

APPENDIX A

PROGRAM DESCRIPTION

1.0 INTRODUCTION

This annex describes the activities to be undertaken and the results to be achieved with the funds obligated under this Cooperative Agreement. Nothing in this Annex A shall be construed as amending any of the definitions or terms of the Agreement.

2.0 BACKGROUND

Grassroots entities are engaged in a diverse range of activities that hold significant potential for benefiting their communities. Viewed in the aggregate, these activities can play a critical role in fostering sustained economic and social development of the country. However, for the most part grassroots entities are constrained in exploiting these opportunities and participating actively in the social and economic development of their country by lack of access to financial, technical, and other resources.

The African Development Foundation (ADF) provides such entities direct financial support in the form of grants to:

- carry out activities at the local level designed to enlarge opportunities for community development;
- expand their participation in development processes; and
- establish and promote indigenous development institutions that can respond to the requirements of the poor.

The shortage of community development institutions that can provide in-country expertise to support successful grassroots activities impedes these objectives.

ADF has found that it can overcome this obstacle by helping local development institutions strengthen their capacity to support community-based and other activities that benefit the poor. To this end, ADF has established the Community Development Institutions Program ("Program"). Under this Program, ADF and a local development agency ("Partner") enter into a cooperative agreement that provides direct support to the partner to: (a) build its capacity; and (b) provide support to grassroots entities.

The Partner under this Agreement is a legally recognized organization that has demonstrated expertise in grassroots development.

3.0 FUNDING

The financial plan for the Program is set forth in Annex A-1. The Parties may make changes to the financial plan without formal amendment to the Agreement, if such changes do not cause ADF's contribution to exceed the amount specified Article 3 of the Agreement.

4.0 GOAL

The Goal of the Program is to expand local capacity to promote and support grassroots participatory development.

5.0 PROGRAM PURPOSES

5.1 Build self-supporting sustainable local community development agencies that provide technical assistance and support to grassroots groups. Drawing on the ADF participatory development model, the Partner will become an "anchor" for ensuring that competent local leadership and technical capacity are institutionalized and continue to be available to grassroots groups, even in the absence of external assistance. The long-term

vision is the establishment of the Partner as a premier public trust that administers funds from a variety of sources (including external donors, private sector, community groups, and government) for the purpose of promoting grassroots development.

5.2 Develop and replicate new models for community investment. Given current trends, communities cannot expect sustained increases in financial assistance from traditional sources. They need new models for generating funds. The ADF community reinvestment grant (CRG) holds promise in this regard. Under CRGs, profit-making micro-enterprise grantees voluntarily pledge charitable contributions to their community. The Partner will take a leadership role in helping ADF grantees implement CRGs and formulating other innovative approaches to mobilizing resources for grassroots development.

5.3 Establish strategic partnerships with national and local governments, other donor agencies, and the local private sector to support sustainable grassroots development. These entities are often important stakeholders in grassroots projects. Their support or lack thereof can be a determinant in the success of a project. The Partner will establish relationships with such stakeholders in order to promote grassroots development.

5.4 Encourage African governments and donors to increase utilization of participatory development "best practices". Wider use of participatory development "best practices" is essential to empowering grassroots groups and helping them to find viable solutions to their problems. The Partner will take on a leadership role in promoting such practices.

6.0 RESULTS TO BE ACHIEVED AND INDICATORS OF ACHIEVEMENT

6.1 Institutional Capacity of the Partner

- 6.1.1 increased capacity to plan and utilize organizational resources, as indicated by the development of a corporate strategy;
- 6.1.2 improved monitoring and evaluation, as indicated by the timely identification and remediation of problems experienced in clients' project activities;
- 6.1.3 operational capacity to execute stated objectives, as indicated by (a) clear and understood bylaws or similar rules, (b) clear and consistent personnel system, and (c) the devolution of decision-making to appropriate levels;
- 6.1.4 diversification of the organization's resource base, as indicated by the development of viable fundraising or revenue generating strategies;
- 6.1.5 sound financial management, as indicated by compliance with generally accepted accounting and auditing standards;
- 6.1.7 effective use of participatory management approaches, as indicated by the Partner's organizational decision-making processes;
- 6.1.8 effective use of participatory development methodologies in assistance to clients, as indicated by approaches to project planning, design, implementation, monitoring, and evaluation and the planning and execution of research activities;
- 6.1.9 ability to counsel and nurture local communities and grassroots entities in the development and execution of their projects, as indicated by the effectiveness of support strategies used by the Partner;
- 6.1.10 enhanced knowledge and expertise in small and medium enterprise (SME) development, micro-finance (MFI), natural resources management (NRM), trade and investment (T&I), and HIV/AIDS, as indicated by the quality of proposals for ADF funding for which the Partner assists applicants in developing and the technical advice it provides to ADF grantees; and

6.1.11 ability to identify and assess the capabilities of local consultants and experts to provide technical assistance and training to grassroots entities, as indicated by the timeliness in proposing consultants and experts and the quality of their advice and other work.

6.2 Community Investment Models

6.2.1 expanded and diversified resource base for community development activities, as indicated by the extent to which ADF grantees make charitable donations in accordance with their established plans under the Community Reinvestment Grants (CRG) program; and

6.2.2 increased appreciation by the private sector of its philanthropic role in local development and the returns to business of charitable giving, as indicated by financial and other support from the private sector that is influenced by the Partner;

6.3 Strategic Partnerships

6.3.1 increased awareness by government, donors, and private sector entities of the economic development opportunities in grassroots communities, as indicated by increased investments in ADF assisted communities, improvement in policies and practices toward grassroots communities, and greater support in general for community-based development.

6.4 Utilization of Participatory Development "Best Practices"

6.4.1 Increased effectiveness of government and donor activities that adopt such practices, as indicated by improvements in the ability of their project participants to plan and implement projects and ensure transparency and accountability.

7.0 PROGRAM ACTIVITIES

The Parties will develop an annual work plan and detailed scopes of work for the key personnel under this Program to guide implementation of these activities. The major activities of the Partner will include the following.

7.1 Planning

The Partner will undertake a strategic planning exercise to fully integrate the requirements of this Agreement into its operations and clearly establish priorities within the organization. In addition to program priorities and approaches, the plan will address management and operating strategies and long-term strategies for promoting financial sustainability of the Partner.

7.2 Project Development

7.2.1 Design project activities. Applying and promoting participatory development methodologies (PDM), the Partner will work together with ADF designated grant applicants to assist them in transforming their unsolicited proposals into sustainable development projects. The Partner will assist applicants to: (a) develop a long-term vision and strategy for sustaining and advancing their projects; (b) conduct the necessary analyses and feasibility studies to assess the viability of their projects; (c) design technical components, budgets, management plans, implementation plans, and other project elements; (d) form participatory monitoring and evaluation (PM&E) committees and develop PM&E plans in accordance with guidelines provided by ADF; (e) gather project baseline data; and (f) develop skills inventory, training needs assessments, and

training plans. The Partner may provide the required expertise directly or through the use of outside technical assistance providers (TAPs).

- 7.2.2 Prepare project proposals. Following on the results of the PDM process used to design project activities, the Partner will draft project documents for review by the applicant. Based on the applicant's approval, the Partner will submit the documents to ADF for review and approval. Partners may engage TAPs to assist in proposal preparation.

7.3 Project Implementation and Monitoring

- 7.3.1 Training. At a minimum, the Partner will provide or arrange the following training for designated ADF grantees: (a) project monitoring and evaluation (PM&E) committees in evaluation of project progress, identification of sources of data needed to respond to resolves issues impending on the achievement of project objectives; (b) establishment and maintenance of project information systems; and (c) ADF financial management and reporting requirements. The Partner will also assist grantees with the implementation of their training plans.
- 7.3.2 Program remediation. Using a monitoring plan developed in collaboration with project grantees, the Partner will visit projects regularly to help grantees assess and document progress, identify problems or issues hindering achievement of project objectives, and consult with grantees to resolve these problems. The Partner will also assist grantees in resolving administrative and logistical problems with banks, vendors, and local government authorities.
- 7.3.3 Financial management. The Partner will: (a) assist grantees with submission of financial reports and disbursement requests to ensure that they are prepared in accordance with the terms and conditions of their grant agreements; (b) visit project sites to assist grantees in maintaining sound financial management practices, and providing on-site training to

address minor deficiencies or to make recommendations concerning appropriate interventions to correct more serious problems.

7.4 Community Investment Models

The Partner will counsel ADF grantees on the development of plans for CRGs. These plans will include at a minimum: (a) a process for identifying beneficiaries (activities and groups) of the CRGs; (b) significance of the contribution to the community; (c) amount and schedule of the contribution; and (d) public relations strategy related to the CRG. The Partner will assist the grantees in identifying and assessing projects for the CRG.

7.5 Strategic Partnerships and Promotion of Participatory Development

The Partner will engage in a variety of activities (e.g., consultations, participation in conferences and trade fairs, participation on panels) aimed at facilitating linkages between grassroots groups and governments, donors, and the private sector and promoting participatory development "best practices". The Parties will specify these activities in the work plan.

8.0 Roles and Responsibilities

The Partner will report to the ADF Country Representative, who in turn reports to the Regional Program Coordinator. The ADF Representative will have primary responsibility for promoting ADF's program including soliciting, screening and recommending grant applications for review. The ADF Representative will collaborate with the Partner on various activities including monitoring progress and conducting reviews of the Program, reviewing the Partner's financial and progress reports prior to submitting them to Washington, arranging audits of the

Agreement, assessing staff training needs, providing or coordinating ADF required training for the Partner.

The Regional Program Coordinator will designate ADF grant applicants and grantees as clients. The Partner will ensure that the clients get the necessary technical support and advice they need to (a) submit proposals that comply with ADF requirements and (b) implement their projects successfully.

9.0 Implementation

The Partner and ADF Representative along with the Regional Program Coordinator will agree on a work plan that will guide the Partner's activities for the duration of the Agreement. At a minimum, this plan will specify implementation targets and timing, monitoring and evaluation mechanisms, and staffing and training needs.