



## DETAILED INFORMATION ON THE AFRICAN DEVELOPMENT FOUNDATION ASSESSMENT

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<b>Program Code</b>	10004614										
<b>Program Title</b>	African Development Foundation										
<b>Department Name</b>	African Development Foundation										
<b>Agency/Bureau Name</b>	African Development Foundation										
<b>Program Type(s)</b>	Competitive Grant Program										
<b>Assessment Year</b>	2005										
<b>Assessment Rating</b>	<b>Effective</b>										
<b>Assessment Section Scores</b>	<table border="1"> <thead> <tr> <th>Section</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>Program Purpose &amp; Design</td> <td>100%</td> </tr> <tr> <td>Strategic Planning</td> <td>88%</td> </tr> <tr> <td>Program Management</td> <td>100%</td> </tr> <tr> <td>Program Results/Accountability</td> <td>75%</td> </tr> </tbody> </table>	Section	Score	Program Purpose & Design	100%	Strategic Planning	88%	Program Management	100%	Program Results/Accountability	75%
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<b>Program Funding Level (in millions)</b>	<table border="1"> <tr> <td><b>FY2006</b></td> <td>\$26</td> </tr> <tr> <td><b>FY2007</b></td> <td>\$33</td> </tr> <tr> <td><b>FY2008</b></td> <td>\$46</td> </tr> </table>	<b>FY2006</b>	\$26	<b>FY2007</b>	\$33	<b>FY2008</b>	\$46				
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<b>FY2008</b>	\$46										

- [Program Improvement Plans](#)
- [Program Performance Measures](#)
- [Questions/Answers \(Detailed Assessment\)](#)

### Program Improvement Plans

Year Began	Improvement Plan	Status	Comments
2006	Conducting a limited number of independent evaluations of grantees in FY 2006 and using the results to make improvements across all projects.	Action taken, but not completed	
2006	Ensuring that administrative expenses remain low while continuing to make enhancements to program capabilities.	Action taken, but not completed	

### Program Performance Measures

Term	Type	
Annual	Outcome	<p><b>Measure:</b> Revenue Growth: Cumulative increase in the sales of enterprise development projects over their extrapolated baseline level during the project period and the 3 years following the grant expiration date.</p> <p><i>Explanation:</i> Calculated as cumulative sales since project starting date minus (baseline sales x years since the project began); obtained from grantee progress</p>

and financial reports.

Year	Target	Actual
2002	--	\$10.4
2003	--	\$13.4
2004	Baseline	\$20.5
2005	\$23	\$28.1
2006	\$26	\$44.6
2007	\$31	
2008	\$37	
2009	\$45	
2010	\$55	

Annual Outcome **Measure:** Investment Multiplier: For every dollar disbursed to enterprise development projects that were active or have closed within the past 3 years, the cumulative increase in their gross revenues (sales) over the extrapolated baseline level during the project period and the 3 years following the grant expiration date.

*Explanation:* Calculated as Revenue Growth divided by cumulative disbursements of enterprise projects; obtained from grantee progress and financial reports.

Year	Target	Actual
2002	--	.78
2003	--	1.34
2004	Baseline	1.7
2005	1.7	1.7
2006	2.0	2.33
2007	2.2	
2008	2.5	
2009	2.9	
2010	3.3	

Long-term Outcome **Measure:** Profitability: Percent of active enterprise development projects that have achieved a positive net income before income taxes, depreciation, and CRG contributions in the reporting year by the end of their third year or earlier.

*Explanation:* Calculated as enterprise projects that were profitable and less than 3 years old + enterprise projects that were profitable and 3 years old or more divided by enterprise projects that were profitable and less than 3 years old + all enterprise projects that were 3 years old or more; obtained from grantee progress and financial reports and obtained from grantee progress and financial reports

Year	Target	Actual
2003	--	56%
2004	Baseline	65%
2005	65%	38%
2006	70%	44%
2007	70%	

		<table border="1"> <tbody> <tr> <td>2008</td> <td>80%</td> </tr> <tr> <td>2009</td> <td>80%</td> </tr> <tr> <td>2010</td> <td>80%</td> </tr> </tbody> </table>	2008	80%	2009	80%	2010	80%																		
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Long-term	Outcome	<p><b>Measure:</b> Community Reinvestment: Percent of active enterprise development projects that are current in meeting their cumulative CRG pledges from the end of their third year and onward.</p> <p><i>Explanation:</i> Calculated as the number of enterprise projects that have made CRG contributions greater than or equal to their expected CRG contributions to date divided by the number of enterprise projects with CRGs.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>Baseline</td> <td>TBD</td> </tr> <tr> <td>2006</td> <td>50%</td> <td>38.5%</td> </tr> <tr> <td>2007</td> <td>70%</td> <td></td> </tr> <tr> <td>2008</td> <td>80%</td> <td></td> </tr> <tr> <td>2009</td> <td>80%</td> <td></td> </tr> <tr> <td>2010</td> <td>80%</td> <td></td> </tr> </tbody> </table>	Year	Target	Actual	2005	Baseline	TBD	2006	50%	38.5%	2007	70%		2008	80%		2009	80%		2010	80%				
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Long-term	Outcome	<p><b>Measure:</b> Sustainability: Percent of completed enterprise development projects or social development projects that are still operating during the 3 years following expiration of the ADF grant.</p> <p><i>Explanation:</i> Calculated as the number of projects that closed within the 3 years prior to the end of the reporting period that were still operating the ADF-funded business or activity divided by the total number of projects that closed within the past 3 years; obtained through a special annual data collection exercise.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>Baseline</td> <td>59%</td> </tr> <tr> <td>2006</td> <td>65%</td> <td>69%</td> </tr> <tr> <td>2007</td> <td>75%</td> <td></td> </tr> <tr> <td>2008</td> <td>80%</td> <td></td> </tr> <tr> <td>2009</td> <td>80%</td> <td></td> </tr> </tbody> </table>	Year	Target	Actual	2005	Baseline	59%	2006	65%	69%	2007	75%		2008	80%		2009	80%							
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Annual	Outcome	<p><b>Measure:</b> Newsletter Subscribers: Total number of voluntary subscribers to ADF's e-newsletter.</p> <p><i>Explanation:</i> This information is currently recorded by the Webalizer software.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>Baseline</td> <td>700</td> </tr> <tr> <td>2005</td> <td>1500</td> <td>1640</td> </tr> <tr> <td>2006</td> <td>2000</td> <td>2426</td> </tr> <tr> <td>2007</td> <td>2600</td> <td></td> </tr> <tr> <td>2008</td> <td>3300</td> <td></td> </tr> <tr> <td>2009</td> <td>4100</td> <td></td> </tr> <tr> <td>2010</td> <td>5000</td> <td></td> </tr> </tbody> </table>	Year	Target	Actual	2004	Baseline	700	2005	1500	1640	2006	2000	2426	2007	2600		2008	3300		2009	4100		2010	5000	
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Annual	Outcome	<p><b>Measure:</b> Website Usage: Average number of page views of ADF's website per month.</p>																								

*Explanation:* This information is currently recorded by the Webalizer software.

Year	Target	Actual
2004	Baseline	24,683
2005	48,000	148,963
2006	57,600	19,102
2007	69,000	
2008	83,000	
2009	100,000	
2010	120,000	

Annual Outcome **Measure:** Partnership Contributions: Funds received from strategic partnerships during the year as a percentage of new ADF obligations for development projects.

*Explanation:* This information is provided by ADF's Finance Division from records of new program obligations and funding contributions received through strategic partnership agreements.

Year	Target	Actual
2002	--	8%
2003	--	17%
2004	baseline	29%
2005	28%	31%
2006	35%	32%
2007	40%	
2008	40%	
2009	40%	
2010	40%	

Long-term Outcome **Measure:** Follow-on Financing: Cumulative non-ADF loans, grants, or equity investments received by active and closed projects from the ADF grant start date through the 3 years following the expiration of the ADF grant.

*Explanation:* This information is obtained through a special annual data collection exercise conducted by ADF's Country Representatives with assistance from ADF's Partner Organizations.

Year	Target	Actual
2006	Baseline	\$30 million
2007	TBD	
2008	TBD	
2009	TBD	
2010	TBD	

Long-term Outcome **Measure:** Enterprise Trust Funds: Annual non-CRG, private sector investments or contributions for in-country enterprise trust funds.

*Explanation:* Not applicable for FY05. When relevant, will be obtained from trust fund records.

Year	Target	Actual
2004	Baseline	0
2005	0	0
2006	0	0
2007	\$2	
2008	\$4	
2009	\$6	
2010	\$10	

Annual Efficiency **Measure:** Overhead Rate: ADF's non-program costs as a percentage of (USG appropriations + non-USG funding contributions received during the year).

*Explanation:* Provided by ADF's Finance Division from the foundation's expenditures data recorded in the general ledger and the Federal appropriations and strategic partnership contributions received.

Year	Target	Actual
2003	--	32%
2004	baseline	30%
2005	26%	23%
2006	25%	32%
2007	25%	
2008	25%	
2009	25%	
2010	25%	

Annual Efficiency **Measure:** Disbursement Efficiency: Median time required between the ADF Country Representative's receipt of a grant disbursement request from the partner organization and ADF transmittal of the funds.

*Explanation:* Tracked in the grant information database.

Year	Target	Actual
2004	Baseline	45
2005	45	33
2006	30	7
2007	26	
2008	24	
2009	22	
2010	20	

## Questions/Answers (Detailed Assessment)

Section 1 - Program Purpose & Design			
Number	Question	Answer	Score
1.1	<b>Is the program purpose clear?</b>	YES	20%
	<i>Explanation:</i> ADF's mission is to stimulate economic growth and security in poor communities in Africa by investing in and attracting others to invest in		

	<p>profitable small- and medium-sized businesses and sustainable social enterprises. ADF's program strategy has two primary goals: 1) Stimulate economic growth, job creation, and higher incomes for the poor by supporting innovation, entrepreneurship, and ownership; and 2) Expand local institutional and financial capacity to foster entrepreneurship and community-based economic development.</p> <p><i>Evidence:</i> ADF's authorizing legislation (US Code Title 22, Chapter 7, Section 290h). Mission and vision statements of newly adopted ADF strategic plan. ADF's Corporate Strategic Goals and Objectives (adopted by ADF Board, April 2005). ADF's Strategic Goals and Objectives for FY 2001- FY 2004.</p>		
1.2	<p><b>Does the program address a specific and existing problem, interest, or need?</b></p> <p><i>Explanation:</i> It is widely recognized that private sector development at the grassroots level is critical to reducing African poverty through the creation of profitable local enterprises, sustainable employment, and increased income for owners and workers. Private sector growth is limited, however, by a lack of credit facilities, a lack of fluid investment capital, and poor access to foreign direct investment. ADF addresses these problems directly by providing start-up and expansion capital to African-owned, small- and medium-sized businesses with sound business plans. ADF also provides African businesses with technical assistance that helps them achieve profitability and levels of operational transparency that can attract new streams of financing from regional and international investors.</p> <p><i>Evidence:</i> Testimonials from President Bush on importance of United States foreign assistance to Africa; Testimonials from African leaders on the impact of ADF programs in alleviating poverty and generating sustainable development; World Bank 2005 Development Report UNDP African Stock Markets Handbook Commission for Africa, Ch. 7</p>	YES	20%
1.3	<p><b>Is the program designed so that it is not redundant or duplicative of any other Federal, state, local or private effort?</b></p> <p><i>Explanation:</i> ADF has been designed specifically so that it complements, but does not overlap, other USG development efforts. ADF is the only USG agency that works directly at the grassroots level in Africa, stimulating economic growth at the community level. While other agencies support American investment in Africa or promote opportunities for U.S. businesses to operate in Africa, ADF builds small African businesses. While other agencies work through African governments, international private voluntary organizations, or consulting firms, ADF provides its assistance directly to the enterprise, farmers cooperative, or producer organization. ADF's unique model of assistance is built on responding to unsolicited proposals from indigenous groups, rather than top-down, expatriate-driven program designs, utilizing indigenous development experts and active, hands-on partnering with grantees throughout the life of a project. While other agencies provide discreet pieces of assistance through different project mechanisms, ADF provides a comprehensive package of support - management and technical assistance, access to technology and capital, and market linkages - to grow businesses and demonstrate that African</p>	YES	20%

	<p>enterprises can compete in the global marketplace. While some small private organizations do work with similar groups on developing small and medium-sized businesses, unlike ADF they are heavily involved in designing and implementing programs. In some areas in which ADF did overlap with other USG programs, such as micro-credit and HIV/AIDS, ADF is phasing out those programs.</p> <p><i>Evidence:</i> Summary comparison of ADF program with other programs delivering United States foreign assistance to Africa; Summary comparison of ADF program with multi-lateral programs delivering development assistance to Africa; Summary comparison of ADF program with United States non-governmental programs (NGOs) delivering development assistance to Africa</p>		
1.4	<p><b>Is the program design free of major flaws that would limit the program's effectiveness or efficiency?</b></p> <p><i>Explanation:</i> ADF's program results, as articulated in its Annual Performance Report over the past several years, demonstrate that the Foundation's approach does not have major design flaws; it is successfully growing African businesses. ADF's approach is holistic and diagnostic; rather than providing just training, or just technical assistance, or just capital, ADF works with the prospective grantee to assess all aspects of its operations and then provides a comprehensive, integrated package of support. As ADF has found from its own experience in micro-credit, to grow an enterprise beyond the informal stage requires more than what micro-loans are able to do. On the other hand, these businesses are seen by the banking sector as being too risky and so are not able to access commercial capital, not even with loan guarantees. In contrast, ADF's small grants and its hands-on approach enable the Foundation to deal with the risk and successfully grow businesses. ADF's small grants do not over-extend a growing business too soon. Furthermore, the required Community Reinvestment Grant (CRG) contribution provides a strong commercial orientation to ADF's support, and it establishes a "credit-worthiness" that enables the enterprise to subsequently access commercial credit. Funding proposals rather than designing programs ensures that ADF's assistance goes to clearly identified needs, and it engenders a much greater sense of ownership and accountability by the grantee.</p> <p><i>Evidence:</i> ADF Policy Memoranda</p>	YES	20%
1.5	<p><b>Is the program design effectively targeted so that resources will address the program's purpose directly and will reach intended beneficiaries?</b></p> <p><i>Explanation:</i> ADF's assistance is targeted at the poor and marginalized groups, including businesses that could not access assistance from other sources. To ensure that such groups are reached, ADF's Country Representative conducts outreach to enterprises, producer groups, and community-based organizations, explaining the Foundation's strategy in the country and the way to apply for funding. Applications for funding are reviewed against established project and group selection criteria, and the Country Representative conducts a site visit as part of his initial due diligence. Because the Foundation gives grants directly to beneficiaries,</p>	YES	20%

rather than passing resources through intermediaries, such as international PVOs, host government agencies, or consulting firms, 100% of all grant funds are used to assist the intended beneficiaries in Africa. Moreover, ADF has performance indicators that measure the direct impact on the poor (job creation and income generation) and on businesses assisted (revenue and post-ADF sustainability).

*Evidence:* FY 2006 Congressional Budget Justification; MS 602 - Project Identification and Screening

**Section 1 - Program Purpose & Design** Score 100%

## Section 2 - Strategic Planning

Number	Question	Answer	Score
2.1	<p><b>Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?</b></p> <p><i>Explanation:</i> ADF has two primary program outcome goals. ADF uses five specific performance measures to monitor and evaluate the long term success of goals 1 and 2. Goal 1, the business growth and expansion goal, is monitored by three PART outcome measures - profitability, sustainability, and community reinvestment. These indicators provide visibility into the health of ADF-supported businesses. Goal 2, the resource mobilization goal, is monitored by two other PART outcome measures - local trust funds, and follow-on financing. Resource mobilization indicates how well ADF is channeling other (non USG) resources for ongoing investments in local African development. The five PART measures provide a refined view of the performance data that ADF has collected, evaluated, and acted on for the past six years. Previous performance views were represented by 18 key performance indicators and reported in the Annual Performance Report (table 8).</p> <p><i>Evidence:</i> ADF PART Indicators and Annual Performance Report 2001-2004</p>	YES	12%
2.2	<p><b>Does the program have ambitious targets and timeframes for its long-term measures?</b></p> <p><i>Explanation:</i> Long term performance targets are established by a strategic planning and annual budgeting process, and ADF has included long-term impact targets in its annual budget submissions since FY01. ADF has stretch targets for its three long term business growth and expansion indicators. FY2010 targets for each measure represent improvements ranging from 23% to 400%, and ADF is setting new resource mobilization targets to increase the amount of local resources available to assist the poor in Africa. ADF has not set targets yet for Follow-On Financing because baseline information will not be obtained until the end of calendar year 2005.</p> <p><i>Evidence:</i> ADF PART Performance Indicators and Targets Table; FY 06 Budget Request to OMB; FY 04 Annual Performance Report to Congress - Tables 7 and 8</p>	YES	12%
2.3	<p><b>Does the program have a limited number of specific annual performance measures that can demonstrate progress toward</b></p>	YES	12%



	<p><b>achieving the program's long-term goals?</b></p> <p><i>Explanation:</i> ADF uses seven indicators to track annual performance for program and operational targets. Three of the indicators relate to program goals 1 and 2. The other 4 indicators monitor the achievement of ADF annual operational performance goals. ADF's annual business growth and expansion goals is monitored by two outcome measures: Revenue Growth, and Investment Multiplier. These indicators provide visibility into the effectiveness of ADF investments. A second program goal, the resource mobilization goal, is monitored by the outcome measure - Strategic Partner Contributions. This measures the amount of funds African countries are willing to contribute to ADF as coinvestments in sponsored projects, thereby mobilizing additional funds for Africa's development needs. The third goal focuses on achieving operational excellence and efficiencies. This objective is tracked by two annual PART efficiency measures: Overhead Rate and Disbursement Efficiency. Additionally, ADF uses two other annual measures to track ADF's effectiveness in getting its message out to the general public and development community. These measures are monthly page views to its website (<a href="http://www.adf.com">www.adf.com</a>) and e-newsletter subscribers. The seven PART measures provide a refined view of the performance data that ADF has historically collected and used during past six years.</p> <p><i>Evidence:</i> ADF FY 2006 Budget Request; PART measures tab; 2003 and 2004 Annual Performance Report - Tables 7 and 8</p>		
2.4	<p><b>Does the program have baselines and ambitious targets for its annual measures?</b></p> <p><i>Explanation:</i> ADF has set new targets for the seven annual performance indicators used to monitor program and operational activities, outcomes, and effectiveness. The 2006 business growth and expansion targets (Revenue Growth, and Investment Multiplier) represent 15% and 10% annual performance improvements. The 2006 improvement target for the Strategic Partner Contributions measure represents a 75% improvement over its baseline. 2006 operational targets for overhead rate and disbursement efficiency represent 50% improvement goals. The final two annual measures monitor information dissemination. Annual 2006 targets for monthly page views and newsletter subscribers, represent improvements in excess of 100% over baselines.</p> <p><i>Evidence:</i> ADF PART Performance Indicators and Targets Table; ADF FY 2006 Budget Request</p>	YES	12%
2.5	<p><b>Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?</b></p> <p><i>Explanation:</i> ADF only funds proposals that are consistent with its corporate strategy and that will directly contribute to its program goals. The local US Embassy is notified of all pending award decisions. Each project has specific performance targets which link to ADF's growth and expansion targets. Each grant recipient is required to report quarterly on its progress towards meeting the annual and long-term goals of the project. If performance targets are missed, projects are referred to ADF's Project Amendment,</p>	YES	12%

	<p>Suspension, and Termination Committee. ADF also has an annual Portfolio Review process, which may also refer under-performing projects for corrective measures. If a grantee fails to make satisfactory progress toward targets, an ADF Partner works with the grantee to help identify problem areas and develop a remediation plan. At the strategic partnership level, ADF collaborates with host country ministries to manage its strategic partnerships with African governments. ADF uses a Program Implementation Document to identify the responsibilities of the parties in advancing program objectives. Each arrangement includes a Program Consultative Committee that meets semi-annually to ensure effective collaboration and to assess program performance.</p> <p><i>Evidence:</i> ADF Country Strategies prepared by ADF country representatives; Annual workplans prepared by ADF Partner Organizations; Individual annual performance plans prepared by ADF/Washington FTE's</p>		
2.6	<p><b>Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?</b></p> <p><i>Explanation:</i> While ADF's operations have undergone rigorous independent evaluations from USAID's Office of the Inspector General (IG), no other independent evaluations have been conducted regarding the effectiveness of ADF programs or the outcomes achieved. As a result of those audits and assessments by the IG, ADF has strengthened program operations and effectiveness by improving its project design requirements, including more rigorous financial and environmental analyses, its due diligence work, and its portfolio management and performance assessment systems. To address the lack of independent program evaluations, in FY05, ADF created a new division, Knowledge and Learning Dissemination (KLD).</p> <p><i>Evidence:</i> USAID Inspector General Report for FY 2003, "Audit of the Awarding and Monitoring of Grants by the African Development Foundation," February 2003" ; USAID Inspector General Report for FY 2001, "Audit of Selected Processes at the African Development Foundation"</p>	NO	0%
2.7	<p><b>Are Budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?</b></p> <p><i>Explanation:</i> Since FY01, all of ADF's budget requests have included information on program performance in prior years and tied the budget request to achieving specific short-term and long-term performance targets. ADF's FY07 budget request includes performance data for FY04 and targets for new and existing performance measures at two funding levels (current and increased). Short-term targets are included for the budget year and long-term targets for impact in outlying years (most ADF projects begin generating impact in their second year and have increasing impact in subsequent years). The Foundation uses a very clear and transparent format for its budget requests, which clearly differentiates operating (overhead) costs from program budget and enables operational efficiency assessment and trend analyses.</p>	YES	12%

<i>Evidence:</i> FY 06 Budget Request			
2.8	<b>Has the program taken meaningful steps to correct its strategic planning deficiencies?</b>	YES	12%
<p><i>Explanation:</i> In mid FY05, after receiving input from a new Board of Directors and OMB, ADF completed an extensive revision of its strategic plan that will guide programming for the period 2006-2010. ADF regularly does incremental strategic planning on an annual basis. To better manage change, ADF is investing in a balanced scorecard performance management framework to integrate management actions, strategic goals and objectives and performance monitoring on a more timely basis.</p> <p><i>Evidence:</i> ADF Strategic Goals and Objectives from ADF FY 2006 Congressional Budget Justification; ADF Strategic Goals and Objectives for FY 2001 to FY 2004</p>			
<b>Section 2 - Strategic Planning</b>		Score	88%

<b>Section 3 - Program Management</b>			
<b>Number</b>	<b>Question</b>	<b>Answer</b>	<b>Score</b>
3.1	<b>Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?</b>	YES	10%
<p><i>Explanation:</i> ADF collects, compiles and analyzes grant performance data on both a quarterly basis and annual basis. All grantees submit quarterly reports on their use of ADF funds and actual business outcomes against specific grant objectives. In the field, both ADF's Partner Organization and the Representative review this information for completeness, and verify its veracity during site visits, before it is submitted to ADF. In headquarters, Portfolio Managers assess progress against workplans, budgets and performance targets. The field information serves as the basis for ADF's formal annual portfolio reviews on each country. This process assesses whether projects are performing or should be placed on a "watch list" or "at risk list" and be subject to a remediation plan and more intensive monitoring. For those projects encountering implementation problems and performing below expectations, the field team develops, in collaboration with the grantee, a remediation plan with specific, time-bound action steps. Projects may also be referred to the PAST Committee, which makes recommendations to ADF's President on project amendments, suspensions, and terminations. ADF staff assess and roll up individual project performance data as part of the annual Assessment of Program Impact and report this in the Foundation's Annual Performance Report to Congress. ADF is adopting a balanced scorecard performance management system to better track agency programs and operational performance on a monthly basis. ADF is implementing a web-based grant management database to facilitate a more timely and efficient means to gather performance data. All results are used to provide greater management oversight and resource allocations to improve programs outcomes and operational efficiencies.</p> <p><i>Evidence:</i> ADF FY 2004 Annual Performance Report to Congress. ADF also has a set of manuals used both in Washington and in the field that cover all aspects of the grant process: MS 612 - Grant Amendment MS 620 - Grant</p>			

	Startup MS 630 - Project Monitoring MS 631 - Grant Reporting MS 632 - Grant Remediation MS 633 - Grant Closeout MS 634 - Grant Suspension and Termination Finally, ADF is implementing a Grants Database that will provide real-time management of grants, linking field offices and headquarters through a web-based interface.		
3.2	<p><b>Are Federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?</b></p> <p><i>Explanation:</i> ADF managers are held accountable, through the annual performance evaluation process, for success in achieving planned goals and objectives. Progress against plans is reviewed frequently through weekly meetings and periodic activity reports. ADF's comprehensive grant policy and agreement structure addresses grantee performance, period of performance, and budget issues. ADF Grantees are required to report quarterly on activities/accomplishments, financial status of grant funds disbursed, and the financial condition of the grantee organization itself through provision of quarterly financial statements. ADF in-country Representatives and Partner Organizations routinely monitor each grant and conduct site visits. In ADF/Washington, Portfolio Managers review results of reporting and monitoring. If performance issues are identified, ADF extends assistance through its Partners and if needed invokes a formalized remediation plan. Requests to change the original terms and conditions of the grant must be formally reviewed and approved through a grant amendment process. Audits are routinely performed at the project and program levels, with results and recommendations being considered and incorporated into policy and practice.</p> <p><i>Evidence:</i> ADF Manual Section 603 - "Project Development" All employees have a documented Employee Performance Appraisal Records. Plans for managers are tied closely to both agency and departmental goals. Performance is assessed twice yearly - at the 6 month mark and at year end. Accomplishments and deficiencies in performance are documented in writing and become part of the employee's personnel file.</p>	YES	10%
3.3	<p><b>Are funds (Federal and partners') obligated in a timely manner and spent for the intended purpose?</b></p> <p><i>Explanation:</i> ADF obligates its appropriations in a timely manner, and the Foundation maintains strict accounting of operating expenses and program budget. Similar to other International Assistance programs, ADF receives a two-year appropriation for the majority of its funds, reflecting Congressional and OMB intent for flexibility in obligating these funds. Most of those funds are typically obligated during the first year. All ADF funds are spent for the intended purpose. ADF undergoes annual, independent audits of its financial statements, internal controls, and compliance with USG laws and regulations. ADF received an unqualified opinion on all five of its financial statements from its independent auditors. The agency's annual audit and its Congressional Budget Justification are available to the public on ADF's website and through its library. The Foundation's Partner Organizations are audited annually. Most project grantees conduct their own internal audits of annual financial statement, but ADF ensures that all grants over \$50,000</p>	YES	10%

	<p>are audited at least once during their lifetime, in accordance with U.S. government auditing standards.</p> <p><i>Evidence:</i> ADF annual appropriation acts and apportionment forms; Applicant financial certification format (ADF Manual); ADF Field Audit Guidelines; USAID Inspector General Report, "Report on Audit of the African Development ; Foundation's Financial Statements for Fiscal Years 2004 and 2003" (November 2004)</p>		
3.4	<p><b>Does the program have procedures (e.g. competitive sourcing/cost comparisons, IT improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?</b></p> <p><i>Explanation:</i> ADF procedures measure and achieve efficiencies and cost effectiveness in program execution. ADF's quarterly and annual planning and performance reporting processes allow management to assess its program performance against objectives and address issues through revised operational plans, organizational alignments, and resource allocations. ADF uses a "Cycle Time" measure to track how efficiently ADF identifies, qualifies and funds viable small- and medium-sized business projects. ADF is investing in improved information and performance management systems, which build-in ADF procedures and business rules to assist in improving and tracking efficiency measures and budget execution. This information will be accessible to ADF/Washington, Country Representatives, and Partner Organizations and will allow the decentralization of decision making from ADF/Washington to the Country Representatives and increase accountability and transparency. It will also formalize the link between grant disbursements and grantees' timely and accurate compliance with reporting requirements. ADF uses other operational metrics and project cost measures to determine overall operations efficiencies. Currently, ADF cross-services with an established government contracting office at the Treasury Department's Bureau of Public Debt to ensure that procedures for competitive sourcing and cost comparison are done in compliance with FAR procedures. ADF expects to be able to take over this function after hiring a qualified contracting officer, which will increase operational effectiveness.</p> <p><i>Evidence:</i> New Grants Management Database; Cross-servicing agreement with Bureau of the Public Debt ; ADF Annual Performance Plans.</p>	YES	10%
3.5	<p><b>Does the program collaborate and coordinate effectively with related programs?</b></p> <p><i>Explanation:</i> The Foundation effectively collaborates in the design and implementation of its program with other U.S. agencies and major stakeholders on numerous formal and informal levels. ADF collaborates with African governments in 11 countries resulting in joint funding agreements, which account for an increasing percentage of ADF program budget and specific country program initiatives. ADF ensures effective collaboration and coordination with other development agencies and actors at three levels: 1) With USG agency headquarters: ADF's Board of Directors, which includes senior officials of State Department and USAID, helps ensure that the Foundation's programs complement other USG assistance programs and foreign policy objectives, as they provide overall direction to the agency and</p>	YES	10%

approve its corporate program strategy. Board members also consult with other agencies, including the NSC and MCC, to ensure effective collaboration and coordination with other foreign affairs programs. 2) With international donor agencies: The ADF President regularly consults with senior officers of international organizations, foundations and bilateral agencies and participates in donor fora to share best practices and lessons learned. 3) At the country level: Staff routinely meet with senior U.S. Embassy and USAID personnel in the field to ensure complementarity of efforts on the ground. Although the Foundation's mandate is distinct from other foreign affairs agencies, there are occasions when ADF will fund a project or program based on sectoral analyses and research that USAID or other donors have conducted. Also, ADF sends formal written notifications to the respective U.S. Ambassador on every project to be funded prior to grant execution.

*Evidence:* ADF Act specifies Board membership to consist of representative of State Department and representative of USAID ; ADF is required by Congress to notify ambassadors of intent to award grant; process enhances liaison between ADF and other foreign assistance programs in host countries via the Social and Economic Officer of the US Embassy ; ADF has actively participated in consultations on policymaking for the Millenium Challenge Corporation. (For example, during MCC's planning and initial start-up phase, ADF provided extensive information to the new agency on its policies and operating procedures). ADF advised the IFC on its approach to fostering social philanthropy and business responsibility, which has been influential in a new IFC initiative; ADF also participated in an international conference on "Blended Value Investing for SME's" organized by the World Economic Forum.

3.6	<b>Does the program use strong financial management practices?</b>	YES	10%
<p><i>Explanation:</i> ADF has received a clean opinion on all five financial statements for the past three years. Furthermore, ADF will complete in FY 2005 the implementation of two new financial management systems: Oracle Federal Financials, a state-of-the-art core financial system that ADF uses through an accounting and budgeting cross servicing arrangement with the Department of the Interior, National Business Center; and a Grant Database, a web-based, SQL Server/.NET system that will track all financial and programmatic information for each grant from application to closeout.</p>			
<p><i>Evidence:</i> Annual ADF audit reports ; USAID Inspector General reviews and audits; Description of newly implemented Oracle Financial Management System; Cross-servicing agreement with US Department of the Interior's National Business Center; Summary of function of new ADF grants management database</p>			
3.7	<b>Has the program taken meaningful steps to address its management deficiencies?</b>	YES	10%
<p><i>Explanation:</i> ADF actively responds to management issues reported in its financial and program audits. Issues identified by independent auditors are specifically addressed and inserted into a corrective action and planning process for follow-up. Depending on the issue, policies and or procedures are modified and implemented agency-wide. ADF recently completed implementation of the Oracle Financial Financials to resolve a previous</p>			

	<p>management deficiency. While this is done in a responsive way, the agency continues to identify proactive ways to tighten or improve its controls. Examples include the planned upgrade of a new web-based Grants Management Database and a new balanced scorecard performance management system providing management with significantly improved performance management visibility and capabilities.</p> <p><i>Evidence:</i> Oracle Federal Financials; ADF grants management database</p>		
3.CO1	<p><b>Are grants awarded based on a clear competitive process that includes a qualified assessment of merit?</b></p> <p><i>Explanation:</i> ADF awards all grants to qualified small- and medium-sized businesses based on a fair, open, and competitive process. Based on its corporate objectives and country plans, ADF conducts outreach activities in order to gather the maximum number of potential grantee applications. Applicants submit a standard application form to the Country Representative, who screens proposals against ADF's strategic objectives and criteria for selection of applicants and projects. The Representative also conducts stringent, independent due diligence on the applicant to ensure their capacity and merit. ADF's partners assist applicants preparing Project Papers (fully developed grant proposals). Completion of a Project Paper does not guarantee that an award will be made. ADF conducts a thorough review of Project Papers, including a rigorous financial analysis of project proposal and the application of ADF's "triple bottom line" analysis, which assesses project relevance to ADF's mission according to three criteria: 1) profitability, 2) positive socio-economic impact on the poor, and 3) sustainability and potential for replicability of the project activity. ADF/Washington makes the final determination whether a grant will be funded.</p> <p><i>Evidence:</i> ADF policy and procedures manuals MS-602 Project Identification and Screening MS-603 Project Development MS-605 Project Review and Approval</p>	YES	10%
3.CO2	<p><b>Does the program have oversight practices that provide sufficient knowledge of grantee activities?</b></p> <p><i>Explanation:</i> ADF maintains extensive and intensive oversight of grantees. After a grant award is made, ADF Grantees are required to report quarterly on progress toward grant goals and objectives, the financial status of grant funds disbursed, and the financial condition of the grantee organization itself through provision of quarterly financial statements. ADF's greatest strength, in this regard, is its field presence - indigenous development professionals, in the countries we serve, who visit grantees on a quarterly basis to assess project progress first hand and verify reported budget and performance data. Under its recent reorganization, ADF has also established the role of Portfolio Manager to ensure an independence and objectivity in oversight. Portfolio Managers review quarterly reports for funds utilization, compliance and program performance, and they lead a formal annual portfolio review on each country. In addition, ADF provides for independent grantee audits that complement and augment ADF's knowledge of grantee activities. Any indications of poor management or malfeasance reported from any of these mechanisms are acted upon through an established grant management</p>	YES	10%

review committee with prescribed actions that may include the amendment, remediation, suspension and or termination of the subject grant.

*Evidence:* ADF's policy and procedures manuals

3.CO3 **Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner?** YES 10%

*Explanation:* ADF has an annual process for Assessment of Program Impact (API) using a standard set of indicators that can be rolled up to show impact by country and type of program. The API measures for FY05 and beyond complement the PART measures and include the value of new project obligations, project disbursements, number and type of enterprises assisted, number of countries with strategic partnerships providing contributions to ADF programs, number and gender of owners and full-time workers benefiting from projects, export sales, community reinvestment contributions, average time from grant obligation to first disbursement for project activities, and the average time between receipt of applications that passed ADF's initial screening and the grant obligation date. ADF also has some legacy indicators that relate to past program types and will be phased out over time. API utilizes quarterly and annual grantee reporting data as a critical part of its analysis. ADF reports the findings on a portfolio-wide basis and for each country program in its Annual Performance Report (APR) to Congress. The APR is available on the agency's website and through its library, and the status of projects is broadly disseminated through all of the agency's communication channels. The APR also summarizes the history and performance of selected projects, including lessons learned and best practices. This performance data is also used in project write-ups for ADF's e-newsletter, website, and other communication materials.

*Evidence:* FY 04 Annual Performance Report to Congress Additional Indicators for Annual Performance Report to Congress (Active Grantees Only) Output Measures 1. Value of new obligations for development projects (annual) 2. Cumulative disbursements for development projects 3. Total number of enterprises assisted (annual and cumulative) 3.1 Grantee-operated enterprises 3.2 Client enterprises assisted by the grantee (including microcredit recipients and farmers receiving services from the project or selling products to it) 4. Number of countries with active ADF projects 4.1 Number of countries with strategic partnerships contributing funding to ADF programs Outcome (Impact) Measures 5. Number of owners and regular, full-time workers in the project-assisted enterprises (annual) 5.1 Women as a known percentage of the owners and regular, full-time workers (annual) 6. Increase in cumulative export sales revenues of grantees over the extrapolated baseline levels for active projects and projects that have closed within the past 3 years (in USD) Sustainability and Long-Term Impact Measures 7. Cumulative CRG contributions made by current ADF grantees or former grantees during the 3 years after ADF support ends as a percentage of the amounts pledged Efficiency Measures 8. Average time between the grant obligation date and ADF/W processing of the first project disbursement for purposes other than ADF-required training (annual) 9. Cycle time --average time between the ADF Country Representative's receipt of a completed project application form for projects that have been approved for Project Paper development and the grant



obligation date (annual) API Legacy Indicators (Current Grantees Only)  
 These indicators pertain to program activities that ADF will not continue funding under the new strategic plan. ADF will continue reporting these indicators for a transitional period while these projects are still in the active portfolio. 1. Increase in value of loans disbursed over the extrapolated baseline (annual and cumulative) 2. Percent of the value of loans disbursed to women (annual) 3. Loan repayment rate (project inception through end of period) 4. Amount of infrastructure constructed such as housing, schools, medical clinics, roads, and bridges (annual and cumulative) 5. Number of households benefiting from infrastructure construction such as housing, schools, medical clinics, roads, and bridges etc. (annual and cumulative) 6. Number of people trained in AIDS prevention or mitigation (annual and cumulative) 6.1. Women as a known percentage of the people trained in AIDS prevention or mitigation (annual and cumulative) 7. Number of people receiving AIDS-related medical, social, or financial services (annual and cumulative) 7.1. Women as a known percentage of the people receiving AIDS-related medical, social, or financial services (annual and cumulative)  
 Narrative Information for Annual Performance Report to Congress (Current Grantees Only, Except for #2 and #3) 1. List of products exported by current ADF grantees 2. Awards and recognition received by current ADF grantees and former grantees during the 3 years after ADF support ends 3. Narrative information on expansion and replication of projects of current ADF grantees and former grantees during the 3 years after ADF support ends 4. Narrative information on ADF publications and information dissemination activities

**Section 3 - Program Management**      Score 100%

#### Section 4 - Program Results/Accountability

Number	Question	Answer	Score
4.1	<b>Has the program demonstrated adequate progress in achieving its long-term performance goals?</b>	LARGE EXTENT	17%
	<p><i>Explanation:</i> ADF continues to make significant progress in achieving its mission of stimulating economic growth at the grassroots level in Africa. Historically, ADF has measured its progress by tracking annual and long term performance metrics for two primary program objectives of Business Growth and Expansion, and Resource Mobilization. The historical indicators used to track Business Growth and Expansion show excellent long term progress. Recent FY2005 performance data reveal long term growth for three key indicators. Revenue Growth for ADF-supported projects increased from \$10 million in 2002 to \$28 million in 2005. The Investment Multiplier improved from 0.78 in 2002 to 1.7 in 2005. Long term Profitability is an area of challenge for ADF projects falling from 68% in 2002 to 38% in 2005. However, the historical indicators used to track Resource Mobilization show exceptional growth. The percent of Strategic Partnership contributions to ADF sponsored projects increased from 8% in 2002 to 31% in 2005. The 2005 PART exercise has helped ADF refine its program performance metrics to make it easier to report to ADF stakeholders long-term program results and progress. As indicated in section 2.1, long term Business Growth and Expansion goals will be monitored by the refined metrics of Profitability, Sustainability, and Community Reinvestment. Two new indicators, Local Trust Funds and Follow-on Financing, are now a part of monitoring the</p>		

	<p>Resource Mobilization program objective. Baselines for new performance measures have been established with FY04 data. This will provide ADF management and stakeholders with a clearer picture of ADF's progress in achieving its mission and strategic goals.</p> <p><i>Evidence:</i> Congressional Budget Justification 2004, 2005, 2006; Annual Performance Report 2003, 2004 - Table 8</p>		
4.2	<p><b>Does the program (including program partners) achieve its annual performance goals?</b></p> <p><i>Explanation:</i> Historically, ADF used the similar metrics to measure its progress for both annual and long term performance program objectives. As indicated above (see 4.1) the Business Growth and Expansion objective was tracked by three performance indicators - Revenue Growth, Investment Multiplier, and Profitability. Two of the three measures exceeded 2005 targets, and showed good year-on-year improvement for 2005 over the baseline value. Revenue Growth increased from \$20 million in 2004 to \$28 million in 2005, exceeding the 2005 target of \$23 million. The Investment Multiplier stayed constant at 1.7, meeting the 2005 target set at 1.7. Profitability decreased from 56% in 2004 to 38%, missing the target value of 65%. Strategic Partnership contributions continued to grow, increasing from 20% of ADF's budget in 2004 to 30.5% in 2005. The 2005 PART exercise has helped ADF refine its program performance metrics to make it easier to report annual performance progress to ADF stakeholders. Revenue Growth, the Investment Multiplier, and Strategic Partnership contributions will continue to be annual indicators. This will provide ADF management and stakeholders with a comprehensive view of how well ADF is achieving its mission and strategic goals.</p> <p><i>Evidence:</i> Annual Performance Report 2003, 2004 - Table 7</p>	LARGE EXTENT	17%
4.3	<p><b>Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?</b></p> <p><i>Explanation:</i> ADF performance efficiency and cost effectiveness indicators show annual improvements and a strong, long-term positive trend. Project impact and benefits per dollar of program investment are increasing. For example, 2003 to 2004 operating costs increased by 11%, while program outcomes showed 17 to 83% improvements in the same period. ADF management is making improvements in the ratio between program funding and operating costs, achieving overall improved program cost effectiveness. For example, the ADF overhead ratio improved from 32% in 2003 to 30% in 2004, and actual FY 2005 results indicate that the ratio dropped to 23%, surpassing the target of no more than 26%. ADF will add a new measure in FY05 which tracks disbursement efficiency.</p> <p><i>Evidence:</i> Congressional Budget Justification 2005, 2006; Annual Performance Report 2003, 2004 Balanced Scorecard Templates - subject to Board of Director approval</p>	YES	25%
4.4	<p><b>Does the performance of this program compare favorably to other programs, including government, private, etc., with similar purpose and goals?</b></p>	LARGE EXTENT	17%

*Explanation:* Because of its unique business model, direct comparisons are difficult, as discussed in 1.3. The closest organization to ADF's model is probably the American NGO Technoserve, but they tend to take a more narrow approach to support a single sector in a country, around a set business model, making direct comparison difficult. Given its uniqueness, ADF's ability to demonstrate success in a difficult environment provides credible evidence that it is performing favorably relative to other programs. ADF can demonstrate tangible, measurable outcomes (including employment generation and revenue growth), which are directly attributable to ADF's support, something few programs are able to do. Likewise, few economic development programs operating with poor communities in Africa have consistently exceeded their annual performance targets to the magnitude that ADF has over the past several years.

*Evidence:* The USAID IG's rigorous audits of program operations in FY01, FY03 and FY05 (in process) have highlighted areas of program and operational effectiveness and provided guidance for improving operations. The IG indicated that ADF's financial analyses and environmental assessments were helping ensure sound project design, and it concluded that ADF was providing good support to grantees through its in-country support organization. An independent evaluation by the Congressional Office of Technology Assessment (OTA) in 1988, with OMB and GAO participation, indicated that ADF was unique, effective and achieving results. ADF has funded independent evaluations of some specific country programs and projects. In FY01, ADF contracted with Alternative Development Services and Peer Consultants for an evaluation of its Botswana program. The Government of Botswana was satisfied with the progress to date, but the evaluation concluded that the weak entrepreneurial capacity and motivation in Botswana limited the success of some projects. The evaluation recommended that ADF fund more disadvantaged groups and take a more pro-active role in project development using participatory development methods. In FY02, ADF's partner organization in Botswana developed a new operating strategy, accordingly. ADF has also funded independent, mid-term evaluations of some projects: a micro-finance project in Botswana in FY03, and 9 micro-finance projects in Nigeria during FY04 and FY05.

4.5	<b>Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?</b>	NO	0%
<i>Explanation:</i> Independent evaluations have not been conducted, as discussed in 2.6.			
<i>Evidence:</i>			
<b>Section 4 - Program Results/Accountability</b>		Score	75%

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