

# **AFRICAN DEVELOPMENT FOUNDATION**



## **ANNUAL PERFORMANCE REPORT**

**to the Congress**  
**Fiscal Year 2000**

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**African Development Foundation**  
**1400 Eye Street, N.W.**  
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I am pleased to forward to you the African Development Foundation's (ADF) Annual Performance Report for Fiscal Year 2000. In preparing this report, we conducted an in-depth assessment of our thirteen active country programs, with 236 projects, and our headquarters operations. We measured progress against specific performance indicators and targets established two years ago in our FY 2000 budget request to the Congress.

ADF has a *distinct purpose* and plays a *unique role* within the U.S. government's foreign assistance community. We complement other U.S. agencies' programs by working *directly* at the grassroots, entirely in partnership with African non-governmental organizations, to alleviate poverty and promote broad-based sustainable development. ADF is the only USG agency dedicated exclusively to helping poor Africans find and implement solutions to the challenges of development. Our assistance is targeted to unleash the entrepreneurial spirit of poor communities and small enterprises. Our project activities are African-driven and African-owned.

We have had a *significant, sustainable, direct impact on the lives of thousands* of African families and we are making important contributions to *advancing U.S. objectives in Africa* through our unique approach and high-impact programs. Our accomplishments during FY 2000 support our goal of promoting broad-based sustainable development and empowerment for poor communities and women. A few of the most noteworthy accomplishments include:

- Our support greatly expanded credit and business advisory services to under-served poor communities; this helped establish almost 13,800 micro enterprises and created more than 26,000 full-time, part-time and seasonal jobs.
- We focused our assistance on helping women. In Tanzania, 85 percent of our assistance to micro-finance institutions benefited women entrepreneurs. In countries that have been hit hard by the AIDS pandemic, like Uganda, Tanzania and Zimbabwe, we are helping to create jobs for widowed women so that they can care for their families.
- More than 115 communities and producer groups that we're working with have adopted one or more new techniques to improve natural resource management and protect their fragile ecosystems.
- We demonstrated that poor, small-scale farmers of paprika (Zimbabwe) and vanilla (Uganda) can produce high-value cash crops and enter the global economy, when given access to technology and support services. These innovative trade programs created more than 5,400 jobs last year, and more than 12,600 to date.

We are forging *exciting partnerships* with other agencies, donors, corporations and African governments that enable us to leverage resources for grassroots participatory development and to influence how others do business in Africa. Others are recognizing ADF's extensive experience, unique expertise and proven effectiveness in community-based participatory development built over the last fifteen years. ADF's partnerships with the Government of Botswana and with the World Bank in Guinea are enabling us to leverage about \$1 million annually for grassroots development and to influence national policies and programs. Based on our unique and effective work in Guinea, the World Bank has asked us to model participatory development approaches in Senegal and Niger where it is developing decentralized rural development programs. Finally, as a means to support grassroots trade and investment activities in Africa, we are exploring partnering with several New York investment bankers through a venture capital fund.

During FY 2000, we also made major strides in *strengthening internal management* and improving efficiency while containing costs. We have effectively managed our programs with about half the headquarters staff we had five years ago.

The Board of Directors and the Foundation's staff are dedicated to making the African Development Foundation the premier American organization in reducing poverty and promoting sustainable grassroots development and empowerment in Africa. We believe that this report substantiates that the United States *is* making a difference in the lives of thousands of Africans and countless communities through the programs of the African Development Foundation. We are proud of the progress and impacts presented in this report.

Sincerely,

Nathaniel Fields  
President

## Introduction

“The test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little.”

Franklin D. Roosevelt, in his 2<sup>nd</sup> Inaugural Address

For the past sixteen years, African Development Foundation (ADF) has partnered with community groups, cooperatives, micro-entrepreneurs, small farmers and African non-governmental organizations (NGOs) to enable them to identify and solve their own problems. To date, ADF has funded more than 1,400 grassroots projects to alleviate poverty and promote broad-based, sustainable development and empowerment in Africa.

### ADF: Investing in Africa’s Future, Today

#### Why Africa?

Africa has the greatest **untapped potential** of any region in the world. During the past decade, several African countries have experienced the world’s highest rates of economic growth. Its vast human and natural resources can serve as the basis for continued economic growth, expanded trade, and investment opportunities for the U.S. and other nations.

Africa also has **complex constraints to development**. Almost half the continent’s citizens live on less than \$1 per day. Natural disasters and conflict have ravaged many countries. HIV/AIDS, which has already killed more than 20 million African children and young adults, is destroying an entire generation.

The United States has **strong national interests** in promoting a strong and stable Africa.

- Economic interests – linking the U.S. to Africa’s untapped markets.
- Strategic interests – containing disease and civil strife that have global implications.
- Financial interests – reducing the need for costly emergency relief.

*The United States can make a difference in Africa if we provide the right kind of assistance.*

### ADF’s Uniqueness – Promoting African Solutions

In 1980, Congress established ADF as a federal agency and public corporation with a **unique mandate** to work *directly* at the community level. We play an **important role** in the U.S. Government’s efforts to promote peace and prosperity in Africa because we work hand-in-hand with community-based African groups, rather than working through government agencies or international organizations.

Every aspect of our field programming is **African-driven and African-owned**.

- African groups conceive, design, implement and evaluate all projects.
- African experts provide all technical assistance.

We define this as participatory development in its truest form.

Since ADF's inception, we have been **innovators** in promoting African solutions; providing Africans with the resources necessary to identify and solve their own problems. Local communities are a vibrant source of ideas and energy for development and their active participation is vital to success and sustainability of development efforts.

Our unique approach enables us to have a significant and sustainable impact in Africa by advancing grassroots economic growth and empowering poor communities and women.

## **ADF's Impacts – Making a Lasting Difference**

ADF's small grants — up to \$250,000 each — are catalytic investments that produce significant and sustainable results. Our programs:

- Create tens of thousands of new jobs.
- Grow thousands of small African-owned businesses.
- Develop new exports and forge new trade and investment relationships.
- Preserve and protect Africa's fragile environment.
- Build hundreds of local institutions that will serve their communities for years.
- Produce innovative development models that can be replicated by African communities and governments and other international development agencies.

In Fiscal Year 2000 alone, ADF's support helped to launch almost 13,800 new African-owned enterprises and create more than 31,500 full-time, part-time and seasonal jobs with higher incomes. The impact of such results is dramatic, affecting more than 100,000 lives. Parents are able to better feed their families, send their children to school and access health care. In short, people are able to take control of their lives and build more productive futures. We give people a helping hand, not a hand-out.

ADF's impact is long-lasting. Our investments will continue to **reap returns long after the funding ends**. In partnering with non-governmental organizations, we build the technical and management capacity and financial viability of these groups. In strengthening Africa's fledgling but dynamic private sector, the Foundation provides a comprehensive package of training and capital to enable enterprises to really take off. In 2000, ADF funded business management training for almost 16,000 African entrepreneurs and facilitated the extension of more than 23,600 small loans to strengthen thousands of businesses.

The Foundation is developing and testing **innovative models** for sustainable, grassroots development that are being **replicated by others**. Our impact stretches far beyond our own projects.

For example:

- ADF's micro-finance approach is being widely replicated in Ghana as an effective model for community banking and savings institutions.
- In Zimbabwe, our pilot program with paprika farmers has demonstrated that small-acreage farmers can compete in the international market.

- In Guinea, ADF’s participatory approach is being replicated in a multi-donor financed, nationwide program to build schools, health clinics, rural roads and other basic infrastructure, and the World Bank has asked us to partner in Senegal and Niger to model participatory development approaches.

These successes are the product of innovation and good management.

## **ADF’s Management – Running a Tight Ship**

ADF has **strong management systems** and **quality personnel** to administer programs.

- We conduct rigorous financial analyses of all proposals to ensure their financial viability, sustainability and success.
- We enforce strong financial controls, auditing virtually every project during its lifetime.
- Our comprehensive monitoring and evaluation system requires each grantee to report progress on a quarterly basis against performance indicators and quantifiable targets, and our field staff regularly visit each project to assess performance.
- The average total annual cost of operating a country office is less than US \$160,000.

We strive for efficiency and effectiveness to **maximize returns** on investment, **minimize risk** and **contain operating costs**.

## **ADF’s Partnerships – Leveraging Resources and Linking Investors**

Because of our unique approach and high impact, we are able to leverage resources from the public and private sectors for grassroots development activities. In Botswana and Guinea, we have received almost \$1 million annually in co-funding, which has effectively doubled our impact in those countries. Based on this experience, we are currently negotiating long-term program partnerships in three other African countries. These partnerships include national and local governments, multi-lateral development institutions and private corporations.

In building vibrant businesses and enabling small producers to compete in the global market, we have demonstrated that small investments — wisely chosen and closely managed — can produce high rates of return. ADF is now linking foreign and domestic investors with African producers to attract sorely needed capital, technology and technical and managerial expertise. One such project includes the framing of a venture capital fund with several New York investment bankers to support grassroots trade and investment activities in Africa. ADF has been engaged in discussions with several New York investment banking firms about the feasibility of establishing a venture capital fund that would provide co-funding to small and medium-scale, emerging African enterprises.



## **ADF's Strategy**

We have developed a three-goal strategy to focus and concentrate our human and financial resources in order to enhance the impact and sustainability of our efforts.

- Goal I: Advance broad-based, sustainable development and the empowerment of poor communities and women in Africa.
- Goal II: Expand the use of participatory development methodologies.
- Goal III: Enhance American assistance and strengthen U.S. relations with Africa.

This strategy reflects our mandate and unique role, builds on our rich experience in funding grassroots development activities, and takes into account our principal clients' major needs and our comparative advantage to help meet those needs. Under each of the three goals, we have defined strategic objectives (see Chart 1 on next page), with accompanying performance indicators and targets.

## **The Scope of This Report**

This Annual Performance Report provides an update of the impact ADF's efforts and investments are having on alleviating poverty and promoting broad-based, sustainable development and empowerment in Africa. It does not capture the full, rich history and accomplishments of all 1,400 diverse projects we have funded since inception. Rather, it captures and presents the achievements of all projects that were active during FY 2000; we measured progress against the performance indicators established in our Strategic Plan (1997-2002). Most of the active projects presented were initiated during the past three years and align with our current strategy. Many are still in the early phases or implementation but they are already having a tremendous impact on tens of thousands of Africans and their communities.

## Chart 1

### **ADF'S STRATEGIC GOALS AND OBJECTIVES**

#### **Goal I: Advance broad-based, sustainable development and the empowerment of poor communities and women in Africa**

- Objective 1: Promote micro and small enterprise development that will generate income and employment
- Objective 2: Improve community-based natural resource management for sustainable rural development
- Objective 3: Expand participation of African grassroots enterprises and producer groups in trade and investment relationships with the U.S. and within Africa
- Objective 4: Promote community-based HIV/AIDS interventions

#### **Goal II: Expand use of participatory development policies and practices**

- Objective 1: Develop, evaluate and disseminate participatory development methodologies and interventions
- Objective 2: Encourage African governments and other donors to increase utilization of participatory development "best practices"

#### **Goal III: Enhance American assistance and strengthen U.S. relations with Africa**

- Objective 1: Expand U.S. funding for participatory grassroots development
- Objective 2: Improve program and policy coordination with U.S. foreign assistance and foreign policy agencies
- Objective 3: Leverage resources for grassroots development through strategic partnerships

## **Goal I: Advancing Broad-based, Sustainable Development and Empowerment of Poor Communities and Women**

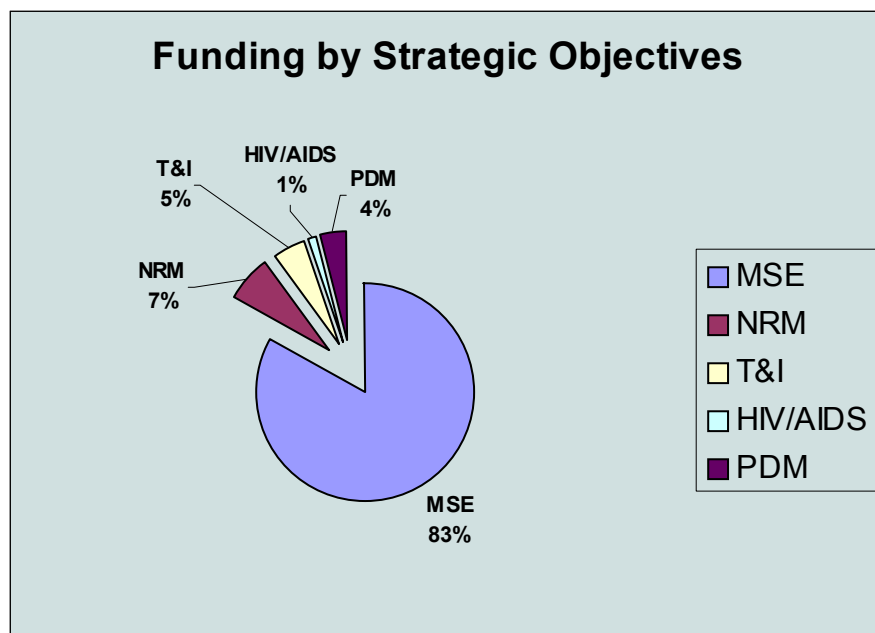
This goal is the essence of ADF. Despite recent, impressive economic growth and development, sub-Saharan Africa still lags behind all other regions of the world; poverty is pervasive. ADF funds projects that are designed to directly and significantly improve the livelihood of its members. We stress innovation and participatory development methodologies (PDM) to alleviate poverty. We stimulate large-scale growth by developing models that can be replicated by African governments, bilateral and multilateral donors, and private voluntary organizations.

### **ADF's Current Portfolio**

In FY 2000, ADF had 236 active projects, most of which were designed and funded during the last three years since the corporate strategic plan came into effect. Chart 2 and Table 1 on the following page show how the projects contribute to our strategic objectives. Please note the following regarding our portfolio's composition:

- Our assistance is highly concentrated in promoting micro and small enterprise (MSE) development. The strongest concern of our client groups is to engage in productive activities that generate sustainable income and employment. This is the key to improving nutrition, health, education and empowerment.
- We are supporting some exciting new initiatives to link small manufacturers and agricultural producers with global trade and investment (T&I).
- Because AIDS is now one of the most significant constraint to sustainable development in many African countries, and because we work directly at the grassroots level where conventional prevention programs have had little impact to date, we are launching a new program to support and promote community-based HIV/AIDS interventions.
- There is a high degree of synergy within our strategy, with most projects advancing more than one objective. The synergy is particularly strong between ADF's support to MSE development and natural resource management (NRM).

**Chart 2**  
**Proportion of Projects Contributing to Corporate Strategic Priorities<sup>1</sup>**



**Table 1**  
**Number of Active Projects, by Country, Contributing to Strategic Objectives<sup>2</sup>**

Country	Number of Active Projects	S.O.1.1 MSE	S.O. 1.2 NRM	S.O. 1.3 T&I	S.O. 1.4 HIV/AIDS	S.O.s 2.1&2.2
Benin	33	33				
Botswana	14	13	3			1
Cape Verde	10	10				
Ghana	16	15			1	
Guinea	13	8			1	4
Lesotho	4	4				
Mali	22	16	4		5	2
Namibia	14	14				
Niger	11	11	9			
Senegal	19	19	2			
Tanzania	21	19	10		3	1
Uganda	27	20	12	3	10	1
Zimbabwe	30	28	16	9		1
Regional	2	2	2			
Total	236	212	58	12	20	10

<sup>1</sup> In Chart 2, a project is allocated to only one strategic objective matching the project's *primary* purpose.

<sup>2</sup> In Chart 3, the total of projects allocated to strategic objectives exceeds the 236 active because some projects contribute to more than one strategic objective and thus are "double counted."

## Summary of 2000 Performance

ADF made impressive strides in implementing our strategy, and significantly exceeded our performance targets in virtually every area (see Table 2, below). In fact, results far surpass those of last year, as some of the early capacity building that we did with nascent institutions is now paying big dividends. During 2000:

- ADF's support helped establish almost 13,800 micro and small enterprises and create more than 26,000 new full-time, part-time and seasonal jobs as credit and business advisory services were greatly expanded to under-serviced poor communities. .
- At least 115 communities and producer groups have adopted one or more new techniques to improve natural resource management and protect fragile ecologies.
- ADF demonstrated that poor, small-scale farmers of paprika in Zimbabwe and of vanilla in Uganda could produce high-value cash crops and enter the global economy, when provided access to technology and support services. These innovative programs created more than 5,400 higher paying jobs in 2000, and more than 12,600 to date.
- The Foundation is laying the groundwork for its newest initiative in promoting community-based HIV/AIDS interventions as the first few projects have begun awareness campaigns and prevention training.

**Table 2: Goal I Aggregate Performance of All Projects Active in FY 2000**

Performance Indicator	1999 Actual Results	2000 Projected Target	2000 Actual Results
<b>Promote micro and small enterprise (MSE) development</b>			
-- jobs created (full-time, part-time and seasonal)	15,655	2,100	26,097
-- new MSEs established	5,863	1,600	13,772
-- loans disbursed to MSEs	18,910	4,200	23,608
-- new micro-credit outlets established	49	10	87
-- new loan products provided	19	Not defined	61
-- entrepreneurs trained	23,636	1,100	15,718
<b>Improve community-based natural resource management</b>			
-- communities adopting at least one improved NRM practice	51	4	115
-- community NRM plans formulated	60	7	103
-- people trained in improved NRM practices	18	Not defined	5,870
<b>Increase grassroots enterprises and producers in trade and investment</b>			
-- non-traditional export products identified and developed	2	3	3
-- innovative production and trade partnerships established	Not reported	2	2
-- new groups of women and marginalized groups are enabled to enter trade and investment activities	Not reported	2	4
-- jobs created (full-time, part-time and seasonal)	Not reported	Not defined	5,416
<b>Promote community-based HIV/AIDS interventions</b>			
-- people trained in HIV/AIDS prevention	Not applicable	Not defined	962

Our results in FY 2000 greatly exceeded our targets. There are a number of reasons for this.

- Lack of quantified performance trends to inform target setting: We began implementing our current strategy in 1998. The Foundation had never previously tried to aggregate results, and our initial set of quantified performance data was only collected in late 1999 for the first Annual Performance Report (APR) required under GPRA. However, the targets against which we are reporting in this second APR were set in late 1998, as part of the FY 2000 budget cycle. Thus, we had no performance trends to inform the targets set up to this point and, consequently, set modest goals which have been far exceeded because of programming reasons explained below.
- Strategic and funding shifts: Under our new strategy, we decided to partner more often with indigenous intermediary organizations (IOs) to provide credit and business advisory services to MSEs. (About 45 percent of our current projects are implemented in partnership with indigenous IOs). This approach reaches more under-served enterprises and increases our impact in enterprise creation/expansion and employment generation.
- Quick take-off: The indigenous IOs that we funded during the last three years have been able to extend more micro-loans and provide training more rapidly than expected, resulting in more jobs and enterprises being created in a short period of time.
- Responsive programming: Because we respond to requests for assistance, we cannot easily predict future results. Unlike other agencies, we do not design activities ourselves to drive achieving a set target; projects are proposed and designed by community groups themselves. Although we had surveyed clients to identify priority need areas and formulate our strategic objectives, we didn't know the extent of the demand for such assistance. Because of ADF's mandate and methodology, this will continue to pose a challenge as we set future performance targets.

### **Resources and Processes**

We advance this goal of promoting broad-based, sustainable development and empowerment of poor communities and women through our grants program, which provides up to \$250,000 to support African-driven initiatives. Our African field staffs are critical resources as they work closely with grantees in conceptualizing, designing, implementing and evaluating projects. We also provide local experts to help strengthen the management and technical capacity of funded groups and ensure their organizational and financial sustainability.

### **Verification and Validation**

We have expanded our program performance monitoring and assessment system to verify and validate the impact of assistance. The system is described in detail in the last section of the report (see page 34). For this report, the primary sources of performance information include Grantee Progress Reports that are submitted to ADF every four months (see Annex for example) and monitoring site visits by our Country Liaison Office staff. We also draw performance assessment information from grantees involved in participatory evaluations. During 2001, we will undertake some special studies and impact evaluations.

The broad impact – economically, socially and environmentally – that an ADF-funded project can have on participants and their community is told in the story of Sambe Integrated Development Project in Senegal.

### **66 Poor Farmers, Depleted Soils and Only Three Months of Rain**

The subsistence farmers of Sambe Village in Senegal faced several daunting challenges: severely degraded soil, non-diversified agriculture (millet and peanuts), a nine-month dry season and almost no cash incomes. With support from local authorities, the 66 farmers of the Sambe Producers' Economic Interest Group approached ADF in 1994 and asked for our help to address the economic and environmental difficulties confronting their region. They had specific goals to reach, plans to accomplish them, and a willingness to work hard. The group organized into 10 task-related commissions and balanced "income generating" work with volunteer chores, such as feeding livestock, weighing grain and watering trees. They attended classes on regenerative agriculture, crop and livestock production and tree nursery management. They improved their literacy skills and learned financial management and accounting systems. They reinvested earnings to increase capacity and diversify their industries.

Five years later, Sambe members' incomes have tripled, their children go to school, they have year-round cash crops and their expanded cattle herds are healthy. The project's activities have generated more than US\$500,000 and they have set aside US\$24,000 for equipment replacement and US\$30,000 for working capital. The village has benefited, too. The project has directly and indirectly created more than 100 jobs. Residents can now get drinking water at the project site rather than walking 3+ kilometers every day. Women's physical labor has been reduced with access to grain grinders and a huller. The community store provides access to staple goods for more than 20 surrounding villages, and customers can buy merchandise on credit, if guaranteed by a project member. A savings and loan system has also been established.

Read what others say about Sambe's success.

"I was there at the very beginning of the project, and I am measuring the impact of the project in terms of the rehabilitation of the environment. The thousands of trees that have been planted have created a microclimate allowing flowers to grow even in one of the hottest regions of the country. The area used to have only depleted soils. Today, there is organic matter and rich soil for agriculture. I am overwhelmed by the technical success of the project, particularly in a natural environment which was as badly degraded as this one."

Mbagnick Sene

Trainer during early phases of the project

"I no longer wake up at three in the morning to fetch water. Hulling and grinding millet now takes only 30 minutes, maximum, compared with one-to-two hours before. The project has truly contributed to improving our lives."

Mrs. Diouma Faye, village resident

## Objective 1: Promoting Micro and Small Enterprise Development

Because MSEs can serve as dynamic sources of sorely needed income and job creation, this objective forms the core of our efforts to alleviate poverty and advance broad-based sustainable development and empowerment in Africa. Fostering new economic opportunities for the empowerment of women and youth is an explicit focus of our support for enterprise development. We are pursuing a two-pronged strategy for MSE development:

- Traditional approach – Provide direct support to enterprises, cooperatives, producer groups, and other local organizations to strengthen production and marketing.
- New emphasis – Strengthen micro-finance institutions (MFIs) to increase access to credit and improve and expand the delivery of business support services through IOs.

We have intentionally expanded our partnerships with IOs. Prior to 1998, we directed only about 10 percent of our MSE funding to IOs. Currently, about half of our MSE funding is channeled through IOs to extend micro-credit and business advisory services and training. With this emphasis, we have been careful to select only organizations that share our philosophy and practices. Selection criteria include the IO having a track record of working with grassroots communities, targeting the under-served in their clientele, fostering participatory development and group ownership, and having African management.

### Progress to Date

We greatly exceeded all MSE performance targets we established two years ago. As noted earlier, these impressive results reflect a large, unmet demand for the type of assistance we provide. Also, indigenous intermediary organizations (IOs) have been able to take off more quickly than anticipated; thus, micro-credit and training have been provided more quickly than planned, resulting in many jobs and enterprises being created in a short period of time.

**Table 3: S.O. 1.1 Summary Performance Results**

Performance Indicator	2000 Performance	
	Projected	Actual
Jobs created (full-time, part-time and seasonal)	2,100	26,097
New MSEs established	1,600	13,772
Micro-loans disbursed	4,200	23,608
New credit facilities established	10	87
New loan products extended	Not defined	61
Entrepreneurs trained	1,100	15,718



The results are quite remarkable.

- The Foundation's approach is clearly cost effective. These significant results were achieved for less than the cost of a single project that a typical, large development agency would design and fund. Moreover, using ADF's FY 2000 appropriation of \$14.4 million as a proxy for the annual cost of our operations<sup>3</sup>, it cost less than \$500 to create a job.<sup>4</sup>
- These are only a fraction of the results that can be expected. We are careful to ensure that the MFIs and business advisory services we support are sustainable. Our capacity building and capitalization of IOs will continue to reap benefits in the years ahead in new businesses, strengthened enterprises and increased income and employment. We anticipate the results will show exponential growth, as early indications show a steep increase from 1999 to 2000.
- We are addressing a critical institutional void. Larger donor agencies working in this sector lament the dearth of viable intermediary organizations to extend credit and provide training and technical assistance to micro-entrepreneurs. We partner with nascent but promising organizations and strengthen their capacity to establish a track record and subsequently absorb larger assistance amounts.

#### Generating Viable Jobs and Significant Income for the Poor

ADF's assistance is tapping into the entrepreneurial spirit of the African people to create new jobs and increase income, to alleviate poverty, generate broad-based economic growth, and empower the poor.

Throughout our country portfolios, we have examples of the impact ADF's direct support can have to enterprises, cooperatives, producer groups and other community-based organizations (CBOs). For example:

- In Benin, the ASAT Waste Removal and Treatment Project has enabled 33 young people to establish an urban waste collection and recycling enterprise and increase their income by 50 percent in one year to \$400. Sixteen wood workers in the Fraternite Carpentry cooperative have more than doubled their annual incomes to \$535.
- In Zimbabwe, 29 members of the ranching and vegetable cooperative involved in the Sibantubanye Mixed Farming Project have increased their annual earnings 11 fold to \$610. The 31 members of the Bvuma Mixed Farming and Transport Cooperative have established viable jobs earning them on average \$620 per year.
- In Tanzania, the 35 fishermen of the Songambe Cooperative have quintupled their annual income to \$450.

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<sup>3</sup> This proxy figure is liberal given that FY 2000 was the highest appropriated level since FY 1995 and it includes funding for all strategic objectives, as well as all overhead costs.

<sup>4</sup> The cost per job is based on the total employment generated through micro and small enterprise development efforts under this strategic objective as well as the trade and investment activities under strategic objective 1.3.

Many of the businesses created through our support have not only provided job security and increased income for the founding members, they have become employers, trainers, suppliers and major businesses in their communities. The story of the APROMAH Technology Transfer Project in Benin is one such exciting example.

### **Formula for Success: Quality Product + Market Niche + Excellent Service**

Losing their jobs may have been the best thing that happened to the 10 founding members of the Association for the Promotion of Agricultural and Water Supply Equipment (APROMAH). These 10 craftspeople and technicians (nine men and one woman) recognized that imported machinery was expensive, didn't tolerate the climate, wasn't designed for the way in which it was being used, and was costly, time-consuming or impossible to repair. This meant lower profits, unnecessary manual labor, extended production, and continued poverty for the small agricultural and food-processing businesses in Benin and West Africa.

In response, they joined forces to design, manufacture, market and service agricultural, food processing and water supply equipment that meets clients' needs and withstands the climate.

Our 1996 grant of US\$211,000 supplemented members' investment of US\$42,000 and allowed them to construct and equip a modern production workshop, obtain technical, financial and business-management training, take a site visit to a similar ADF-funded project in Senegal, and utilize working capital to operate at full-capacity for six months. Their results are impressive.

- APROMAH now has 17 full-time employees and 40 contract workers with annual revenues exceeding US\$28,500. Their annual profit margin ranges between 20 and 25%.
- Annual income for members increased from US\$240 in 1995 to US\$600 in 2000.
- Over 60 jobs are directly supported by APROMAH's repair service and another 60+ mechanics benefit from sub-contractor relationships.
- Five trained apprentices have set up their own successful businesses.
- More than 20 *new* enterprises have been established employing 300+ women to process locally grown tomatoes and produce fruit juices.
- Members invested an additional US\$3,000 to renovate a government-owned polytechnic carpentry workshop, which they now manage. It has seven employees and 13 contract workers with annual revenues of US\$17,000 and a 30% profit margin.
- They invest approximately 70% of revenues in the design and testing of prototypes. Among the 20 countries represented at the 2000 African Fair for Technological Innovation, APROMAH's peanut press won a gold medal and a cash prize.
- They are the manufacturer and service provider "of choice" for many government and private organizations in the region. Their equipment reliability is superior and their post-sale service (training, monitoring and maintenance) is second to none.
- APROMAH members are influencing national policy as they serve on a Government committee to identify, evaluate and disseminate appropriate technologies for Benin.

Not bad for 10 people who had lost their jobs!

## Expanding MSE Access to Credit and Business Support Services

A major constraint to micro and small enterprise development is access to credit. Poor people, and women in particular, are not able to borrow from conventional lending institutions. Experience has also shown that access to money alone does not guarantee business success. Fledgling entrepreneurs need non-financial business management skills along with access to financing if they are to thrive.

Almost all of our country programs support micro-lending activities and most also help improve and expand the provision of support services to MSEs. The groups with which we partner are typically fledgling organizations that have received little, if any, external assistance. Our capacity-building support enables them to strengthen and expand operations and establish a successful business history so they can subsequently attract assistance from the host government, other donors, or commercial funding.

Prior to 1997, we provided relatively little support for micro-credit and accompanying training. Today, we invest close to 40 percent of program resources to expand African entrepreneurs' access to these vital services. This shift reflects our commitment to maximize the number of underserved people that benefit from the projects we fund and demonstrates our ability to adjust programming to grasp changing opportunities.

We have always emphasized strengthening a grantee's management and technical capacity to maximize project success. We provide training in financial management and participatory evaluation to almost all of our grantees, and we carefully assess each group's capacity and encourage them to include training or technical assistance in their budget request.

By strengthening credit institutions and organizations to provide support services, ADF has fueled a remarkable expansion of micro-loans and training for micro and small enterprises. In 2000, ADF established 87 new credit outlets,<sup>5</sup> introduced 61 new loan products<sup>6</sup> for micro-entrepreneurs, extended more than 23,600 loans, and provided training to more than 13,500 entrepreneurs<sup>7</sup>. (See Table 4 on the following page for country-level results).

Most of the micro-credit projects we support have repayment rates of 95 percent or higher. We are helping to demonstrate that lending to the poor is sound banking business. As we work with these new partners, we teach participatory methodologies to influence the way they interact with grassroots groups.

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<sup>5</sup> A new credit outlet includes the creation of a lending institution per se, the addition of a micro-credit component to an existing organization where one did not formerly exist, or the opening of a new branch in an existing MFI.

<sup>6</sup> A new financial product is the creation of a loan mechanism within a lending institution that did not exist prior to the funding of the project. Examples include: a group-based lending program; a non-collateralized loan; step-up lending to provide access to second- or third-time loans; different sizes of loans; variable interest rates or repayment periods; or special repayment arrangements for financing the purchase of equipment.

<sup>7</sup> More than 2,000 additional entrepreneurs were trained through direct assistance to MSEs (see Table 5).

**Table 4**  
**Progress and Impact of Micro-credit and Training Activities *through IOs*, by Country**

Country	New credit outlets	New loan products	Loans Disbursed	First time borrowers		Entrepreneurs trained **		Jobs created ** (full-time and part-time)		MSEs established
	Total	Total	Total	Total	Women	Total	Women	Total	Women	Total
Benin	4	2	1,684	N/A	N/A	1,771	1,311	1,632	1,199	1,633
Botswana	1	3	2,340	345	345	642	632	597	597	132
Cape Verde	3	4	131	125	119	125	119	30	25	125
Ghana	5	6	4,143	1,928	1,860	1,239	895	2,113	1,468	2,410
Guinea*										
Lesotho*										
Mali	0	0	28	43	43	33	33	4	3	N/A
Namibia	4	7	210	210	197	45	45	N/A	N/A	69
Niger	3	2	694	119	119	694	694	2,082	2,082	694
Senegal	8	7	4,361	1,180	767	156	120	1,180	840	1,180
Tanzania	47	7	4,667	3,555	3,088	3,958	3,456	8,094	6,320	3,892
Uganda	7	13	2,999	2,152	1,469	3,610	2,492	2,001	1,307	2,290
Zimbabwe	3	5	718	390	317	648	608	1,032	666	390
Regional	2	5	1,633	1,126	808	600	450	957	687	957
Totals	87	61	23,608	11,173	9,132	13,521	10,855	19,722	15,194	13,772

\* Guinea has no micro-credit activities at this time; Lesotho has yet to report progress on its three activities.

\*\*The figures for entrepreneurs trained and jobs created are only for impact through intermediary organizations; additional training and job creation through direct funding of MSEs is found in chart 6 below.

**Table 5**  
**Progress and Impact of *Direct Assistance* to MSEs, by Country**

Country	Entrepreneurs trained	Full-time jobs created	Part-time or seasonal jobs created
Benin	124	57	8
Botswana	706	182	154
Cape Verde	31	28	49
Ghana	28	1	3
Guinea*	4	33	223
Lesotho*	22	15	12
Mali	340	16	5
Namibia	95	5	15
Niger	342	962	2,857
Senegal	130	14	10
Tanzania	0	218	351
Uganda	62	109	101
Zimbabwe	313	37	501
Regional	0	0	0
Totals	2,197	2,064	4,311

The Women Development Credit Scheme supported by ADF in Zimbabwe is a shining example of developing institutions that improve the lives of thousands of women.

### **New Meaning for the Word “Remarkable”**

The Zimbabwean economy has severely contracted during the past three years. In the face of 65 percent annual inflation, a sharply devalued currency, continuing shortages of imported goods and an 80 percent drop in tourism, medium and large-scale businesses are retrenching employees and scaling back production. Naturally, the informal sector has surged, recording a staggering one million active Zimbabweans. Women, who own more than 70 percent of the informal-sector enterprises, have been hard hit by their lack of access to credit.

In 1997, 15 Zimbabwean businesswomen, who faced a common problem of not being able to obtain commercial credit to expand their fledgling micro-enterprises, came together to set up a private money-lending group. They called themselves the Women Development Credit Scheme (WDCS). They recruited 85 additional members who each contributed share capital and opened a carry-out restaurant to generate lending capital. Executive Director Sylvia Nyakunengwa reflects on their beginning: “We prepared and sold meals and operated a canteen for office workers as a means of raising funds. But we had so little money that one member had to bring in her refrigerator from home to store the food we were preparing. No banks were willing to lend us any money. We were left entirely to survive with the few resources we could put together.” Nonetheless, they provided small loans to members on a rotating basis so that each member could, in turn, expand her own micro enterprise.

Determined to succeed, they began to seek funding for a micro-lending program and found our office in Harare. In September 1999, ADF approved a four-year grant of US\$185,000.

WDCS’ accomplishments during the first two years of the grant are remarkable.

- Membership has grown from 250 to 2,475 women.
- 500 members have attended a three-day training program that addresses credit management, operation of the WDCS, basic business training and member requirements.
- 250 loan recipients have written business plans outlining their strategies to increase sales and income.
- 316 loans were disbursed with a 97 percent repayment rate.
- Two branch offices were opened and staffed by 17 employees.
- 89 new enterprises were established and 439 new jobs were created.
- WDCS was registered as a formal savings and credit institution and is operating under the legal requirements of the Zimbabwe Savings and Credit Union Cooperative Act.

WDCS has always encouraged members to diversify their activities into production-oriented businesses. Today, 65 percent of WDCS members are engaged in non-traditional businesses, including growing mushrooms, fattening cattle, milling, beekeeping and construction.

The UNDP selected WDCS as one of three recipients for its Microstart assistance. Building on ADF’s grant, WDCS has been able to secure other funding. BBC featured WDCS to chronicle how micro-finance programs, if organized and managed well, can provide a significant catalyst to foster small business success. In three short years – remarkable!

## Unleashing the Entrepreneurial Spirit of African Women

Women are the primary focus of our micro and small enterprise development strategy. They are the backbone of Africa's rural and peri-urban economy but typically lack access to credit and the services enabling them to establish their own businesses. Their empowerment is critical to poverty alleviation and broad-based development because they are the keys to informal sector development, sustainable agriculture and food security, and the well-being of the family and children. Sixty-five percent of the participants in all ADF projects are women.

ADF's direct assistance to womens' cooperatives is helping unleash their entrepreneurial spirit, with significant economic benefits and empowerment.

- In Senegal, the 700 women in the Diourbel Fish Preservation and Marketing Project have increased their average per capita income 270 percent, while the 165 participants in the Dionewar Women's Seafood Processing Project have doubled their average annual earnings to \$485.
- In Tanzania, the 50 women participating in the Kabuku Mixed Farming and Oil Processing Project have diversified their agriculture and started an oil production business which has quadrupled their average annual incomes to \$330, while the 53 members of the Mashewa Women's Cooperative have tripled their earnings.
- In Botswana, the 20 women participating in the Basha Candle and Polish Manufacturing Project expanded their average income 50 percent in the first year, to almost \$1300 each annually. The Thusano Chobe Craft Project there has created viable employment for 142 women who produce and market handicrafts to tourists visiting Chobe National Park.
- In Niger, the Gayi Women's Microenterprise Support Project has created full-time employment for 237 women involved in peanut oil production and marketing.

We are also targeting micro-credit and business training services to women with outstanding results. During 2000:

- 12,500 women entrepreneurs received business training (80 percent of trainees).
- More than 9,000 women gained new access to credit services (82 percent of all first-time borrowers).

We estimate that this integrated package has generated more than 15,000 new jobs for women and enabled countless thousands to start or expand their own businesses. More than 6,300 jobs were created for Tanzanian women alone through the excellent micro-credit programs run by Presidential Trust Fund, Self Determination Trust Fund, Tanzania Micro-entrepreneurs Association, Youth Self Employment Foundation and several other smaller MFIs. More than 2,000 Ugandan women benefited from new jobs created through ADF-funded micro-credit activities last year.

ADF's support for the Women's Finance House in Botswana is also helping women to help other women to start new businesses, generate income and create new jobs.

### **There had to be a Better Way**

Frustrated by the continual challenges and obstacles that they watched other women experience in trying to access credit and manage businesses, a small band of working women from the banking system, government offices, parastatals and the private sector joined forces in 1989 to create the Women's Finance House - Botswana (WFHB). In their day-jobs, these women recognized that it was virtually impossible for a woman to start a business because she couldn't access any capital, and if she did manage to raise some money, she had few-to-no management skills. After successfully lobbying for exemption from some of the private-sector banking provisions of the Bank of Botswana, the WFHB opened for business, offering a range of savings and micro-lending services for women. By 1997, they had disbursed 254 loans totaling US\$70,000.

While evaluating their overall operations, board members realized that their loan repayment rates weren't as high as they should be. In response, they shifted their loan methodology from individuals to groups. To receive a WFHB loan, they required five women to form a group and determine their own rules and regulations, repayment schedules and penalties. Loans were given to the groups, who in turn appropriated funds to members, based on the group's assessment of each project's likelihood for success.

Their strategy worked. WFHB found that groups impose stringent accountability and review standards, often requiring character references for new members. WFHB also found that group members are committed to their mutual success. In addition to creating group savings accounts, many sponsor fundraising events to ensure their ability to repay the group's loan in the event a member defaults or is late with her payment. Once a group has successfully repaid seven loans, members are eligible for individual loans. This approach propelled WFHB's growth.

When WFHB asked us to help them expand their influence, we approved a US\$129,000 grant. Between June 1998 and September 2000, their loan portfolio increased from 254 groups (1270 women) to 692 groups (2508 women) with an average repayment rate of 97 percent.

Ms. Nteba Metshe has used her three WFHB loans to expand her tailoring business. The loans allowed her to buy fabric and make clothing to proactively market her service. Clients now include primary schools (uniforms) and church choirs. In addition to quadrupling her own income, she employs three other women who in turn are better able to provide for their children.

WFHB's board and staff are also becoming active ambassadors in the fight against HIV/AIDS. Concerted training is equipping them to address this epidemic and teach responsible behavior to their members. Clearly, this group has found a better way to change the economic and social landscape for thousands of women and their families.

## Leveling the Playing Field for Disadvantaged Groups

ADF's experience has shown that a little bit of assistance can have a significant and sustainable impact on groups that are typically excluded from economic activity in their communities. In several pilot programs, we are supporting micro-credit for persons with disabilities or for ex-convicts and their families. These projects are still in their infancy, but early results are promising. The Sinapi Aba Trust project shows the excellent work that can be done through faith-based organizations working to assist disadvantaged groups.

### **Mustard Seeds and Prisoners**

Life as an ex-convict was tough if you lived in Ghana. You were ineligible for employment in the public sector, you were restricted from all tribal leadership roles and you couldn't obtain credit, so establishing a successful enterprise was pretty much impossible. If you were married to or a child of an ex-con, your future was dismal as well.

When two faith-based organizations started working together, life for ex-convicts and their families began changing for the better. Sinapi Aba Trust (SAT) takes its name from the "mustard seed" parable in the Bible. Its philosophy is to provide small loans to entrepreneurs who will wisely use the loan to expand their business, increase revenues and employ others. Prison Fellowship (PF) seeks to rehabilitate convicts and facilitate their productive re-entry into society. Together, they make quite a team.

Because of PF's ongoing work inside prisons, they provide the character references that SAT requires before disbursing a loan. SAT then provides training on credit and small business management. They also visit loan recipients twice a month to monitor their progress, share managerial expertise and ensure timely repayments. PF comes alongside each recipient with a mentor. This tandem approach provides ex-convicts with much-needed economic, managerial and personal support. This same program is extended to family members of convicts who are still in prison with the understanding that the ex-convict will be integrated into the family and the business once they are released.

In 1997, PF provided SAT seed capital to test this lending model. Demand for small loans was high among ex-cons and their repayment rates were good. So, in late 1998, we approved a grant of US\$238,000 to increase the project's capital and to improve its capacity through training, equipment and hiring of additional staff.

Since 1998, the project has extended loans to more than 380 ex-convicts and their families with a 100 percent repayment rate. The loans have directly created 484 jobs. Among the initial participating ex-convicts, having a steady source of income and employment has reduced recidivism to almost zero.

Seth Boah is a great example of the project's success. He was indicted in 1987 and spent seven years in prison. In 1994, he joined his wife who was struggling to support their family of seven by trading in palm kernels. He learned of the SAT program and over the next several years borrowed and successfully repaid loans of US\$200, \$400, \$800 and \$1,200. He transitioned into palm oil extraction and now supplies palm oil to 450 customers and employs 40 women. He is a great "mustard seed" investment.



In Southern Africa, we provided critically needed financial and technical assistance to indigenous farmers and enterprises to help them more fairly compete with foreign-owned businesses established during those countries' apartheid eras.

- In Namibia, we funded a pilot program that demonstrated that indigenous smallholders can raise ostriches on a commercial basis more effectively than expatriate estate owners who currently control this lucrative export commodity.
- In Zimbabwe, we've shown that small farmers can produce high-quality paprika and enter the global economy, when provided access to technology and support services (described more extensively under the trade and investment section, page 25ff).

The Snow White Laundry Project is leading the way for indigenous business participation in the service sector in Zimbabwe. Its contribution is historic and will help make the future brighter for all Zimbabweans.

### **Washing Away the Past**

Ask Ben Takainga how he became chairman of the first black-owned and managed industrial laundry enterprise in Harare, Zimbabwe, and watch his eyes sparkle with pride. Mr. Takainga, the son of a tenant farmer, was expelled from middle school because he couldn't pay his fees. Eventually, he completed Form IV (11<sup>th</sup> grade) at the expense of his wife and children going hungry more days than he likes to remember. For three years he worked on day jobs earning less than \$4 per week to support his family and to help his younger siblings back on the farm.

In 1989, Mr. Takainga and 13 other school leavers formed a cooperative cleaning parks and hotels. Three years later, they decided to start an industrial laundry business, later named Snow White Laundry and Dry Cleaning. This was a bold move since the laundry and dry cleaning industry was the domain of long-established white businesses. They began operations with two second-hand household washing machines in a small room. The demand for their services grew, but inappropriate and unreliable machinery, and rudimentary management and technical skills stymied their expansion.

When the Cooperative applied to ADF for assistance in 1998, we recognized their potential and awarded a four-year grant of US\$123,000. The Cooperative has expanded its operation into a full-service industrial laundry business, constructed a plant on land it purchased, bought modern equipment, and acquired training in management and marketing.

Although Snow White is only two years into its four-year grant, it's making great progress toward its performance targets: it has eight institutional clients; monthly revenue is up 250 percent; 29 full-time jobs have been generated; and members' average monthly earnings are \$110. In late 2000, the Cooperative opened a second plant with profits generated under the ADF-funded project.

Reflecting on how his life has changed, Mr. Takainga said: "Things are wonderful for me and the others involved in the company. Now we can wear shoes, eat, send our children to school and still have money at the end of the month. Some are even sending their children to private school and pre-school. We have personal bank accounts. We have furniture for our homes. All 14 members are planning to build their own houses – an unimaginable idea a few years ago. Our social standing has changed. We can get into places of influence."

## Objective 2: Improving Community-based Natural Resource Management

A combination of population pressures, poor policies and practices, and pervasive poverty are destroying Africa's precious land and water resources. There is a critical need for community-based natural resource management interventions. We are concentrating our efforts in three areas:

- Building local capacity to plan and manage sustainable use of productive resources. We are accomplishing this by supporting innovative, community-based, community-led natural resource management activities in areas such as: traditional agricultural practices, land reclamation and soil fertility, water resource management, agroforestry and forest management, grazing and range management, and using alternative energy sources.
- Strengthening African's capacity to identify, test and evaluate new NRM technologies and practices.
- Supporting the design and implementation of community-led environmental education activities.

A key to ADF's success in this effort is supporting African-led, environmental research to identify *new solutions* and develop *models for replication* by African governments and donors of conservation and preservation of natural resources and biodiversity.

### Progress to Date

This was a new objective we established in 1997. Because this is an area in which it typically takes time to raise awareness and introduce new technologies and practices, we established modest goals. The performance targets have all been significantly exceeded.

**Table 6: S.O. 1.2 Summary Performance Results**

Performance Indicator	2000 performance	
	Projected	Actual
Communities adopting at least one improved NRM practice	4	115
Community NRM plans formulated	7	103
People trained in improved NRM practices	Not defined	5,870
Trees planted	Not defined	143,932

This initial success can be attributed to several factors. Even before this was defined as an ADF objective, we were concerned that projects we funded neither deplete nor damage the environment. Agricultural production projects that we've funded have often included tree planting and other efforts to protect against wind and soil erosion and to provide a source of fuelwood. Production projects are analyzed to ensure that the environment is not polluted by residue created during the production process. Second, local communities are increasingly aware of the fragility of their ecosystem and they see the visible damage. Poor communities

increasingly ask for help to improve NRM practices. Lastly, several NGOs with sound proposals were ready to run, facilitating a faster impact than we had anticipated.

Seven ADF country programs have ongoing projects that contribute to this objective. The array of activities in this sector that we fund is broad, including sustainable agricultural practices, reforestation, soil and water conservation, solid waste management and recycling, alternative energy development, and ecotourism. In 2000, our Uganda program showed the most significant NRM results. The Environmental Alert Project there is an excellent example of an integrated approach to economic development and NRM.

### **Collaboration, Conservation and Credit Convert Ghost Towns into Commercial Communities**

The Luwero Triangle War of the 1980s left this region of Uganda a vast ghost land of bush, bombed-out houses and shattered souls. Most of the work force, especially able-bodied men, were dead or had migrated to towns. Farms were destroyed or gone to waste. The few farmers that were trying to make a living were highly exploited by middlemen.

Fred Kafeero and Patrick Kivumbi, then students of Makerere University, recognized that area residents lacked the knowledge, skills and quality planting materials necessary to move beyond their grim reality. The two men established Environmental Alert (EA) in 1998 to improve farming productivity and increase family incomes through sustainable agricultural techniques. To obtain the additional expertise they required, EA approached two indigenous NGOs, VEDCO and Buso Foundation, and created a collaborative partnership called VEB Natural Resource and Poverty Reduction Program. In 1998, ADF gave EA a four-year grant of US\$228,000 to enable it to build a 30-acre demonstration farm, conduct research, and train local farmers in sustainable land management. ADF approved complementary grants to VEDCO and Buso Foundation also.

Jointly, the three groups teach residents about sustainable agriculture, water and soil conservation and micro credit. One thousand farmers, organized into 50 groups are targeted for training. Each group sends two representatives to an intensive five-day course, learning how to make organic (compost) fertilizer, prepare and apply mulch, use natural pesticides, integrate crops and animals, conserve water and soil to maximize yield, and plant trees to improve nutrition, family incomes and soil quality. These representatives then convert their own land into demonstration farms and teach the other members. In its first two years, more than 600 farmers (33 groups) have been trained through this “train the trainer” approach.

Samuel Kasolo and his wife used to earn US\$56 a month through their teaching and nursing careers and their village drug store. Once they obtained training and a loan, they quit their jobs, sold their drug store and bought a 3.5 acre farm where they raise zero-grazing cows and layer chickens, and grow passion fruit, coffee and bananas. They have successfully repaid loans of US\$70, \$170, \$350 and \$170. The couple now earns US\$330 a month.

Mrs. Constance Kakembo, 42, owns a demonstration farm. Initially, her neighbors were cynical, thinking that she was “wasting time and showing off by pretending to be modern.” Now that she’s harvesting big bunches of bananas, even in the dry season, her neighbors are eager to learn about water trenches, soil bands, mulch and natural pesticides. Her access to credit allows her to grow cassava and coffee, and raise cows, layer chickens, pigs, goats and fish. And Mrs. Kakembo proudly serves on the village council of this thriving community.

Performance results for the seven country programs with NRM activities are shown below.

**Table 7**  
**Progress in Improving Community-based NRM, by Country**

Country	Community NRM plans formulated		New technologies extended		People trained in improved NRM practices		Communities adopting at least one improved NRM practice		Trees planted	
	2000	To date	2000	To date	2000	To date	2000	To date	2000	To date
Regional	37	37	9	9	543	543	33	33	20,132	20,132
Namibia									30,000	34,800
Niger	21	22	17	26	276	592	12	13	5,850	44,619
Senegal	0	1	1	7	47	108	0	12	8,239	8,239
Tanzania	3	9	3	7	-	352	-	4	7,020	13,400
Uganda	24	53	24	33	3,043	3,366	69	116	47,487	126,126
Zimbabwe	18	27	13	30	1,961	6,944	1	18	25,204	50,408
Total	103	149	71	121	5,870	12,132	115	196	143,932	297,724

In an important regional initiative, we funded the West Africa Rural Foundation (WARF) to promote participatory environmental management in rural communities of Senegal and Guinea. The following story highlights their results after just two years of implementation.

### Breaking the Poverty Cycle

For decades, the residents of sub-Saharan Africa have lived in crisis resulting from the combined impacts of natural, economic, technical and organizational decay. Desertification is a serious by-product that results in poor-quality soil, plant and livestock, thus weakening the region's productivity and biodiversity. When this happens, family incomes decline and men often migrate toward cities or they create survival strategies that exploit their resources with no concern for future generations. WARF proposes a different response, called village lands management, and it's working.

Village lands management helps residents of a region to recognize their responsibility and authority to control their development. The approach pushes communities to look beyond their single village in analyzing development issues and promotes inter-village solidarity to manage shared resources. It requires that they have an adequate understanding of their situation, an appreciation for the stakes, the capacity to implement and sustain change, and a unified voice that can effectively interact with government and development organizations.

Village lands management begins with a participatory diagnosis completed by area leaders, technicians and researchers. The process identifies the resources, current situation, and capacity for change management of the various players. Findings are presented in "town hall" meetings and action plans are developed to build residents' capacity to manage their resources. Local organizations and committees are either created or strengthened to oversee the plans. With a shared commitment to participatory development, ADF is partnering with WARF on programs in Senegal and Guinea.

In Senegal, the Mboula Village Lands Management Program encompasses seven villages and several dozen hamlets. The two main communities are nomadic Peulh agro-pastoralists and sedentary Wolof farmers whose primary challenge is managing natural resources. The diagnosis phase revealed a

critical need to build local capacity to design and carry out development activities and to increase the participation of women and youth. Training priorities included functional literacy, health, credit and resource management. The approach has led to the mobilization of residents who are actively engaged in re-crafting their future and are vigilant about their oversight responsibilities on management committees.

After the first two years, our investment is showing impressive results.

- **Building personal capacity through training courses:** Functional literacy (385 people plus children who have no access to school), credit management (135 people), veterinary assistants (18 people), and community health workers (4 people).
- **Improving economic capacity through micro-credit loans:** 570 beneficiaries (62 percent women) from 37 groups have received loans, with 100 percent repayment.
- **Improving democracy for women and youth:** Four of eight management committee members are women, and 15 of the 40-member steering committee are women.
- **Strengthening natural resources:** Fifteen committees are trained to fight bush fires and have opened seven firebreaks covering a distance of 128 kilometers, and residents are replanting trees. Research trials on millet and other cereals are being conducted to find grains that are better suited to the area's short rainy season.
- **Enhancing organizational capacity:** The project has created 19 salaried positions, including four rural development workers and 15 literacy workers.

Further south, in Guinea, the village lands program encompasses 16 villages with a population of 1.6 million people. With an annual emigration rate of 10% and poor agricultural productivity, villagers are highly motivated to develop year-round agriculture, engage in reforestation activities and establish micro-credit systems. Jobs are being created for women and youth and other marginalized groups.

Village residents are actively embracing the approach. They have:

- Trained more than 2,200 people on topics such as crop growing techniques, reforestation, leadership, facilities management, monitoring and evaluation, and micro credit.
- Established a monitoring and evaluation committee in each of the 16 villages.
- Disbursed 1,059 loans.
- Directly created 387 jobs.
- Rehabilitated a local dam and begun cultivating the first seven hectares of 21 hectares targeted for development.

Although we are pleased by the numerical data shown above, the social changes taking place are even more powerful. Without social transformation, economic impacts are short lived.

- For the first time, women are able to purchase land for farming and housing.
- Thirty young people of the Fodoué Village have formed an association and are staying in their village doing agricultural work, rather than moving to a city.

Through training and economic empowerment, ADF is demonstrating that the poverty cycle can be broken in even the most fragile ecosystems.

### **Objective 3: Expanding Trade and Investment at the Grassroots**

African countries are committed to promoting the growth of private enterprises and increasing trade and international investment. Both serve as the foundations for economic growth and long-term sustainable development. However, to ensure sustainable development at the community level, the linkages must be strengthened between grassroots producers and small enterprises and the larger national and global economies.

We are initially focusing on two areas in our trade and investment initiative.

- Promoting non-traditional exports which poor farmers can grow and market.
- Enabling small manufacturers to expand production for export.

#### **Progress to Date**

This initiative is still early in implementation. Performance targets are appropriately modest.

**Table 8: S.O. 1.3 Summary Performance Results**

<b>Performance Indicator</b>	<b>2000 performance</b>	
	<b>Projected</b>	<b>Actual</b>
Non-traditional export products identified and developed	3	3
Innovative production and marketing partnerships established	2	2
New groups of women and marginalized groups are enabled to enter trade and investment activities	2	4
Jobs created (full-time, part-time and seasonal)	Not defined	5,416

These figures belie the remarkable accomplishments for smallholder production of paprika and vanilla. These innovative programs created more than 5,400 higher paying jobs last year, and more than 12,600 to date. More significantly, these projects have proven what we have long believed – that the most significant constraint to small farmers is lack of access to technology, credit and support services. With the right mix of assistance, farmers with small acreage can compete with high-quality products in the international market.

In Zimbabwe, we are providing a comprehensive package of assistance to help poor farmers grow and market paprika, a high-value cash commodity that had previously been grown almost exclusively by white estate farmers. The farmers participating in ADF's program receive, on a loan basis, hybrid seed, fertilizer and insecticide, along with hands-on technical training, to increase productivity and ensure quality. The farmers have also established a paprika growers' association to package, grade and market directly on to the international auction floor, thereby avoiding brokers and getting top dollar for their produce. Annual revenues already exceed our investment. For many of these poor farmers, who used to eek out a meager, subsistence living growing maize, beans and groundnuts, they have increased their incomes as much as tenfold. Naysayers warned that smallholders could not grow high quality paprika, but most of their production has been as good or better than that grown by estate farmers.

The Zana Paprika Growers is one of 12 groups funded by ADF as part of a pilot scheme to build a small-farmer paprika association in Zimbabwe.

### **The Spice of Life**

Anytime Mr. Douglas Mutare steps into the local bank in the Wedza District of Zimbabwe, he gets first-class service. That was not true two years ago when he and the ADF Liaison Officer went in to open an account for an ADF grant to the Zana Paprika Growers' Association. The bank official persisted in ignoring Mr. Mutare, the chairman of the Association, addressing only the ADF officer.

The attention Mr. Mutare now receives from the bank and his growing confidence in transacting business are but two ways his life and the lives of the other 124 farmers of the Zana Paprika Association have changed since 1998 - the year we awarded them a US\$49,000 five-year grant. The Association's annual revenue has increased from US\$2,570 in 1998 to US\$38,000 in 2000, and it now maintains a respectable bank account and invests in money market funds.

The impact of this increased income on members' lives is best captured in their own words: "We eat good food. Our children wear good clothes and shoes and can stay warm in the winter. Once we could not send our children to government school. Now they go to private boarding schools. We own solar units and televisions. We take care of our extended families. People respect us now. They look to us for decisions." Seventeen members have built new houses. Thirteen have fenced their land. Another member was seriously ill and incurred a US\$3,800 medical bill. It was only because of paprika income that he was able to get medical care.

Sixty-eight of the 125 Zana paprika farmers are women. This project is helping them to break age-old barriers and fully participate in economic and social life. These women are Association members in their own right and are individually paid a share of the revenues. Each member has a savings account. One woman commented: "It's a dream. At one time we women wouldn't even walk in front of a bank." A key aspect of our orientation was to establish that gender, marital status or other social factors have no bearing on the rights of project participants. Male and female members both said their increased income has improved family relations since the "husband and wife now make decisions together." Female members are increasingly taking on leadership roles in community organizations.

The Association's mantra is "Forward Ever Backward Never," and its members are making it their reality. The group has already purchased an irrigation motor pump, a tractor and farm implements and managed a ten-fold increase in sprayers, with plans to purchase a truck in 2002. Members intend to capture a significant share of the paprika market, much of which is currently controlled by large commercial farmers. There is every reason to believe they will. Last season, Association members had higher yields and better quality crops than the established commercial farmers and were able to demand the highest prices on the market.

The Association members believe that the management and production models and practices ADF introduced are key to their success.

- Members work in groups of 7-12 farmers, sharing equipment and monitoring each other's work. There is strong competition among groups, providing incentive to be as productive as possible.
- A group representative is trained on improved production techniques, crop management, project implementation and finance. This member in turn trains the rest of their group, ensuring that members are familiar with all aspects of the operation.

- Field visits allow members from each group to meet and compare their progress, share lessons learned and discuss common problems.
- The Association deposits revenues from crop sales into an interest-bearing account and disburses proceeds to members only twice per year, allowing interest to accumulate. The interest is used to cover administrative costs for the Association and residuals are reinvested for the group. There is a high degree of transparency and accountability in these transactions.

The paprika program is a novel approach to grassroots empowerment. It demonstrates that with small investments, development organizations can help transform poor farmers into major economic players in an export industry, generating foreign exchange and creating sustained jobs.

In Uganda, we have similarly demonstrated that smallholders can grow high quality vanilla for export. Their vanilla beans were better than those grown by established global producers in Madagascar and Indonesia. This is the story of the Mukono and Rwenzori Vanilla Projects in Uganda that are “growing like weeds.”

### **Where Vanilla Is Gold**

When your primary cash crop, coffee, is hit by wilt disease, and worldwide prices for your secondary crop, cocoa, are falling, you look around to see how else you might make a living. Determined, national farmers and the Ugandan Government sought ways of alleviating their poverty and diversifying export crops. Introduced by the British in colonial days, many Ugandans knew of vanilla farming as children on colonial farms, but were barred from growing it themselves. After independence in 1962, some farmers tried growing vanilla, but with limited access to quality vines and mother plants, their harvests were small. Middlemen, who bought vanilla from national farmers offered poor prices. During a visit to Canada in 1992, the late Samson Kisekka, then Vice President of Uganda, met importers who expressed interest in purchasing vanilla. With coordination, hard work and cash infusions, vanilla has become the ticket out of poverty for thousands of Ugandan farmers.

Unlike other cash crops grown in Uganda, vanilla farmers can add value to the product before exportation. Farmers are paid upon delivery of green vanilla beans to their association, and again after their association cures the beans and sells them for export.

In 1994, the Rwenzori Vanilla Growers Association in western Uganda approached ADF for assistance. Our first grant of US\$229,000 enabled each of the 150 members to plant half an acre of 500 vanilla plants and receive agronomy training. The Association installed solar power and a permanent water source, constructed drying racks and purchased a truck, two motorcycles and 10 bicycles. The grant also financed a crop-purchasing fund, allowing the Association to pay members cash upon delivery of their vanilla beans. During the first four years, members’ incomes grew from US\$43 to US\$214. The quality of the vanilla product quickly improved and there was significant demand from farmers in outlying areas to get in on the action. The soil was rich and they were eager to learn how to grow this high-value cash crop.

We approved a second grant of US\$92,000 in 1998 to finance a revolving fund, allowing 750 independent out-growers to receive in-kind loans to expand their vanilla production to a quarter acre. The first 250 loan recipients also received agronomy training and 250 vanilla vines and mother plants along with some small farm tools. By year-end 2000, the Association had:

- Registered 1,050 vanilla farmers working in outlying regions.



- Increased vanilla production from 820 kg of uncured beans in 1994 to 44,967 kg in 2000.
- Increased acreage committed to vanilla from 25 to 450 acres.
- Improved its annual gross revenues from US\$40,000 in 1998 to a projected US\$275,000 for the harvest gathered between December 2000 and March 2001.
- Increased members' income to US\$1,300 (four times higher than average income).

The project has had tremendous community impact. Farmers create more than 1,200 temporary jobs for six months each year during the two pollination periods. The Association has created an additional 50 jobs for people to sort, weigh, wash, boil, dry, grade and pack the cured beans. When the President of Uganda visited the project, he was so impressed with their work that he donated a 2-ton truck and instructed the Regional Road Engineer to maintain the roads between Bundibugyo and Kampala to ensure easy transport of the cured vanilla. The project has been replicated in six other regions of the country, directly impacting more than 600 members of other farmers' associations

The Mukono Vanilla Farmers Project learned about the Rwenzori Association's success. Formed in 1991, the original 25 members of the Mukono Vanilla Spices and Horticultural Cooperatives Society were involved in vanilla and spice growing, but felt disadvantaged in dealing with brokers who extended limited credit at high interest rates, and then purchased harvests at low prices. The Mukono members heard about our commitment to alleviating poverty by creating trade opportunities for farmer groups producing non-traditional high-value crops, and in 1998 we approved a grant of US\$134,500. Our grant was designed to alleviate grassroots poverty by building the Society's institutional capacity, establishing a modern vanilla curing facility, increasing the quantity and quality of exported cured vanilla, and eliminating the need for middlemen.

Our grant to the Mukono group established a crop-purchasing fund and a revolving fund that has extended in-kind loans to 150 of the 6,000 members. The selected out-growers received training, 500 vanilla vines and mother plants, tools and fertilizer. Ten farmers were selected from each of the 15 Mukono production zones, with preference given to women (especially widows) and youth, who support large families of orphans resulting from the HIV/AIDS pandemic. Their loans are recovered by deducting 33% of the proceeds of their vanilla bean sales over a 36-month period.

The Mukono Society is strategically maximizing operations in each of its 15 production zones. Zonal leaders are responsible for the purchase and distribution of vanilla vines and mother plants, tools, fertilizer, monitoring and follow-up training. More than 750 out-growers have joined the 6,000-member Society and acreage dedicated to vanilla has grown from 3,000 acres to 4,500. Seven community-based organizations, representing more than 900 farmers, have been trained by the Society and are now effectively farming vanilla.

In two short years, this rural-based, farmer-owned Society has broken into the international market and is selling its product over the Internet. In an October 2000 letter from Aust & Hachman Canada, Ltd., a vanilla buyer wrote: "I would like to congratulate you on much improved quality over the last shipment. If you can maintain this standard as your minimum, you can be assured that we will always be able to purchase your entire production."

Families benefit, too. For example, Mrs. Harriet Nabawanuka, 23 years old, earned only US\$60 a year as a primary school teacher. This year, she expects to harvest 1,600 kg of vanilla beans, earning more than US\$4,300. Mr. Erastus Bisaso used to harvest 250 kg per season on his 2.5 acre farm. Today, he harvests more than 1,000 kg per season and receives cash on delivery, rather than a promissory note of unknown value. Increased incomes mean permanent homes, children going to schools, eating well, owning good clothes, and young people staying in villages rather than migrating

to towns. All of this takes place because of the world's demand for the little brown vanilla bean and Ugandan farmers' ability to grow, harvest and cure it.

#### **Objective 4: Promoting Community-based HIV/AIDS Interventions**

Africa is being devastated by AIDS. With more than 25 million already infected with the HIV virus, and another African being infected every 25 seconds, this scourge threatens the economies and political stability of those countries hard hit and tears at the very fabric of society. Despite the hundreds of millions of dollars being poured into the continent to attack this problem, research is showing that the messages about HIV/AIDS are not getting down to level of the rural communities. With our direct, community-based approach, we have a unique opportunity to reach those most in need of education and services. Given our African-led, participatory approach, we also have the opportunity to foster truly African solutions to this complex socio-cultural-economic problem.

The Foundation is laying the groundwork for our newest initiative in promoting community-based HIV/AIDS interventions. We are integrating awareness campaigns and prevention training in almost all projects, including MSE development activities, and we are also initiating projects where that is the sole focus of ADF's support. During FY 2000, almost 1,000 participants in ADF-funded activities received HIV/AIDS prevention training.

During 2001, we will develop a sector strategy to guide new and expanded investment. We expect the projects already funded to begin to have a larger impact.

## **Goal II: Expanding the Use of Participatory Development Methodologies**

### **Strategic Rationale**

African governments and their international partners increasingly recognize that conventional ways of doing business have yielded too little for too few. New models for alleviating poverty and advancing broad-based, sustainable development must be found. The poor and their communities must have a real voice in the policies and programs that affect their lives.

ADF has built extensive experience and expertise in community-based, participatory development. Thus, we can influence how others do business and offer models for replication. In doing so, we will multiply our impact far beyond our own funding.

### **Resources and Processes**

In pursuing this goal, ideas and persuasion are more important than money. The basis for this goal is continued innovation and experimentation in programming, followed by rigorous evaluation to determine the most effective methodologies and approaches for dissemination. ADF's human resources are key for achieving this goal. We effectively mobilize the expertise of our Country Liaison Officers and ADF/Washington staff to promote innovative participatory development with African governments, private voluntary organizations (PVOs), and other development agencies.

### **Verification and Validation**

We base progress on the replication of our participatory development methodologies and the utilization of best practices that we've defined and presented to others.

### **Progress to Date**

To advance this goal, ADF has focused on two levels. First, we develop, document and disseminate effective participatory development models, applications, strategies, methods, concepts and tools that will enhance our own and the international community's participatory development programming processes. Second, we assist African governments and local development organizations to develop, coordinate and implement national participatory development and capacity-building strategies.

During 2000, we continued to distribute periodic e-mails to highlight some of the innovative developments that we've supported and to disseminate best practices, including papers on "Participatory Project Development and the Use of Technical Assistance" and "Accountability and Oversight" in ADF programming.

We have established two important partnerships with African governments to develop, coordinate and implement national participatory development and capacity-building strategies.

- In the mid 1990s, the Government of Botswana (GOB) concluded that many of its rural development investments had disappointing impacts due to weak capacity of local institutions or they were not maintained or sustained because communities had no sense of ownership. So, four years ago, ADF proposed to the GOB a partnership to help implement its National Rural Development Programme. Under a five-year agreement, the GOB is providing up to about \$500,000 annually, on a 50/50 cost-sharing basis, to strengthen the capacity of NGOs and CBOs to plan and undertake participatory grassroots development and to promote the growth of MSEs. ADF is wholly responsible for managing the program. The partnership program is currently being assessed by outside evaluators. Our Country Liaison Officer also serves as a member of the steering committee for the National Community-based Development Strategy.

This program is critical for a number of reasons. It demonstrates how we are able to partner with a country that has “graduated” from concessional assistance, but still has poor segments of the population and limited capacity to reach those groups. The Government of Botswana recognized our unique capacity and ability to effectively reach the grassroots and build local capacity through participatory development. This partnership enables us to leverage resources for grassroots development and provides an opportunity for us to influence national policy and programs.

- In Guinea, ADF participated in a pilot activity to test approaches for decentralized, community-driven, rural infrastructure development. We successfully demonstrated to the Government of Guinea (GOG) and the World Bank how participatory development methodologies could be utilized to develop local capacity and foster local ownership of the infrastructure investments. Our staff helped to conceptualize the overall framework for a twelve-year, multi-million dollar Village Support Program. Our experience from the pilot provided the structure for how the PVOs and NGOs now work with local communities to develop their capacity to plan, manage, and maintain rural health clinics, schools, secondary roads and other basic rural infrastructure. We are participating, on a 50/50 cost-sharing basis, in the World Bank-financed project and are responsible for all activities in one of four regions. A full write-up of this project is presented in the Annex.

ADF’s role in this project is a significant accomplishment. It enables us to leverage up to \$2 million for the next few years. Even more important, however, is the influence we have had on the World Bank, Africa’s largest source of development assistance. As the Bank seeks to foster participatory development, we were able to demonstrate what this means at a community level. The program is now being touted within the Bank as one of its most innovative. In fact, the World Bank has asked us to partner with them in Senegal and Niger to model participatory development approaches.

ADF has also had a strategic partnership with USAID/Guinea to undertake an innovative poverty alleviation program. A description of that program and its impact follows.

## **A Participatory Approach to Poverty Alleviation in Rural Guinea**

In September 1997, USAID/Guinea granted ADF \$500,000 under a Participating Agency Service Agreement (PASA) to undertake a participatory, community-based poverty alleviation project in rural regions of Guinea. We contributed \$750,000 to this two-year pilot program focused on two designated “pockets of poverty.” The two regions were extremely isolated and had received no discernable development assistance. Incomes were some of the lowest in the country, basic education and health services were almost non-existent and roads were impassable much of the year.

Although the Government of Guinea, World Bank and UNDP in 1994 identified 12 pockets of poverty, ADF was the first agency to undertake a program to try to redress their extreme problems. We used a “village cluster” approach to break down administrative barriers in the interest of broader collaboration and networking among villages, focusing on their comparative strengths and economic development potential. Adopting a decentralized, bottom-up participatory methodology, we helped the participants to assemble sustainable, self-governing local management committees that successfully identified and implemented critical infrastructures for their respective communities and tangibly improved the lives of tens of thousands of poor, rural Guineans.

Our unique approach was evident from the beginning. The program was locally driven from start to finish. To understand the socio-economic situation, we trained 10 former ADF grantees from the region to undertake surveys, rather than using outside “experts.” Fifty-six villages then identified and prioritized their most critical development needs. Extensive community discussions allowed residents to freely share their perceptions of poverty within the village and to share their desires for village development over the next one, two and 10 years. Following these discussions, the issues were further analyzed and prioritized in three workshops: one for adults and the elderly, another for women and a third for youth. Each group prioritized the major problems and proposed suitable solutions. A local facilitator who had attended ADF’s initial orientation session on animation techniques and procedures assisted each group. Two representatives from each group presented and defended the interests and priorities of their group at a cluster-level forum, where an integrated local development plan was formulated and agreed upon.

Over 20,000 people were involved in selecting and prioritizing their infrastructure needs. This participatory process helped create numerous local management structures, including two multi-village cluster networks formally established as NGOs with statutes and internal regulations, two Local Committees for Poverty Alleviation, 29 Village Committees for Poverty Alleviation, and various sub-committees for oversight of project activities. Within two years, they successfully completed four three-room primary schools, two three-room secondary schools, five health facilities, six small bridges, and 47 improved wells.

Once these structures were completed, participants then established health management committees, school parent associations, water points/wells management committees and road/bridge maintenance committees.

A key innovation in our approach was to build the community’s capacity to manage the *whole* competitive bidding process for construction of the priority infrastructures: (i) the preparation of the call for bids, (ii) the opening of the bids, (iii) the technical review and scoring and (iv) the final selection of the qualified contractors. Previously, tenders were only advertised and awarded through government departments in the capital city. As one contractor, Mr. Banafodé Camara, commented:

*“It was the first time, to the best of my knowledge, that a bid review committee was composed of representatives of communities and that the opening of bids was done in the village in the presence of the populations involved. We were usually awarded tenders through contact with*

*government departments in Conakry. ADF brought an innovation as to contract negotiating by directly involving the members of the beneficiary communities in the selection of those who would carry out the construction of various infrastructures. I believe this new method not only increased the trust and transparency between the members of the community and the contractors but also reassured and later, directly implicated the community in supervising procurement of building materials and the quality of work carried out. Additionally, rather than paying a government office for bid documents, the community was able to keep the revenue themselves...”.*

The project-funded infrastructures had an immediate and significant impact on the local population.

- The new health facilities and increased capacity of the village midwives provide community members with easy access to primary health care. During the first six months (April-September 2000) of operation at the health posts, 1532 medical consultations were made, 321 pregnant women received prenatal care and were vaccinated against tetanus, and 163 children were vaccinated against tuberculosis, poliomyelitis and whooping cough.
- The construction of improved wells has provided year-round, safe drinking water to over 10,000 people and has greatly improved the livelihoods of women. An older lady from Ley Fello village reported that their new well reduced by about 80% the time required for women to fetch water for their families. *“We used to walk 30 to 45 minutes every morning to go the nearest watershed, spend 25 minutes waiting in line and 10 minutes to get water. With ADF assistance, it takes us just 10 to 15 minutes to draw clean water from the improved well in the village near the households. Because of this reduction in time of finding water, we are now free to undertake income generating activities such as gardening, tie-dying and local soap making.”*
- The construction of small bridges has tremendously improved the living conditions of community members. For example, the residents of Diguila village were previously cut off from other villages during the rainy season because there was no bridge over the Seize River. They are now able to access markets to sell agricultural products and they benefit from vaccination campaigns.

The Government of Guinea has praised our innovation and impact. The Chief of Strategies and Sector Policy in the Ministry of Planning and Cooperation commented: *“ADF has brought an innovation in the implementation of participatory methodologies with the fully bottom-up approach involving all the community members in the identification, planning, execution and evaluation of their priority infrastructures.”* In its report entitled, Establishing a Poverty Map of the Republic of Guinea (March 1999), the Ministry concluded: *“The participatory methodology used by ADF made it possible to identify problems that are not identified through traditional approaches. An appropriate institutional framework comprising the different categories of the populations was established to implement the project.”*

The project has improved the lives of more than 10,000 rural Guineans in some of the poorest regions of the country. Moreover, it has had a powerful demonstration effect – showing the Government and other donors how local communities can be empowered to take control of their own development, with a significant and sustainable impact.

## **Goal III: Enhancing American Assistance and Strengthening U.S. Relations with Africa**

### **Strategic Rationale**

Africa faces the greatest development challenges of any region of the world. With the profound political, economic and social changes sweeping across the continent, the United States could play a pivotal role in Africa's development. Yet, American assistance to Africa has declined drastically in the last few years and is now at its lowest level since the early 1990s. Private investment and corporate involvement are still low relative to other regions. Most Americans know very little about most of Africa.

### **Resources and Processes**

This goal established some new advocacy and partnerships roles for ADF. It requires us to actively engage with other federal agencies, development institutions and the private sector based on our community-level understanding of the causes of poverty and our experience in building local capacity, promoting empowerment and generating sustainable growth. Our Board of Directors and senior leaders are critical resources in accomplishing this goal.

### **Verification and Validation**

We assess our progress based on the mobilization of public and private resources to redress the roots of poverty and promote broad-based sustainable development, especially in a participatory manner.

### **Progress to Date**

During 2000, we worked hard to expand U.S. public and private sector funding for participatory development in Africa.

- ADF has been engaged in discussions with several New York investment banking firms about the feasibility of establishing a venture capital fund that would provide co-funding to small and medium-scale, emerging African enterprises.
- We continued dialogue with numerous major corporations that offer promise of partnerships and funding.
- We sought to improve program and policy coordination through close collaboration with the Department of State and USAID's Africa Bureau management. We also participated on the Interagency Task Force on Nigeria, to determine assistance to be provided to this new, fragile democracy. We have forged a partnership with USAID's Office of Transition Initiatives in Nigeria.

We also sought to raise public awareness of our work and of the opportunities in Africa.

- We prepared a report for public distribution on ADF-funded activities for 1997-99.
- We continued our collaboration with the Constituency for Africa to promote our work and opportunities for U.S. trade and investment with Africa at their Town Hall Meetings.
- During the National Summit on Africa, we presented a seminar on our work and extensively distributed information about ADF.

## **Strengthening Internal Management**

During FY 2000, we continued our efforts to improve the efficiency and accountability of internal operations. Having worked hard over the past few years on program operations, our management focused attention on administrative and financial operations during 2000.

- We contracted with an outside accounting firm to review our entire financial operation to eliminate internal control weaknesses and improve financial statements.
- Based on the above, we developed a workplan to address each weakness and ensure the completeness and accuracy of our financial statements.
- We conducted a complete reconciliation with the Treasury Department, of all records for fiscal years 1995-2000, becoming one of the very few agencies to have *no differences* with Treasury and to be completely current in our accounting.
- ADF prepared a complete set of financial statements for 1999 and received a clean audit opinion on the balance sheet.
- We completed the reduction in space begun in 1999, significantly reducing rent costs.
- We expanded our grant database to include grantee's financial reports, thus allowing more timely analysis of grantee reports and improving our grant accounting.
- We updated and distributed written policies and procedures for the cycle of project identification, funding, monitoring and closeout.
- We improved our financial analysis of potential projects with new financial models that provide complete financial projections based on varying assumptions.



## Managing for Results - ADF's Monitoring and Evaluation System

When we began implementing our strategy and the individual country strategic plans in 1998, we also put into place an expanded program performance assessment system. Our monitoring and evaluation system is built on several key principles.

- At the corporate level, country program level, and individual project level, we utilize quantitative and qualitative performance indicators and performance targets to assess the effectiveness of our assistance.
- *All* ADF-funded projects must contribute toward advancing our corporate and country strategic objectives, and we systematically monitor, evaluate and report on each project's progress toward objectives.
- We rigorously assess our programs to identify innovations, best practices and lessons learned that can be extended to other projects and to other development partners.
- All monitoring and evaluation work is undertaken in a collaborative, participatory manner.

Our system of managing for results is framed from the top down, but results are generated and "fed" from the bottom up.

ADF's Strategic Plan frames what we do, and the Results Framework serves as the basis for monitoring and evaluating our effectiveness. Similarly, all country strategic plans have a results framework that includes, but is not limited to, the relevant corporate performance indicators. Project objectives must contribute to country objectives, and beginning in FY1998, each new project has defined performance indicators that incorporate, *inter alia*, those in the corporate and country plans.

In addition to the quantifiable indicators that we track, CLO staff collect and report on a wide range of qualitative indicators that paint a fuller, richer picture of the impact our assistance to empower grassroots groups and build African capacity.

ADF's expanded program performance assessment system has nine distinct but complementary components:

- Results frameworks for corporate and country strategies and individual projects.
- Comprehensive country program monitoring and assessment plans.
- ADF site visits.
- Grantee reporting.
- Participatory evaluations.
- Assessments of program impact (country-level).
- Annual Performance Report to the Congress (corporate-level).
- End-of-project assessments.
- Impact evaluations and special sectoral studies.

(See the chart on following page showing how these various elements fit together.)

**COMPONENTS OF THE PPA SYSTEM**

