

2016 | ANNUAL  
REPORT



# *IN THE Name of Allah*

## Introduction

Although crises has not any political or military progress towards ending from 2016, the economic impacts of the crises have begun to expand into all the economic and financial sectors in the country. The banking sector, in particular, has been facing major problems, topped by liquidity crisis in local currency started the middle of 2016, AMB has not been aside from all these complications. As result of such complications, AMB has to change its trends and plans for dealing with the crisis and getting ready for the post-crisis period as is briefly described in the Annual Report of 2016 we present to you, and we would like to take the opportunity to thank all those who helped in making this work possible.



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## The Founders

SFD  
الصندوق  
الاجتماعي  
للتنمية

### Yemeni Government – SFD

SFD was established by law No. 10 of 1997 as one of the social safety tools to alleviate side effects resulting from the government's economic reform program that might have a negative impact on vulnerable groups in society, particularly the poor. It is based in Sana'a and has branch offices in the main cities of the Republic of Yemen. SFD is a financially and administratively autonomous organization, run and supervised by a board of directors, chaired by Prime Minister. Its membership includes representatives for the government, NGOs and the private sector. The Fund seeks to effectively contribute to alleviating poverty by improving living conditions of the poor groups in society and creating job opportunities and lucrative activities for these groups.

% 45

### AGFUND



Based in Riyadh, Saudi Arabia, AGFUND is a regional organization established in 1980 upon the initiative of His Royal Highness, Prince Talal Bin Abdul Aziz Al Saud with the support of leaders of the Gulf Cooperation Council (GCC) States that form its membership and contribute to its budget. AGFUND is mainly concerned with supporting Human-oriented sustainable development that targets poorest groups, particularly women and children, in developing countries by contributing towards supporting efforts affecting the development process including improvements to education and health as well as supporting programs for institutional capacity building and fighting poverty. AGFUND works in cooperation with the UN, regional and national development organizations, community—based NGOs and other institutions working in the field of development.

% 35

PS  
Private  
Sector

### Private Sector

The private sector is represented by commercial institutions operating in Yemen, companies or commercial banks. It also involves Yemeni and Saudi businessmen and has a total of 13 shareholders.

% 20





### “Word” by Chairman of the Board of Directors **Eng. Abdullah Ahmad Buqshan**

On behalf of myself and the members of the AMB Board of Directors, I have the honor to present to you the AMB Annual Report for 2016, which sheds light on the Bank's achievements throughout the year amid increasing challenges it has faced as a result of the crisis Yemen has been living through since early 2015. As you all may know, Yemen has fragile economy while the wars, political crises and security troubles have made the economic and humanitarian situation extremely difficult, with their indicators declining to a disastrous level. and therefore , many international donor organizations and countries have suspended their projects in Yemen or shifted funding towards humanitarian relief aid. In the meantime, the government of Yemen has been unable to pay the salaries of public servants as a result of a worsening liquidity crisis in local currency since the middle of 2016, thus exacerbating the already exacerbated humanitarian situation of more than 80% of Yemenis. As a result of these actions, AMB had to think of adopting sophisticated options at the operational, financial and institutional levels, which in aggregate represented great challenges to the AMB efforts to achieve its plan for 2016. Accordingly, AMB had to shift its plan towards maintaining the current level of activity, with more emphasis on cost-benefit principle in the implementation of its activities in order to avoid further operating and financial expenses. The Annual Report 2016 reviews AMB performance under the Contingency Plan which has been approved in the second quarter of 2015, highlighting the trends adopted by the Bank in the operational area in terms of adjusting the financial service delivery mechanism in a manner tailored to clients' needs during crisis time. It also focuses on the institutional trends with regards to human resources and the overall organizational structure. At the financial level, the report describes how AMB deals with the financial challenges in terms of the expenses, liquidity and profitability. While AMB has controlled 39% of the microfinance market activity in terms of the financing loans disbursed and its retention of a leading position in the sector, the Bank's resilience in dealing with the developments of the crisis has contributed further to AMB's top-placed standing in the sector of social cash transfers, which have constituted the largest portion of the donor organizations' interventions targeted at improving the humanitarian and economic situations of the Yemeni families, particularly that have been most affected by the war or have lost their livelihoods. By virtue of its good experience in this field, AMB has been able to expand the scope of partnerships with local and international organizations and enhance mutual trust. In the meantime, it has kept on strengthening its staff and IT capacities in this field, thus becoming today one of the most important MFIs providing social cash transfer services all over Yemen. Therefore, we highly appreciate all the sincere efforts expended by AMB Executive Management and staff for making these achievements, which – even if they haven't yielded a fruit today – will undoubtedly help the Bank be an outstanding exemplary of economic and humanitarian actions in all circumstances.

**May Allah Guide All To Success !**

**Eng. Abdullah Ahmad Buqshan**  
Chairman



Mr. Omar Abdurrahman BaJerish,  
*Deputy Chairman, Member-Delegate*



Mr. Nasser Bakr Al-Qahtani,  
*Member - AGFUND Representative*



Mr. Jabreen Al-Jabreen,  
*Member - AGFUND Representative*



Mr. Osama Al-Shami,  
*Member - Government Representative*



Dr. Akram Mohammed Al-Washali,  
*Member - Government Representative*



Mr. Waheeb Elyas Al-Dhelai,  
*Member - Government Representative*



Mis. Hind kassim Alawi Ali  
*Member - Government Representative*



### “ Word” by the Executive Director

### Mohammed Saleh Al-Lai

Another year of war has been experienced by AMB, during which it has worked in an unstable environment, and was not possible to expand its traditional banking services it has been developing for the last seven years. The high loan risk and the tendency towards secured lending were the two greatest factors for declining AMB productivity when it comes to the disbursed loans that have decreased by 73% from 2015. AMB had to pursue a new mechanism shifting the efforts of its staff in branch offices towards collecting default loans, as well as keeping the lending operations to a safe minimum that helps the Bank retain its leading position in the microfinance sector in terms of the volume of loans. Despite that, AMB still tops the list of MIFs by controlling 39% of the active loans and 33% of the active portfolio in the microfinance market. This comes at a time the savings portfolio has been declining as a result of the clients' tendency towards withdrawing their money from the banking sector in general mainly due to the liquidity crisis that has totally paralyzed the sector amid lack of workable solutions. The savings portfolio has declined by 40% from 2015. However, diversification of banking services, which sets AMB apart from other MFIs, have contributed to strengthening its capability of expanding its operational activities that have been able to continue and grow in crisis time. One of the options topping the list is the social cash transfers that have become the main tributary of the financial services the Bank largely depends on as the main source of income. The social cash transfers have been an effective tool to largely penetrate the sector of conditional and unconditional cash transfers, carried out by local and international organizations for developmental and humanitarian purposes. In 2016, AMB has been able to win the trust of twelve local and international organizations concerned with the distribution of cash assistance transfers, which have numbered 159,300 transfers worth USD19.1 million, through the pursuit of various disbursement mechanisms including field teams, points of service (517 points) and the branch offices in 8 governorates. Through these mechanisms, AMB has been able to reach all the governorates of Yemen. What has enhanced the partners' trust in AMB to co-implement their projects was the qualitative leap in service delivery through the investment in IT devices that represented an added value to all the parties involved in terms of the safety, protection and quick implementation and reporting. In addition, the disbursement process has been accompanied by other services such as text messages, magnetic cards, and data collection and verification mechanisms through tablet devices equipped with advanced technology. Given that, I would like to express my special thanks to all AMB staff members in the Head-Office, areas and branch offices, who have so far been sincerely dedicated to conserving AMB's good reputation, and who have been strongly committed to the Bank's trends and operational plans, thus making it an outstanding MFI today. We also express our sincere gratitude to the Board of Directors for the active role they have so far played, as well as for their continued support to the Executive Management to overcome all the challenges the Bank has encountered. Hopefully, we would have succeeded in realizing their vision and been up to the confidence given to us to lead this instrumental economic entity.

May Allah Guide All To Success !

Mr. Mohammed Saleh Al-Lai,  
CEO



Ghamdan Abdu Awn  
*Finance Manager*



Mohanad Ali Al-Maqtari  
*Operations Manager*



Rashad M. Al-Abidi  
*IT Manager*



Ali Jubran Al-Ansi  
*HR Manager*



Abdullah M. Al-Kasim  
*Partnerships & International  
Cooperation Manager*



Mohammed A. Attiyah  
*Training Manager*



Sameh A. Al-Hakimi  
*Operations Manager Assistant for Loans*



## Vision

Al-Amal Microfinance Bank aspires to offer inclusive financial services to all Yemenis.

## Mission

Al-Amal Bank seeks to contribute towards improving the economic and social conditions of populations in Yemen's rural and urban areas, particularly the low and limited income groups, particularly, through the provision of distinctive and innovative financial and non-financial services, according to the best internationally-recognized practices and Rulings of the Islamic Sharia Law via well-trained staff, technology and diverse partnerships, hence, becoming a leading and sustainable microfinance institution.

## Objectives

- To develop distinctive financial and non-financial services meeting the needs of its clients and ensuring sustainability of the Bank according to the best practices via a wide network of branches and partners and by opening new markets.
- To create an integrated and highly effective control environment that improves institutional performance and strengthens the work environment to ensure the safety and quality of outputs according to clear and sophisticated policies and guidelines.
- To create an encouraging and attractive work environment for the staff and train them on the best practices with a clear administrative system, using advanced and up-to-date technology that realizes resilience and smoothness at work.
- To strengthen the status of the Bank as a leading financial institution by building a highly effective internal and external communication toolkit that ensures delivery of the Bank's vision and mission to all staff, clients and partners, and attracts diverse funding sources.

## Executive Summary

Although AMB has continued to operate during 2016 according to the crisis management guidelines stated in the Contingency Plan announced in early 2015, the Bank has largely depended on studying and assessing its status on a regular basis through the crisis management committee, which has been primarily tasked to study the options imposed by the crisis on the bank and assess the financial, operational and HR consequences thereof, and what has been realized at AMB's overall financial performance level.

The report reviews all the trends approved by the Bank after studying all the available options and explaining their results as follows:

Operational Options & Trends	Financial Options & Trends	Institutional Options & Trends	Non-Financial Service Options & Trends
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In a special section, the report sheds light on the level of development of the social cash transfers as one of the highly essential strategic options, which have so far been representing one of the most important opportunities AMB sought to seize during crisis time and work on developing it as part of its preparations for the post-crisis period.





# Yemen

## Two Years of war

The past two years are the worst in the modern history of Yemen, which has been facing an escalating armed conflict terribly destroying public and private property and claiming thousands of lives. As a result, more than 80% of the country's total population is at risk of poverty, disease or malnutrition, and more than 2.2 million people have been forced to displaced without a source of livelihood.



## Emergency humanitarian needs \*

The escalating conflict has since March 2015 resulted in a wide-scale protection crisis for millions of Yemenis whose safety and basic rights are at risk. Recent figures estimate that 80% of people in Yemen are in need for a type of humanitarian assistance and protection, and 10.3 million of them are in need for emergency life-saving assistance. Below is a short summary of the extremely dire humanitarian situation:

Nearly 14 million people suffer from food insecurity, and nearly half of them don't know where they will get their next meal.

14 million



Up to 14.4 million people find it increasingly difficult to have access to clean drinking water, 82% of them are in an urgent need for water.

3.3 million children and pregnant mothers suffer from malnutrition, and 462 thousand children under the age of five years suffer from severe acute malnutrition.

3.3 million



14.8 million people cannot have access to primary health care services because nearly 55% of the health care facilities have stopped working.

4.5 million people need emergency shelter or basic household appliances, including internally displaced persons (IDPs), host communities and preliminary IDP returnees.

4.5 million



11.3 million people are in need for safety, dignity and basic right protection assistance, 2.9 million of them live in affected areas and are in an urgent need for legal, psychological and social services, including child protection and prevention of gender-based violence.

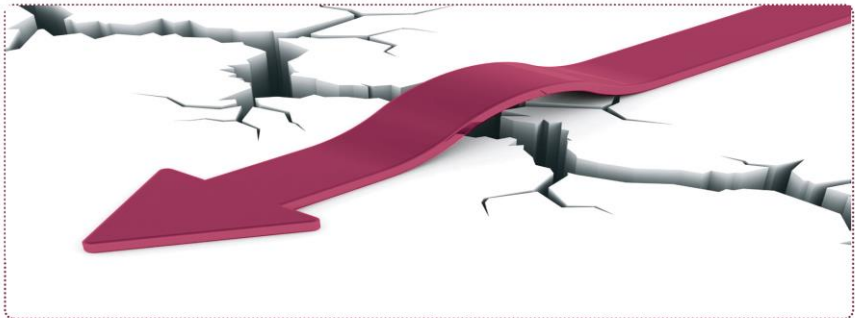
2 million of the school-aged children are out of school and they need support to have access to their right to education, and more than 1,600 schools have become currently unusable because of being damaged by the conflicts, hosting IDPs or being occupied by armed groups.

2 million



8 million people have lost their livelihoods or live in communities without minimum access to basic services. Those communities require resilience-strengthening support, including the removal of landmines and unexploded explosive ordnance (UXO) in up to 15 governorates.

## Critical Economic Consequences\*



\* Source: The Report of Economic & Social Developments, MOPIC, November 2016)

## The Impact on the Banking Sector & Liquidity Crisis \*



The banking sector has faced many difficulties and challenges that have undermined its role in maintaining economic cohesion during the crisis. The main difficulties are :

Cash liquidity crisis in the Islamic and commercial banks.

Depositors' flagging trust in the banks.

A 38% increase in default loans.

The exposure of some bank branches to damage, looting or robbery.

Yemen has since the Middle of 2016 faced a sharp liquidity crisis. As a result, citizens, traders and humanitarian actors have faced difficulty moving cash to and from the various parts all over the country. Some of the prominent indicators of the sharp liquidity crisis in the banking sector in general and the CBY in particular are the delayed disbursement of the salaries of public servants in the formal institutions and the use of outworn bank notes for circulation in the market, which the CBY was planning to exchange in a previous time. The sharp shortage of cash liquidity in the banking sector is primarily attributed to the following:

- Extremely dwindling revenues of the state's public budget. So, the state had to depend on the cash liquidity available with the CBY, which contributed YR1.24 trillion to financing the state budget deficit between January 2015 and August 2016. Consequently, the cash liquidity that was available with the CBY has been depleted.
- Interruption of the cash cycle. Previously, the CBY used to inject the public budget hard currency revenues into the local market periodically in exchange for withdrawing the local currency from the market and using it in financing the budget expenses.
- A sharp decline in foreign currency reserves from US\$4.7 billion in December 2014 to US\$0.987 billion in December 2016 due to a halt to most of the foreign currency revenues in Yemen, financing the basic food imports, settling external debt services and mitigating the currency exchange crisis.
- The difficulty of continuing with the policy of minting new cash, which totaled YR537 billion between January 2015 and August 2016, because it was not possible to mint new money, let alone the newly minted cash in circulation outside the banks.
- The deterioration of confidence in the banking and economic situation because of the narrow-mindedness of a political solution and the pessimistic outlook for the development future

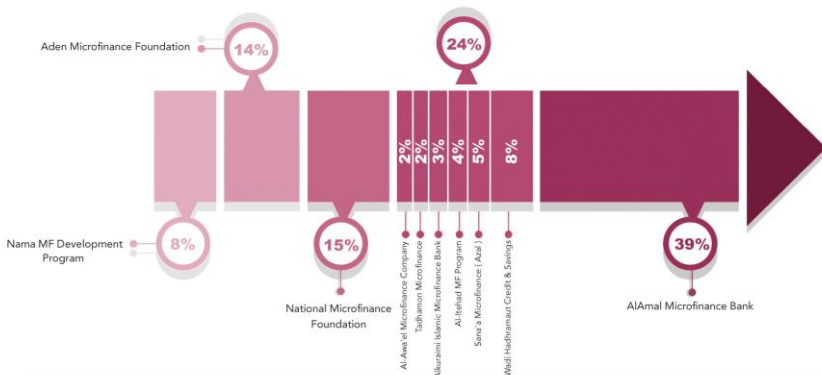
## The Microfinance Sector in Crisis Time \*

During two years of war, the microfinance sector indicators have largely declined as a result of damage to some of the MFI's structures, loss of client's activities or sources of income and displacement of many clients to other areas, let alone the high risk of continued lending in unstable security environment. Compared to December 2014, i.e. the pre-war period, the number of active clients has decreased by 25% by the end of November 2016, and the active portfolio volume has declined by 43% as a result of a halt to microfinance activities in some MFIs and the reservations other MFIs have about continuing with lending. The loans at risk increased to 48% in November 2016, compared to 4% by the end of 2014 while the sector has endured larger suffering as a result of shrinking debt collection rates and diminishing revenues. Consequently, many MFIs had to reduce their activities and lay off many of their employees. The number of employees in the sector has dropped by 26% between December 2014 and November 2016.

The microfinance sector's indicators during crisis time

	2014	2015	Nov.2016
Active clients	120,839	93,118	90,416
Active portfolio (YR million)	12,226	6,741	6,973
PAR	4%	48%	48%
Employees	1,224	1,004	904

MFIs' shares of active borrowers November 2016



\* The data of 2016 haven't yet been released by SFD





# AMB Performance for 2016

## Crisis Management – Options and Trends

For the second year AMB has been experiencing a divergent crisis during which it has faced numerous challenges and had to take difficult options at all levels. The operational options have remained restricted and unsecure, thus generating difficult financial options not meeting AMB expectations. AMB had to confront intricate institutional options that may, in one way or another, affect the bank's growth, or in the worst-case scenario, the continuity of its activities. This chapter contains a brief description of the performance in 2016, explaining the options imposed by the crisis on the Bank and the trends it has taken at the operational, financial and institutional levels as part of its efforts for dealing with plenty of encompassing crises.

## 1. Operational Options & Trends

Despite the fact the Yemeni crisis has continued to escalate throughout 2016, AMB has kept on working according to a contingency plan, which has been flexible enough for coping with the events. In 2016, AMB reviewed its plans for financial services based on the developments the country has been going through, and therefore it has turned to offer financial services according to the Contingency Plan, which was remarkably reflected in the performance indicators. The contingency plan, however, was drafted according to a primary trend selected by the Bank for coping with the crisis, which is retaining a leading position in the microfinance sector through diversity and innovation in the delivery of financial services corresponding to the nature of the crisis, as well as to the changes to client's needs and development partners' plans.

### 1.1

#### Loans

Amid the escalating conflict between the warring parties in Yemen and the worsening liquidity crisis until the extent the government has become unable to pay public servants' salaries, the risks of continuing with loan disbursement have increased to an alarming level, in addition to the other risks related to the economic sectors and the geographical locations that have been differently affected by the war. Moreover, the loans given under the guarantee of salaries or pensions, which were classified as relatively secure and which the bank largely depended on in crisis time, have become more risky with the Bank incurring losses as a result of dwindling revenues and increasing allocations.

Consequently, put AMB in difficult options, the best one of which is not free of some huge impacts on the bank either at the financial level or at the reputation and client relationship level. One of the prominent options was a complete suspension of the loan activity and focusing on collecting debts for the purpose of conserving the bank's funds. Also, applying stricter guarantee measures, reducing the volume of loans and suspending some high-risk products are some of the key options the Bank has been adopting since early 2015.

AMB attention to retaining a leading position in the microfinance sector has influenced the Banks' trends during 2016 by stressing the necessity of continuing with secure and more restricted disbursement of loans when applicable and at the same time pursuing a number of procedures and adjustments to the lending policy. Below are the most important procedures and adjustments applied:

Continuing provision of loans along to some essential activities for the daily life needs of people e.g. in the sectors of foodstuffs, medicine and medical appliances, housing and alternative energy, most importantly solar power.

Focusing directly on clients who have renewed loans and still have activities.

Developing special products in crisis time that are essential for the life of citizens e.g. the solar power product and the housing product.

Developing SME product which targets the owners of small activities in the targeted sectors.

Developing loan guarantees manual to be used during crisis time in a manner corresponding to the circumstances the country has been going through.

Despite all these changes to the procedures and policies, all the loan products have been exposed to huge damage in terms of the indicators and figures in 2016 as described below:

- The number of active clients in the loan product shrank by 21% as it decreased from 44,000 in March 2015 to 34,806 in December 2016.
- The loan portfolio shrank by 5% from 2015 with its volume totaling YR2.2 billion. Also, up to 56% of its volume is considered "dormant" for being connected to the governmental guarantee for the SWF loans, which have been frozen since the beginning of 2015.
- The average monthly operating expenses from the loan portfolio dropped by more than 52.5% with the actual monthly revenue decreasing from YR40 million to YR19 million.
- Despite the tremendous efforts expended by the Bank towards the collection of debts, the Bank is expected to incur a very big loss if it is unlikely to collect around YR 2.2 billion, which is the volume of the affected portfolio guaranteed by the public salaries .

### Developing and Updating Loan Products

Crises normally result in an increase in the loan risks and a decrease in operational activities. However, AMB sees such circumstances as an appropriate opportunity to focus on enhancing the institutional building and stepping up the efforts of reviewing, updating and rebuilding the products in a manner making them suitable to the crisis time and the post-crisis period. In 2016, AMB resumed the activities of developing the SME Finance products through the technical assistance projects it has received from its international partners like Sanad Organization and International Finance Corporation (IFC), which had been already suspended in 2015 because of the war. The activities of these technical assistance projects are planned to last up until the middle of 2017 to come out with a bundle of loan products developed according to best international practices and experiences and able to effectively respond to clients' needs in crisis time.

Despite all these impacts and changes to the AMB loan volume, the Bank still leads the microfinance sector by controlling the largest market share in Yemen microfinance sector. It holds 39% of the total active clients and 33% of the total active portfolio in the microfinance sector.

Item		2012	2013	2014	2015	2016	Growth Rate	
Loans Indicators	No of Disbursed Loans	22,145	26,340	29,272	12,228	3,332	-73%	
	Volume of Disbursed Loans	Million YR	1,240	2,400	3,182	1,565	748	-52%
		Million \$	5,7	11,1	14,8	7,2	2,9	-59%
	No of Active Loans	26,134	34,374	40,817	37,679	34,806	-8%	
	Volume of Active Loans	Million YR	956	1,903	2,764	2,417	2,296	-5%
		Million \$	4,4	8,8	12,8	11,2	9,1	-18%





## Osama ,,

### From a job seeker into a job maker

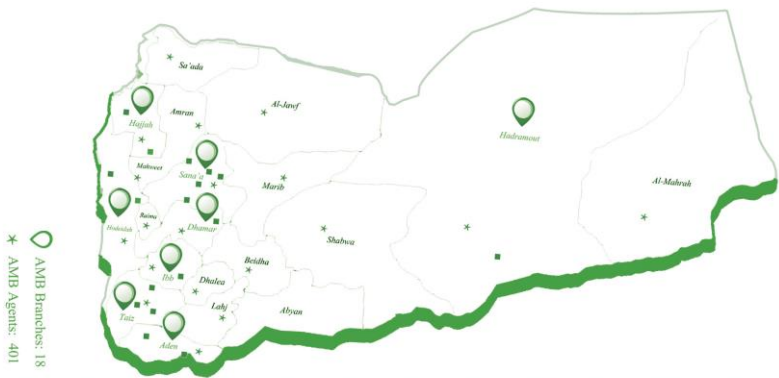
A young man in his twenties, Osama Az-Zindani could not find a job he has been looking for since he graduated from university. So, he decided to open a shop for selling mobile phones and accessories, and therefore he got half of the capital from his father and relatives and the other half from AMB, thus starting the journey of realizing his own dream. Initially, he opened a small shop selling mobile phone accessories and then expanded his activity into the selling of solar power, which has been much-needed because of the crisis. Osama has changed from a job seeker into a job maker by virtue of his determination to make a difference in his life, as well as the support he received from AMB.



## Loan Products

<p>The product targets small enterprises and lucrative transportation means of limited and fixed income individuals and employees. Loans given under this product range from YR 30,000 to YR1 million, and are repaid in installments extending from 6 to 24 months.</p>	<p><i>Al-Amal Individual</i></p>
<p>The product targets SME entrepreneurs with loans ranging from YR1 million to YR10 million, which are repaid in installments extending from 6 to 36 months.</p>	<p><i>Al-Amal Investment</i></p>
<p>The product is offered to employees in the private, government or mixed sector. Loans offered under this product range from YR 50,000 to YR 1,500,000, and are repaid in installments extending from 6 to 24 months.</p>	<p><i>Al-Amal Partnerships</i></p>
<p>The product targets small enterprises of women and men, as well as limited and fixed income craftsmen in the home and employees. Loans given under this product range from YR10,000 to YR200,000, and are repaid in installments extending from 6 to 24 months.</p>	<p><i>Al-Amal Group</i></p>
<p>The product targets SWF beneficiaries to help them establish their own lucrative enterprises. Loans given under this product range from 35,000 YR to 100,000 YR and are repaid in installments extending from 6 to 36 months.</p>	<p><i>Al-Amal Welfare</i></p>
<p>It targets limited income people to enable them cover the cost of consumable needs via AMB contracted vendors and traders. Loans given under this product are interest-free, range from 10,000 YR to 500,000YR and are repaid in installments extending from 2 to 10 months.</p>	<p><i>Al-Amal Season</i></p>
<p>This product designed to target financing retired people in the civilian sector with amount started from 50,000 riyals to 1.5 million riyals, and duration from 16 to 24 months .</p>	<p><i>Alamal retirement</i></p>

### AMB Outreach Map





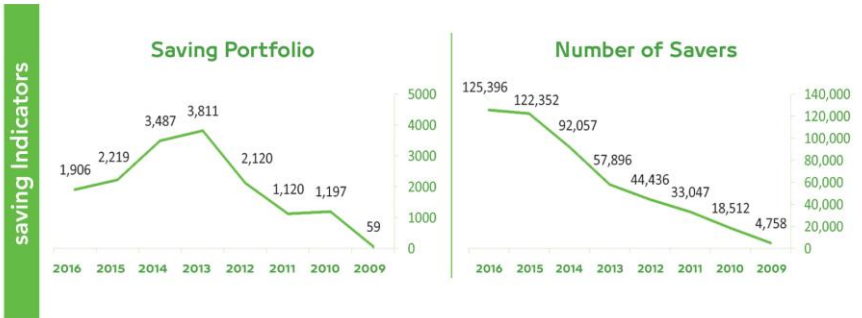
1.2

Savings

AMB has developed a diversified cluster of saving services tailored to the needs of the poor people with the aim of promoting the saving culture among social groups that have never dealt with financial institutions in their life, including young people, SME entrepreneurs and people with low or limited income. AMB invited businessmen with large capitals to deposit their surplus funds in the Bank in order to make use of them in financing small enterprises of young people for an interest rate that is not lower than that of the Islamic banks in Yemen. These depositors will contribute largely to reducing the unemployment and poverty rates in Yemen as part of their social mission. For the purpose of promoting this culture AMB has distributed over the past few years the highest interest rates in the banking market for deposits in Yemeni Riyal and US dollar. It has also carried out many promotional and educational initiatives on the financial concepts of dealing with the banking sector and making use of the available lending and saving services in a safer and more efficient way. As the country entered into an escalating conflict between different parties, which interrupted the daily life activities, the people have turned to use their previous savings, depleting them from day to day, which is one of the main reasons why AMB savings portfolio has been affected. Amid lack of cash liquidity in the banking sector over the recent period, clients have turned to withdraw their savings and keep them at home or use them for buying gold and other assets. Despite all that, AMB saving service has not been stopped. Instead, AMB has continued to offer its services, attract different segments of population and raise the awareness of clients and their families about the necessity of continuing with saving, even with tiny amounts. Although, their impact has been quite adversary at the level of the saving portfolio that has declined by 40% from the end of 2015 as a normal result of the war and the worsening liquidity crisis, they have been positively reflected in the number of accounts opened during 2016, which have numbered up to 125,567 active accounts, and therefore AMB has become the second largest MFI in terms of the number of savers in the overall microfinance sector in the country.

Saving Services

Al-Amal Saving	<p>The service generally targets clients from all target groups:</p> <ul style="list-style-type: none"> <li>▶ Adults</li> <li>▶ Children</li> <li>▶ Youth</li> <li>▶ Educational Saving</li> </ul>
Current Accounts	<ul style="list-style-type: none"> <li>▶ Current Accounts (Individuals) They are accounts for all AMB clients.</li> <li>▶ Current Accounts (Companies) They are accounts for private and public companies and other entities that are interested in dealing with the AMB and using its financial channels to the service of their staff or beneficiaries.</li> </ul>
Short-Term Investment Deposits	<p>They are investment deposits for a term of 12 months.</p> <ul style="list-style-type: none"> <li>▶ Yemeni Riyal</li> <li>▶ Saudi Riyal</li> <li>▶ US Dollar</li> </ul>
Long-Term Investment Funds	<ul style="list-style-type: none"> <li>▶ Investment funds for social responsibility (less return).</li> <li>▶ Investment funds for individuals and companies.</li> </ul>



1.3

Social Transfers

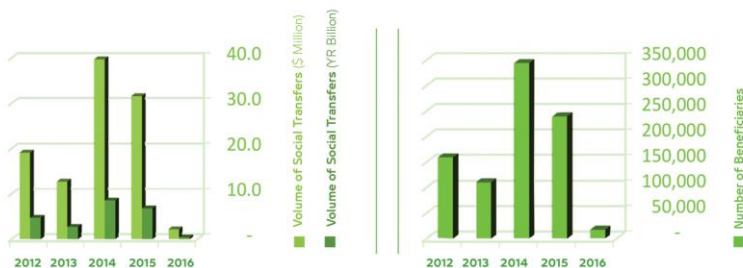
AMB has been providing the social cash transfers service since 2012 as part of the Cash-for-Work projects implemented by the SFD in all the governorates of Yemen. The service has been Accelerated developed and updated most notably in crisis time that has seen a growing need for cash assistance offered as part of the efforts of human relief aid organizations targeted at mitigating the suffering of the war-affected populations.

Therefore, AMB realized how necessary it is to develop the service in all the operational and marketing areas as a strategic option for the Bank in crisis time as well as in the post-crisis period and it dedicated all the human financial and IT resources to this purpose. Consequently, this contributed to increasing the number of donor organizations dealing with the Bank for implementing cash transfers with multiple purposes (Cash for work, cash for food, cash for education and humanitarian assistance).

In 2016, the AMB disbursed cash transfers worth 4,793,735,660 YR to a total of 159,300 beneficiaries in 10 governorates with a 75% increase in the total volume of cash transfers, and a 44 % increase in the number of beneficiaries, compared to the figures of 2015. In the meantime, the number of donor organizations dealing with the Bank has increased to seven.

An accumulative histogram of the volume and number of social transfers over the past five years

	2012	2013	2014	2015	2016
<b>Number of Beneficiaries</b>	17,385	239,761	344,000	110,431	159,300
<b>Volume of Social Transfers (YR Billion)</b>	0.4	6.8	8.5	2.7	4.7
<b>Volume of Social Transfers (\$ Million)</b>	2.2	31.6	39.7	12.7	19.1



## 1.4

## Islamic Takaful

The bank has continued providing the Islamic Takaful service to the loan clients despite the events the country has been going through. So, it has paid YR1,721,209 in compensations to a total of 23 clients throughout 2016. It has also given reparations to a group of clients whose activities or homes were damaged by direct or indirect shelling on areas where their activities or homes are situated with the intention of delivering a message that AMB is always attentive to clients in spite of the events. The compensations included cases of death and total disability and special cases of those who lost their activities.

The conflict has been going on in many of the Yemeni cities, particularly in Taiz. Due to insecurity, a local branch of AMB's partner bank was burglarized, thus resulting in the loss of the collaterals of 22 AMB clients, which were mostly jewelries mortgaged against loans. To conserve its reputation and retain its clients, AMB decided to compensate those clients on a pro rata basis (i.e. give them money proportional to the assets lost). In this regard, the Bank paid YR 6.7 million in compensation to 12 clients while the rest of clients have been unable to approach any of the AMB branches to get their respective reparations.



A table showing the cases that have received reparations in 2016

	No. of cases	Total amount of compensations (YR)
Cases of death	21	1.679.489
Cass of total disability	2	41.720
Loss of Guarantees	12	6.7 million

## 2. Financial Options & Trends

The political upheaval Yemen has been witnessing from 2011 to 2016 resulted in the emergence of economic crises, the worst one of which is the liquidity crisis whose aspects and dimensions have multiplied, thus largely impacting the banking sector. The liquidity crisis has graded from a decline in the local currency purchasing power to an unprecedented scarcity of foreign currency cash liquidity in US dollar and Saudi Riyal, an interruption of the local currency cash cycle, depletion of the CBY foreign currency reserve, a halt to the minting of new money and the stay of most recently minted money outside the banks working in the banking sector. Therefore, the financial aspects occupied a large space in the contingency plan AMB has been working in accordance with during the current crisis. AMB intensified the efforts of the management of liquidity and expenses, which in aggregate aimed to protect the Bank's financial position shrinkage or deterioration during the crisis.

### 2.1

#### Cash Liquidity Management in Crisis Time

The consecutive crises in the country have caused extreme fear among the largest segment of depositors and clients dealing with the banking sector in general and AMB in particular, and they have turned to withdraw their money from the banks. So, AMB had to take a number of precautionary measures and emergency actions to manage its cash liquidity during the crisis time. These measures and actions are briefly described as follows:

##### A. The management of foreign currency cash liquidity

- Seeking to maintain long-term centers of foreign currencies to cover the special needs of clients and depositors.
- Seeking to attract the funds of donor organizations in US dollars and make disbursements in local currency, and at the same time keeping foreign currency funds unliquidated.
- Buying foreign currencies from the currency exchange market to the extent meeting the needs of AMB clients and depositors.
- Staying completely open to all the banks working and transacting in the banking sector, as well as to money-changers.
- Limiting withdrawals from clients' accounts by minimizing the ceiling of withdrawal and providing local currency withdrawals in exchange for a foreign currency intended by a withdrawer.

##### B. The management of local currency cash liquidity

- Expanding the network of agents in all areas, either the safe ones or those experiencing an armed conflict, and relying on them to provide necessary cash for AMB operations in their respective areas.
- Previously compiling the needed cash in local currency from different entities and various governorates and supplying them to AMB branches requiring liquidity.
- Making an agreement only with those banks AMB deals with to provide cash without making transfers via other banks.
- Stopping transactions with the different entities that use the check clearing service or the swift service and doing with the provision of cash from where a check is issued.



## 2.2

## Expenses Management in Crisis Time

The crisis has contributed to driving up the prices of resources (goods, equipment and services) as a normal result of an increase in foreign currency exchange rate and scarcity of resources. Consequently, the indicator of operating expenses has continued to go up in reaction to price hikes and the high cost of resources, thus representing a great challenge for AMB amid dwindling operating income from the banking services, which is why AMB had to take some measures targeted at rationing and reducing expenses through the following:

- Analyzing the current positions, incorporating similar roles and giving without pay leaves to the staff of suspended services.
- Analyzing in detail the expense items and monitoring actual expenses.
- Putting targets for rationing and reducing the expenses per item.
- Studying the saving and overspending by verifying the actual expenses to the plan.
- Negotiating with the lessors and obtaining certain discounts in most of the office rents.
- Fixing consultant contracts in Yemeni Riyal in order to avoid the risks of rising foreign currency exchange rates.
- Controlling the regular expenses of AMB branches and raising the awareness of branch managers about the aspects of rationing.
- Minimizing the ceiling of regular and miscellaneous expenses of the branches.



To sum up, AMB has been able to keep the overall spending like it was in the last year, with slight decrease by around 3%. This is a good result, compared to the skyrocketing prices of commodities and services in 2016.

**Table of expenditure growth rate 2016.**

	2015	2016	Reduction percentage
<b>Financial and operating expenses</b>	934,136,421	905,664,635	%3-
<b>Financial expenses on financing liabilities</b>	152,390,407	116,929,867	%23-
<b>Operating expenses (administration and staff)</b>	781,746,015	788,734,768	%1
<b>Staff expenses</b>	328,003,374	300,353,117	%8-
<b>Administrative expenses</b>	453,742,641	488,381,652	%8



2.3

### Trends of maintaining the financial status

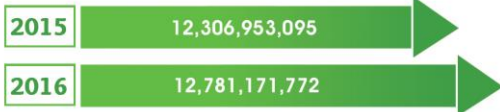
The most prominent difficulties and challenges for the banking sector in general and AMB in particular during the crisis time, specifically in 2016, can be described as follows:

- Depositors' flagging trust in the banks, refraining from depositing funds and shifting for withdrawing their savings.
- The declining loan cycle rate that interrupted the return from the loan portfolio.
- The impacts of rising foreign currency exchange rates.
- Suspending technical and material assistance projects from donor organizations (E.g. the declining Kiva portfolio).
- The suspension of foreign funding sources, including the Sanad Organization's loan projects.
- Changing the official exchange rate for the local currency against the dollar by the CBY from YRT11 to YRT0. per US\$.

As a result of such difficulties and challenges, AMB had to take unavoidable trends to maintain its financial status. Amid the depositor's flagging trust in the banks and their increasing tendency towards withdrawing their money, AMB has sought alternative sources of funding and introduced alternatives for enhancing client trust in the bank and retaining deposits of the public. In addition, it has shifted for rationing expenses, intensifying debt collection efforts and searching for new profitable products. In the same context, the CBY decision to devalue the local currency exchange rate against foreign currencies by 16% in an attempt to reduce the gap between the two currency exchange rates in the formal banking sector and the informal currency exchange market, which had a largely negative impact on the financial status appraised in the US dollar. Consequently, AMB had no choice but to change the capital to the foreign currency to avoid further inflation risks, do with covering the financial positions and maintaining a long-term financial position within the CBY-set limits. Despite all these difficulties and challenges, AMB has taken a number of actions contributing to maintaining the stability of its financial status, which can be summarized as follows:

- Enhancing the senior depositor's trust in the bank by visiting them and raising their awareness about the importance of maintaining the stability of their savings in the bank and other banks, and the impact of the practice on the stability of AMB in particular and the banking sector in general.
- Activating the product of social cash transfers as one of the most important alternatives to rely on for generating income and attracting funds.
- Converting the funds deposited from cash transfers and other projects to the US dollar and obtaining a long financial center by the end of 2016 in a way representing a safe margin for the Bank to mitigate the impact of changing currency exchange rates on its financial status.
- Reaching new agreements with the partners to resume the technical assistance projects that have been suspended since 2015.
- Continuing strengthening the relation with external groups to resume partnerships with the Bank when the crisis is over.

#### Financial Status Volume



#### Growth Rate



### 3. Institutional Options & Trends

The crisis has largely impacted AMB institutional building as a result of a general trend for reducing expenses and shifting operations towards social cash transfers, which was accompanied by reshuffling branches and change outreach methodology, and the impact thereof on the local and international partnerships. Below is a comprehensive description of all the institutional trends pursued by AMB for coping with the crisis in 2016.

#### 3.1

### HR Management During Crisis Time

Due to the longtime crisis and the extremely dire situation the country has been going through and which have been reflected in all the economic, political and social aspects of life, many of the commercial, industrial and service companies have been compelled to halt or reduce their activities, and lay off a large number of their employees as a result. So, AMB has faced a group of options and challenges for dealing with the staff, given that the staff expenses (wages, salaries, incentives, rewards and insurance) constitute the largest portion of the annual expenses for being a service institution. These options revolved around the following trends:

- Promptly suspension of services provision and consequently laying off a maximum number of employees.
- Promptly shifting for closing a number of branch offices and consequently reduce their operational costs.
- Gradually services suspension, closing branch offices and laying off their staff as per developments of the crisis and its different stages.

When adopting these options that have been available to AMB since the start of the crisis in 2015, the management has pursued a medium-breathed policy in dealing with the situation with regards to the branch offices and staff by setting up a gradual plan for the decisions of dealing with that, so that the shifts would have been undertaken according to the development of events in the country.

#### A. Dealing with AMB staff and related expenses

AMB has dealt with the staffing expenses in a gradual manner since the beginning of 2015, which has been characterized by escalation as a result of the continuously exacerbating crisis. Consequently, 40% of employees have been granted without-pay leave, the incentives and health insurance coverage have been reduced, and the rewards and annual bonuses have been suspended.

Amid the crisis continuity during 2016, AMB has depended on the fixation policy in determining the size of employees and increasing their capacity through the following:

- Redistributing the roles and responsibilities connected to the continuity of operations to the rest of the staff.
- Reorganizing the roles and responsibilities of the staff in branch offices into main task forces complying with the trends during 2016 as follows:



**Collection teams**

Their main job is to collect active loans from clients under the various loan products.



**Disbursement teams**

Their main job is to disburse new loans, with emphasis on covering all the potential risks to ensure the quality of the portfolio disbursed.

**Social Cash Transfer teams**

They are responsible for carrying out the projects of social cash transfers that have become the main product of the Bank.



- Shifting the operational plans of the different departments and units towards the main product (Social Cash Transfers) during crisis time.

Although the crisis has largely impacted AMB, the Management considered reviewing the situation of staff and the increasing work and financial stress on them as a result of the crisis. So, it has taken a number of actions and decisions for reducing the stress on staff and helping them cope with the current context. The actions and decisions taken in this regard include the following:

- Repealing the decision of wages and salaries reduction as of the beginning of 2016 due to the devaluation of the local currency and price hikes.
- Reinstating the medical insurance service and maintaining an appropriate level of medical coverage for employees and their families .
- Repealing the decision of the reduction of incentives and transportation allowance, and reorganizing them in a manner corresponding to the current trends of the business.
- Giving financial assistance to all employees in the Month of Ramadan 2016 to the amount equivalent to the monthly salary of each employee in order to be able to cope with the difficult living conditions.

**B. Dealing with branch offices and related expenses**

Due to the large losses AMB has incurred as a result of taking decisions on the permanent or temporary closure of some branch offices, The management has pursued a gradual policy in dealing with the number of branch offices to keep losses to the minimum, which has gone through the following sequential phases:

**Phase One :**

It represents the trend for retaining all the branch offices for the short term (less than six months) of the crisis time with the hope it would end within this timespan and the situation would be normalized. In this phase, the following actions were taken:

- 1) Reducing the daily working hours and providing 25% of the service via branch offices with the aim of minimizing relevant operating expenses.
- 2) Reducing the operating expenses of branch offices (for items like stationary, ink, cleaning, security guards and telecommunications and internet) by 50% of the allocated budget.
- 3) Suspending all the expenses related to training, marketing, maintenance and travel assignments, and making them limited to emergency or urgent needs only.

## Phase Two :

It represents the trend for the temporary closure of some branch offices, including the two branch offices whose activities have been mostly suspended , and retaining the sites of these branch offices. In this phase, the following actions were taken:

- 1) Reducing the expenses and rents of the branch offices that stopped working by 50% during the suspension period.
- 2) Suspending all the operating expenses of the temporarily closed branch offices (for items like stationary, ink, cleaning, security guards, telecommunications, internet...etc.).

## Phase Three :

Due to the crisis and worsening situations continuity in the country, which resulted in suspending most of the activities and services, the following actions were taken in this phase:

- 1) Permanently closing two branch offices ( Sana'a University Branch and 26 September Branch in Taiz), and laying off or redistributing their staff.
- 2) Temporarily closing one branch office (Crater Office in Aden).

### 3.2

## Expansion & Outreach Options

Outreach methodology through branches represented a primary option for the Bank in targeting the geographical areas that contribute to realizing loan productivity targets. However, the current crisis and its major impact on loan productivity, and the shift for enhancing other banking services by concentrating on social cash transfers have been the main factors reducing the feasibility of outreach with the same methodology due to the high cost and the increasing security risks, which have even impacted the functioning branches and led to the closure of some branches in high risk areas.

With this in mind, AMB analyzed the available options for outreach, pursued a methodology of gradual outreach in the branch offices and brought forth outreach alternatives that contribute to realizing maximum outreach of the target areas with minimum possible cost. The methodology is represented by the following:

- Strengthening the capacity to provide banking services outside its branches through a Mobile Team by undertaking the following actions:
  - Equipping the team with necessary technology to provide an integrated service through the technology of work in both cases of connectivity and non-connectivity to come up to the Mobile Branch concept.
  - Partnering with agents by geographical area for forming the Mobile Team to double the number of equipped mobile teams, which totaled 200 complete teams.
  - Expanding the scope of work, thus including volunteers who were selected and trained to participate in implementing the operations.

## AMB Outreach System

AMB Branch	It is an integrated office authorized to provide financial services to clients.
Mobile Branch	It is an equipped team assigned to provide banking services, and the equipment it has work in both cases of connectivity and non-connectivity.
Agent	It could be an individual, a retail shopkeeper or a senior retail dealer, who are capable of allowing AMB clients to undertake some or all of the banking operations easily like depositing or withdrawing money.
Providing banking services via mobile phones and electronic accounts	A majority of the banking operations are conducted via a mobile phone by the client or via an agent, and there is a possibility to open electronic accounts with agents.
Internet Bank	It is the provision of banking services via the internet, which ensures the implementation of a majority of the banking operations and inquiries. It was launched in the first phase for the service of companies and institutions only.



- Building a specialized model for outreach by providing banking services via agents (third party). In this regard, AMB undertook the following:
  - Building a system for gradual outreach.
  - Connecting agents to the web. The operations undertaken via agents were limited to money transfers and paying loan installments only.
  - Starting to develop systems for the management of liquidity and oversight on the financial activity offered via agents.

Going through a specialized study on the provision of banking services via agents, it has been made clear that the main obstacle to the application of the model is the difficulty of expanding the delivery of banking services amid lack of legislation on the provision of banking services outside branches or via agents. So, AMB capitalized on the instructions related to the delivery of banking services via the mobile phone, and organized the activities that can be provided via agents through the mobile phone. In this regard, AMB developed a specialized system for agents allowing them to provide a majority of the banking services through the mobile phone. It also developed a complete manual for selecting agents, and assessing and monitoring their performance. The manual mainly depends on Basle Guidelines related to the provision of banking services via a third party, as well as on the CBY Circular and Instructions related to the activity. In addition, the bank built a gradual targeting scope, which had been studied and reviewed by specialized experts. The plan for outreach via agents reveals that the Bank will have more than 8,000 agents during the first three years. The following figure illustrates the outreach plan:

	2016	2017	2018	2019
<b>No. of Agents</b>	<b>517</b>	<b>1020</b>	<b>3708</b>	<b>8300</b>

3.3

**Local and International Partnerships Management**

Since it was established in 2009, AMB has entered into a number of local and international partnerships with the aim of supporting the Bank’s needs in the areas of finance or capacity building, which would contribute to realizing the strategies and plans. However, the crisis has impacted the delivery of international partners’ assistance to the Bank as a result of higher risks and reduction of the activities. Moreover, a majority of the forms of international partners’ assistance require that they or their representatives be present in Yemen. As result, all the technical assistance projects from partners have been suspended and may be resumed only when the situation in the country gets better.

AMB has worked nonstop on searching for new partnerships and fulfilling its obligations towards partners, regularly providing them with the agreed upon reports and maintaining a good relationship with them. It has also kept on contacting its partners, updating them on developments in the country and presenting ideas and suggestions on continuing their support for the bank to cope with the current crisis. Furthermore, it has continued to participate in the international contests and case studies.



The following table shows the key results of the efforts gone into strengthening the relationships with local and international partners:

Partner	Nature of partnership/ kind of support	New agreements in 2016
	Technical support for developing SME and housing finance products.	Resuming the technical support that has been suspended since 2015 through distance communication technology.
	Technical support in the following areas: <ul style="list-style-type: none"> <li>Developing microfinance products.</li> <li>Developing human resources and training policies.</li> <li>Developing the client relation management policy.</li> <li>Strengthening the investment preparedness.</li> </ul>	Resuming the technical support through distance communication technology.
	<ul style="list-style-type: none"> <li>Managing the process of loans for women entrepreneurs empowerment project.</li> <li>Distributing cash assistance transfers.</li> </ul>	New projects during 2016
	<ul style="list-style-type: none"> <li>Establishing the "Themar Project".</li> <li>Establishing the Risk Department.</li> </ul>	Reaching an agreement on resuming the technical support that has been suspended since 2015.
	<ul style="list-style-type: none"> <li>Providing a loan portfolio and covering its risks.</li> </ul>	Increasing the loan portfolio by an amount of US\$500,000.
	<ul style="list-style-type: none"> <li>Providing an investment loan portfolio in the Bank.</li> </ul>	Increasing the portfolio volume by YR200,000,000.



## 4. Nonfinancial Service Options & Trends

Like many other training organizations, Al-Amal Foundation for Training & Entrepreneurship (Reyadah) has suffered from the war impacts and its activities had been suspended throughout 2015 because young people refrained from applying for training services due to their difficult economic conditions. Reyadah however, resumed its activities in early 2016 through the implementation of programs supported by donor organizations, which are wholly targeted at promoting entrepreneurs and increasing employment opportunities.



### “Where is the Opportunity? Program ”

*Reyadha* resumed its activities at the beginning of 2016 with a program named “Where is the Opportunity?” which has directly targeted the youth group to shed light on the opportunities available during the crisis and how they could be exploited through a series of programs prepared and coordinated with a number of trainers, and offered free of charge, except for paying the fees of certificates by those who want to get a certificate. Those programs included the following:



- Entrepreneurships: Creativity & Innovation.
- Where is the start?
- Public relations and their role in crisis time.
- Management of funds in crisis time.
- How to get a job opportunity?
- Targeting markets in crisis time.
- Personal planning in crisis time.
- Concepts of solar power.
- The certified solar power engineer.
- How to gain new clients via the Internet.



Below is a description of the Program “Where is the Opportunity?” implemented during 2016

Description	Unit of Measurement	Number
The number of “Where is the opportunity?” programs developed	Programs developed	9
The number of “Where is the opportunity?” programs implemented	Programs implemented	30
The number of participants enrolled in “Where is the opportunity?” Program	Participants	415

## Women Entrepreneurs Economic Empowerment Program

It is a project triply carried out by Reyadah, Care International and AMB, targeting 50 of the women entrepreneurs in Sana'a and Aden. The project aims at promoting the principles of entrepreneurship among members of the target group and it involved three main phases:

- 1) Preparing women entrepreneurs using the "Build Your Business" (BYB) Methodology.
- 2) Financing women entrepreneurs' enterprises through interest-free loans.
- 3) Providing consultancies to women entrepreneurs' enterprises during the project's 6-month period with the aim of :
  - Enabling women to get better employment opportunities through the promotion of the principles of entrepreneurship among them.
  - Building a smooth and simple methodology on how to establish and manage small enterprises in extraordinary times
  - Keeping a track of women entrepreneurs' enterprises during the first phase of the establishment via specialized consultants in entrepreneurship with the intention of ensuring the women's continued involvement in business life in the current context where many entrepreneurs face several challenges.

Below is a description of the key results of the Women Entrepreneurs Economic Empowerment Program during 2016:

Description	Unit of Measurement	Number
Number of women entrepreneurs empowerment programs (developed)	Programs developed	2
Number of women entrepreneurs empowerment programs (implemented)	Programs implemented	8
Number of female beneficiaries from the women entrepreneurs empowerment programs.	Women participants	50
Number of projects funded.	Funding	10
Average funding per project.	Yemeni Riyal	2.600.000
Number of projects benefiting from AFTE advisory service.	Project	10



## Empowering Youth to Access to Employment Opportunities

It is a training program implemented by Reyadah and the GIZ-run Youth Employability Improvement Project (YEIP), which targets adolescents, aged 16 – 22 years, giving priority to school dropouts. Many of the training sessions ending with employment opportunities for all the male and female participants have been implemented as follows:

- Training on Sewing & Fashion Designing.
- Training on the Maintenance of Used Batteries and Solar Power Systems.

The program’s objectives are:

- To enable youth to earn all the technical skills that help them get employment opportunities particularly in the sectors that flourished during wartime in Yemen.
- To protect youth from the risks of joining illegal organizations and groups and turning into a threat to Yemeni society.



Below is a description of the program of empowering youth to have access to employment opportunities during 2016:

Description	Unit of Measurement	Quantity
Number of the programs of empowering youth to have access to employment opportunities.	Programs developed	2
Number of the programs implemented as part of the YEIP	Programs implemented	8
Number of male and female beneficiaries from the YEIP programs.	Male / female participants	55
Number of employment opportunities.	Jobs	55





# Social Transfers

## AMB Strategic Option in Crisis Time



The protracted crisis has impacted the financial and banking sector in general and the microfinance industry in particular because MFIs have suspended providing loans due to increasing risks. In the meantime, clients have been largely reluctant to use other banking services, in addition to the restrictions that have been imposed on, or caused suspending, some banking services.

Therefore, AMB developed the social cash transfers service as one of the options the experience has so far proved that they are strategically essential for the Bank to keep up with the activities of donors and local and international organizations working in the field of humanitarian relief assistance during crisis time. Social cash transfers is expected to be one of the financial services strongly relied on for the reconstruction program in the post-war period.



## Cash assistance as part of the human relief aid and reconstruction efforts

The actions resulting from the worsening humanitarian situations in wartime have stressed the necessity of expanding the scope of interventions by humanitarian and relief aid organizations through cash assistance programs, which has targeted nearly 100,000 people until the end of 2015 according to the 2015 annual report of JFHF in Yemen . The reduction of the number of beneficiaries was attributable to the difficulties faced by the cash assistance programs as a result of the largely negative impact of the conflict on the market performance, the restrictions imposed on the financial access and the tremendous changes in food imports during the early months of the armed conflict. The cash assistance programs offer a number of benefits, compared to the in-kind assistance, given that they depend on covering the basic risks families may be exposed to, and better consider families' priorities and preferences. On the other hand, the distribution of in-kind assistance may be good in event it responds to the families' needs for foodstuffs and other emergency needs that may differ from one area to another and from one family to another, according to the nature of damage and type of need. So, it can be concluded that the cash assistance programs enable families to spend the money based on their own priorities, either to buy foodstuffs, send their children to school or take a sick persons to hospital. Money assistance allows families to have a sense of self-empowerment and a stronger feeling of dignity. It also helps in avoiding some of the bad practices women, men and children often resort to when they obtain in-kind assistance items, which may be unneeded, are not in their priorities or don't meet their basic needs. Until the end of 2015, the JFHF Pooled fund in Yemen has funded eight projects targeting more than 15,000 beneficiary households in need through the direct distribution of unconditional cash transfers and foodstuff coupons to the amount of US\$3.4 million. This new approach has been reflected on the financial institutions that have adopted new trends with regards to the products offered to clients in the present time. The financial institutions have turned to pay more attention to developing products responding to demands of the current context and keeping up with donors' concentration on assisting the most vulnerable populations affected by the events, and mitigating the impacts of the conflict and displacement through different forms of cash assistance. Taking into consideration the privacy of cash assistance beneficiaries, AMB has been careful to add a socio-humanitarian design to the money transfers to enable the target groups to have access to distinctive services. Accordingly, the social cash transfers have represented the most applicable option for the current situation, and modern technological and procedural advancements have been introduced to the service, thus enabling AMB to top the list of humanitarian cash transfer providers in the Republic of Yemen.



Al-Amal Social  
Cash Transfer  
تحويلات الأمل الاجتماعية

It is a cash transfer service with highly advanced technology via which money is paid directly to beneficiaries without the need to have a bank account, where the service is offered through AMB branches, points of service or field disbursement teams. Such transfers can be either conditional (cash for work, cash for education, cash for medical care...etc.), or unconditionally paid without restrictions like other types of humanitarian assistance, according to the requirements of the donors requirements.

## Al-Amal Social Transfers



## Diverse models and options for social cash transfers implementation

1

### Field Teams

Disbursement via a field team in a place near the beneficiaries locations . This method is distinctive from others as it helps in reducing the beneficiary movement cost, as well as in reaching the homes of the most vulnerable groups (handicapped, elderly people, women in childbed...etc.). Taking into consideration the privacy of the gender of beneficiaries, the teams are comprised of male and female , and are trained on disbursement mechanisms and how to efficiently treat beneficiaries with high respect and professionalism.



### Points of Service

2



Disbursement via the points of service (AMB branches and agents) present in the locations where the beneficiaries live. This method allows beneficiaries to select the most convenient date and time for them to receive their cash transfers. The disbursement process follows the same mechanisms, procedures and policies determined by AMB and the donors . The points of service are located within a maximum walking distance of 15 minutes from beneficiary homes, taking into consideration the ages and health conditions of the target beneficiaries. The sites of the points of service have a safe waiting space without risks to women and children.

3

### Field Teams & Points of Service

This disbursement mechanism combining models 1 and 2. The disbursement is made through field teams available on sites near beneficiary homes for a given period of time to distribute the maximum possible number of transfers while the rest of the cases, who have not been able to come disbursement site for some reason, can receive their cash transfers at the nearest point of service within the period of time determined by the donors .



### Disbursement via wholesalers

4

The coupons are delivered by the organization to beneficiaries, who in turn swap them for foodstuffs from wholesalers. Then, a wholesaler moves to the nearest AMB branch or point of service to swap the coupons for their monetary value. This method is applied to the scheme of noncash assistance, provided by the AMB through contracting with a supplier network in different areas of the country.

## The Added Values to Al-Amal Social Cash Transfers

### At the beneficiary level

- Reducing the access to service cost, where AMB provides the service through field visits to where the beneficiaries live. I.e. they don't bear the cost of transportation to the sites of the points of service in district centers.
- Protecting beneficiaries, particularly the most vulnerable ones (elderly people and women), from influential and fraudulent persons.
- Providing clients with other financial services that were not previously available (financial loans, saving, money transfer and money exchange).

### At the level of the donors

- Providing a package of services through partnership (integrated in intervention).
- Obtaining daily reports on disbursement processes.
- Reducing the cost and number of staff required for the service delivery.
- Restricting the transaction to a single party without incurring any staffing or training cost (AMB = Disburser + a bank).
- Putting an end to cheating and/or extortion of the partner & beneficiary.
- Creating a possibility for building necessary project privacy (method of disbursement, time of disbursement, dealing with special situations, timing of reports...etc.).
- Having access to additional services for free:
  - Raising awareness about the project during the disbursement process.
  - Distributing folders and other educational and promotional pamphlets related to the project.
  - Documenting all the work stages in the project with image and forage.
- Having access to additional services at cost price:
  - Sending SMS text messages to beneficiaries notifying them about the start of the disbursement process.
  - Delivering awareness messages to beneficiaries about the project.
  - Printing out ID cards for the project beneficiaries.
  - Providing an automated system for the management of field operations via an IT partner.



Al-Amal Social  
Cash Transfers  
مساعدات النقد الاجتماعي

آمن . سريع . موثوق  
safe . fast . reliable

rather than  
merely a slogan



## • Safe

We work according to well-thought security and protection systems to conserve the rights of all parties involved (the donor organization, AMB and beneficiaries).

The programs of social cash transfers in general and the humanitarian cash transfers in particular work under difficult circumstances from security, geographical and financial perspectives. So, AMB provides maximum possible standards of protection at all levels and stages during the implementation of social cash transfers through security and protection systems ensuring the rights and safety of staff, beneficiaries and donors as well. The components of the system are summarized as follows:

### Accompanying security team

AMB hires a security team from one of the security service companies to accompany the disbursement teams and provide protection during the process, either in the field disbursement sites, AMB branch offices or points of service. The security guards organize the crowds of beneficiaries, provide protection to them and resolve any security problems that may emerge during the disbursement process. The following factors are taken into consideration when a security team is selected:

- A security team is comprised of male and female guards.
- The security guards must have the necessary experience of dealing with large crowds of people.
- The security guards must have been trained on the project nature and objective, as well as on the nature of the target group.
- The security guards' performance in the field is subject to assessment by disbursement team leaders.



### Beneficiaries protection

AMB primarily considers the nature of beneficiaries in terms of their gender, health conditions and other factors through the following:

- Selecting disbursement sites that are safe and easily accessible.
- Providing female staff to verify the identities of women beneficiaries and designating special places for them.
- Giving priority to the elderly people, women carrying their children, handicapped cases and people with special needs.
- Conducting visits to the beneficiaries homes who cannot come to the disbursement site for force majeure reasons.
- Preventing pedestrians from approaching the disbursement sites in order for beneficiaries not to be prone to theft risks.
- Confirming to the beneficiaries to count their cash or helping them do so.
- Ensuring that the security guards more often pass by the beneficiaries to make sure they don't face any risks or problems.

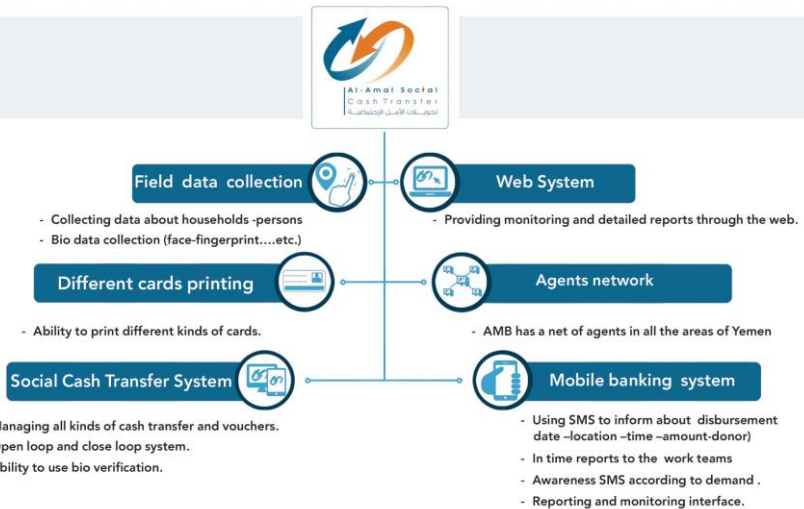
### Data Security

AMB pays close attention to protecting beneficiary data through the provision of a system enabling the partner to enter the beneficiary data directly into the transfer system or send the data to be entered by the relevant employee. Also, it has an information security system with the high international standards in determining who is authorized to have access to beneficiary data. Furthermore, the bank is committed to enforcing the agreements related to the sharing of data and giving partners the full right to handle these data.



- **Fast** We use up-to-date information technology for wider outreach, quicker performance and higher quality implementation.

AMB has sought to invest in information technology to provide a service with advanced resources that allow for quicker and more reliable completion of assignments, serve the social cash transfers projects in all stages and create broad options to the donors for implementing all the project phases, beginning with data collection and analysis, going through the disbursement process and ending with the reports, which a money-transferring entity can quickly obtain in all the stages of the project implementation.



- **Reliable** We have a great deal of renewed experience in this field; we also have good local and international reputation enhancing trust in AMB.

AMB believes that the high trust in its ability to implement projects efficiently and effectively is the result of several factors, primarily its experience in handling different types of projects and dealing with various partners having different goals and trends, which was the result of tremendous efforts gone into learning, development, innovation and utilization of the best international experiences and practices in social cash transfers. Moreover, AMB long experience in the field has enhanced the trust of many local and international organizations in the Bank to implement their projects, providing enough space and flexibility to adjust the mechanism, phases and procedures of disbursement in accordance with the requirements of various projects without prejudice to the quality of implementation or the progress of performance. The following paragraphs describe the different types of social cash transfers projects that AMB has implemented for local and international organizations, and which reveal the diverse experience AMB has in the field of project implementation.

# AMB intervention scope

in humanitarian assistance distribution

**71**,102,895 \$

Cash-for-Work Program



**15**,268,577 \$

Humanitarian Cash Assistance in Emergency



**1**,084,271 \$

Cash-for-Awareness Program



**16**,513,458 \$

SWF Beneficiaries' Cash Assistance



**1**,615,286 \$

Cash for Education



**1**,390,337 \$

Food Coupon Project:  
Food Assistance



**106**  
Million Dollars



### (Cash-for-Work Program (Labor-intensive works



Cash-for-Work Program intends to create sources of income for populations in the poorest rural areas, and at the same time works on restoring the vital infrastructure. The program adopts vital projects in various sectors like farming and irrigation, roads and drinking water, etc. The main characteristic of such projects is that they are based on community contribution in terms of the provision of some basic materials for the implementation of projects, as well as the provision of skilled and unskilled labor force from among inhabitants in the local area, who get temporary employment opportunities during project implementation, which helps in mitigating the impact of the rising prices of basic materials. Cash-for-work program is one of the first projects implemented by AMB in the field of social cash transfers through its strategic partnership with SFD, whose contributions constitute 76% of the total social cash transfers implemented under the cash-for-work program. In the implementation of social cash transfers under the cash-for-work program, AMB has further extended partnership with 5 local and international organizations, thus bringing to 542,527 as the total number of transfers, worth YR17.8 billion (US\$71 million), carried out by the Bank as part of the cash-for-work projects in 10 Yemeni governorates until the end of 2016.

### Cash-for-Work Program (Labor-intensive works)

Partner	Governorate	Number	Total Amount (YR)	Total Amount (US\$)
SFD	Ibb	48,046	9,714,991	38,860
	Hodeida	101,123	12,343,512	49,374
	Taiz	84,810	14,456,975	57,828
	Hajjah	48,965	5,661,820	22,647
	Hadramout	4,714	853,378	3,414
	Dhamar	49,371	9,840,159	39,361
	Sana'a	31,219	5,757,380	23,030
	Aden	33,930	6,033,140	24,133
	Amran	3,211	398,531	1,594
	Lahj	6,752	886,214	3,545
WFP	Hodeida	4,974	317,939	1,272
SWF	Sana'a	31,285	2,797,938	11,192
SDF	Sana'a	1,214	96,756	387
ACTED	Ibb	1,100	201,900	808
	Hodeida	89,636	1,488,174	5,953
Care International Yemen	Hajjah	900	126,000	504
	Sana'a	3	14,000	56
	Aden	192	23,200	93
	Amran	1,082	90,888	364
<b>Total</b>		<b>542,527</b>	<b>17,775,723,792</b>	<b>71,102,895</b>





A success story from the  
cash-for-work program

### Nabeel,, knows no way to disability



Living together with his wife and five children in a modest rural home in the countryside of Taiz, Nabeel has been experiencing difficult living conditions since he had a road accident leaving him incapacitated in bed. Nabeel's family has recently become part of the cash-for-work program by engaging in the SFD-run quenching projects. Through the wages they earn via AMB, the family members have been able to provide their food and medical care needs. They have turned to have smiley faces after long suffering.





## Humanitarian Cash Assistance in Emergency



Humanitarian Cash Assistance program is one of the urgent interventions carried out by the humanitarian relief organizations during wartime in Yemen with the aim of providing unconditional cash transfers to cover the basic needs of the poorest displaced and most vulnerable households affected by the war.

AMB started work in the projects of humanitarian cash in emergency in 2015 as part of the Humanitarian Cash Assistance Program carried out by UNICEF in Sana'a and Taiz, which targeted the Muhammashen communities in both governorates with a monthly cash assistance of YR 21,500 per household. The money is paid to the female heads of Muhammashen households to be spent on the necessary food and medicine for their families and children. Nearly 90,000 cases have got cash assistance worth more than YR2 billion (US\$ 8.2 million).

In the field of humanitarian cash assistance in emergency, AMB has entered into further partnerships with Care International, WFP and HFY, thus bringing to 219,824 as the total number of cash transfers, worth YR3.8 billion (US\$15.3 million), disbursed by the AMB until the end of 2016.

### Humanitarian Cash Assistance in Emergency

Partner	Governorate	Number	Total Amount (YR)	Total Amount (US\$)
WFP	Al-Dhalea	2,059	24,296,200	97,185
	Sana'a	113,147	1,335,146,400	5,340,586
	Marib	5,587	95,780,600	383,122
UNICEF	Taiz	60,496	1,413,603,500	5,654,414
	Sana'a	29,822	642,076,000	2,568,304
Care International Yemen	Taiz	4,140	170,693,500	682,774
	Hajjah	416	20,384,000	81,536
	Aden	2,602	77,965,000	311,860
	Amran	419	8,799,000	35,196
HFY	Taiz	380	9,500,000	38,000
	Aden	376	9,400,000	37,600
	Ibb	380	9,500,000	38,000
<b>Grand Total</b>		<b>219,824</b>	<b>3,817,144,200</b>	<b>15,268,577</b>



### A success story from the Humanitarian Cash Assistance Program

## Hajar ,, has got a shelter



Being a head of a household of five persons, Hajar has been an IDP woman since the war forced the family to flee their home. Her great dreams faded away because of the destruction. She has turned to be highly concerned about getting a gas cylinder, basic foodstuffs (wheat flour, sugar and rice) and a small hut made out of straw to house her together with her husband and children. Having been one of the beneficiaries of the Humanitarian Cash Assistance Program, which UNICEF implemented via AMB, Hajar was overwhelmed with happiness when she was able to buy a mosquito net and a first aids kit for her children, which were the two things she had been dreaming of. She saved some of the money for buying food and covering other daily expenses.

## Cash-for-Awareness Program (Conditional cash transfers)



AMB has worked on implementing the conditional cash transfers of the SFD-funded Cash-for-Nutrition Program, which targeted the districts of Zabeed, Al-Marawe'ah and Bayt Al-Faqe'h in Hodeida governorate. The cash assistance, requiring beneficiaries' attendance at the awareness sessions, aimed at improving the nutritional practices among pregnant women and breast-feeding mothers in order for them and their children to enjoy better health conditions. Up to 4,516 women beneficiaries have been targeted by the program.

AMB's role has been represented by delivering the cash assistance to the eligible cases in the target districts, sub-districts and villages through field disbursement teams comprised of AMB employees and young volunteers, who were selected and trained to engage in the program as a kind of temporary employment opportunities for youth. In doing the job, AMB uses a network of points of service spread in the governorates and major cities in order to pay for the remaining cases via its agents of money dealers or financial service-providers.

AMB's partnerships have further included the UNOPS, thus bringing to 18,041 as the total number of conditional cash transfers, worth YR 271 million (US\$1.08 million), disbursed under the Cash-for-Awareness Program until the end of 2016.

### Cash-for-Awareness Program (Conditional cash transfers)

Partner	Governorate	Number	Total Amount (YR)	Total Amount (US\$)
SFD	Hodeida	17,799	270,938,300	1,083,753
UNOPS	Sana'a	242	129,392	518
<b>Grand Total</b>		<b>18,041</b>	<b>271,067,692</b>	<b>1,084,271</b>





## SWF Beneficiaries' Cash Assistance



SWF is the most important component of the SSN, which targets the poor and destitute families that don't have a breadwinner through the provision of regular cash assistance aimed at alleviating poverty among those vulnerable groups.

SWF oversees the delivery of quarterly cash assistance to the poor and needy families whose number increased from 50,000 cases before 1996 to more than 1,500,000 cases by the end of 2012, thus representing nearly 22.6% of the total population living under the extreme poverty line and only 9.6% of the population living below the absolute poverty line. The amount of cash assistance varied between YR 6,000 and YR 12,000 paid on a quarterly basis. In the fourth quarter of 2015, it was increased by 50%, thus ranging from YR 9,000 to YR 18,000 per listed beneficiary case.

AMB has worked on targeting the SWF-listed beneficiaries since early 2009 through loans aimed at helping them establish their own small enterprises. Also, it has been responsible for the distribution of quarterly cash assistance to the SWF-listed beneficiaries who have been AMB clients with active loans. Between 2009 and 2014, AMB distributed nearly YR4.1 billion in cash transfers to SWF-listed beneficiaries. However, this cash assistance scheme has been suspended since the beginning of the second quarter 2015 due to the war.

### Social transfers for the SWF-listed beneficiaries

Governorate	Number	Total Amount (YR)	Total Amount (US\$)
Ibb	21,746	344,949,400	1,379,798
Hodeida	34,582	506,674,600	2,026,698
Al-Mahweet	9	120,000	480
Sana'a	65,168	1,017,086,200	4,068,345
Taiz	31,592	559,377,600	2,237,510
Hajjah	19,944	277,408,800	1,109,635
Hadramout	26,142	351,816,600	1,407,266
Dhamar	6,430	88,658,400	354,634
Aden	69,388	952,824,800	3,811,299
Lahj	2,627	29,448,000	117,792
<b>Grand Total</b>	<b>277,628</b>	<b>4,128,364,400</b>	<b>16,513,458</b>







## Cash for Education: the MOE-run Girls' Education Project



Funded by WB, the MOE has been implemented to provide an integrated intervention project aiming at increasing school enrollment rates among girls and improving the quality of education in an effort to achieve the MDGs related to education through the training and employment of female teachers in rural areas. In this context, two cash assistance transfers are annually offered to vulnerable families with schoolgirls as an incentive for them to continue sending their girls to school. Additionally, other conditional cash transfers are provided to the families living in disadvantaged local communities where the school enrollment rates among girls are much lower than the national average.

In order to be eligible for cash assistance, a schoolgirl must have attended at least 80% of the total classes and must have successfully passed to the next grade at school. Failure to pass to the next grade at school is not allowed for more than once. Moreover, to upgrade the quality of education, school girls attaining an average score of 65% or over in the final exams of sixth and ninth grades are given a bonus or excellence award.

As part of the cash-for-education project in the governorates of Taiz, Lahj and Hodeida, AMB has so far disbursed up to 21,587 individual cash transfers worth YR 404 million (US\$1.6 million).

### Conditional Cash Transfers: Cash for Education

Governorate	Number	Total Amount (YR)	Total Amount (US\$)
Hodeida	5,796	94,75,400	379,018
Taiz	6,576	185,435,500	741,742
Lahj	9,215	123,631,500	494,526
<b>Total</b>	<b>21,587</b>	<b>403,821,400</b>	<b>1,615,286</b>



## Food Coupon Project: Food Assistance



Funded by USAID, ACTED has distributed food coupons to poor families in the governorates of Ibb, Hodeida, Al-Dhalea and Raymah under two categories: YR5,000 and YR1,500 through which a family can buy food from

accredited merchants selling foodstuffs. AMB has been the only institution destination with a special system for electronic coupons. It issues the food coupons through this system to prevent duplication or fraud and then distributes them to beneficiaries. In addition, it opens free accounts in the names of the merchants for depositing funds accruing to them from the distribution of foodstuffs.



### Food Coupon Project: Food Assistance

Governorate	Number	Total Amount (YR)	Total Amount (US\$)
Ibb	49,114	192,430,400	769,722
Hodeida	23,203	90,836,600	363,346
Al-Dhalea	14,208	55,693,200	222,773
Raymah	2,200	8,624,000	34,496
<b>Total</b>	<b>88,725</b>	<b>347,584,200</b>	<b>1,390,337</b>





With Best regards,

to all our partners and supporters who has stood by the bank in all times and circumstances

