AFRICAN DEVELOPMENT FOUNDATION

ANNUAL PERFORMANCE REPORT
TO THE CONGRESS

FISCAL YEAR 2002

March 2003

African Development Foundation
1400 Eye St., N.W. 10th Floor
Washington, DC 20005, USA

TABLE OF CONTENTS

Appendices

LIST OF TABLES AND FIGURES

TABLES:

FIGURES:

March 31, 2003

Mr. Mitchell Daniels, Jr.
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Daniels:

I am pleased to submit the African Development Foundation's (ADF) Annual Performance Report for Fiscal Year 2002. This report captures the diversity of ways ADF's sensible, small investments in Africa's poor serve the national interests of the United States and create economic opportunities for the most vulnerable.

FY 2002 was a significant year for ADF. It was the first full year of implementation of our innovative new business model, an important aspect of which focuses on assisting newly created African grassroots development agencies to use American approaches to management and provision of service. The model also emphasizes "investing for development impact".

The reliability of the data in our FY 2001 Annual Performance Report was tested by the Office of the Inspector General (OIG) as part of an audit of the Foundation. The OIG made no negative findings on the data presented. We have even greater confidence in the reliability of the FY 2002 data. This year we improved our assessment of program impact by refining definitions used, allowing for more exchange between those compiling the data and those analyzing it, and conducting a rigorous review of the data.

In FY 2002, ADF continued to improve the lives of everyday Africans struggling to break through the vicious cycle of poverty. The micro and small enterprises that received ADF grants were able to employ approximately 97,000 people, 58 percent of whom were women. Sixty-one percent of those benefiting from the $11.2 million in loans supported by ADF were women. The performance of our newest program initiative, promotion of trade and investment, clearly demonstrated that grassroots producers can become players in regional and international markets.

Our star project for the year was in the Trade and Investment program. Just one year after receiving a $250,000 ADF grant, Uganda Marine Products Ltd, fish processing facility, boosted its export sales from $1.4 million to $4.2 million. This increase in revenues enabled the company to increase worker wages by 72 percent.

ADF funding provided training in HIV/AIDS prevention for approximately 274,100 people. In FY 2002, ADF began a new pilot program of small grants for broader activities to reduce the spread of the pandemic and mitigate the economic and social effects of the disease for affected families.

ADF met or exceeded all FY 2002 targets, except one. We had operational partnerships with four African governments and major donors (rather than five) to increase utilization of participatory development methodologies instead. However, an agreement for a fifth strategic partnership was signed during the year with the Government of the Republic of Namibia. We are also developing new strategies for fostering additional strategic partnerships.

In addition, we achieved significant management results. We realized our goal of developing a financial management system capable of providing real time, accurate information on financial activity. We adopted more stringent procedures for financial and program oversight. We institutionalized new tools for assessing the viability of funding proposals the Foundation receives.

In FY 2001, ADF focused on planning and transitioning to a new way of conducting business. FY 2002 was a year of doing, of testing our innovations. The overall good performance in FY 2002 validates the efficacy of our new approach. We believe this new approach will enable the Foundation to boost its contribution to the United States' foreign assistance objectives and to improving the lives of the poor and disadvantaged in Africa.

Sincerely,

Nathaniel Fields
President

PURPOSE OF THIS REPORT

This report discusses the African Development Foundation's (ADF) performance during Fiscal Year 2002. It responds to the Government Performance and Results Act of 1993 (GPRA), as amended by the Reports Consolidation Act of 2000, which requires U.S. Government agencies, including independent agencies and Government corporations, to submit strategic plans, annual performance plans and annual program performance reports to the President, Congress, and OMB.

ABOUT THE AFRICAN DEVELOPMENT FOUNDATION

Congress established the African Development Foundation (ADF) in 1980 as a United States Government corporation dedicated to promoting development at the community level in Africa. ADF extends grants of $250,000 or less to private and other non-governmental African entities to:

- finance sustainable poverty alleviating initiatives that are conceived, designed, and implemented by Africans and aimed at enlarging opportunities for community development;
- stimulate and expand the participation of Africa's poor in the development of their countries; and
- build sustainable African institutions that foster development at the grassroots.

Table 1 summarizes the Foundation's strategic goals and objectives.

As the only program within the U.S. foreign aid system that extends assistance directly to the poor in Africa, ADF's serves U.S. interests in unique and compelling ways.

- By focusing at the community level, ADF taps into the most fertile segment of populations for cultivating innovative and replicable African-owned and African-led solutions to poverty that maximize the use of African resources.
- By providing funds directly to the intended beneficiaries for initiatives they have chosen, ADF's investments have high people-level impact; low risk of wastage through bureaucratic, administrative and other channels; and high sustainability and replicability.
- Through its direct relationship with a diversity of African people from various religious, ethnic, national, and other backgrounds, ADF promotes goodwill towards Americans and strengthens the bonds of friendship between Americans and Africans.

TABLE 1. ADF's Strategic Goals and Objectives

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

- **Objective 1:** Promote micro- and small-enterprise development that will generate income and employment
- **Objective 2:** Increase participation of African grassroots enterprises and producer groups in trade and investment relationships with the U.S. and within Africa
- **Objective 3:** Promote innovative community-based interventions to remediate the economic and social impact of HIV/AIDS and reduce its spread

Goal II: Expand local capacity to promote and support grassroots, participatory development

- **Objective 1:** Build self-supporting, sustainable, local community development agencies that provide technical assistance and support to grassroots groups
- **Objective 2:** Promote community resource mobilization and reinvestment
- **Objective 3:** Establish strategic partnerships with national and local governments, other donor agencies, and the local private sector, to support sustainable, grassroots development
- **Objective 4:** Encourage African governments and other donors to increase utilization of participatory development "best practices"

HIGHLIGHTS OF FY 2OO2 RESULTS

- Approximately 86,200 micro- and small enterprises benefited from ADF assistance, an increase of 103 percent over FY 2001. These enterprises benefited at least 96,900 owners and workers, 58 percent of whom were women.

- More than 65,300 small- and micro-enterprises received loans, a 34 percent increase over FY 2001. Over $11.243 million in loans were disbursed and approximately 61percent of the loans by value went to women.

- The cumulative gross revenues exceeded $53.440 million, an increase of 240 percent over the previous year. In FY 2002, the known net income of the assisted organizations and enterprises was $14.611 million; however, this is an underestimate due to incomplete information on the incomes of client enterprises assisted by microfinance institutions and other intermediary organizations.

- In FY 2002, ADF promoted production of 8 types of products in Trade and Investment projects: paprika (Zimbabwe); vanilla (Uganda); fresh fish (Uganda and Guinea), frozen fish (Uganda); silk (Uganda), fruit juices (Uganda), and ostrich meat and hides (Namibia). Ten additional types of products were exported through MSE projects – tubes for toothpaste (Zimbabwe) rock lobsters (Namibia), baskets (Ghana), Morula oil and soap for skin care (Botswana), cattle hides and skins (Uganda), ceramic products (Senegal), mushrooms (Uganda), hearing aids (Botswana) and butter (Tanzania). The total number of export products promoted was 19 in FY 2002. Active trade and investment projects that have received at least one disbursement of ADF funds were in operation in 3 countries: Namibia, Uganda, and Zimbabwe.

- ADF promoted production of export products that generated revenues of more than $7.594 million for ADF's grantees and the enterprises they assisted.

- Approximately 274,100 people received AIDS prevention training through two specialized projects or as a secondary component of other types of projects, an increase of 756 percent over the previous year. About 67 percent of the people receiving AIDS prevention training were women. Many were located in rural and peri-urban areas and likely would not have been reached by other programs, which are predominantly urban. ADF also began a new pilot program of small grants for AIDS prevention and mitigation of the economic and social impacts of the pandemic.

- ADF increased its emphasis on building the capacity of local development assistance organizations to promote sustainable, grassroots development in the 13 countries where the Foundation operates.

- In FY 2002, ADF leveraged $1.145 million in contributions, 46 percent more than the target for the year. These contributions included $0.391 million from the Government of Botswana (GOB), $0.270 million from the Government of Guinea/World Bank, $0.470 million from the Government of Jigawa State in Nigeria, and $0.014 million from the Government of Niger/World Bank. In addition, ADF and the Government of Namibia (GON) signed a memorandum of understanding that records the GON intention to make significant contributions to ADF's programs in that country.

ADF's GOALS: CREATING OPPORTUNITIES FOR AFRICA'S POOR

Goal 1: Advance Broad-Based, Sustainable Development And Empowerment Of The Poor In Africa

Objective 1: Promote micro and small enterprise development that will generate income and employment

Increasing the productivity and profitability of micro- and small-enterprises (MSEs) is critical for broad-based economic growth and poverty alleviation. These enterprises are important sources of income and employment. They are perhaps the most effective empowerment vehicles for the poor, particularly women and other disadvantaged groups. In times of economic distress, MSEs become even more vital as a safety net for producers and an affordable supply of consumer goods for the poor.

When jobs are lost in the formal private sector and government, the number of informal sector MSEs often increases because these highly flexible enterprises face low barriers to entry. In addition, MSEs are less susceptible to disruption when local currencies decline in value and imports become more costly than are larger, formal sector firms. The goods and services offered by MSEs typically have less imported content than those of their competitors and are usually more labor-intensive, but require less skilled labor.

Growth in micro- and small-enterprises increases income-earning opportunities for other small-scale producers since MSEs commonly have relatively strong backward and forward linkages in the domestic economy. The development of non-farm sources of cash income is an important element in increasing the economic well- being of people in rural areas and diversifying incomes against the common risks of agricultural production (such as bad weather, pests and diseases, and low market prices when harvests of perishable crops are good).

Common constraints MSEs in Africa face include inadequate fixed or working capital, lack of information on better production methods and marketing strategies, lack of access to improved technologies, weak business management capacity, low product quality, and dependence on low-value products. MSEs typically need both financing and non-financial business development services to increase their productivity, incomes, and employment.

An important part of ADF's mission is to help transform Africans' tremendous untapped entrepreneurial potential into fuel for economic and social development. To this end, ADF reaches out to underserved and disadvantaged segments of a population that face particular barriers to entry and participation in the commercial sector. These groups include the rural and urban poor, women, youths, disabled, ethnic minorities, and families affected by AIDS.

Strategies

Improving access to capital

In most African countries, especially in rural and peri-urban areas, micro-enterprises cannot obtain credit from banks because they cannot meet collateral requirements and may lack formal sector credit history. Access to credit is essential in ensuring long-term enterprise sustainability. There are three ways in which ADF helps enterprises gain access to capital:

- ***Direct capital infusions for individual enterprises.*** ADF provides enterprises with the fixed capital and working capital that they need to grow. Before ADF awards a grant, a sound business plan with financial projections must demonstrate that the enterprise has good prospects for being profitable and sustainable by the end of the grant period.

- ***Expanding microfinance (MF*).** ADF's support for microfinance institutions emphasizes capital for loan funds and other support to build their capacity to manage operations on a greater scale to reach more microenterprise clients.

- ***Opening up opportunities for commercial financing.*** ADF helps grantees gain access to commercial financing that they might otherwise not be able to obtain. For example, in FY 2002, ADF negotiated with a European manufacturer to provide credit for half the cost of cost of packaging equipment for the Uganda Jakana Juices Project, with the balance provided by ADF's grant. ADF also helped the Nobwe Silk Project in Uganda get a letter of credit from a US bank to import equipment from China.

Developing Organizational Capacity and Entrepreneurship

- ADF integrates training and technical assistance in financial management, bookkeeping, marketing, participatory development methods, and technical skills into the assistance it provides to entrepreneurs.

- ADF's assistance to organizations that provide intermediary services to client enterprises includes business planning and financial analysis, training and technical assistance, staffing, and implementation of management information systems.

- ADF's support for microfinance institutions is geared to helping these organizations attain operational sustainability. ADF's assistance includes the use of the Microfin model for financial analysis and funds for acquisition of computerized loan tracking software.

Objective 2. Increase participation of African grassroots enterprises and producer groups in trade and investment relationships with the United States and within Africa

The increasingly integrated global economy presents unprecedented opportunities for grassroots entrepreneurs and producers to increase their incomes through greater participation in the international economy. However, much of this potential for increased participation in exports by primary producers and small- and medium-enterprises in Africa remains untapped due to bottlenecks in organization, production, and marketing. In most African countries, the major exports consist of a small number of primary commodities with relatively little value-added processing.

The African Growth and Opportunity Act of 2000 (AGOA) specifically notes the important role of ADF in developing and implementing strategies for promoting participation of grassroots and informal sector groups such as non-governmental organizations, cooperatives, artisans, and traders in Africa in trade and investment activities. New trade opportunities under AGOA have helped to foster important economic reforms. All of the countries where ADF currently works have been designated as beneficiaries under AGOA, with the exception of Zimbabwe.

For increased trade to result in broad-based income and employment gains at the grassroots level, smallholder farmers and other producers need to be actively involved in further processing and higher-level marketing of products, either directly or through private firms, cooperatives, or producer associations. Small-scale producers often need assistance in increasing their volume or quality of production and in gaining access to value-added processing and more profitable marketing arrangements.

Strategies

ADF helps small-scale producers take advantage of these new opportunities for trade and investment (T&I) by:

- Promoting higher-value, non-traditional crops for small-scale farmers;
- Helping producers meet the quantity and quality specifications of export buyers;
- Increasing local processing to add value to primary products;
- Enabling small- and medium-sized processors and manufacturers to begin or expand export production;
- Creating new export marketing partnerships for regional or world trade; and
- Helping small-scale producers increase their effectiveness in advocating changes in government policies that impede their development.

As with micro- and small- enterprises, ADF's trade and investment strategy includes increasing access to capital and building effective entrepreneurial capacity. In addition, successful exporting often requires achieving a larger scale of output with low transaction costs for the foreign buyers. Management capacity, technical expertise, access to market information, and the ability to negotiate marketing and distribution arrangements are even more critical for exports due to the high degree of competition in most international markets.

For these reasons, ADF often works with producer associations and cooperatives that bulk up the production of small-scale producers and carry out joint marketing activities. In addition, by working in associations for their mutual benefit, ADF's clients can gain important advantages, such as easier access to production inputs, technical assistance, market and price information, and enhance their bargaining power in price negotiations.

Objective 3 Promote innovative community-based interventions to remediate the economic and social impact of HIV/AIDS and reduce its spread

The high incidence of HIV/AIDS in Sub-Saharan Africa is destabilizing the economic and social infrastructure across the region. In 2001, AIDS killed 2.2 million people in the region, over 73 percent of the worldwide total. Approximately 28.5 million people in Sub-Saharan Africa were living with the virus at the end of 2001 (over 71 percent of the global total). In that year, 3.5 million additional people in the region became newly infected with the virus. Approximately 11 million children in Africa have lost one or more parents to AIDS (nearly 78 percent of the global total). All but one of the 25 countries most affected by AIDS are in Sub-Saharan Africa and seven African countries have an HIV infection rate that exceeds 20 percent of the population.[1] In the countries where ADF currently operates, the HIV/AIDS incidence among men and women between the ages of 15 and 49 ranges from 1.4 percent in Niger to 35.8 percent in Botswana.

Many of the micro and small entrepreneurs and community-based groups that receive ADF's assistance live and work in environments that have been badly hurt by this pandemic. In addition to its tremendous toll on life, AIDS has had a devastating economic impact at the family, community, and national levels in Sub-Saharan Africa. It has destroyed traditional economic and social safety nets, orphaned children, rendered many families destitute, undermined increases in productivity and other social and economic gains, threatened the viability of development investments, and overburdened already strained government budgets. This disease threatens to wipe out a generation of people in their most productive years, erasing much of two decades of economic development gains. However, experience in Uganda and Senegal shows that prevention programs can be effective in reducing the infection rate. Mitigation efforts are vitally important in reducing the economic and social consequences of the pandemic.

Strategies

ADF's direct, community-based, participatory approach uniquely positions it to support HIV/AIDS education, information, and services for those most in need. In Fiscal Year 2002, ADF continued supporting AIDS prevention training activities in major stand-alone projects (up to the $250,000 maximum) and as a small component in many MSE and T&I projects.

In FY 2002, ADF's Board of Directors endorsed a new pilot program that expanded the range of activities that the Foundation will support in AIDS prevention and mitigation. The components of the pilot program are mitigating the economic effects of the disease on families; broadening prevention activities including social marketing of condoms and adaptation of AIDS education

[1]UNAIDS. 2002. Report on the Global HIV/AIDS Epidemic 2002. Barcelona: Joint United Nations Programme on HIV/AIDS.

materials for schools; voluntary counseling and testing; and medical and social services for people living with AIDS.

In the fourth quarter of FY 2002, ADF issued its first Program Announcement soliciting proposals for small grants for innovative approaches to AIDS prevention and mitigation. So that ADF can gain more experience before proceeding on a larger scale, the small grants have a maximum size of $75,000 and duration of two years. The Program Announcement was widely circulated in the countries where ADF operates. The Foundation funded an initial tranche of the HIV/AIDS small grants in late FY 2002.

GOAL 2: EXPAND LOCAL CAPACITY TO PROMOTE AND SUPPORT GRASSROOTS, PARTICIPATORY DEVELOPMENT

Objective 1 Build self-supporting, sustainable, local community development agencies that provide technical assistance and support to grassroots groups

In FY 2002, ADF adopted a new strategic objective of helping to develop the capacity of newly created non-governmental organizations (NGOs) dedicated to community development. Over the next five years, ADF expects that these NGOs will become premier community development agencies in Africa and develop a diversified funding base enabling them to become financially self-sustaining.

Strategies

ADF enters into cooperative agreements with an NGO in each country. The NGOs, referred to as "Partners", provide technical assistance and advice to ADF's applicants and project grantees. ADF consults routinely with the Partner on the services it provides, progress in building its organizational capacity, and improving its financial sustainability. This objective provides an effective means for ADF to transfer U.S. management expertise.

Objective 2 Promote community resource mobilization and reinvestment

Strategies

In FY 2002, ADF adopted a community reinvestment policy to mobilize local capital for grassroots development projects and foster a culture of social responsibility among commercial enterprises. Although ADF provides grants rather than loan assistance, ADF encourages MSE and T&I grantees to make a voluntary pledge to donate a specific amount of money to a legally recognized trust in their country. Most ADF Partner organizations have established trusts that are eligible to receive such donations. ADF refers to these donations as Community Reinvestment Grants (CRGs).

The CRGs broaden the benefits of ADF's investments in particular businesses. By demonstrating that the enterprises can make a financial donation comparable in size and terms to a loan while operating a viable and growing business, the CRG helps the enterprise establish a verifiable indicator of its creditworthiness to formal sector lending institutions. In addition, the CRG creates business goodwill and fosters the development of social responsibility in commercial enterprises.

Objective 3 Establish strategic partnerships with national and local governments, other donor agencies, and the private sector to support sustainable grassroots development

Strategies

Strategic partnerships with African governments, other donors, and the private sector leverage additional funds for ADF programs, demonstrate that the added value of ADF's work is recognized externally, and expand the influence of ADF's strategies and program approaches.

- ***Strategic partnerships with African governments and other donors.*** In these strategic partnerships, government or donors match ADF's contribution to an ADF project, usually on a 1 to 1 basis.

- ***Partnerships with the private sector in the U.S. and Africa.*** ADF consults with the private sector in the United States and Africa to identify investments that are mutually beneficial. ADF then helps develop market linkages between African producers and American importers, particularly in the Trade and Investment program.

Objective 4 Encourage African governments and other donors to increase utilization of participatory development "best practices"

Participatory development methods (PDM) actively involve all major stakeholders at each stage of a project from conceptualization through development, implementation, monitoring, and evaluation. In addition, participants develop and implement systems that ensure transparency and accountability in the use of resources and attainment of program objectives. As a result, PDM empowers stakeholders while fostering more effective programs. African governments are very interested in adopting new ways of fostering broad-based and sustainable economic development when the cost-effectiveness of these approaches has been demonstrated. However, there is often a gap between the desire and commitment of government agencies to implement new approaches and the organizational capabilities and resources needed to carry them out.

Strategies

- ***Application of PDM in ADF funded projects.*** ADF helps African governments and local development organizations develop, coordinate, and implement participatory development strategies. The strategic partnerships that ADF develops with African governments and other donors promote the use of participatory development methods in grassroots development activities. While participatory development methods are a common element throughout ADF's programs, they are the primary strategic objective in selected projects.

For example in Guinea, ADF successfully demonstrated to the Government of Guinea (GOG) and the World Bank that PDM can play a vital role in developing local capacity and fostering local ownership of infrastructure development. ADF is helping to replicate the Guinea experience in Niger.

- ***Development communications.*** ADF encourages use of participatory development methods and appropriate development strategies for under-served and disadvantaged populations through its learning and information dissemination activities. These include conferences, lectures, its website, and the distribution of ADF publications on participatory development.

ADF'S PROCESS FOR ASSESSMENT OF PROGRAM IMPACT (API)

ADF's annual assessment of program impact (API) uses a standardized set of performance indicators. The Foundation collects performance and results data each year for the projects that were active during the prior fiscal year.[1] However, for reasons of cost and logistics, ADF has not continued to collect performance data on projects after the period of active ADF involvement. Since occasional site visits indicate that most of the assisted projects continue to generate economic and social benefits long after ADF support ends, the actual long-term impact of the Foundation's programs is greater than the short-term and medium-term impact addressed by this report. Moreover, API data are not collected on new projects that have not yet received disbursements.

The collection of performance data on projects is costly and difficult due to the location and characteristics of the beneficiaries targeted by the Foundation. Because of ADF's mandate to reach underserved people, most of the grantees are located in rural or peri-urban areas. Many are in remote areas that are poorly served by transportation and communications infrastructure. In some countries, the grantees are dispersed over a large geographic area. Many of the targeted beneficiaries are illiterate, have low levels of literacy, or only speak local African languages.

The API data come from a variety of sources – grantee questionnaires, ADF staff or consultant interviews with the grantees, ADF staff and partner organization site visit reports, and a review of the grantees' progress and financial reports and other records. ADF program staff reviewed the API data and carried out site visits to verify the accuracy and completeness of the information for a sample of at least 25 percent of the projects in each country. ADF/Washington staff conducted a second review to ensure that the reported data conformed to the correct definitions of the current indicators and were internally consistent.

ADF modified its annual performance indicators for FY 2002, discontinuing those that 1) corresponded to an organizational strategic objective that was eliminated, 2) proved to be difficult to gather reliable data on or interpret, or 3) had not turned out to be very useful as a

[1] *Active projects* are grants that have had at least one disbursement and were still in the process of implementation for at least one day during the reporting year, either within the timeframe of the original grant or as extended by an amendment approved by ADF.

management tool. At the same time, ADF added some new indicators that are more valid measures of performance and impact.

ADF dropped natural resource management (NRM) from the organization's strategic objectives after it added a new strategic objective for building the capacity of non-governmental partner organizations, and expanded the scope of its strategic objective for AIDS prevention and mitigation.[1] Five enterprise development indicators were replaced with four new ones and one trade and investment indicator was replaced. ADF also clarified the definitions of all indicators and expanded the instructions for completing the process.

The Reports Consolidation Act of 2000 requires Federal agencies to assess the reliability and completeness of their performance data in the transmittal letter for their Annual Performance Report to Congress. It also requires agencies to identify actions planned to eliminate any material inadequacies. In FY 2001, ADF began a more intensive internal review process for the reported performance and results data. ADF's FY 2001 API data and process passed a review by the Office of the USAID Inspector General without any negative findings. This favorable review was obtained despite the usual difficulties of collecting data on the activities and incomes of the disadvantaged client groups ADF targets - - people with low income and education levels in Africa, particularly those working in rural areas or operating in the informal sector economy.

ADF believes that the FY 2002 API data are even more reliable at the portfolio and project levels than the FY 2001 data. The reasons for ADF's greater confidence in the FY 2002 data are the more specific instructions and definitions for data collection, feedback during the process, and a rigorous internal review. In FY 2002, all staff reporting data were asked to submit explanatory notes for each project along with their performance results numbers. These notes facilitate ADF/Washington's review of the numbers. Where there were unresolved questions about the accuracy of grantee reporting and estimation procedures, ADF adopted conservative lower-bound estimates or zeroed out the numbers entirely. In FY 2003, ADF will make further improvements in the process by clarifying the definitions and instructions further and integrating API data collection more closely into the quarterly progress and financial reporting of grantees. In addition, in FY 2002, ADF adopted the Logical Framework, a tool for project analysis, which will require project managers to monitor achievement toward annual and life-of-project performance targets.

PROGRAM PERFORMANCE AND RESULTS

ADF's Portfolio in FY 2002

ADF is a grant-making organization that responds to proposals, most of which are unsolicited, African-led initiatives. Since the Foundation funds the best of the submitted proposals without adhering to fixed allocations by country or type of project, the location of the projects and the mix of ADF strategic objectives that they address vary from year to year. In FY 2002, ADF had 183 active projects in 13 countries.

Table 2 shows the distribution of these projects by country and strategic objective. The countries with the largest number of active projects were Uganda, Zimbabwe, Benin, Senegal,

[1] ADF will continue to support enterprise development projects that have a natural resource management component.

Guinea, and Mali. The countries with the smallest number of active projects were Nigeria (the newest program), Ghana, and Cape Verde.

Table 3 compares total revised project budgets by country and strategic objective. Revised budgets reflect actual disbursements in U.S. dollars plus the undisbursed amount in local currency divided by the end of FY 2002 exchange rate. The countries with the largest share of total active project funding were Uganda, Zimbabwe, Senegal, Benin, and Tanzania. Nigeria, Cape Verde, and Botswana had the smallest active portfolios. In budget terms, MSE and microfinance projects constituted 83 percent of ADF's portfolio, trade and investment projects 10 percent, participatory development projects 6 percent, and AIDS prevention projects 1 percent.

MSE projects occupied a relatively large share of the portfolio in Benin, Mali, Senegal, Namibia, Botswana, and Niger. MSE was a relatively small share of the portfolio in Nigeria, Ghana, Uganda, and Zimbabwe. All but one of the Nigeria projects were for microfinance activities. ADF decided to concentrate initially in that sector in Nigeria since the country had missed out on the large wave of donor funding for microcredit. Microfinance also dominated the portfolio in Ghana and Tanzania.

ADF initially concentrated its trade and investment projects in just two countries – Zimbabwe and Uganda. Trade and Investment amounted to over 44 percent of the total for active project budgets in Zimbabwe. The bulk of the Zimbabwe T&I program is in production of paprika for export. The Uganda T&I program is a smaller part of the country portfolio. It began with vanilla production and processing, but the recent projects have been in diverse subsectors.

Use of participatory development methods is a major emphasis in Guinea and, to a lesser extent, in Botswana. ADF had one large active project that focused on AIDS prevention in Ghana and in Guinea.

Table 4 presents some characteristics of the country programs (average project budget, average percent of budgets disbursed and average percent of the project life that has elapsed). The country differences in the average revised budget size stem from differences in the rate of currency fluctuations as well as the initial size of the grants. The average project budget was relatively low in Zimbabwe ($90,050), where the local currency lost substantial value since the grants denominated in local currency were awarded, Cape Verde ($104,227) and Benin ($104,787). The average revised grant budget was relatively high in Tanzania ($181,000) and Uganda ($202,100). The Uganda program has several large trade and investment projects. Small grants are appropriate for pilot or planning activities, but large projects can be less costly to administer relative to the grant amount.

The average percent of project budgets disbursed and the average percent of project life elapsed do not reflect new projects that have not yet had any disbursements. As a result, these figures do not indicate whether country programs are facing a decline or increase in program activity over subsequent years. Nevertheless, these indicators can be useful at the project and country levels as a benchmark for comparisons against the percent achievement of targets.

TABLE 2. Number of Active Projects by Country and Primary Strategic Objective, FY 2002[1]

Country	Active Grants	Micro and Small Enterprise Development (Excluding Micro-Finance)	Micro-Finance	Trade and Invest-ment	Participatory Development Methods	AIDS Prevention and Mitigation
Benin	20	17	3	0	2	1
Botswana	13	9	2	0	0	0
Cape Verde	9	6	3	0	0	0
Ghana	9	2	6	0	0	0
Guinea[2]	13	6	0	0	5	1
Mali	13	12	1	0	0	0
Namibia	10	8	1	1	0	0
Niger	11	8	2	0	1	0
Nigeria	6	1	5	0	0	0
Senegal[3]	18	12	6	0	0	0
Tanzania	10	4	6	0	0	0
Uganda	26	9	12	5	0	0
Zimbabwe	26	9	4	13	0	0
Total	**183**	**103**	**51**	**19**	**8**	**2**

[1]Does not include new grants funded in late FY 2002 that did not have disbursements during the year.
[2]Excludes one Guinea project administered through the Senegal program.
[3]Includes the Guinea project administered through the Senegal program.

TABLE 3. Revised Budgets of Active Projects by Country and Primary Strategic Objective, FY 2002[1]

Country	Total Revised Budgets of Active Projects (USD)	Micro- and Small-Enterprise Development, Excluding Micro-Finance (Percent of Total)	Micro-Finance (Percent of Total)	Trade and Investment (Percent of Total)
Benin	$2,095,143	87.6%	12.4%	0%
Botswana	2,128,480	72.4	10.4	0
Cape Verde	938,046	63.6	36.4	0
Ghana	1,545,003	15.0	73.7	0
Guinea[2]	1,606,794	33.3	0	0
Mali	1,666,621	86.1	13.9	0
Namibia	1,256,761	80.0	4.0%	16.0
Niger	1,512,969	69.8	26.6	0
Nigeria	675,239	2.7	97.3	0
Senegal[3]	2,003,334	74.0	26.0	0
Tanzania	1,809,506	40.6	59.4	0
Uganda	5,254,335	39.0	39.4	21.7
Zimbabwe	2,341,313	33.0	16.0	51.0
Total	$24,833,544.	53.5%	29.6%	10.2%

[1]Does not include in new grants funded in late FY 2002 that did not have disbursements during the year.
[2]Excludes one Guinea project administered through the Senegal program.
[3]Includes the Guinea project administered through the Senegal program.

TABLE 3 (Continued).

Country	Participatory Development Methods (Percent of Total)	AIDS Prevention (Percent of Total)
Benin	0%	0%
Botswana[2]	17.2	0
Cape Verde	0	0
Ghana	0	11.3
Guinea[3]	60.5	6.2
Mali	0	0
Namibia	0	0
Niger	3.5	0
Nigeria	0	0
Senegal[4]	0	0
Tanzania	0	0
Uganda	0	0
Zimbabwe	0	0
Total	5.6 %	1.1%

Figure 1 shows the project budgets of the active projects by primary strategic objective. Figure 2 compares the country proportions of ADF's portfolio, based on the revised budgets of active projects in FY 2002. Both figures include both appropriated funds and leveraged co-funding.

Trends in Program Performance and Results

Table 5 compares the characteristics of ADF's project portfolio during the 3 years. In FY 2002, the number of active projects declined by 14 percent from the previous year, but the total budget of these projects increased by nearly 4 percent, an indication that the average project size has increased. The total amount disbursed in the active projects rose by 14 percent, indicating that the average project was farther along in implementation this year. That is one of the reasons why the total program impact was greater in FY 2002 than the previous year.

The proportion of the total program budget for micro-and small- enterprise development fell over the three-year period (after taking into account the reclassification of natural resource management projects that have enterprise development components as MSE projects). The reason for the decrease in the MSE share of the program budget was the increase in the budget for trade and investment projects. The proportion of the budget for projects that focus on use of participatory development methods projects increased over in FY 2002, returning to the FY 2000 share. The proportion of the program budget for AIDS prevention projects was the same in all three years.

Table 6 compares performance and results for the Foundation's portfolio of active projects in FY 2000, FY 2001, and FY 2002. The gender-disaggregated results for key indicators are based on actual data on the number of women benefiting. Some projects were not able to report separate subtotals for men and women. In those cases, all of the beneficiaries were assumed to be men. As a result, the reported numbers for women's participation are a lower-bound estimate of the gender-disaggregated impact of ADF's programs. The actual numbers for women's participation are likely to be substantially higher.

In FY 2002, the number of enterprises assisted by active projects increased by 83 percent over FY 2001, which, in turn, was 140 percent higher than in FY 2000. Part of this increase is due to better counting of all of the client enterprises assisted by organizations that received ADF grants. However, the majority of this increase is due to a greater emphasis on funding Intermediary Organizations and Community-Based Organizations that provide intermediary services and a reduced emphasis on providing grants to small groups that operate a single enterprise.

The number of owners and workers in assisted enterprises was 166 percent above the FY 2001 level and 105 percent greater than in FY 2000. The number of enterprises receiving loans increased substantially over the period as microcredit projects occupied a larger share of the MSE program. The actual improvement is even greater than the apparent 21 percent increase over FY 2001 and 54 percent increase over FY 2000 because the performance indicator in the two earlier years was the number of loans provided, rather than the number of enterprises receiving loans. The number of enterprises receiving loans is smaller than the number of loans because most microfinance projects provide multiple, small loans to an enterprise.

TABLE 4. Characteristics of the Country Programs, FY 2002[1]

Country	Average Revised Grant Budget (USD)	Average Percent of Project Budgets Disbursed	Average Percent of Project Life Elapsed
Benin	$104,757	82.7%	67.5%
Botswana	163,730	77.5	80.2
Cape Verde	104,227	87.5	70.5
Ghana	171,667	91.3	73.0
Guinea[2]	133,900	87.9	61.1
Mali	128,202	76.2	73.1
Namibia	125,676	74.0	75.1
Niger	137,543	86.4	64.6
Nigeria	112,540	45.0	31.0
Senegal[3]	111,296	71.0	78.3
Tanzania	180,951	87.9	69.2
Uganda	202,090	93.2	64.4
Zimbabwe	90,050	92.0	76.1
Total	**$135,702**	**75.2**	**69.8%**

[1]Does not include new grants funded in late FY 2002 that did not have any disbursements during the year.
[2]Excludes one Guinea project administered through the Senegal program.
[3]Includes the Guinea project administered through the Senegal program.

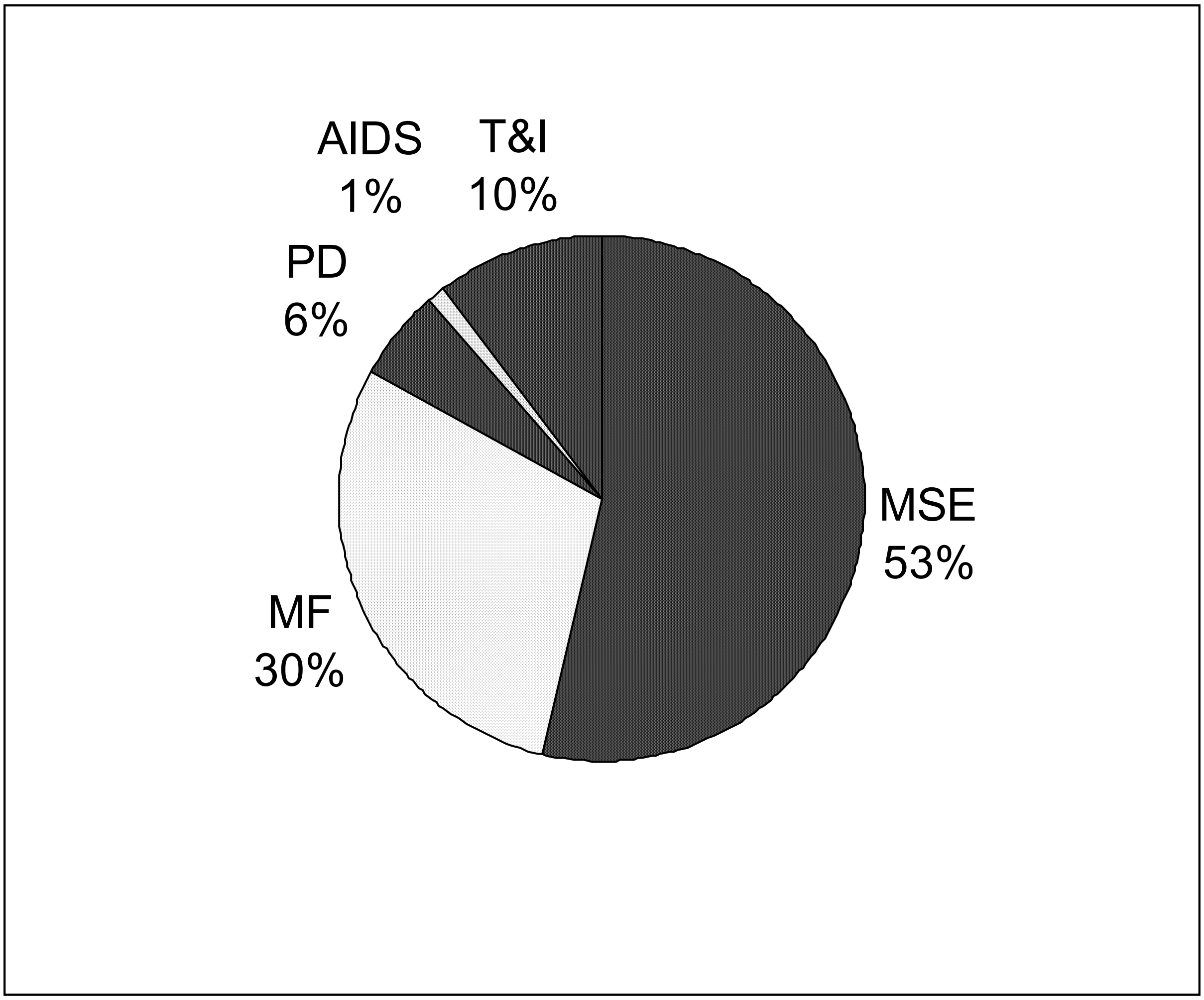

FIGURE 1. Budgets of Active Projects by Primary Strategic Objective, FY 2002

Legend:
MSE: Micro-and Small Enterprise Development
MF: Microfinance
T&I: Trade and **I**nvestment
PD: Participatory Development Methods
AIDS: AIDS Prevention

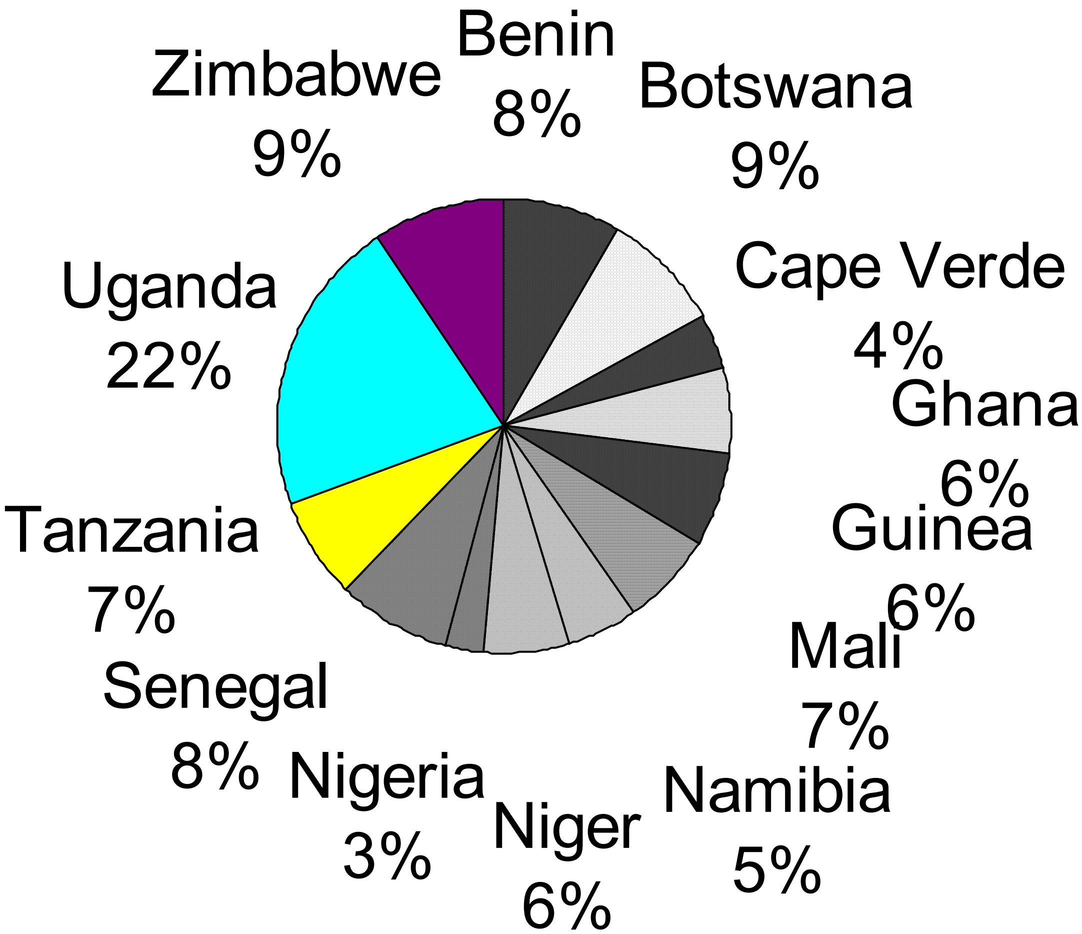

FIGURE 2. Country Proportions of ADF Portfolio, Based on Budgets of Active Projects That Have Had At Least One Disbursement, FY 2002

TABLE 5. Portfolio Characteristics, FY 2000 to FY 2002

	FY 2000	FY 2001	FY 2002[1]
Number of Active Projects	236	213	183
Total Budget in All Active Projects	ND	$25.798 million	$26.750 million
Disbursements in All Active Projects	ND	$17.655 million	$20.103 million
Average Percent of Time Elapsed in All Active Projects	ND	59.3%	75.2%
Proportion of Project Budgets for MSE (Including Microfinance)	83%	82%	84%
Proportion of Project Budgets for NRM	7%	6%	Included in MSE
Proportion of Project Budgets for T&I	5%	9%	11%
Proportion of Project Budgets for AIDS	1%	1%	1%
Proportion of Project Budgets for PDM	4%	2%	4%

[1]Does not include 67 new grants funded in late FY 2002 that did not have disbursements during the year.

The indicator on the percent of loans for women pertained to the number of loans in FY 2000 and FY 2001 and the value of loans in FY 2002. Women's share of the value of loans disbursed is a better measure of gender equity in credit provision since some microfinance projects may have a smaller average loan size for loans to women than for loans to men. To keep the estimate of women's share of the benefits conservative, ADF assumed that all of the loans provided went to men if no specific data were available on the amount loaned to women.

The gross revenues of grantees and their assisted enterprises increased by 227 percent from FY 2001 to FY 2002. Part of this increase is due to more complete counting of the gross revenues of the client enterprises assisted by Intermediary Organizations and Community-Based Organizations that provide intermediary services to micro- and small-enterprises.

The known net income of grantees and their assisted enterprises increased by 39 percent over the previous year and was not estimated in FY 2000. However, the definition was slightly different in FY 2001 – the income distributed by assisted enterprises and organizations as salaries, dividends, or profits – which excludes earnings retained by the business. Most micro-enterprises do not retain much of their net income for reinvestment because their owners have low incomes and need to use it for basic consumption requirements. Furthermore, the reported known net income is an underestimate of the actual amount due to incompleteness of the data. Only a handful of the microfinance institutions supported by the projects were able to report any data on client enterprise net incomes from project records or surveys. Where specific data on net incomes were not available, they were counted as zero.

Since ADF removed natural resource management from its list of organizational strategic objectives in FY 2002, the Foundation stopped collecting information on the NRM indicators that had been used in previous years. ADF also removed the number of people receiving business management or technical training from its list of indicators because that represents a project input or activity, rather than a performance result. Other indicators that were dropped in one or both years because they do not measure impact include the number of new microcredit facilities established, new loan products supported, and new intermediary organizations providing business services and training.

Although ADF began including AIDS prevention training as a small component of some projects with a primary focus on other strategic objectives in FY 1999, it did not track the number of people receiving AIDS training until FY 2000. The first year when a significant number of people received AIDS prevention training through ADF projects was FY 2001. The number skyrocketed by 672 percent in FY 2002 as the first two stand-alone AIDS prevention projects matured. The total number of women known to have been reached in ADF-supported AIDS prevention projects rose by 17 percent over the previous year.

TABLE 6. Comparison of ADF's Performance Results, FY 2000, 2001, and 2002 (cumulative numbers for active projects)

Performance Indicator	FY 2000	FY 2001	FY 2002
Enterprises Assisted	19,635	47,049	86,180
Owners and Workers in Assisted Enterprises[1]	47,168	36,457	96,854
Women as a Percent of Owners and Workers in Assisted Enterprises[1]	77.0%	56.8%	58.1%
New Microcredit Facilities Established	136	Indicator discontinued	Indicator discontinued
Enterprises Receiving Loans[2]	42,518	54,099	65,319
New Loan Products Supported	80	Indicator discontinued	Indicator discontinued
Value of Loans Disbursed	Indicator not in use	Indicator not in use	$11,243,310
Percent of Total Value of Loans for Women[3]	81.7%	50.8%	60.6%
New Intermediary Organizations Providing Business Services and Training	20	Indicator discontinued	Indicator discontinued
People Receiving Business Management Or Technical Training[4]	39,354	66,126	Indicator discontinued
Women as a Percent of People Receiving Business Management Or Technical Training[4]	80.3%	26.3%	Indicator discontinued
Gross Revenues of Grantees and Their Assisted Client Enterprises[5]	Indicator not in use	$17.457 million	$53.440 million
Net Income Of Grantees and Their Assisted Client Enterprises[6]	Indicator not in use	$10.528 million	$14.611 million

[1] Indicator rephrased as owners and workers in assisted enterprises, rather than people receiving income from the enterprise, although these should be equivalent.
[2]Indicator revised from number of loans provided since microfinance projects often provide multiple, small loans to enterprises and the number of assisted enterprises is a more meaningful measure of outreach breadth.
[3]Indicator revised from percent of the number of loans that went to women to women's percent of the value of the loans, which is a better measure of equity. The actual percentages for women are higher than reported since when gender-disaggregated data was not available, it was assumed that all of the loans went to men so that reported percentage for women would be a conservative, lower-bound estimate.
[4]Indicator discontinued since it is not a measure of program results.
[5]Indicator revised to include gross revenues of client enterprises assisted by the grantees since failure to include this revenue understates the impact of ADF programs.
[6]Indicator revised from salaries, wages, and dividends distributed since net income is a better measure of impact.

TABLE 6 (continued).

Performance Indicator	FY 2000	FY 2001	FY 2002
Natural Resource Management[1]			
New NRM Technologies Promoted	60	Indicator discontinued	Indicator discontinued
Communities Adopting At Least One Improved NRM Practice	166	Indicator discontinued	Indicator discontinued
People Trained In Improved NRM Practices	5,888	3,598	Indicator discontinued
Women as a Percent of People Trained in Improved NRM Practices	ND	ND	Indicator discontinued
Trade and Investment			
Export Products Promoted	2	4	19
New Production and Export Trade Arrangements Established	3	18	Indicator discontinued
Gross Revenues of Grantees and Their Assisted Client Enterprises From Export Sales	Indicator not in use	Indicator not in use	$7.594 million
AIDS Prevention and Mitigation			
People Receiving AIDS Prevention Training	962	35,483	274,041
Women as a Percent of People Receiving AIDS Prevention Training[2]	ND	57.0%[3]	66.8%
Local Capacity To Promote Grassroots, Participatory Development			
Partner Development Agencies Assisted[3]	13	14	13
Host Governments or Major Donors Providing More Funding for PDM	2	2	4

[1]In FY 2002, ADF deleted natural resource management from its list of organizational strategic objectives and added mitigation of the economic and social effects of AIDS. Since the AIDS mitigation project grants were not awarded until the end of FY 2002, no performance data will be available until the FY 2003 reporting year.
[2]The actual percentage is higher than this since if no gender-disaggregated data were available, it was assumed that all of the beneficiaries were men so that reported numbers would be conservative, lower-bound estimates.
[3]In FY 2001, ADF began operations in Nigeria. In FY 2002, ADF closed its operations in Lesotho.

Comparison of Performance and Targets

FY01 was the first year in which ADF had actual data to use to setting the targets. The FY 2002 targets were based on the achievements in FY01 and the ratio of the projected cumulative disbursements on active projects in FY 2002 to the actual disbursements on active projects in FY 2001. In general, the FY 2002 targets were substantially higher than the FY 2001 targets. For example, the FY 2002 target for enterprises assisted was 3.89 times the FY 2001 target. The FY 2001 target for enterprises receiving loans was 1.6 times the FY 2001 target. The FY 2002 target for number of export products promoted was double the FY 2001 target.

Despite the higher targets for FY 2002, ADF met or far surpassed all but one of the targets for the year. ADF's achievements for the enterprise development indicators ranged from 134 percent to 340 percent of the targets for the year. The number of export products promoted was 225 percent of the target. The number of people receiving AIDS prevention training was 856 percent of the target.

Using a conservative definition of host governments encouraging donors to adopt PDM or allocate more funding to PDM, ADF had 4 strategic partnerships that resulted in leveraging of co-funding for joint programs in place in FY 2002. This is one less than the target for the year. Nevertheless, a fifth strategic partnership was established during the year. ADF and the Government of the Republic of Namibia signed a memorandum of agreement for a new partnership that would provide co-funding for the next 5 years. However, because this was signed late in FY 2002, no funds from this source were actually leveraged during the year.

ADF exceeded its target for strategic partners with host governments. The following summarizes results for FY2002.

- In FY 2002, ADF leveraged $390,958 from the GOB for their 50 percent contribution toward new project grants, grant amendments, and the cost of the partner organization's operations. These funds will be provided to ADF in FY 2003. ADF expects to negotiate a renewal of the agreement with the Government of Botswana in FY 2003.

- With support from a World Bank funded project, the Government of Guinea provided $270,248 in FY 2002 for ADF's partner organization in country to utilize participatory development methods for setting priorities for local public infrastructure in eleven communities and carrying out development of the infrastructure. The assisted communities are designated "pockets of poverty" in remote rural areas of the country.

- In FY 2002, the Government of Jigawa State in Nigeria committed $0.470 million to cover half the costs of a one-year, ADF-managed, pilot program to provide low-cost housing for approximately 400 impoverished households whose homes were destroyed by flooding. This program is testing the affordability and cultural acceptability in four diverse communities of at least two different housing designs using machine-molded, soil-cement blocks produced in Hydraform machines. It will also build the technical capacity of building trade craftsmen and the management capacity of local community

TABLE 7. Comparison of FY 2002 Targets and Results (cumulative numbers for active projects)

Performance Indicator	FY 2002 Targets	FY 2002 Results	Percent of Target Achieved
Enterprise Development			
Enterprises Assisted	42,400	86,180	203.3%
Owners and Workers In Assisted Enterprises[1]	32,800	96,854	295.3%
Enterprises Receiving Loans[2]	48,700	65,319	134.1%
Gross Revenues of Grantees and Their Assisted Client Enterprises[3]	$15.728 million	$53.440 million	339.8%
People Receiving Business Management Or Technical Training[4]	59,600	Indicator discontinued	N/A
Net Income Of Grantees and Their Assisted Client Enterprises[5]	$9.486 million	$14.611 million	154.0%
Trade and Investment			
Export Products Promoted	8	19	237.5%
Aids Prevention and Mitigation			
People Receiving AIDS Prevention Training	32,000	274,041	856.4%
Use Of Participatory Development Methods			
Partner Development Agencies Assisted	13	13	100.0%
Host Governments or Major Donors Providing More Funding for PDM	5	4	80.0%
Co-Funding Leveraged From Host Governments, Donors, and The Private Sector	$1.104 million	$1.145 million	146%

[1] Indicator relabeled as owners and workers (rather than just owners) since most micro-enterprises have an owner/operator, but this should not affect target level.
[2]Indicator revised from number of loans provided since microfinance projects often provide multiple, small loans to enterprises.
[3]Indicator revised to include gross revenues of client enterprises assisted by the grantees since failure to include this revenue understates the impact of ADF programs.
[4]Indicator discontinued since it is not a measure of program results.
[5]Indicator revised from salaries, wages, and dividends distributed since net income is a better measure of impact.

associations to coordinate low-cost housing development. Participatory development methods are being used to select the participating households.

- Late in the year, ADF signed a five-year agreement with the Government of the Republic of Namibia (GRN) for joint funding of a program that 1) provides direct financial, technical, and marketing assistance to enhance the capacity and profitability of Namibian small- and medium-sized enterprises (SMEs); 2) establishes strategic alliances with Namibian and multinational corporations, U.S. SMEs, and other public and private partners; and 3) mobilizes additional debt, equity, and/or technical assistance funding. The GRN will match ADF contributions up to a total of $600,000 per year ($500,000/year for project funding and $100,000/year for operating costs). The program will initially focus on the following types of export industries such as production and processing of seafood, ostrich, beef, and other livestock products; garments and textile manufacturing; and diamonds and other precious or semi-precious stones.

- A Government of Niger/World Bank program provided $14,000 to an ADF grantee to match the $49,000 ADF provided for identification and development of local community infrastructure. The additional funds supported the cost of a management plan for erosion control and a plan for HIV/AIDS interventions in the community.

Since ADF exceeded most targets for FY 2002, the Foundation will revise its targets for FY 2003 and FY 2004 upward. The revised targets will be based on the FY 2002 achievements and the relative sizes of the total budgets of active projects in FY 2002 and the following two years.

In FY 2002, ADF began reviewing the logframes for projects approved during the year to ensure that they are consistent with the Foundation's API indicators and incorporate annual targets for key indicators. This will improve the ability to monitor project performance against targets each year of the project. Eventually, when nearly all projects will have annual targets, ADF will consider deriving its corporate performance targets for the entire portfolio by aggregating the annual targets for each project. However, since ADF is not imposing new annual targets retroactively on projects that were approved in the past without them, it will take 3 to 4 years before most projects will have annual targets that can be aggregated.

Summary Results by Country

Table 8 disaggregates the results for the active projects by country. The relative size of ADF expenditures in each country should be taken into account in comparing performance results. The different mix of strategic objectives addressed in each of the country programs is another important factor in looking at each country's share of ADF's program results. ADF does not base its project funding decisions on pre-established allocations of its grant monies by country. Instead, ADF funds projects that it concludes have the best prospects for success within the countries where it operates.

The country programs with the largest cumulative number of enterprises assisted by active projects in FY 2002 were Uganda, Zimbabwe, Tanzania, Senegal, and Ghana. Higher numbers of assisted enterprises tend to be associated with large total country program budgets

TABLE 8. Performance Results by Country, FY 2002 (cumulative figures for the active projects)

Country	Enter-prises Assisted	Owners and Workers In Assisted Enterprises[1]	Women as a Percent of Owners and Workers in Assisted Enterprises	Enterprises Receiving Loans	Value of Loans Disbursed (USD)	Percent of Total Value of Loans for Women
Benin	3,249	3,949	63.0%	2,739	$175,572	28.8%
Botswana	7,250	8,775	51.2%	3,777	5,808	98.9%
Cape Verde	1,829	1,897	83.3%	1,800	1,369,338	81.9%
Ghana	9,356	11,883	60.1%	7,187	1,049,597	80.3%
Guinea	869	2,770	29.1%	861	60,068	15.8%
Mali	1,447	1,507	67.0%	1,265	258,574	12.2%
Namibia	305	348	12.6%	0	0	---
Niger	1,531	3,038	47.7%	3,013	608,050	66.9%
Nigeria	3,733	3,807	95.4%	3,733	83,000	99.4%
Senegal	11,110	7,328	77.6%	11,550	1,531,326	56.9%
Tanzania	12,285	15,003	57.7%	10,048	2,514,104	61.9%
Uganda	18,170	27,227	48.1%	13,305	3,164,046	73.9%
Zimbabwe	15,046	9,322	62.3%	6,041	423,759	84.3%
Total	**86,180**	**96,854**	**58.1%**	**65,319**	**$11,243,310**	**60.6%**

[1]The actual percentage is higher than this since where no gender-disaggregated data were available, it was assumed that all of the beneficiaries were men so that the reported numbers would be conservative, lower-bound estimates.

TABLE 8 (continued).

Country	Gross Revenues of Grantees and Their Assisted Client Enter-prises (USD)	Net Income of Grantees and Their Assisted Client Enter-prises (USD)[1]	Export Products Promoted	Gross Export Revenues of Grantees and Their Assisted Client Enter-prises (USD)	People Receiving AIDS Prevention Training	Women as a Percent of People Receiving AIDS Prevention Training
Benin	$1,574,906	$248,913	0	$0	50	8.0%
Botswana	16,233,979	3,598,594	3	5,008	125	72.0%
Cape Verde	2,676,682	1,208,794	0	0	0	---
Ghana	3,665,353	2,324,544	1	62,186	220,991	68.8%
Guinea	762,602	136,755	1	7,232	5,297	24.1%
Mali	545,765	204,256	0	0	80	100.0%
Namibia	664,588	2,213	3	237,168	58	65.5%
Niger	4,340,541	404,619	0	0	4,803	16.5%
Nigeria	35,460	29,419	0	0	2,468	91.2%
Senegal	1,263,449	990,296	1	1,239	60	93.3%
Tanzania	7,288,854	2,011,120	1	1,309,099	2,885	72.4%
Uganda	13,198,425	2,907,965	7	5,795,436	37,251	65.3%
Zimbabwe	1,188,987	543,930	2	176,169	31	74.2%
Total	**$53,439,591**	**$14,611,418**	**19**	**$7,593,579**	**274,099**	**66.8%**

[1]Where no data were available on net income, they were counted as zero. This is likely to result in conservative estimates that are well below the actual numbers.

(Uganda, Zimbabwe, Senegal, and Tanzania) and a predominance of projects that either provide microcredit (Uganda, Tanzania, and Ghana) or agricultural inputs or marketing assistance for small-scale farmers (Zimbabwe and Uganda).

All values in this report are presented in U.S. dollars using the following exchange rates per U.S. dollar that ADF received at the end of FY 2002:

Benin, Mali, Niger, and Senegal: CFA 656.00
Botswana: P 6.00
Cape Verde: CVE 106.71
Ghana: CDI 7,800.00
Guinea: GFR 1936.34
Namibia: N$10.627
Nigeria: NGN 130.00
Tanzania: T.Sh. 947.18
Uganda: U.Sh. 1,764.94
Zimbabwe: Z$ 525.00

In U.S. dollar terms, ADF's programs with the largest volume of lending in active projects were Uganda, Tanzania, Cape Verde, and Ghana. The Uganda, Senegal, Tanzania, and Ghana programs had the largest number of enterprises that have received loans from active projects. The countries with the highest proportion of women beneficiaries were Nigeria, Cape Verde, and Senegal. Most of the MFIs that ADF assists preferentially target women clients. Women's share of the value of microcredit loans disbursed was relatively high in Nigeria, Botswana, Zimbabwe, Cape Verde, and Ghana.

Unless data were available from sample surveys or actual project records to support estimates, ADF did not count any client enterprise income in the impact numbers for projects implemented by Intermediary Organizations or CBOs that provided intermediary services for client enterprises. In other words, the client gross and net incomes were assumed to be zero for reporting purposes, but this does not mean that they were actually zero. The projects that had reportable client enterprise income data look better than those that did not and some country programs were more likely than others to have projects in this category.

The gross revenues of grantees and their assisted client enterprises were highest in Botswana, Uganda, Niger, Tanzania, and Ghana. The Botswana and Ghana programs showed up well on these indicators because several of the MFIs and other intermediary organizations assisted had collected sample survey data on client enterprise income that could be extrapolated to yield supportable estimates of the totals. Most MFIs and IOs in the other countries had not collected data on the gross or net revenues of client enterprises. For this reason, a conclusion that the actual total gross and net incomes in the Botswana projects are higher than those in the Uganda projects may not be correct.

Gross revenues were high in Uganda because of the large number of projects in total. Also, one very successful project (Uganda Marine Products Ltd.) was responsible for 56 percent of the total project revenues in that country. The gross revenues in Niger were relatively high due to one project (Djiritawa) that produced a large volume of irrigated agricultural crops and accounted for 92 percent of the country program's total gross revenues. The Tanzania program had two projects with large gross revenues for client farmers (the Mtibwa Sugarcane Project and the Nronga Dairy Project). It also had several credit projects with large gross revenues from loan repayments received, as did Ghana.

The net income numbers should be viewed as conservative, lower bound numbers. Projects that were unable to report firm data on net income of the grantees were assumed to have zero net income. Data corresponding to ADF's fiscal year were not available on the net income of many MFIs and other intermediary organizations. Few were able to provide net income data or estimates backed by survey data or project records for their assisted client enterprises. Reported net income numbers were highest in Botswana, Uganda, Ghana, and Tanzania.

The country programs with the largest number of export products promoted were Uganda, Namibia, Botswana, and Zimbabwe. Export revenues were highest in Uganda and Tanzania, which accounted for 94 percent of the ADF program total. Although Uganda had seven projects with export sales, about 84 percent of the total export sales revenues from Uganda projects came from the Uganda Marine Products Ltd. project.

The largest numbers of people receiving AIDS prevention training as a result of ADF projects were in Ghana, Uganda, and Guinea. Both Ghana and Guinea had one large active project with the primary strategic objective of AIDS prevention, but as of the end of FY 2002, approximately 81 percent of the people benefiting from AIDS prevention training in ADF's entire portfolio were in the Ghana program.

Except for the two stand-alone AIDS projects, the proportion of project beneficiaries (owners and workers in assisted enterprises) that have received AIDS prevention varied widely. The AIDS prevention training policy was fully implemented in non-AIDS projects in Guinea, Niger, and Uganda. Grantees in Nigeria made good progress toward training all project beneficiaries. Between 13 percent and 20 percent of assisted owners and workers have received AIDS prevention training through ADF projects in Tanzania, Namibia, and Ghana and over 5 percent in Mali. However, less than 2 percent of the owners and workers in assisted enterprises in Benin, Botswana, Senegal, and Zimbabwe and 0 percent in Cape Verde have received AIDS prevention training. A few projects reported that another organization provided AIDS prevention training for their clients; these numbers have been excluded from the ADF totals.

SUMMARY OF PROGRAM EVALUATIONS

ADF did not evaluate any country programs in FY 2002. Evaluations or impact surveys were conducted for certain individual projects. Close-out reports were prepared for projects that ended during the year.

MANAGEMENT REFORMS in FY 2002

Internal Financial Management

In Fiscal Year 2002, ADF completed the development of a financial management system that is capable of providing timely and accurate information on financial activity, including advances, foreign currency adjustments, unexpended appropriations, and expenses.

In 2000, ADF initiated its “Corrective Action and Performance Improvement for Financial Management” plan. The implementation of this plan resulted in the Foundation’s first unqualified opinion on its financial statements in FY 2001. The Foundation continued to receive an unqualified opinion on the FY 2002 statements.

Program Monitoring

In Fiscal Year 2002, ADF changed reporting requirements for recipients of grants from a trimester to a quarterly basis to improve program and financial oversight. ADF’s partner organizations report on a monthly basis under their cooperative agreements. The Foundation adopted new audit-like guidelines for project monitoring by Washington staff and increased the number of mandatory project site visits to verify performance.

The Foundation has internal capacity in auditing and supervision of external audits. ADF has a full-time, internal Financial and Field Auditor (FFA) who reports directly to the President. The FFA is primarily responsible for financial oversight of all partner organizations that have cooperative agreements with the Foundation. ADF conducts an internal audit of each partner organization at least once every two years.

ADF also has a full-time Financial Control Officer (FCO) whose primary responsibility is oversight of the Foundation's grantees. ADF contracts for the services of independent audit firms in each country where it operates. Twenty-five percent of all active grants were audited in FY 2002.

Appendix A

PARTNERSHIP HIGHLIGHTS FOR FY 2002

FY 2002 was the first full year of operations under ADF's new business model based on partnerships with an independent, nongovernmental grassroots development organization in each country. The partner organizations provide technical assistance to applicants and grantees in consultation with the Foundation. In 10 of the 13 countries in which ADF operated in FY 2002, there was a full year of collaboration with the selected, local partner organization under the new cooperative agreements. Cooperative agreements were signed later in the year with partner organizations in Cape Verde, Namibia, and Nigeria.

Two key aspects of the new partnership arrangements are an emphasis on building the capacity of the partner organization to promote grassroots community development and helping them become financially sustainable through the mechanism of the Community Reinvestment Grant contributions. Highlights of the year in partnerships are presented below for selected countries:

Benin

The Association pour l'Intermediation et le Développement (AID-ONG) is ADF's partner organization in Benin. In FY 2002, AID-ONG developed private sector linkages, helping an ADF grantee that produces industrial starch from cassava tubers (Elite Industrial Association) negotiate with two formal sector firms for sale of its products.

Botswana

The Government of Botswana (GOB) makes contributions to ADF that equal half of all grants and cooperative agreements ADF awards to entities in Botswana. ADF's partner organization in Botswana is Action for Economic Empowerment Trust (AEET).

AEET advised the Ministry of Trade and Industry on the need to create a conducive policy environment for small businesses and improving business advisory services in Botswana. AEET staff participated in Kellogg Foundation Leadership Regional Network (LeaRN) seminars, an international course on participatory monitoring and evaluation, the American-African Business Women Alliance, the Microcredit Summit Campaign, and a workshop on integrated rural development program strategic planning.

Guinea

The Centre d'Appui au Développement (CAD) has been a trailblazer in the use of participatory development methods for setting priorities for local community infrastructure investments in poor areas. In addition, to the nine MSE projects and three PDM projects for rural community investment that are funded by ADF (Bady, Baguinet, and Banguigny), CAD helped ADF grantees design and implement eleven PDM projects that were funded directly by the Government of Guinea (GOG). These eleven projects will be funded by $580,263 from the

GOG, $150,593 from the communities' own resources, and $275,690 from the National Directorate of Decentralization, for a total of $1,006,546. This leveraged co-funding is 1.8 times the funding ADF provided for projects in Guinea in FY 2002 from U.S. Government appropriations.

In FY 2002, CAD made a presentation on the local community infrastructure program at a workshop sponsored by the World Bank with representatives from nine African countries, the French Agency for Development (AFD) and European Union. Two CAD staff members participated in a microfinance workshop in Niger, and three received English language training. A community development specialist from Niger participated in a study tour of ADF's PDM projects in Guinea.

Mali

The Association Entreprenariat et Développement Durable au Sahel (AED-Sahel) approved use of the proceeds from the ADF-inspired community reinvestment program to guarantee a bank loan for an ADF grantee, Jeeka Feere. This transaction demonstrates how ADF grants can mobilize and expand local resources for grassroots development.

Namibia

ADF signed a partnership agreement with the Government of Namibia that will leverage up to $600,000 annually from the Government of Namibia for contributions for trade and investment projects and Namibia Development Foundation (NAMDEF) operations.

Niger

ADF's partner organization in Niger, Actions pour un Développement Integré et Durable a Base (ADIDB) is replicating the experience of ADF-funded projects in Guinea with the use of participatory development methods for local community infrastructure investments. ADF and ADIDB leveraged $14,000 from a World Bank funded program with the Government of Niger for this project.

Nigeria

ADF and its partner organization in Nigeria, Diamond Development Initiatives (DDI), leveraged $0.470 million in contributions from the Government of Jigawa State for a pilot program for low-cost housing.

Tanzania

The Centre for Sustainable Development Partnerships (CSDI) prepared a subsector analysis report on dairy in the Kilimanjaro region for a stakeholders' meeting organized by the Kilimanjaro Dairy Network Committee. CSDI staff participated in a Netherlands Development Organization (SNV) training course on market linkages for business development services and a follow-up, experience-sharing meeting, an SNV workshop on rural district-based private sector organizations and chambers of commerce, an SNV workshop on the Lake Zone development program, and a Ford Foundation learning group meeting of East African foundations.

Uganda

The Uganda Development Trust (UDET) participated in a workshop on market analysis for export promotion, which led to a collaboration with Agro-Management Uganda Ltd. and the Kigezi Pyrethrum Farmers Association. UDET participated in the Uganda Microfinance Forum on formulating national policies for regulating microcredit. UDET attended a workshop on environment sector funding in Uganda and obtained training on the Loan Performer management information system software for microfinance institutions.

Zimbabwe

FY 2002 was a difficult year for small-scale farms and businesses in Zimbabwe and the organizations that assisted them. Interest rate regulations prevented credit programs from charging rates that would enable them to maintain the real value of their loan funds. A few credit providers reported that they were unable to locate some of their borrowers who moved as a result of government land redistribution.

Agricultural projects were also adversely affected by drought resulting from an El Nino weather pattern. In some cases, ADF grantees have reportedly not been maximizing production because they fear that prime farmland might be expropriated for redistribution. Some of the paprika farmer associations had cashflow problems that prevented them from paying their members cash upfront for their crops. Consequently, many participating farmers sold their harvests to other buyers, making it difficult for the associations to recover the costs of inputs supplied to the farmers through in-kind loans.

PROJECT HIGHLIGHTS FOR FY 2002

Benin

- The Malanville Onion Storage and Marketing Committee (CORVO) received a 5-year, $203,400 grant from ADF at the end of FY 2000. The purpose of this project is to increase farmer returns from onion production in Northern Benin. The project area in the Niger River valley has suffered from declining cotton prices, but irrigated production of onions is a viable alternative.

  CORVO helped farmers increase production and reduce costs by making seeds available for two planting cycles per year and providing extension services to improve production techniques and reduce use of chemical fertilizer and water for irrigation. CORVO also reduced seasonal oversupply and undersupply problems by promoting cultivation of the Albassa variety in the project area to complement the Galmi variety produced on the other side of the river in Niger.

  As a result of the project, the average gross margin participating farmers received for their onions in the 2002 production season increased by over 27 percent. In FY 2002, 526 small-scale farms earned nearly $780,000 in gross revenues as a result of the project and CORVO itself earned an additional $11,200. Additional income gains are expected in future years as an onion storage facility built with project funds will enable farmers to obtain a higher price because they will not have to sell all of their production at the peak harvest time when prices are lowest. The replication potential of this project in neighboring areas of Niger and Nigeria is high.

Botswana

- The Okavango Delta is one of the premier tourist destinations in Southern Africa for eco-tourism. Its channels, ox-bow lakes, lagoons, and small islands of the Delta are home to rare animals such as the red lechwe and sitatunga (aquatic antelopes) and antbears. It is also a prime area for bird watching. The Okavango Polers' Trust (OPT) is a community trust based in Seronga that operates the Mokoro Safari business in the northern Okavango Delta.

  The "polers" are the canoe operators and nature guides, who have received training on the local animals, birds, and plants from the Institute of Wildlife at Maun. A "mokoro" is the traditional dugout canoe that is steered through the shallow waters with wooden poles. Although the traditional boats were carved out of a single tree, the Trust now requires use of longer lasting, fiberglass canoes to reduce cutting of the large trees that hold the soil together along the banks of the river channels.

  OPT received a 3-year grant from ADF At the end of FY 2000. The funding supported 1) construction of the Mbiroba camp site, 5 chalets, a restaurant, office, workshop, and staff housing; 2) training on ecotourism operations, and 3) operating costs for the first year. This is the first ecotourism project that ADF has funded in the country. OPT is owned by 75 member polers.

After OPT opened the tourist camp built with ADF and GOB funding, its annual gross revenues doubled. Tourists usually stay for 2-5 days. A typical 3-day stay for two costs about $60 per person, including 3 days of poling, 2 nights of bush camping, and 1 night at the Mbiroba camp. Food may be brought in or purchased locally and camping gear can be rented if needed.

The polers are independent, self-employed operators, who receive referrals for business from the Trust. Since the project began, the polers have earned gross revenues of $183,200 and the Trust has grossed $296,500. OPT employed 29 people in FY 2002 as laborers, cooks, and administrative staff, up from 4 before the project. Other local people benefit by providing traditional singing and dance performances and selling high-quality, handcrafted baskets to the tourists.

OPT has lost potential business due to the overall decline in tourism in Botswana after the September 11, 2001 terrorist attacks in the United States and the political turmoil in neighboring Zimbabwe (many tourists previously combined trips to both of these countries). As a result, OPT has had to cut jobs.

OPT earns a higher margin on direct bookings than visits booked through safari companies and the enterprise has had some cashflow problems due to late payments from tour companies. ADF's partner organization advised OPT to increase its direct marketing efforts, develop a written contract with tour operators, and charge a 50 percent deposit upon bookings with the balance payable within one month.

OPT has completed a marketing trip in Botswana and Namibian, commissioned a video and brochures, and has an attractive website. Television spots are planned. OPT also plans to develop arrangements with local, regional, and international sales agents. In June of 2002, OPT was featured in an article in Air Botswana's in-flight magazine. The Netherlands Development Organization (SNV) and the World Conservation Union (IUCN) have cited OPT as "a shining example of a working community-based tourism enterprise in Botswana."[1]

- ADF provided a 4-year grant in mid-FY 2002 to Godisa, a for-profit company owned by the Camphill Community Trust. Camphill is a charitable organization that provides schooling, training, employment, and accommodation for people with various disabilities. Godisa previously manufactured and exported a battery-powered, body-worn hearing aid.

  With ADF support, Godisa is switching to production of a more convenient to wear and lower cost, behind-the-ear hearing aid for people in developing countries. The new model has a solar-powered battery charger to eliminate the cost of buying replacement batteries for the hearing aid, which amounts to $92 a year in Botswana. In FY 2002, Godisa worked with two South African firms to develop a solar battery charger and purchased the parts for assembling the behind-the-ear hearing aid from a British

[1] Hancock, Pete and Frank Potts. 2002. A Guide to Starting a Tourism Enterprise in Botswana. SNV and IUCN, Community-Based Natural Resource Program Occasional Paper 9.

manufacturer, Lavis. Godisa is the only producer of hearing aids in Africa. It is also providing employment to people with disabilities.

Cape Verde

- The Cape Verdian Women's Association (OMCV) received a 5-year grant from ADF in FY 1998 to increase its revolving loan fund, train staff and clients, obtain technical assistance, buy computers and loan tracking software, and cover some administrative costs. With this support, OMCV has provided $357,700 in loans to 592 enterprise. Over 95 percent of the loans by value went to women and the repayment rate averaged 97.4 percent.

- In late FY 2000, ADF awarded the Association for Support of Women's Self-Promotion in Development (Morabi) a 5-year grant. The grant provided funding for Morabi's revolving loan fund, staff training, acquisition of loan tracking software, and business management training for loan clients. So far, the project has resulted in loans to 926 enterprises with a value of $771,100 and all of the loans went to women. The repayment rate has been 97.2 percent.

Ghana

- The Youngsters Peer Education Project (YPEP) was awarded a 3-year ADF grant at the end of FY 2001 to implement an HIV/AIDS prevention project. YPEP's approach and the client groups it targets set it apart from other programs. YPEP focuses on young people undergoing apprenticeships to develop skills in such trades as auto mechanics, carpentry, hairdressing, and dressmaking.

  This NGO trains young people as peer educators. It selects peers roughly in the same age groups who have a similar background and experience as the targeted clients because they have the best prospects for developing a good rapport with the clients and influencing their behavior. YPEP uses a variety of innovative training methods including drama, games, music, and short stories to facilitate discussions on prevention of AIDS and other sexually transmitted diseases (STDs). Treatment of other STDs is important in AIDS prevention because some may actually increase risk of HIV transmission and they are also an indication of risky behavior.

  The project is operating in three low-income communities in the Kpeshie Sub-Metropolitan Area of the Greater Accra Region. Through the end of FY 2002, the project trained 1,200 peer educators to reach approximately 218,300 other young people (69 percent of whom were women). The project has also provided referrals for approximately 4,400 people to obtain free medical treatment for STDs. In the future, YPEP plans to introduce new services such as voluntary counseling and testing for HIV and prevention of mother-to-child transmission of the retrovirus.

- Enhancing Opportunities for Women in Development (ENOWID) is a microfinance institution with offices in Accra and four regions of Ghana that had served more than 8,000 clients before receiving ADF support at the end of FY 2001. A five-year grant from

ADF is enabling the MFI to extend financial services to new women members in the Brong-Ahafo Region. In FY 2002, ENOWID provided loans to 686 women entrepreneurs and achieved a 97.5 percent repayment rate.

Nyamekye is a 51-year old woman who is a client group leader in Sunyani District who represents five groups in the project's participatory monitoring and assessment committee. In a public forum organized by the District Assembly, Nyamekye lauded ENOWID's participatory development approach, saying:

> "Unlike other poverty-lending schemes, our members are not viewed as mere objects for disbursing loans. We have been groomed to serve as voluntary staff with decision-making powers. We know what goes in and out of the project. Through regular discussions and consultations, the creativity of our members and project partners are harnessed to plan, implement, and evaluate project activities. Indeed, it is as if we are all riding in the same boat."

Opanin Moses is an elder in the Tano District who is frequently called upon to explain the terms and conditions of the loan agreement to illiterate women borrowers. He expressed his thanks for the contribution of the project to development in his community, "It is very rewarding to see how much time, energy, and money the Americans have invested in the cause of our women through this project."

Ramatu is a widow with four children who works as an office cleaner. With an initial loan of $64, for six months, she purchased two young goats and seven chickens to raise while continuing her regular job. After six months she sold the livestock and received a $77 loan, which she used to send two of her children to school and buy more young animals. After repaying her second loan, Ramatu received a third loan in the amount of $128. Her two grown children assist her in the expanded livestock enterprise. Ramatu urged, "Let more women like me in the dark corners have hope to ensure their children's access to education and a better life and to improve our immediate environment."

- The North Tema Cooperative Credit Union, received a five-year grant from ADF at the end of FY 1998. It has provided savings and loan services for 301 clients, disbursing $83,700 in loans and obtaining a 98 percent repayment rate. North Tema is an affiliate of the Canadian Co-operative Association (CUA) and has frequently been chosen by CUA as a model credit union for visits by donor and Ghanaian government officials and credit union managers from other countries.

- The Sinapi Aba Trust has received grants for two projects from ADF - - the first serves women clients and the second helps ex-convicts and their families develop productive businesses that can help them reintegrate into their communities. Both are five-year grants awarded in late FY 1998.

To date, the two projects have provided loans to a total of 2,007 enterprises amounting to $375,200. The repayment rate was 96 percent for the Women's Trust. Surprisingly, the repayment rate has been 100 percent for the loans to ex-convicts and their families, perhaps because this client group has fewer options for financial services and understands that continued access to credit depends on compliance with prior loan terms. An American NGO, Opportunity International, is in the process of helping Sinapi Aba convert itself from an NGO credit provider to a regulated, formal sector bank.

Guinea

- The Union of Agricultural Producers' Groups of Soumbalako (UGAS) is a cooperative union of 21 farmer associations, representing 732 farms in the area of Mamou. Prior to receiving ADF funding, UGAS had 221 hectares of land under an irrigation system provided by the United Nations Equipment Fund. Each of the participating farmers managed their own individual farm plots of 3,000 square meters. The principal crops grown for sale during the 9-month irrigation season are tomatoes, potatoes, corn, squash, peppers, and eggplants. Rice, mostly for home consumption, is grown during the rainy season.

  ADF awarded to UGAS a 5-year grant at the end of FY 2000 to develop an additional 25.5 hectares of irrigated land, reline deteriorating canals, repair or buy motorized pumps, purchase two trucks for crop transport, and provide loans to members. Since receiving the grant, UGAS has generated $309,000 of gross revenues for the 732 farms, employing 2,196 workers including 718 women. From its own funds, UGAS has been able to purchase two refrigerated containers that will be used to store members' seed potatoes until the next planting season.

Mali

- Dèmè Ton is a group enterprise that produces and markets dyed fabric for traditional African clothing for women, men, and children (the grand boubou, demi boubou, forokiya, shirts, blouses, and dresses). It is located in Sébéninkoro, 10 km from Bamako. The enterprise tie dyes "bazin", a cotton cloth imported new from Germany and the Netherlands or recycled from used clothing in Mali.

  Dèmè Ton received a 5-year grant from ADF in FY 1998 to equip its production facility and office, purchase two motorcycles for marketing products, increase its working capital, and upgrade business and technical skills. The Malian affiliate of Friends of the Earth International (Guamina) designed the enterprise's water pre-treatment and effluent handling systems to avoid the substantial amount of land and water pollution that can result from small-scale dyeing of fabric.

  In FY 2002, Dèmè Ton employed 8 women and 1 man. Since ADF funding began, Dèmè Ton has generated $68,500 in gross revenues. The enterprise sells most of its fabric to clothing designers and merchants in Mali and other countries in West Africa. In FY 2002, it developed a new export marketing linkage with Les Tisserins, a former ADF grantee in Benin that operates a sewing and weaving business. Dèmè Ton exhibited its products at the Fifth International Exhibition of Bamako. The enterprise has shared its experience with a group of 6 women visiting from a cloth dyeing cooperative in Niger.

Namibia

- A group of indigenous Namibians formed Epoko Fishing Pty. Ltd. The company is based in Luderitz on the country's southwestern coast and began rock lobster fishing operations with six people and a leased vessel. The high cost of leasing the fishing vessel limited the profitability of the company.

  ADF awarded Epoko a 5-year grant in FY 2000 that financed the purchase of a fishing vessel and equipment, training and technical assistance, and working capital costs for one sea voyage. When Epoko acquired its own fishing vessel, it qualified for a 56 percent larger rock lobster quota from the government. The company employs 17 people and earned gross revenues of $131,700 in FY 2002.

Niger

- A 5-year grant from ADF in FY 1997 allowed the 872 member farmers of the Djiritawa Irrigated Area Cooperative farms to rehabilitate their old and inefficient irrigation system; purchase a vehicle and office equipment and supplies; provide loans for women's income-generating activities; and obtain training and technical assistance. Over the life of the ADF grant, 1,218 farms and micro-enterprises earned gross revenues of $3.636 million. The principal crops produced were cotton, vegetables, and wheat. Additional value was added to the cotton and part of the vegetable harvest by companies in Niger. Wheat was exported to Nigeria. Djiritawa is cooperating with the National Research Institute for Agriculture on crop variety and fertilizer response trials as well as production of certified planting seed.

- SICR/Kokari is an NGO and cooperative that was established under a USAID-funded program of the Cooperative League of the United States (CLUSA) in 1994. A 5-year grant from ADF in FY 1998 enabled SICR/Kokari to expand credit delivery in the Kollo region, train SICR clients, purchase office equipment and a motorcycle, and cover administrative costs. A total of 1,055 micro-enterpreneurs received credit through the project and 87 percent were women. The project extended $326,800 in loans. The repayment rate was 99.97 percent.

Senegal

- The Women's Communal Union of Diorbel (WCUD) is a cooperative that had approximately 3,500 members when it received an ADF grant in FY 1997. The purpose of the 5-year grant was to provide microcredit to clients and support the collective purchase, cold storage, and sale of fish. In the microcredit component, WCUD provided $143,300 in loans to 1,294 enterprises owned by women and achieved a 99.4 percent repayment rate. Since construction of the fish preservation and marketing facility was completed in April 2002, WCUD has generated $184,600 in gross income from fish sales. No data were available on the gross revenues of the loan clients.

Tanzania

- The Nronga Dairy Women's Cooperative was awarded a 5-year grant from ADF in FY 1998. Since then, the Cooperative has assisted 325 smallholder dairy farmers, generating $354,000 in gross revenues. Nronga proved to be resilient in the face of the collapse of its previous sole buyer of milk. Despite a $13,000 bad debt from the buyer's bankruptcy, the cooperative was able to transition successfully to direct sales of milk, distribution to shops and supermarkets, and supplying the regional school milk program. Nronga diversified its sales revenues by introducing two new products, yogurt and butter, which have won awards for product quality.

- With ADF support from a 4-year grant that began in 2000, the Youth Self-Advancement Foundation (YOSEFO) provided 2,439 enterprises with loans totaling $440,500. Over 61 percent of this financing went to women and a 100 percent repayment rate has been achieved.

Uganda

- ADF provided a 3-year grant to the Uganda Marine Processing Ltd (UMPL) in FY 2001. UMPL is the smallest of the eight formal sector fish processing companies in Uganda. It is one of two companies in the industry in which indigenous Ugandans own a majority share. Prior to the project, it processed Nile Perch in a small facility.

  In just one year, UMPL has made remarkable progress, surpassing many targets that were not expected to be achieved until the third year of the grant. The company increased its daily throughput of fish by 144 percent from 9 metric tons to 22 metric tons (26,400 pounds). By reaching more lucrative export markets, UMPL increased its gross sales revenues by 192 percent, from $1.436 million to $4.196 million. Its primary markets are the EU for fresh, chilled fillets and the Middle East for frozen fillets. The fish byproducts are sold on the domestic market. The company's net income increased from $126,000 to $290,000 and it has diversified its products.

  UMPL became the first company in East Africa to receive the International Standards Organization (ISO) 9001 quality certification. The Uganda National Environmental Management Authority has certified that the company fully complies with the national environmental regulations. The company increased the monthly wage of its plant workers from $32.95 to $56.66, a 72 percent gain, and it pays bonuses based on worker productivity. It was also able to increase the average price it paid for 1 kilogram of fish from $0.87 to $1.30 as market demand increased. The incomes of fishermen and fish suppliers have increased substantially due to the larger quantity purchased for processing and the higher unit price. In addition to processing raw fish that it purchases from fishermen, UMPL is now buying some fish processed in other small factories for resale on the export markets.

- The Mukono Vanilla, Spices and Horticultural Society received a grant from ADF in FY

1998 to promote production and processing of organic vanilla -- a new, high-value export product for Uganda. ADF's funding enabled farmers in Mukono District to plant vanilla vines and the nitrogen-fixing Gliricidia trees needed to support growing vines. The ADF support also covered the cost of training farmers and establishing a processing facility.

Through the end of FY 2002, $128,000 in loans have been disbursed to 237 farms. The Horticultural Society's purchases of green vanilla beans for processing have increased from 0 before the project to 88,155 kg per year. In local currency terms, the average income of participating farmers has increased by 53 percent to $1,480 per year.

The cured vanilla beans processed by the Mukono Horticultural Society are of high quality, commanding a premium price of $120 to $150 per kilogram. Through the end of FY 2002, the project generated $1.128 million in gross revenues for the assisted farmers and the Horticultural Society.

The Mukono Horticultural Society is now a major source of technical services for three ADF-funded vanilla replication projects (Rwenzori, Kiboga, and Iganga) and other groups of vanilla farmers. It will process the vanilla from the Kiboga and Iganga projects on a fee basis during their initial years before they have sufficient raw material to justify the cost of establishing their own processing plants. This arrangement provides the association with extra revenues while they have surplus processing capacity, and it allows the other projects to add value to their harvests instead of selling unprocessed vanilla beans.

- The Poverty Alleviation and Community Development Foundation (PACODEF) is an NGO based in Mbale District. Through an ADF grant that began in FY 2001, PACODEF has provided loans to 2,422 members. The average monthly income of the borrowers has increased from $11.33 to $19.83 and their average monthly savings has tripled to $3.40. PACODEF establishes community associations that promote the financial security and health of member families. In the first two years of the ADF project, it has trained 79 community associations, exceeding the five-year project target. The grantee also provides training to community-based enterprises, NGOs, and government workers throughout Eastern Uganda.

Zimbabwe

- The Sanitary Services Cooperative, which operates the Snow White Laundry, received a 4-year grant from ADF in FY 1998. The ADF support financed the construction of a laundry facility, purchase of equipment and supplies, technical and managerial assistance, and an initial supply of inputs and packaging. Before the grant, the cooperative consisted of 10 men and 4 women. In FY 2002, it employed 40 people, including 18 women, and earned gross revenues of $29,302 (at an exchange rate of Z$ 525 per U.S. dollar).

  The Snow White Laundry performed well despite the troubled Zimbabwe economy. It actually increased the number of institutions it serves from 10 to fifteen. Snow White's continued good performance is attributed to its flexible contracts that allow it to make short-term adjustments in pricing based on production cost changes and the fact that it provides an essential service to hospitals and other public institutions that have the means to pay.

- Another bright spot in the Zimbabwe program was the CMC Packaging Pvt. Ltd. Project. This company received a 5-year grant from ADF in FY 1998 to purchase equipment (a lathe, compressor, and office computers) and raw materials. CMC is a worker-owned company in an industrial suburb of Harare that was established by 24 retrenched, former employees of the Carnaud Metal Box company. CMC produces collapsible aluminum tubing for the pharmaceutical, cosmetic, dental care, and adhesive industries. Toothpaste tubes are one of their main products.

  Although 90 percent of the raw materials required by the company have to be imported (aluminum slugs, lacquer, and closures), CMC was able to continue operating despite the collapse of the Zimbabwe dollar because it had export earnings to buy imported inputs. In FY 2002, CMC earned $299,600 in gross revenues. About 7 percent of its revenues for the year were from exports. The company employed 54 people during the year, including 4 women.

  CMC received an Exporter of the Year award in FY 2002 from Zimbabwe's national trade promotion agency, ZimTrade. This award was based on the company's exports over the past three years to Malawi, South Africa, and Zambia. In addition to increasing its export sales volume, CMC improved the quality of its products in the face of stiff competition from Germany, India, and Pakistan.