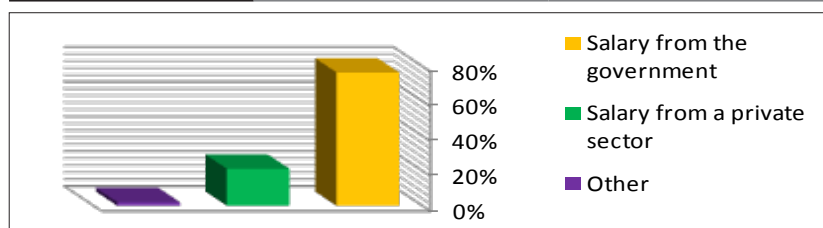
Average monthly income from the business activity before the war	Only Spouse Salary	38%
	Less than 10000YR	29%
	10000-20000	21%
	More than 20000	12%



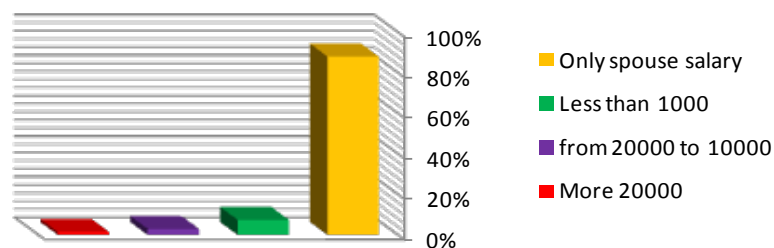
Is there any other income than the income of business activity in Abyan	Yes	69%
	No	31%



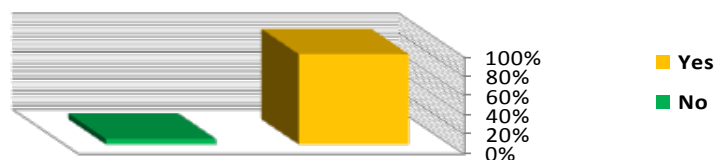
Another income	Salary from the government	77%
	Salary from a private sector	21%
	Other	2%



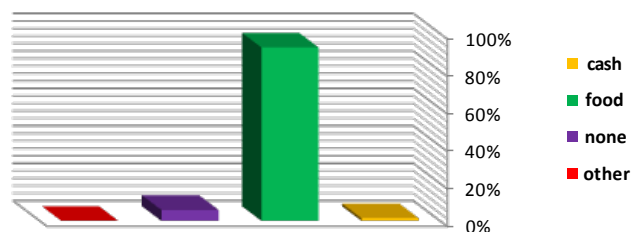
Average monthly income from the Current Activity	Only spouse salary	88%
	Less than 1000	7%
	10000-20000	3%
	More 20000	1%



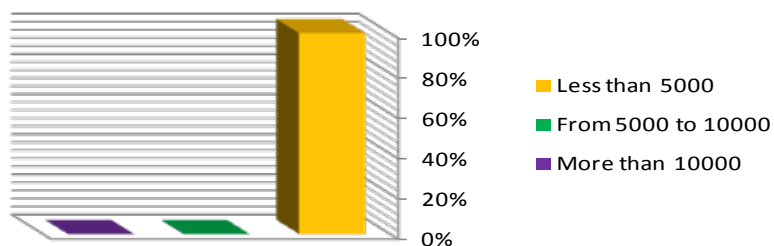
Do you currently receive aid?	Yes	94%
	No	6%



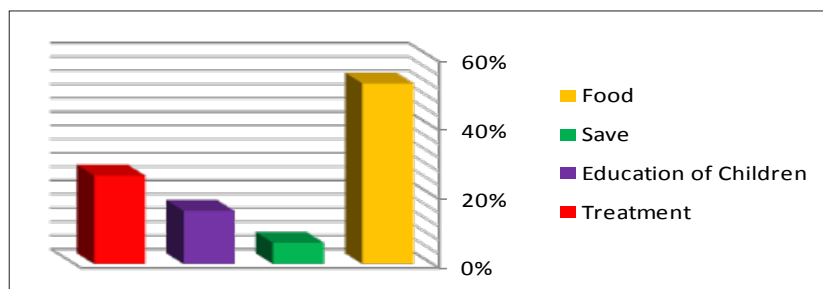
Type of aid obtaine	cash	1%
	food	93%
	none	6%
	other	0%



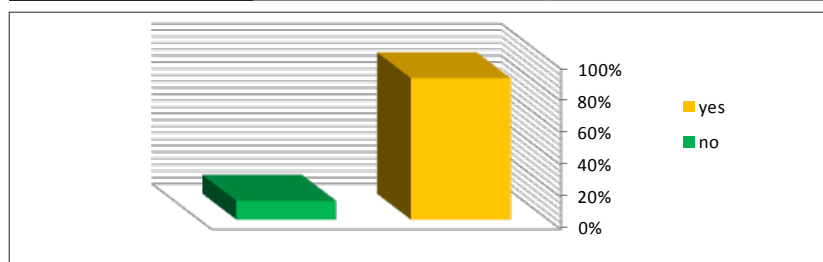
Amount of aid in the form of cash	Less than 5000	100%
	From 5000 to 10000	0%
	More than 10000	0%



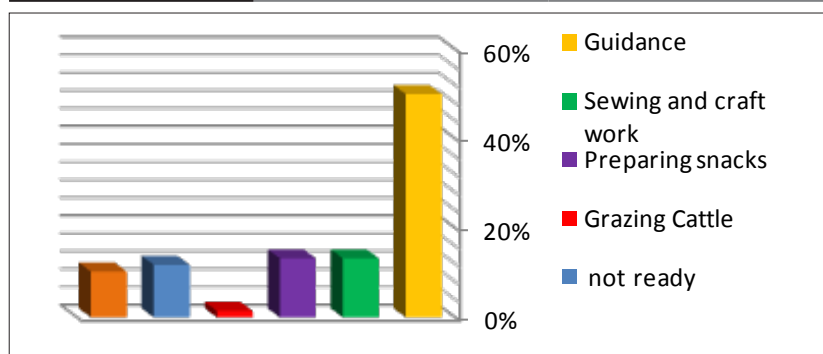
Areas of spending the current sources	Food	53%
	Save	6%
	Education of Children	15%
	Treatment	26%



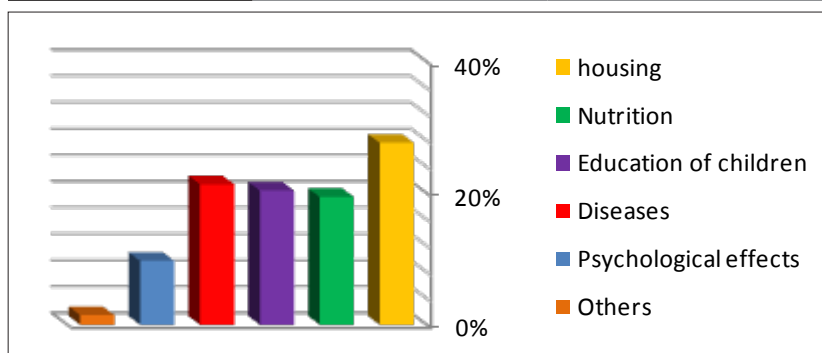
Can you work now in a temporary business activity?	yes	88%
	no	12%



The business activity in which you can work in temporarily	Guidance	50%
	Sewing and craft work	13%
	Preparing snacks	14%
	Grazing Cattle	1%
	not ready	12%
	Selling shop	10%



The biggest problems that you experience now (during displacement)	housing	28%
	Nutrition	19%
	Education of children	20%
	Diseases	21%
	Psychological effects	10%
	Others	1%



By reading the results of the questionnaires, interviews and group discussions with the program's clients, the study concluded the following:

- 50% of the program's clients were exposed to material losses due to armed confrontations, 38% of whom their residence was damaged as the following:
 - . 45% of the clients' houses were exposed to theft and armed robbery.
 - . 28% of their houses were destroyed by bombing.
 - . 27% of their houses were burned.
- 7% of the program's clients have lost their business projects, either by their inability to transfer their business or by stealing their stock, or theft of the contents and assets of their business, service, and productive projects. In addition, the study clarifies that 4% of the clients' houses were damaged and their business projects were also lost as a result of the crisis. Therefore, the depth of the problem and damage is greater for clients who combined both; loss of business activity and house damage.
- 59% of the program's clients re-borrowed loans and got more than a loan from the program, while 41% of the clients obtained just one loan. Thus, it reflects the immensity of the damage that may affect the program due to its inability to retain its clients who had renewed, in addition to the immensity of the damage that would befall upon the clients of the program by eliminating the success stories and the development of their business projects.
- 51% of the clients' activities are housing loans, and thus the intensity of damage will be bigger for those whose houses were damaged while they are still liable for the program because of loans taken for building their houses destroyed during the crisis.
- 31% of the program's clients have only income of their business projects in Abyan. Therefore, this group is the worst one affected by the situation because there is no other income to feed them and to repay the installments to Abyan program.
- 69% of the program's clients have different income in Abyan, and it is distributed as the following:
 - . 77% have salaries from government.
 - . 21% have salaries from a private sector.
 - . 2% have another income as a return from housing and shop rent, and a return from grazing livestock or cultivation. The study showed that the average monthly income of the program's clients after displacement and confrontations in Abyan had been decreased to approximately less than half com-

pared to before the displacement. After war, the average income 1% of the program's clients became more than 20000 YR, while the ratio of the program's clients whose average income became more than 20000 YR was 12% before the war. The income 3% of the program's clients was between 10000-20000YR, while they were 21% before the war.

The study showed that 94% of the program's clients receive monthly food aid that eased to some extent the impact of the crisis, especially a group that doesn't have any income except their income from Abyan projects. It has also showed that 6% of the program's clients don't receive this aid because of the errors of calculation and registration by funders or as a result of displacement of these clients to the houses of their relatives in the areas where they moved to rather than the camps of displacement.

- The study has pointed out the areas of expenditures and the distribution of current sources of the displaced clients' income as follows:
 - . 53% is spent for nutrition.
 - . 26% is spent for medication and this indicates a lack of healthy environment to live in camps and schools.
 - . 15% is spent for children education.
 - . 6% is saved.
- The study showed that 88% of the program's clients are fully prepared to temporarily engage in any business project during the period of displacement in order to increase their income until the crisis is over, and return to their homes once the business activity supplies exist. On the contrary, the study showed that 12% of producers of the program's clients are not ready. This shows that some of the program's producers were transformed to clients of aid and assistance. So, they have become negative, dependent and incapable people. As a result, this ratio will increase as long as the period of displacement and obtaining aid prolongs.
- 88% of business projects that can be carried out by the program's clients temporarily during the period of displacement as long as the business requirements exist, were distributed as follows:
 - . 50% prefer to work in public sale.
 - . 14 % prefer the business activity of snacks preparation for school students such as: ice cream, potatoes, sandwiches, juices, and others.
 - . 13% prefer to work in crafts and sewing.
 - . 10% prefer to work in newspapers shops, or other shops.
 - . 1% prefers grazing of livestock.
- The study showed that the biggest problems that face program's clients during the period of displacement are as follows:
 - . 28% face the problem of housing, which is the largest current problem of the displaced clients, as two to four families live in one classroom. This means that the displaced clients in schools are the poorest ones or have the lowest income.
 - . 21% face the problem of disease spread and high costs of treatment as a result of the emergence of the problem of disposing the liquid and solid waste by displaced people in schools. That lead to the creation of a suitable environment for the spread of disease by providing breeding grounds for flies and other insects.
 - . 20% face the problem of children education.
 - . 19% face nutrition problem.
 - . 10% face psychological effects as a result of displacement.

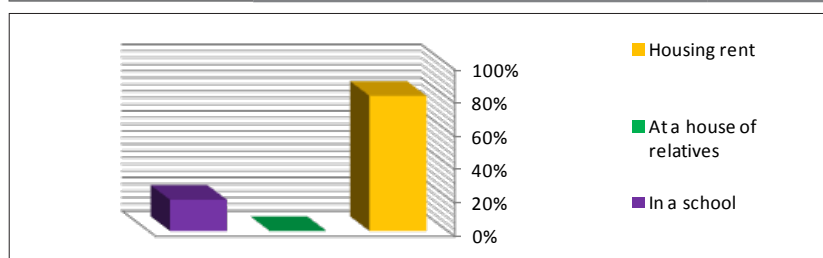
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- The study has showed with the consensus of the program's clients that the living costs are high in Aden city compared to the living costs in Zunjubar city. This means that the area of displacement has contributed to the increase of damage caused to the program's clients due to the crisis.

Therefore, depending on the findings of the field study, we can brief the damage that affected the program's clients due to the crisis and displacement in the following:

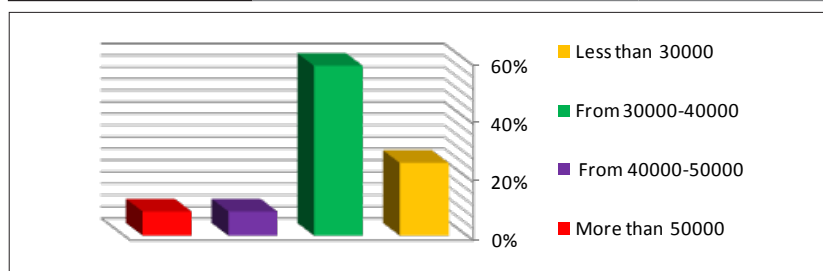
- A large number of houses of the program's clients were exposed to losses and material damage such as fires, theft, armed robbery, and destruction as a result of bombing.
- Business activities and projects belonging to a group of the program's clients were lost as a result of displacement and lack of ability to transfer the stock of their businesses or stealing the assets of their projects.
- The enormity of the problem concerning the program's clients who combined both the loss of business activity and housing damage.
- Eradication of successful stories of the program's clients' as a result of the crisis.
- The monthly income of the program's clients was declined to less than half.
- A number of the program's producers had turned to be receivers of aids and assistance. So, they became negative, dependent, and having no ambition. This ratio will increase as long as the period of displacement prolongs, and as long as they receive aids and assistance.
- The program's displaced clients undergo additional expenses of housing expenses as a result of displacement.
- The program's clients were exposed to several problems: psychological, and health such as living in schools and camps, and the spread of diseases.

Damage assessment of the program staff (analysis of interview and questionnaire findings):

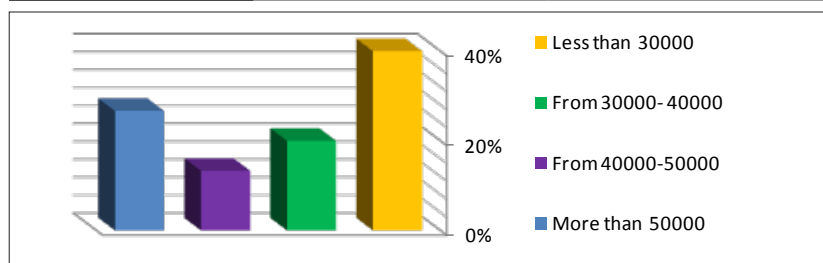
Housing in Aden	Housing rent	81%
	At a house of relatives	0%
	In a school	19%



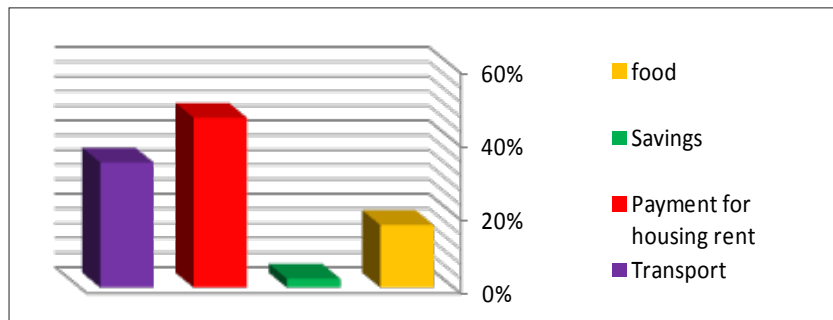
The value of housing in Aden	Less than 30000	25%
	From 30000-40000	58%
	40000-50000	8%
	More than 50000	8%



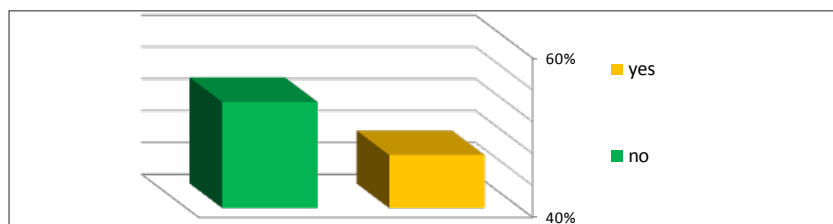
Monthly Salary	Less than 30000	40%
	From 30000- 40000	21%
	40000-50000	14%
	More than 50000	25%



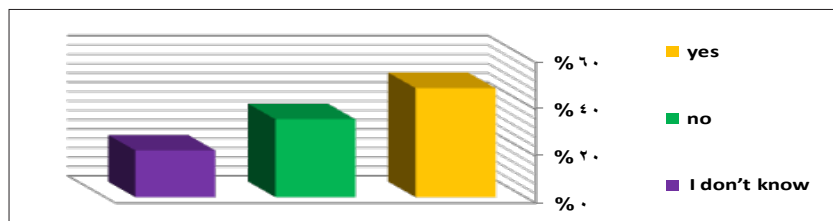
Areas of spending current sources of income	food	17%
	Savings	2%
	Payment for housing rent	47%
	Transport	34%



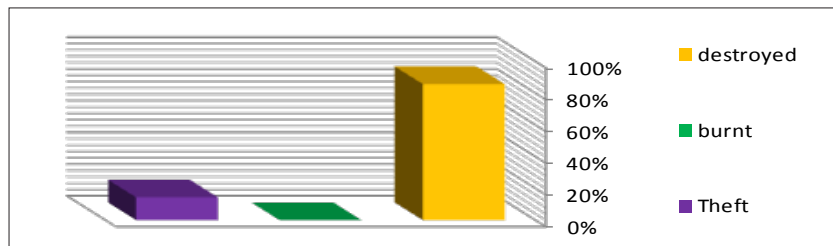
Are you the only breadwinner of the family	yes	47%
	no	53%



Is your housing damaged in Abyn	yes	47%
	no	33%
	I don't know	20%



Extent of the dam- age to your hous- ing in Abyn	destroyed	86%
	burnt	0%
	Theft	14%



By reading the results of the questionnaires and interviews with the program staff. The study concluded the following points:

- The study showed how the housings were distributed to the program staff when displaced into Aden as the following:
 - 81% of them dwell in houses for rent. This indicates that the staff of the program has undergone additional expenses as a result of displacement to Aden. Unless it was because of the displacement and the outbreak of the events, they would not bear these expenses.
 - 19% of them dwell in schools and camps for displaced people, and this shows the inability of some families of the program staff to bear the additional expenses as a result of displacement. So they were forced to live in schools and camps for displaced people.
- The study showed that the expenses of housing rent incurred by the staff of the program when being displaced into Aden were as follows:
 - 25% of them have undergone the cost of housing rent less than 30 thousand riyals.
 - 58% of them have undergone the expenses of housing rent ranged between 30 and 40 thousand riyal
 - 8% of them have undergone the costs of housing rent ranged between 40 and 50 thousand riyals.
 - 8% of them have undergone the cost of housing rent of more than 50 thousand riyals.
- The Study showed that monthly salaries of the program staff did not increase after the events and have remained the same as before the events. The seven levels of monthly salaries of the staff are as follows:
 - 40% of them have monthly salary of less than 30 thousand riyals.
 - 21% of them have monthly salary ranged between 30 and 40 thousand riyals.
 - 14% of them have monthly salary ranged between 40 and 50 thousand, and these staff shared with their families the costs of the housing rent.
 - 25% of them have monthly salary of more than 50 thousand riyals, and these staff shared with their families the costs of the housing rent.
- The study pointed out the areas of expenditure and the distribution of current sources of income for the program staff as follows:
 - 47% spent for the payment of the housing rent.
 - 34% spent for transport and mobility.
 - 17% spent for food.
 - 2% is saved.
- The Study showed that 47% of the program staff who displaced to Aden are considered the only bread-winners for their families. This demonstrates the intensity of the damage to the program staff and the burdens they bear for displacement and living in Aden.
- The study showed that 47% of the houses of the staff were damaged in Abyan as a result of armed clashes, while 37% of houses were not damaged, and 20% of the program staff do not know anything about the damage to their houses in Abyan.

- The proportion 47% of the program staff whose houses were damaged was distributed according to the type of the damage as it follows:
 - 86% of the program staff lost their houses due to the bombing, and this shows the intensity of the damage to the houses of the program staff compared to the size of the damage to the houses of clients.
 - houses of 14% of the staff were exposed to theft and armed robbery.

The study has found no increase in the salaries of the staff of the program after being displaced to Aden to help them bear the additional expenses of the displacement. As a result, this comes because of the program's inability to bear additional expenses beside the cessation of business activity in the three branches of Abyan Governorate, which results in increasing the damage to the program staff.

- The study concluded that some elements of income of the staff were stopped in which they used to get before the outbreak of the events, including incentives of productivity. This is because the program was not able to distribute loans
- in the three branches of Abyan. This increased the burdens of the program staff that displaced to Aden in the light of circumstances of low income and the increase of living costs during the displacement.
- The study reached with the consensus of the program staff that living costs are high in the city of Aden, compared to the costs of living in the city of Zanzibar. This largely increased the damage to the staff of the program because of the high costs of living in the areas of displacement.
- The study has found that the program has laid off a large number of its qualified staff, either permanently, or temporarily until the end of the crisis and when the situation comes back to normal life. The total number of the staff who were laid off reached 24000 of different levels including desk jobs, and field jobs. It mostly targeted the jobs of loan officials, which made the worst damage to the program staff who displaced to Aden city due to the confrontations in Abyan
- The program staff suffer a lot of social, psychological and physical problems, such as housing costs, and stop of the program's business activities in the future, and layoff from their jobs.. Thus, those problems have caused negative implications towards their families, including the implications of stress due to the responsibility that they bear alone.

As a result, and based on the findings of the field study, we can brief the damage influenced the program staff due to the crisis and displacement as follows:

- Enduring additional costs such as housing costs, and transport without any increase in their income.
- Enduring costs because of displacement to Aden city, taking into account that most of the program staff are considered the only breadwinners for their families.
- Destruction and thefts to some of the houses of the program staff in Abyan Governorate due to armed confrontations.
- Additional costs because of instability and lack of business ways for living in Aden city.
- Exposure to pressures and psychological problems including the feeling of absence of job security, and the probability of losing jobs and salary because the business projects of the program were stopped.

Recommendations of the study

For the management of the program.

- The study recommends the management of the program to establish a branch of the program in Aden city offering lending businesses to target the owners of small projects and business activities of the people of Aden, and Lahj, in addition to the program's displaced clients in Aden, who are ready to engage in these business activities during the period of displacement. This recommendation will lead to the following effects:
 - a. Assist the program to restart its business activity and to continue offering its services, as well as to attract new clients from Aden and Lahj to the program, as the environment of two governorates are encouraging to perform the microfinance business projects due to a wide spread of the business activities, handicrafts, and demands and markets.
 - b. Accommodate the program jobless staff, either the ongoing staff or staff who were laid off.
 - c. Assist the program to cover the operating expenses and increase the levels of the efficiency and effectiveness.
 - d. The program needs for funding and liquidity to distribute the loans and meet the growing demand.
- The study recommends the program's management to study the needs of its clients who displaced from Abyan and design suitable lending products for their current needs such as designing a loan for financing the expenses of the housing rent of the program's clients, who have fixed income out of their activity in Abyan such as the clients who receive salaries from the government.
- Communicate with the program and microfinance institutions that practice their business activity in Aden city to help them provide training and consultations on how to cover the risks of financing these business activities of the clients in Aden city.
- The study recommends the program's management to take necessary actions to increase the productivity of the program's branches in Hadramoot Governorate (Mukalla, and Shahr) in order to increase the efficiency and revenue to the loan portfolio. As a result, this will help the program cover the operating expenses and overcome this harsh period. To achieve this, the study recommends the program to provide the branch of Mukalla and Shahr with some qualified and experienced staff from the program of Zinjubar in order to help the program increase the productivity, and efficiency as well as accommodate the jobless staff of Zinjubar branches.
- The study recommends the program to make the schools that embedding large number of displaced people and the program's clients as a co-living society through which temporarily projects will be established. These projects will meet the needs of the program's clients and integrate between the displaced, as well as turnover of the capital amongst them such as activities of making snacks to the school students and displaced people, projects of selling their daily needs, clinic of first aid, selling second hand clothes, washing clothes, selling phone top-up cards, public sale, and other activities that may create an integration between the members of the co-living society.
- -The study recommends the program's management to study the idea of in-kind payment of the displaced clients' loan installments that have extra monthly food aid provided by voluntary human organizations that is to find ways to repay in-kind in order to obtain other needs.
- The program's management should study the case of the clients' loss for their business activities or house damage, and the potential of refunding them in a form of a grant or a loan in order to restart

their activities if there are noticeable marks of recovery from the crisis, or maintaining the housings that were affected. The program's management should calculate and study all the cases that need refunding for its activities in order to get recovered and restarted. In addition, these activities can be presented to the donors in order to get financing for these cases, as well as study the potential of granting loans of interests for the clients undertaken by the international donors instead of the clients.

- The program should coordinate with the microfinance institutions in Aden and Lahj Governorates in order to prevent lending for the program's displaced clients.
- The study recommends that the program should reschedule the clients' installments, and reduce them to half for the clients who are unable to repay. As a result, this will help to encourage the clients to repay, especially when the field study has indicated a lower average monthly income of the program's clients after displacement to Aden to less than half.
- The study recommends the program to continue its business activities in its branch of Ahwar. The reasons that made the management stop the activities of the branch and clear up its portfolio are not sufficient to take the action of clearing and closure. In addition, the number of active borrowers of Ahwar branch has represented 17% of the total program's borrowers of the program before the events. So, the study concluded that the program's management should study the needs of the clients in Ahwar and design the suitable products for the conditions of the region and its clients. It is also possible to overcome the problems of the disconnection with the program and the distance to access the branch, as well as high costs of transport by changing the mechanism of subordination and supervision (as supervised by Al Mukala branch).
- The study recommends the program to conduct a full calculation for the program's clients and their families, and collect, save, update all respective information, and follow up any moves of the clients' families between camps and schools.

For the respective microfinance institutions

- The study recommends the Yemen microfinance network to release in its website a list of the names of the program staff in Abyan who were laid off. The program should also coordinate with the microfinance institutions to prioritize recruiting them in the governorates where they are willing to work in, in order to avoid the loss of microfinance industry of the qualified staff with accumulated expertise, and reduce the impact of the layoff of the program staff.
- The study recommends the Social Fund for Development represented by the unit for developing small and micro institutions to study ways to help Abyan program fulfill its liabilities on the due dates, especially with regard to the due installment loans of the Social Fund, or loans expected by the program. That will enable the program to continue and expand its services to its clients. The suggestions in this regard include:
 - a. Exempt the program from the fees of loan agreements (interest of loans) that exists currently and amounted to approximately 23.7million YR.
 - b. Reschedule loan installments to fit with the effectiveness levels of the collection process expected by the program during the coming period.
 - c. Allocate a small portion of the loan installments of the program financed by the Social Fund for Development (10 million YR) to establish Takaful Fund to be allocated for the repayment of clients' installments who were exposed to damage during the events that included the loss of their business activities, and the damage of their houses, according to a study performed by the program for each case separately.
- Help the program open a branch in Aden city to restart its activities with the owners of micro projects

from the people of Aden and Lahj Governorates, in addition to the clients who displaced to Aden city and who are willing to engage in business activities during the period of their displacement. The aspects that the program needs for help are as follows:

- . Train on how to cover the risks of taking loans in the Governorates of Aden and Lahj.
- . Design products appropriate to the nature of the new work area.
- . Assist in providing inexpensive sources of funding (cash).
 - . Assist the program in coordination with the microfinance programs, institutions, and banks that are working in the Governorates of Aden and Lahj in order to avoid the repetition of lending to the same clients.
- The study considers that lending the program at this time in order to help it meet its liabilities and launch lending business activity is not the solution for the time being. However, the study suggests that the aspects of intervention the program needs at the moment is the capital grants or interest-free lending.
- The study recommends the international donor organizations that are interested in industry to finance the program's clients whose houses and business activities were damaged. They need grants for recovery and restarting their activities, or these organizations bear the expenses of the loan benefits instead of the program's clients.

General recommendations

- The State should set mechanisms, plans and programs that aim at disseminating and inculcating the culture of peace, and tolerance especially in the conflict areas. In addition to eliminating the culture of fanaticism and extremism.
- Organizations that are interested in development in Yemen should adopt studies covering all aspects of the problem of the armed confrontations between militants and army in the Governorate of Abyan, and covering the effects left behind for analysis and treatment of its causes and effects in order to avoid them in the future.
- The need to conduct collective researches on the field of the effects of the war by a qualified team of all specializations along with the collection of statistics, classification, documentation, and keeping in a way that facilitate its use to researchers and decision makers and to all interested ones.
- Create a database to be accessed by all international donor organizations on the effects of Abyan war, its reflections, and the necessary requirements to mitigate their effects, in order to facilitate access to this information by these organizations to identify the channels of intervention.
- Solve the problems of displaced people of Abyan by focusing on the income-generating projects (small projects) for their positive psychological and social returns, but after expanding their developmental abilities in the areas of management, and marketing for small projects.
- Give an attention to coordination and unification of the efforts of organizations working in similar areas and segments such as orphans, disabled, and others in order to deliver their services in depth and greater impact for all the families affected by the war in Abyan.
- Give an attention to students of the program's clients so they can continue their education to lead their families towards improving their living conditions, and solve their future physical and social problems.

About Yemen Microfinance Network

The Yemen Microfinance Network (YMN) is a member based association registered in 31st August 2009 under the Ministry of Social Affairs and Labor as a non-governmental organization (NGO), having its own board of directors consisting of the microfinance member institutions. Being a member-driven association



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