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**AFRICA PROJECT DEVELOPMENT FACILITY  
(APDF) EVALUATION**

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**Prepared for**

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
AFR/MDI OFFICE**

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# AFRICAN PROJECT DEVELOPMENT FACILITY (APDF) EVALUATION

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## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of the Evaluation

The Africa/Market Development and Investment (AFR/MDI) Office of A.I.D.'s Africa Bureau commissioned Deloitte & Touche to conduct an independent evaluation of the African Project Development Facility (APDF). This evaluation will serve as the Phase II mid-point evaluation in the design of the second amendment to increase A.I.D. funding. Areas covered by the evaluation include progress made in generating business formation by Africans, the impact generated by the companies formed, the use of A.I.D. resources in this process, and the degree to which the project meets the A.I.D. conditionalities.

APDF was created in July 1986 as a mechanism to help African entrepreneurs identify, prepare, and secure funding for viable private sector projects with an investment ranging from \$500,000 to \$5,000,000. The first phase was completed on June 30, 1990. The second phase extended the project life to June 30, 1995. APDF works with the entrepreneurs until funding is secured, supplying a full range of business advisory services including market, technical and other feasibility studies necessary for project preparation prior to submission of project documents to financial institutions and potential investors.

The United Nations Development Programme (UNDP), the International Finance Corporation (IFC) and the African Development Bank (ADB) are joint sponsors of the Facility. In addition, 15 donor countries provide financial support. The United States is the largest bilateral donor in APDF 2, with a commitment of \$4 million. France is the second largest, with Phase 2 commitment of \$2.1 million. Other donors include:

- France
- Italy
- Japan
- Netherlands
- Belgium
- Norway
- Switzerland
- Federal Republic of Germany
- United Kingdom
- Canada
- Finland
- Denmark
- Sweden
- Portugal

Total commitments for APDF 1 (which ended on June 30, 1990) were US\$18.3 million and US\$34.3 million for APDF 2. APDF operates offices in Washington, Abidjan and Nairobi, and in November 1990 opened a smaller office in Harare. The APDF Phase 2 estimated budget was US\$41 million. As a result of the funding shortfall, suggested offices in Lagos and Douala have been postponed until additional funds are committed.

In addition to the 15 governments providing direct funding, Brazil, Israel and India have to provide APDF with technical assistance by making experts available to serve as short-term

consultants. APDF covers the expert's travel and subsistence costs, while the donor governments pay their fees.

Under APDF 1, the Facility completed 67 projects representing investments of US\$132 million. A completed, or successful project is a project that has successfully secured finance. Projects developed created about 4,900 jobs, and had an annual foreign exchange impact of US\$78 million. As of June 1991, APDF had completed 87 projects (Note: there is a discrepancy in the June 1991 report which states that there are 88 projects, but only lists 87) representing total investments of US\$164 million of which APDF assisted in securing US\$114 million of the financing. These projects are expected to have an annual foreign exchange impact of US\$93 million and create over 7,000 jobs.

## **1.2 Methodology of the Evaluation**

Ms. Jayne Booker, Senior Manager, Deloitte & Touche, conducted the evaluation during the period August 5 to August 31, 1991. She was assisted by Ms. Njeri Muhoho. The methodology employed consisted of the following:

- Interviews with APDF and A.I.D. staff in Washington, D.C.
- Development of a written questionnaire followed by telephone interviews with a majority of those bilateral funds listed as collaborators in the March 1991 Operations Report to assess the nature and efficacy of their relationship to the APDF.
- Review of approximately 20 documents and reports and evaluations conducted by and for the APDF.
- Follow up interviews and questions with APDF staff.

The scope of work did not call for interviews with African entrepreneurs who have benefitted from its services, nor did it call for an assessment of the success of APDF-assisted projects. The inputs and views of African entrepreneurs would have been very useful and informative and would have shed further light on the achievements and issues of the APDF concept.

The terms of reference for the evaluation are included in Appendix A. The list of persons interviewed and documents consulted are found in Appendix B and Appendix C.

## **1.3 Summary of Findings and Conclusions**

APDF activities have generated a high level of response and the Facility has been successful in achieving its goal of providing advisory services to African entrepreneurs in assisting them to develop and finance investment in productive private enterprise activities. APDF is a dynamic force in private sector development in Africa; its management is visionary and creative; and it is continually developing new programs and initiatives to better serve its market -- the African entrepreneur.

APDF criteria for screening and processing project proposals is more strict now than it was four years ago and the number of completed projects relative to the number of projects identified is increasing, reflecting a more stringent, careful screening process in the beginning of the project cycle. Results show that over the life of APDF, fewer projects are being rejected by financial institutions after receiving APDF feasibility study assistance.

APDF's eligibility criteria have remained constant over its life and still seem valid. In terms of project size, APDF has not adhered strictly to the upper project size limitation of \$5,000,000. Six projects, or 8% of total projects over the life of APDF, had an investment cost exceeding \$5,000,000. The number of projects exceeding the upper limitation have decreased over time. In 1988, the percentage of total projects with investment costs exceeding APDF's maximum was 15%. This reflects APDF's increasing success in refining and targeting its activities.

From the interviews conducted, it seems that APDF officers, particularly the investment officers in the field, have strong, expanding relationships based on mutual respect and common interest with bilateral funding institutions and with local commercial banks. This is accomplished through regular communication, both informal and formal. Since performance is judged on the numbers of projects completed, there is a built-in incentive to develop strong relationships with funding institutions.

APDF's portfolio is well-diversified by country and by mix of industries. As of June 1991, APDF had successfully completed projects in 21 different countries. The pipeline contains 194 projects, equally divided between East and West Africa, encompassing 33 countries. Of the 87 completed projects, over half are in agro-industry, including fishing; one third are manufacturing and the remaining 13% of projects are in service industries.

APDF interacts positively and effectively with donors active in Africa. There is a high level of synergy and cooperation as well as responsiveness to donor concerns. Donors praise APDF highly.

The APDF decentralized organizational structure with a heavy reliance on the field offices is effective from both an organizational and cost point of view. APDF staff, especially the investment officers in the field, are highly experienced, effective and well regarded.

The level of U.S. firm participation in APDF activities is small. Only 2 of the 87 APDF-assisted investments involved U.S. firms. However, only 10-15% of total APDF investments involve foreign private investors. This is due to a number of factors, not the least of which is the small size of most APDF projects and the requirement that they be majority-owned by an African. A.I.D. should consider other initiatives to increase U.S. firm knowledge

and interest in investing in Africa. There has been little use of U.S. consultants; only 7 were employed in 1990 out of a total of 144. APDF is steadily increasing the number of African consultants used in conducting its feasibility studies. The decreasing usage of foreign consultants is a positive development.

APDF has been quite successful in providing opportunities for African consultants, thereby developing African capabilities. Over half of the consultants it hires are African and this percentage will increase even further. It has also made an effort to hire Africans as investment officers. Of the 20 professional staff, 9 are Africans. This figure has increased over time.

Although the overall costs of APDF operations are over \$8 million per year, APDF operations are run efficiently and in a cost-conscious manner. New initiatives in partial cost recovery which were institutionalized in late 1990 are beginning to bear fruit and APDF is improving and enhancing the monitoring of its activities. It is increasing its operational effectiveness and has introduced better internal measurement and control systems over the past year.

Many bilateral assistance programs benefit from APDF in non-quantifiable ways. APDF has become a focal point for lessons learned in private sector development and in the identification of bottlenecks and constraints to the private sector in Africa. The feedback that APDF operations provide to the donor community is invaluable in helping donors design other interventions to help the private sector.

#### **1.4 Recommendations**

APDF is performing a unique function and continued support for its operations is recommended. APDF should gradually become more and more African-oriented and it is hoped that African governments will begin to contribute to APDF or to the development of similar institutions at the local level. This process is underway, and could be further facilitated by APDF over the next few years. The role and importance of an internationally funded and staffed program such as APDF is still valid, for at least another 3 to 5 years.

Based on the results of this evaluation, it is recommended that A.I.D. give favorable consideration to increasing its funding support to the APDF under Phase 2.

Some specific recommendations found in the body of this report are as follows:

- APDF should more closely analyze the contribution of its activities to employment creation and export generation in Africa by tracking actual employment and destination of

exports. This could be done by conducting a detailed follow up evaluation of completed projects (Section 2.2.).

- APDF should better analyze the precise mix of financing institutions participating in each project. (Section 2.3.)
- To enhance communication in each African country, APDF should organize regular meetings for local development finance institutions, private sector organizations and commercial banks. These meetings could be similar in content and frequency to the donors meetings now held. (Section 2.3.)
- APDF still plans to open a field office in Cameroon. This decision should perhaps be reassessed given the time elapsed since the original idea was proposed. (Section 2.5.)
- The recently-instituted cost-sharing policy is producing some revenue. As further experience is gained with the mechanisms currently in place, APDF should reassess the effectiveness of these policies and make revisions as necessary. An in-depth review should occur in 1992. Similarly, the idea of APDF taking a limited equity position in projects has been put forth; this concept warrants an in-depth review. (Section 2.6.1)
- APDF should continue to support projects promoted and managed by women. It should consider placing a woman on the APDF advisory board. To further increase support to women entrepreneurs, APDF field offices should provide a separate report on women and, in collaboration with donors, should hold special seminars targeted to the female entrepreneur. (Section 2.4.c and Section 2.6.3)
- The experience with the recently-negotiated A.I.D. Uganda country technical assistance fund should be monitored carefully and, if appropriate, replicated elsewhere in Africa.
- The involvement of U.S. firms and consultants in both APDF investments and in APDF technical feasibility studies is small, due to a number of factors including the small size of APDF investments, the traditional lack of interest in Africa on the part of U.S. companies, and language. Given the emphasis and interest on the indigenous entrepreneur and the African consultant, A.I.D. should reevaluate its conditionality relating to the involvement of U.S. entities. Should A.I.D. decide to maintain this conditionality, it should assist in developing creative initiatives that would increase the numbers of U.S. firms and consultants involved in APDF operations. (Section 2.9.1)

- APDF should continue its efforts to assert greater cost-consciousness and control in its operations. The internal efficiency ratios and figures which are now produced could be supplemented by additional figures such as number of person hours devoted to each completed and appraised project; analysis of cost-sharing fees collected by project and by region; and the percentage of cost-sharing fees to total project cost. (Section 2.10.)

## 2. EVALUATION FINDINGS AND CONCLUSIONS

The evaluation scope of work included ten questions to be answered. Each question is discussed in detail below.

### 2.1. Evaluate the screening and processing of project proposals and how projects are selected from those submitted for final project analysis.

By the end of 1990, APDF had received over 1,700 project proposals with similar numbers of proposals being submitted to each of the offices in Abidjan and Nairobi. Of those 1,700 project proposals, 78 projects secured funding, the primary measure of APDF success.

The project cycle for a successful project (one that has secured finance) normally takes from 6 to 18 months from time of proposal submission to project start. The breakdown is as follows:

APDF PROJECT CYCLE

PROCESS	TIME FRAME
•APDF internal evaluation and concept refinement	3-4 months
•APDF study and preparation of project document	6 months
•Proposal out to financing institutions	3-6 months (can be longer)

Project implementation can then take another 12 to 18 months.

Investment officers in APDF field offices review incoming proposals. They look at the following factors: adherence to eligibility criteria, the financing plan, track record and experience of the entrepreneur, and a preliminary assessment of project viability. Approximately 80% of proposals received are rejected during the first screening if they are economically or financially unviable, or sponsors lack adequate equity capital, or because the promoters are found not suitable. The remaining 20% are put through the second stage of screening; 10 or 50% are rejected at this stage. The most common reasons for project rejection is insufficient equity funding from the indigenous entrepreneurs, the uncertainty of the project's technical viability, or deficient information from the promoter. When the APDF staff are satisfied with the supporting information and the promoter pays the required cost-sharing fees, the remaining 10% of viable projects are entered into the project pipeline.

The process of project development starts with the signing of the letter of understanding in which APDF offers its services and specifies the conditions for its intervention. APDF then hires consultants to conduct technical feasibility studies which are then used to prepare the final project financing document. Of 10 projects in the pipeline at this stage, 2-3 fall out during the study period. Approximately 7-8 projects obtain financing and thus become successful, or completed projects.

The screening process is shown in the chart below.

**APDF SCREENING PROCESS**

<b>100 inquiries</b>		
80 rejected	20 for further study	
	10 rejected	10 accepted for further study
		2-3 rejected during study period
		7-8 successful projects

**Conclusions:**

APDF criteria for screening and processing project proposals is more strict now than it was four years ago and the number of completed projects relative to the number of projects identified is increasing, reflecting a more stringent, careful screening process in the beginning of the project cycle. Results show that over the life of APDF, fewer projects are being rejected by financial institutions after receiving APDF feasibility study assistance.

Part of the reason for this improvement is APDF's growing experience, the experience and knowledge of its investment officers, and increasing emphasis on quality rather than quantity. APDF officers feel that screening is becoming easier because there is a network of entrepreneurs and financing institutions, and because of increasing stringency at the beginning of the project cycle. Investment officers must have positive answers to the following three questions **before** they move forward with APDF assistance:

1. Who is the entrepreneur?
2. What is the project?
3. What institutions are likely to be interested in financing the project?

If these three questions cannot be answered in a definitive manner, APDF does not devote further resources. In addition, the introduction of cost-sharing has had the effect of screening out less serious investors.

The improvement in project screening is reflected in the ratio of completed projects to project proposals received, which has improved markedly over the life of APDF. During the first 12 months of the Facility's operations, 602 projects were identified by APDF. Only 2 projects had been completed by November 1987. In 1988, of the 508 projects submitted, 28 secured financing. In 1989, APDF was successful in completing financial arrangements for 23 projects; in 1990, 26 projects. During the first six months of 1991, an additional 10 projects were completed.

**APDF PROJECT PROPOSALS RECEIVED/COMPLETED PROJECTS**

DATE	PROJECTS IDENTIFIED	PROJECTS COMPLETED
1987	602	2
1988	508	28
1989	300*	23
1990	300*	26
1991	276*	10
	TOTAL 1,976	TOTAL 89

\* Exact figures unavailable

**2.2. Analyze the criteria for selection and determine the degree of fit, in terms of investment levels (foreign capital versus domestic capital), employment created and projected exports earned, both regional and out of Africa, and income generated.**

APDF's general goal is to contribute to the acceleration of productive enterprises sponsored by private African entrepreneurs. Degree of fit for the projects selected under the Facility depends on whether the proposed project has met project eligibility criteria. To be eligible for APDF's assistance, projects should:

- o Have an investment cost from US\$0.5 and US\$5.0 million (smaller projects are supported depending upon the economic conditions in the entrepreneur's country)
- o Have potential to grow and offer an attractive financial return on investment, and contribute to the development of the local economy
- o Offer attractive financial return on investment and be competitive
- o Generate employment, and involve women
- o Possess a sound financing plan and reasonably estimated project costs
- o Be socially acceptable and environmentally sound
- o Have significant indigenous ownership and management participation.

APDF's eligibility criteria have remained constant over its life and still seem valid. In terms of project size, APDF has not adhered strictly to the project size limitation of \$5,000,000. Six projects, or 8% of total projects over the life of APDF, had an investment cost exceeding \$5,000,000. It should be noted that this number has decreased over time. In 1988, the percentage of total projects with investment costs exceeding APDF's maximum was 15%. This reflects APDF's increasing success in refining and targeting its activities.

APDF has not adhered strictly to its lower size limitation either. As of June 1991, 14 projects, or 16% of all projects, had investment levels less than US\$500,000. Assisting smaller projects however, seems more appropriate and congruent to APDF's overall goals than the provision of assistance to projects that exceed APDF's maximum. Theoretically, larger projects should not

need the services of APDF whereas smaller projects conform more closely to APDF's overall mandate.

A careful review of APDF assistance provided to larger projects in terms of time and resources, perhaps tied to a review of the policy on cost-sharing, might be a useful exercise. For example, larger projects might be required to contribute more than smaller projects.

### **2.2.1 Foreign Capital vs. Local Capital**

As of June 1991, APDF had participated in projects reflecting a total investment of US\$164 million. APDF projects exhibit a range of investor participation. 70% of total projects completed over the life of APDF had local sponsors only; the remaining 30% were joint ventures between African entrepreneurs and foreign investors. The trend seems to be towards increasing numbers of projects totally sponsored by indigenous investors. Of the 26 projects completed in 1990, 73% involved local sponsors solely. It is hoped that this trend will continue so that APDF goals are even more closely achieved.

It should be noted that most of the foreign capital is equity capital from the bilateral international development finance institutions such as CDC, IFU or SWEDFUND. APDF officers estimated that foreign private investors have participated in only 10-15% of the projects. The United States does not have an equity fund similar to those of other industrialized countries.

### **2.2.2 Employment Creation**

APDF-assisted projects have had a significant employment impact. The 78 completed projects as of December 31, 1990 generated an estimated 6,161 jobs or an average of 79 jobs per investment with the smallest investment generating 15 jobs and the largest 400. As of June 1991, the number of estimated jobs created increased to 7,115, an average of 82 jobs per investment. These figures are estimates provided by the entrepreneurs. Job creation is an important development goal for most African countries. In addition to the direct job creation effect, APDF investments lead to new skills development.

### **2.2.3 Projected Exports Earned**

APDF eligibility criteria do not contain specific export generation requirements. APDF does not provide overall statistics on destination of exports as such. Figures are maintained, however, on the estimated foreign exchange impact of completed projects, which is defined as the value of exports generated by a particular investment. Of the 78 projects completed at end 1990, 32 projects or 41%, did not have a foreign exchange impact. Examples of projects without an export impact

are a hospital clinic and import-substitution tire retreading company in Botswana and a trade and distribution project in Zimbabwe. The other 46 projects, ranging from chrysanthemum and pineapple exports to cosmetics manufacture are expected to generate foreign exchange earnings of \$83 million, or nearly \$2 million per investment. As of June 1991, the total foreign exchange impact had increased to \$93 million, or \$1.7 million per investment.

#### **2.2.4 Income Generated**

Statistics are not maintained.

#### **2.2.5 Conclusions**

APDF should more closely analyze the contribution of its activities to employment creation and export generation in Africa by tracking actual employment figures and destination of exports. This could be done by conducting a detailed follow up evaluation of completed projects.

**2.3. Review the process developed for inducing actual funding for individual projects and evaluate the effectiveness of this activity.**

An APDF project is considered complete when the entrepreneur secures financing. APDF has no direct access to finance but, to be successful, APDF must mobilize appropriate financing vehicles for their projects. The financing environment in West and Central Africa is more difficult than in East and Southern Africa, exacerbated by an overvalued currency (the CFA). There are no development banks and fewer indigenous commercial banks. Economic and political conditions are more unfavorable, and there is a reluctance on the part of many banks (mostly foreign) to increase their exposure in the region.

In general, however, identification of sources of finance is not a major impediment to APDF success, according to APDF officers. Most projects that fail do so because the entrepreneur backs out, cannot put up the required equity, or in some cases, dies.

The five major sources of institutional financing in Africa are the commercial banks, development banks, international institutions, bilateral donor agencies and formal and informal non-bank credit institutions. While commercial banks face liquidity problems, development banks, including agricultural banks, are often poorly managed, lack adequate domestic resources and are heavily influenced by political considerations. Multilateral institutions and the bilateral agencies are just beginning to get interested in the financing of the private sector in Africa and APDF has offered an excellent means to increase their involvement by bringing carefully analyzed, viable projects to their attention.

Given the above constraints, APDF staff continue to work closely with the financial institutions by assisting promoters prepare studies and financing plans and in identifying bankable projects. The APDF works very closely with the bilateral institutions of the donor countries providing project financing, such as FINNFUND of Finland, SWEDFUND of Sweden, IFU of Denmark, FMO of The Netherlands, DEG of Germany, PROPARCO and Caisse Centrale de Cooperation Economique of France, the CDC of the United Kingdom and A.I.D. of the USA. In addition, the IFC's African Enterprise Fund (AEF) has already provided funding for several APDF projects and is considering several additional APDF projects. APDF will also continue to work closely on a number of projects with the Centre for the Development of Industry (CDI) of the European Community.

From the interviews conducted, it seems that APDF officers, particularly the investment officers in the field, have strong,

expanding relationships based on mutual respect and common interest with bilateral funding institutions and with local commercial banks. This is accomplished in several ways.

First, since investment officer performance is measured on the number of completed projects, not on the number of feasibility studies or projects identified, there is a built in incentive to cultivate strong working relationships with financial institutions. This is done on both an informal, continuing relationship basis and by formal, regular correspondence.

Each investment officer's list of job responsibilities includes a requirement to develop relationships with financial institutions to embrace local commercial banks, local development finance organizations and international development finance institutions.

Investment officers make regular calls on commercial banks, which they report on in their back-to-office reports. The foreign bilateral development finance institutions interviewed all noted that their officers call on APDF field offices when on mission in Africa, normally 4 to 6 times per year.

APDF field offices prepare "Project Summaries" which are routinely sent to potential financing institutions. These summaries act as early notices to potential fundors that a project is being considered and will receive APDF assistance. The goal of these project summaries is both to locate and interest potential financing organizations and to maintain regular communication. A sample Project Summary is attached as Appendix D.

In addition to initiatives in the field, the APDF headquarters office enhances and ensures close working relationships with financing institutions through its annual donors meeting, held in April of each year. All the bilateral international financial institutions are invited to attend and receive an update on APDF's current activities. Their views on various topics are actively solicited.

### **Conclusions:**

It appears that APDF efforts to build relationships with financial institutions are successful and could be further strengthened by greater efforts aimed at mobilizing local development finance within each African country. APDF does not maintain statistics on the precise mix and division of financing institutions participating in each project. It is recommended that they begin to provide breakdowns of the financial partners participating in each project so that they can better analyze this aspect.

APDF recognizes the need to enhance communication at the local level. To do so, it hopes to organize a meeting in Africa in 1992 for the local development finance institutions, private sector organizations and commercial banks to increase the synergy and communication within Africa.

**2.4. Review the degree of distribution of projects selected for proposal preparation, in terms of country diversification and mix of industries. Include in the evaluation a breakdown of owners-shareholders who are women, micro entrepreneurs, foreign nations and small-to medium-sized capitalists.**

**2.4.1 Project Pipeline**

APDF continues to have a large, consistent pipeline of projects. As of June 1991, the total pipeline is 194 projects, 96 in West Africa and 98 in East and Southern Africa. This compares with a total project pipeline of 181 projects on December 31, 1990 (102 in West/Central Africa and 79 in East/Southern Africa). In 1989 the pipeline numbered 291. The pipeline is split almost evenly between East and West Africa and has been so over time as shown in the chart below.

**APDF PROJECT PIPELINE BY REGION**

	WEST AFRICA	%	EAST AFRICA	%	TOTAL
1989	137	(47)	154	(53)	291
1990	102	(56)	79	(44)	181
June 1991	96	(49)	98	(51)	194

In reviewing previous annual reports, there are some interesting trends in the countries represented in the pipeline. There has been a fairly dramatic decrease in the project pipeline for **Kenya**. In 1989, there were 36 projects in the Nairobi pipeline; this decreased to 14 in 1990 and to 11 by June 1991. **Tanzania** had 23 pipeline projects in 1989, 12 in 1990 and 8 in June 1991. **Madagascar** has seen an increase in projects from 15 in 1989 to 22 as of June 1991. **Zambia's** pipeline has increased from 2 in 1989 to 6 at the present time.

In West Africa the major changes in the project pipeline are in **Togo**, which now has 6 projects compared to 1 in 1990. **Nigeria's** pipeline has decreased from 24 in 1989 to 10 as of June 1991. **Cape Verde** had no projects in the pipeline in 1989 and now has 4.

The pipeline breakdown by country is well-diversified. There are projects in the pipeline in 33 countries. The countries with the largest project pipelines are Madagascar (22), Cote d'Ivoire (18), Ghana (18), Cameroon (10), Kenya (11), and Mauritius (10).

## 2.4.2 Completed Projects

### 2.4.2.a Country Diversification

The 87 completed projects as of June 1991 were located in 21 different countries. The largest percentage of projects were located in Cote d'Ivoire (10), Ghana (7), Kenya (13), Botswana (8), Tanzania (8), Malawi (6), and Uganda (6).

**COUNTRIES WITH LARGEST NUMBER OF APDF PROJECTS - 1991**

COUNTRY	NUMBER OF PROJECTS	% OF TOTAL PROJECTS
Kenya	13	15
Côte d'Ivoire	10	11
Botswana	8	9
Tanzania	8	9
Ghana	7	8
Malawi	6	7
Uganda	6	7

There is a large discrepancy between completed projects in East and West Africa, with East Africa having a significantly larger share of the successful project completions. Of the 87 total projects, two-thirds (59 projects) were located in East Africa and 28 or one-third were located in West Africa. This reflected the more difficult economic conditions and financing environment in West Africa.

Over time, APDF has increased its country coverage and the resulting numbers of project completions reflect this. In 1988, APDF completed 28 projects located in 13 different countries; in 1989 the number of countries with completed projects increased to 17; in 1991 to 21.

### 2.4.2.b Sector Diversification

Agro-industry and fishing are the largest sectors of APDF activity, capturing 54% of the total completed projects as of December 31, 1990. The next largest sector is manufacturing with 33% of completed projects, then service investments, including hotels, with 13% of total projects. There have been six hotel investments, one hospital, one urban transport project and two service projects.

The agricultural investments include such sectors as vanilla in Uganda, roses and cashew nuts in Kenya, jams and jellies in Cote d'Ivoire, and tobacco in Ghana. The manufacturing projects assisted are diverse, ranging from bricks in Botswana, zippers in Cote d'Ivoire, handpumps in Uganda and Tanzania, mining lights in Zimbabwe and clothing in Kenya.

**APDF INVESTMENTS BY SECTOR  
(DECEMBER 1990)**

	PERCENTAGE (%) OF PROJECTS	NUMBER OF PROJECTS
Agro-Industry & Fishing	54	42
Manufacturing	33	26
Service	13	10
<b>TOTAL</b>	<b>100</b>	<b>78</b>

**2.4.2.c Women**

Since 1989, APDF has recognized the importance of providing assistance to African women entrepreneurs and has made special efforts to seek out projects promoted and managed by women entrepreneurs. A.I.D. has been instrumental in encouraging APDF to concentrate more on African female entrepreneurs. Of the 26 projects completed in 1990, 10 were managed by women. APDF now separately identifies projects promoted by women and will continue to do so. The Government of Norway has provided a special fund of \$500,000 specifically earmarked to help women entrepreneurs.

In 1990, APDF commissioned a study by Rosemary McCarney to provide recommendations on how APDF might better reach the African woman entrepreneur. A review of her report, which found that women face legal, cultural and other barriers to the development and the financing of private sector activities, is found in Section 2.8.

To further increase efforts to promote women entrepreneurs, APDF field offices could be required to provide a separate report on women and other donors should consider providing special funds for this purpose. APDF should also consider appointing a woman to its advisory board. It could also hold special seminars or other outreach efforts for women, especially at the prefeasibility stage.

### **2.4.3 Conclusions:**

The country diversification of APDF activities has expanded over time. In the early years there were some criticisms that most active and completed projects were in Kenya and in Cote d'Ivoire, where the APDF field offices are located. Over time, and with additional staff and the opening of the Harare office, the country dispersion has increased. There are projects in the pipeline in 36 countries and APDF staff go on mission to even more countries. APDF bimonthly field reports provide a breakdown by country of missions undertaken by their staff. APDF is constantly trying to expand its geographic reach and its efforts appear satisfactory.

Likewise, there is a solid range of sectors in which projects have been completed. The trend over the years indicates most projects that are selected and/or completed fall into fishing and agro-industrial sectors, followed by manufacturing projects. This dispersion seems reasonable given the economic opportunities and conditions in Africa.

Proactive efforts should be made to target and reach women entrepreneurs who face greater obstacles to business than their male counterparts. These could consist of outreach seminars, obtaining special funds from donors, and separate reporting requirements.

**2.5. Evaluate the APDF management structure from the point of view of efficiency, supervision, and sustainability.**

**2.5.1 Organizational Structure**

APDF is managed by IFC, the executing agency for this UNDP program. The Project Manager who is seconded from IFC is based in Washington and supervises the operations of the three field offices in Abidjan, Harare and Nairobi. He also maintains close relationships with APDF sponsors and donors. The total APDF staff numbers 20, of whom 6 are seconded by IFC.

Currently, each office is headed by a Regional Manager who is also seconded by IFC. The Abidjan and Nairobi offices each have a professional staff of eight, with the Harare office currently staffed with three professionals. During the five years of operation, APDF has established a reputation for high quality professional services despite staff constraints. APDF services are increasingly in demand and additional offices have been proposed in Lagos and Douala. The Lagos office has been postponed because the Government of Nigeria will establish an APDF-type facility using UNDP funds. As additional funds are committed, APDF still plans to open the office in Cameroon. This decision should perhaps be reevaluated given the time elapsed since the original idea was proposed.

The Facility has an Advisory Board which consists of senior representatives of the three sponsoring agencies (ADB, IFC and the UNDP), and seven representatives from the private sectors in Africa and donor countries. In APDF 2, A.I.D. nominated a representative on the Board. The chief function of the Board which meets once a year for two days in different African venues is to provide policy input. The Board does not approve APDF projects.

A Sponsoring Agency Committee (SAC) was established at the suggestion of UNDP, to provide enhanced coordination between UNDP, ADB and IFC on policy matters concerning the operations of the Facility. SAC members meet on an ad hoc basis; the last meeting was in April 1991 and another is scheduled for September 1991. At the last meeting, 57 representatives from the various donors attended. As APDF 2 continues, the SAC will become more active and convene on a regular basis.

The success of APDF is indicative of the management of the Facility and cooperation with the donors, promoters and entrepreneurs.

## 2.5.2 Reporting and Supervision

The reporting system from the field offices is well-established and strong. Each field office submits bimonthly reports. These reports are quantitative in nature and provide the following information:

<b>CONTENTS OF APDF BI-MONTHLY FIELD REPORTS</b>	
•	Summary of Activities
•	End of Period Status
•	Completed projects since inception
•	Completed projects since beginning of year
•	Cost-sharing
•	Status of Active and Completed Projects
•	Total project requests by country, sector, category, size
•	Use of bilateral and international agencies and consultants *
•	Status report of each project by country
•	Requests rejected by country, and reason

\* Not provided by Nairobi office

The format and content of the reports from Nairobi and Harare offices is nearly identical, and easy to read. The reports from the Abidjan office are much more lengthy, appear to contain additional information (sometimes duplicative), and it is more difficult to find summary information. APDF may consider application of greater uniformity to the reports, although all major categories of work are mentioned in the current reports.

Other means of supervising the field offices include approximately 3 visits each year by Mr. Keyserlingk, APDF Project Manager, and approximately 4 visits per year by Mr. Cabo, APDF's Project Finance and Audit Officer. Every year, in December, APDF holds a 10 day training session of all staff. This meeting, always held in Africa, is tied to the Advisory Board meetings, and serves a valuable training and communication function. The field office managers travel to Washington once a year.

Future personnel initiatives include rotation of staff among the offices. This has already happened to some extent when two staff transferred from Nairobi and Abidjan to Harare to open that office.

The oversight and management of the field offices seems quite strong. Communication is frequent and regular, detailed and closely tied to APDF's objectives.

### **2.5.3 Staff**

Everyone interviewed stressed the high caliber of APDF staff in the field offices and attributed much of APDF's success to its insistence on hiring very experienced staff. Most staff have between 15 to 20 years experience and all are drawn from the financial sector. Mr. Keyserlingk explained that the investment officer's job requires sound judgement, to rapidly discern between a good and bad project at the early stages of the process. Any one investment officer manages between 5 and 8 projects at a time and is responsible for one or more countries. Each country also has a backup officer, one of the other investment officers. This appears to be a highly efficient organizational structure.

APDF recruits its staff through word of mouth, rather than formal advertising. To ensure quality and fit, the Facility normally brings a proposed investment officer on board as a consultant for a few months, then makes a formal hiring commitment after that period. APDF has made an effort to recruit African staff. Of the twenty staff, nine are African, seven are European, three North American and one Asian. One year ago, only five staff members were African. This policy of encouraging a wide dispersion of nationalities and increasing emphasis on hiring African nationals is commendable. The emphasis on hiring African investment officers has a positive impact on the sustainability of the APDF concept.

### **2.5.4 Project Management and Roles**

APDF is a very decentralized operation with a large amount of autonomy given to the field offices. The field offices have authority to carry out all stages of the APDF process, including selecting projects for the active pipeline, choosing consultants, managing the consultants, preparing and reviewing feasibility studies. The final project document is sent to Washington where it is reviewed by Mr. Keyserlingk and the Vice President of Engineering at the IFC. Their comments (normally 1 to 2 pages) go back to the field for incorporation into the final document.

This decentralized operation is a key strength of APDF and appears to work quite well technically and from the point of view of project efficiency. APDF hopes to get African countries more involved in the operation and direct support of APDF; the current emphasis on strong field offices will promote this aim and help ensure greater sustainability of the project concept over time.

**2.6. Review the several new thrusts that APDF has initiated, in cost-sharing, technical assistance, implementation-cost funding and others that have been introduced. The review should include those activities mentioned in paragraph 13, page 4 of March 1991 Operations Report in the cost-sharing section on page 5, and paragraphs 22 and 23 on page 6.**

Throughout its life, APDF management has been responsive to comments and suggestions raised during donors' meetings and by APDF's Advisory Board. Significant discussion has occurred on the subject of APDF's sustainability and ways to reduce its cost of operations. Several initiatives have been undertaken. A description of these initiatives and the results to date are analyzed below.

**2.6.1 Cost-sharing**

APDF's goal is to reduce over time total reliance on donor support by instituting cost-sharing arrangements. The goal of cost-sharing, however, is not to cover all APDF's costs, but approximately 10-15% over time. Donors agree that almost every industrialized country provides some support to small and medium enterprise. The APDF 2 budget for consultants was reduced by US\$2 million to reflect the anticipated increase in cost-sharing revenue.

Formal adoption of cost-sharing occurred in the third year of the APDF project when in November 1990, the APDF Advisory Board approved a cost-sharing policy for beneficiaries of the APDF's services. The policy is attached at Appendix E. The cost-sharing mechanisms fall into the three categories:

- o Front-end Payment: at least US\$3,000 or its equivalent in local currency, payable upon signing of Letter of Understanding.
- o Appraisal Report Payment: 0.5% of estimated project costs payable before release of APDF project documents.
- o Success Payment: 1% of estimated total project cost payable upon completion of the project's financial plan where APDF has played a direct role in securing funds for the project.

The fee policy generates some income for the APDF while at the same time assures that private entrepreneurs are serious and will actively seek to facilitate the project preparation process. The fee system serves as a first litmus test of a promoter's commitment and ability to undertake a project. It also allows

APDF to stretch its resources and thereby assist a larger number of entrepreneurs and projects.

During the fiscal year 1990, APDF cost-sharing revenue was US\$0.3 million, compared to a total of US\$0.4 million during the first three years of operations (collected on an ad hoc basis). Most collections were front-end fees. This represents approximately 3% of the total APDF budget. In 1991, based on the May/June bimonthly reports from each field office, approximately \$27,000 was collected in Nairobi, \$9,000 in Harare and \$156,000 from Abidjan.

The policy is administered by each of the three field offices and appears to be applied fairly rigorously although the Board's policy specifically states that each office manager has discretion on the way cost-sharing is applied and may waive payments. The cost-sharing concept, if implemented too stringently or universally, can preclude APDF assistance to deserving but financially weak entrepreneurs. Given the economic conditions in most African countries, flexibility on fee policy therefore seems imperative.

During the 1990 APDF meeting of donors, it was suggested that APDF consider accepting a small percentage of the equity of certain projects as partial payment for its services. APDF is currently considering the proposal, which warrants further in-depth study. If APDF takes a small equity percentage of projects as partial payment for its services, this could conflict with the overall objectives of APDF which are to provide **technical assistance** to African entrepreneurs.

As further experience is gained with the three mechanisms currently in place, APDF should review and amend them as appropriate. It is recommended that APDF's experience with cost-sharing be evaluated in greater detail in 1992, after sufficient time has elapsed to draw valid conclusions and define new policies.

### **2.6.2 Technical Assistance**

The governments of Brazil, Israel, and India have agreed to provide APDF with assistance by making experts available to serve as short-term consultants. During 1991, an Indian expert provided services to the APDF project under these arrangements, with APDF covering the expert's travel and subsistence costs, while the donor government paid the fees. Israel has provided one expert so far. Brazil has not provided any to date.

In several cases, APDF and bilateral donors have conducted joint feasibility studies. This has occurred with SWEDFUND and with FMO.

### **2.6.3 Women Promoters and Managers**

APDF has recognized the importance of providing assistance to African women entrepreneurs, with significant encouragement from A.I.D. During 1990, the Facility made special efforts to promote projects either owned or managed by women entrepreneurs. In 1990, APDF commissioned a special study to review how APDF could identify and assist more projects promoted by African women. The study found that women face additional barriers and require special assistance especially at the prefeasibility stage.

Of the 26 projects completed in 1990, 10 were either promoted or managed by women entrepreneurs. More projects are anticipated in the 1991 project pipeline. Norway has committed additional funding (US\$500,000) to APDF specifically earmarked to assist African women entrepreneurs. The field offices should review progress in helping women entrepreneurs and identify other initiatives, possibly to be funded through other donor programs, that could increase the level of women entrepreneurs assisted by APDF. (See also Section 2.4.2.c.)

### **2.6.4 Use of Local (African) Consultants**

APDF assistance consists of provision of technical and financial expertise. The Facility staff are responsible for identifying and selecting short-term consultants to carry out feasibility, market and technical studies. The number of African consultants hired each year is increasing. Of the 144 experts hired by APDF in 1990, 81 were local experts or firms. APDF is continuing to make efforts to encourage and develop local consultancy in Africa. By creating a market for such services, APDF is providing another valuable tool for African development.

### **2.6.5 Country Initiatives**

Over the past year, APDF has finalized an interesting initiative at the country level with the A.I.D. field mission in Uganda. A.I.D. Uganda has agreed to provide \$750,000, specifically earmarked for APDF technical assistance to Ugandan entrepreneurs. Similar discussions are underway in Rwanda. It already operates a UNDP country fund in Kenya. The development of other country specific initiatives offers great potential for extending APDF's reach and making it even more responsive to specific local conditions. The hazard is that the administration of separate funds could become burdensome and could affect APDF's goal of serving all countries equally. The experience with the UNDP and the A.I.D. Uganda country funds should be monitored carefully and, if appropriate, replicated elsewhere in Africa.

**2.7. Interview, in-person where possible or by phone, at a minimum, representatives of a majority of those bilateral funds listed as collaborators in the March 1991 Operations Report and highlighted in paragraph 12, page 4 of that report, to assess the nature and efficacy of their relationship to APDF. Make every attempt to include ADB, CCCE, CDC, DEG, FMO, and SWEDFUND in the interview schedule.**

A memo from the APDF Manager was sent to 10 bilateral donors working with APDF. A copy of the memo is found in Appendix F. Written responses were received from three organizations (ADB, CDC and PROPARCO); telephone interviews were conducted with 10 individuals in the other organizations to assess their views of both the APDF's efficacy and the working relationship.

To summarize the findings from the interviews:

1. **Different donors had different degrees of involvement with APDF.** Some organizations have goals more closely related to APDF goals, which is reflected in the numbers of joint projects. For example, DEG stated that it financed only a few projects (one completed project in Kenya and another under active consideration) with APDF, mainly because the projects were too small to meet DEG eligibility requirements. IFU of Denmark, on the other hand, had a number of successes to report. IFU and APDF have cooperated on between 5 and 10 projects, mostly in West Africa and a few in the SADCC countries. IFU focuses on assistance to small and medium entrepreneurs and described their relationship with APDF as "a perfect fit."

SWEDFUND is similar to IFU in its focus and has worked with APDF on approximately 20 projects, 10 of which are realized. The closest collaboration is with the Nairobi office; 15 of the 20 projects were in East Africa. APDF has been involved in approximately 30% of SWEDFUND's projects in Africa.

With FMO of the Netherlands, APDF has completed one project in Ghana and has worked with 2 projects in Cameroon, one in Senegal and two others in West Africa. In East Africa, they have completed two projects, one in Uganda and one in Kenya. FMO, however, foresees less cooperation in the future, because similar to DEG, its mandate is to assist larger-scale projects. Furthermore, FMO's emphasis on Africa is decreasing.

CDC West Africa had collaborated with APDF on one project in Cote d'Ivoire and one project in Ghana and is currently working on a further five projects in Ghana and one in Cote d'Ivoire.

In several cases, with IFU and SWEDFUND, feasibility studies have been conducted jointly. FMO has considered some joint efforts between its technical department and APDF.

Whether or not specific projects are realized, all those interviewed view the APDF field offices as extremely useful contacts.

**2. Communication between APDF and the institutions is very strong.\*** The main interface and communication is with the field offices, rather than APDF headquarters. They receive an occasional written communication from the APDF Washington project manager and attend donor meetings, but at the working level the contact is always with the field offices. This dialogue is informal, but regular and open. When the donors go on missions to Africa, they always contact APDF. Normal frequency of missions to Africa was between 3 to 6 times per year for investment officers. For example, SWEDFUND has 5 officers for Africa, each travels to African 6 times per year and would contact APDF on 4 of those trips. When they identify projects that seem suitable for APDF assistance, they contact the relevant field office. The field offices also send them the Project Summaries twice a year.

\* The only exception was a report from the CDC office in Harare that there had been no contact as yet between CDC and the APDF field office, despite the Harare office having been in operation for nearly one year.

**3. All those interviewed feel that APDF is fulfilling its role to assist African entrepreneurs and performs a valuable role in African development, filling a vacuum that existed prior to APDF's establishment.** One person stated that "APDF is the focal point for investment promotion in Africa." Another described the APDF as a "vital factor in private sector development in Africa."

Several mentioned their support of the creation of the Africa Enterprise Fund. APDF's expertise in identifying project promoters and defining project scope to develop well thought out and well presented project documents for financing institutions is viewed as providing a useful link between project sponsors and development finance institutions. CDC stated that APDF "makes the process possible, faster and more efficient." APDF's role in facilitation of financing negotiations was also viewed as extremely helpful.

**4. When asked for suggestions on how to improve APDF, very few of those interviewed had any suggestions.** Most felt that APDF was a strongly functioning, well managed institution responsive to the needs of the African entrepreneur. They all commented on APDF's strong and dedicated staff, using words like "exceptional and top notch." Some suggestions included:

- . APDF should try and gain access or create a foreign exchange window that could be used to finance its projects.
- . From IFU, APDF should get Africans more involved and committed to its goals. The CDC Harare office felt that APDF needed to increase its profile in the local business community. FMO expressed the view that APDF over time should delegate more to local institutions and mentioned that there are over 60 merchant banks which could be performing APDF type functions.
- . SWEDFUND noted that APDF is a costly operation and that the process for charging for services was not fully implemented and would never cover APDF costs. The idea of APDF taking equity positions should be studied further.
- . SWEDFUND felt that more African consultants should be used and that more effort should be devoted to promoting projects by women.
- . One respondent from CDC felt that the standard of project documents could be improved and that sometimes project risks were not sufficiently analyzed.

6. AFR/MDI felt that a broader role performed by APDF was its role in helping donors understand the issues of private sector development in Africa and its role as a catalyst and discussion forum for new private sector initiatives. APDF helps the donors develop additional programs targeted at increasing private sector activity in Africa.

#### Conclusions:

In summary, it appears that there is a uniformly positive donor attitude toward APDF's continuation of activities. Its contribution is well-regarded and respected and has been the springboard for new initiatives to support private sector development in Africa. All donors have a close working relationship with APDF.

**2.8. Review the evaluation and reports of APDF listed in the Background Section of the March 1991 Operations Report, and any other reports commissioned by APDF or its sponsors that may have been developed.**

Approximately 20 reports were reviewed. In the reports evaluated (See Appendix C), there were several common themes. These themes were:

- Screening and selection criteria of projects
- Country distribution of projects
- African capacity building (use of local consultants)
- Role and importance of cost-sharing
- Efficacy of organizational structure.

Overall, the reports commend the activities of APDF. For the most part, their recommendations have been incorporated into APDF's goals and day-to-day operations. Improvement in APDF's activities is clear.

The detailed contents of several of the most important reports are provided in the sections that follow.

**A. Report of UNDP Evaluation Mission, September 1989**

This report reflects the findings of an evaluation mission composed of the UNDP/IFC/ADB which assessed the impact of APDF project activities and made recommendations for the future extension and expansion of the project. The team raised several issues and made recommendations aimed at assuring a successful APDF 2 and making APDF project activities in Sub-Saharan Africa more in tune with the needs of its private sector clients. Nearly all of the recommendations were incorporated into APDF activities.

**Findings and Recommendations**

- **Findings: Information Collection**  
APDF's ability to assess and complete studies depends for the most part on its ability to collect relevant information expeditiously, but due to communications bottlenecks, the process is tedious and time-consuming.  
**Recommendations:** APDF increase its use of local representatives to serve as coordinators for APDF activities in the country.
- **Findings: Skills Transfer**  
Although APDF was established to help close the skills gap, sufficient time and effort has not been spent to survey the existing service providers and to explore ways and means of

promoting local African consulting firms. Instead, APDF prefers to hire African consultants as free-lance individual consultants, even when they are associated with a firm. The consequences are that the African consulting firms do not benefit from the presence of APDF. Therefore, there is no transfer of skills to African consulting firms. In addition non-African consultants, although competent, lack local sensitivity and local knowledge. Their approach tends to be very theoretical.

**Recommendations:** UNDP sponsor a study to identify African consulting firms, assess their strengths, and request that APDF select the most promising firms and assign them roles of: coordinating feasibility studies to be conducted in their respective countries under APDF supervision; hiring foreign experts under APDF guidelines and supervision so that foreign experts are brought in under the auspices of the local consulting firms. APDF should arrange to pay the foreign consultants directly where the exchange regulations do not permit local firms to be paid in foreign currency. Working and interfacing with foreign experts constitutes the best method of training and transferring skills to the African consulting firms, and APDF should not force African consultants working for a firm to accept assignments as free-lance individuals.

**Findings: Organization Coordination**

The team found that most of these agencies were not very familiar with APDF. APDF often rejects potentially viable projects for lack of basic information or poor formulation of the project proposal, when in fact resources of the institutions of donor countries providing project financing are available in the country and could be tapped to conduct pre-feasibility studies.

**Recommendations:** UNDP and other donor agencies sponsor a survey to identify services and facilities offered by various organizations in Africa. Services like cofinancing of the feasibility studies or referral of the African entrepreneur to the right agency could be coordinated by APDF.

**Findings: Technical Information**

APDF is in a position to collect valuable technical information not currently being distributed to any users other than the direct promoter of the project. African experts living abroad who would like to return to Africa lack the necessary contacts and information in terms of professional opportunities in Africa.

**Recommendations:** APDF should play a catalytic role in the process of technology transfer by creating a technological data bank based on the information it is currently collecting. The data bank should eventually be spun off as an independent entity available to any project promoter.

- Findings: African Advisors**  
 APDF was set up as a mechanism to help African entrepreneurs identify and prepare viable projects. A case was cited where APDF had committed and was working with a project expanding the operations of a company owned 90 percent by non-African investors. The latter claimed that some silent African investors would eventually be brought in as 50 percent joint venture partners without any active participation in the management. In this case, the project violated APDF's guidelines that a project must be owned at least 51 percent by an African entrepreneur who must also actively participate in the management.  
**Recommendations:** APDF sometimes hires or recommends foreign experts for managerial or technical positions for African projects. To the extent possible, an effort should be made to hire African experts in order to help reverse the African brain drain process.
- Findings: Activity Concentration**  
 The Facility's activities have been concentrated in a few countries with field offices and the project pipeline is getting longer and the demand for APDF assistance increases.  
**Recommendations:** Two additional offices should be created, one in Harare and one in either Libreville, Lagos or Dakar and staffed with at least three staff members in order to help APDF operate more efficiently and reach its objectives.
- Findings: Fee Collection**  
 There has been no systematic and uniform way of establishing the front-end fee collected from the promoters. Most of the promoters are of the opinion that the current levels of front-end and success fees are too small and do not test a promoters' financial abilities and commitment to the project.  
**Recommendations:** Non-refundable front-end fee should be calculated in accordance with the project size and success fee maintained at one percent of the total amount financed through APDF's intervention.
- Findings: Promoter qualifications**  
 There have been cases where at the end of the study APDF discovers that the promoter either does not have the minimum seed capital or is unacceptable to the lending institutions.  
**Recommendations:** APDF should assess a promoter's financial soundness and creditworthiness before committing resources to the project.
- Findings: Technical follow-up**  
 Some promoters require follow-up technical assistance for their projects after APDF terminates their services.

**Recommendations:** Follow-up and supervision of project implementation can be fulfilled by the local consulting firms.

**Findings:** Washington Office

The current role of the APDF Washington office is an important one, and cannot be effectively carried out by the field offices.

**Recommendations:** The coordinating office in Washington should be maintained at its present level of staffing.

B. APDF Evaluation Report prepared for Office of Market Development and Investment Bureau for Africa by Labat-Anderson International

In 1987 A.I.D. provided a 3-year, US\$2.1 million grant as its contribution to the establishment of the APDF. This evaluation covers the interim review of Facility's activities and A.I.D.'s involvement in the APDF.

The evaluation which was undertaken June of 1989 concluded that A.I.D. grant agreement objectives have been met. It recommended continued A.I.D. support. The Facility activities have generated employment, private investment and stimulated exports. APDF is viewed as a reliable, independent, and professional organization, and has interacted positively with USAID missions, resulting in U.S. businesses achieving reasonable levels of involvement with APDF activities such as consultancies and joint ventures.

APDF services and AFR/MDI investment promotion activities complement each other and are a valuable resource for USAID programs.

C. Report to the African Project Development Facility by Rosemary McCarney, Kanchar International Inc., January 1, 1990

This report was prepared following discussions with APDF field staff, the Advisory Committee and members of the African business community. It describes barriers facing African women entrepreneurs to obtain APDF assistance. Constraints include: legal/institutional constraints, physical distance to programs, lack of information or referral; cultural and social barriers, education and business experience barriers.

In project selection, the APDF did not have enough resources to assist entrepreneurs develop project ideas. The Facility insisted projects be developed before presentation to APDF. In light of their unique constraints, women entrepreneurs need both personal encouragement and advice if they are to succeed in

business and contribute more to the economic development of their countries. In **project financing**, women lack collateral to secure their loans, merely because the title to the family property is in nearly all cases in the husband's name. Also the type of projects likely to be owned by women are small projects which might be conceived as high risk by bankers due to high administrative costs.

The report concludes that many of the solutions to the constraints facing the African businesswoman lie not only with APDF but with host of other organizations committed to Africa's economic development. Increased focus on female entrepreneurs is good economic planning. Women already contribute far more to domestic economies than formally recognized in official economic indicators.

D. Reports on Operations of APDF for the years 1987, 1988, 1989 and 1990

IFC as the executing agency for the African Project Development Facility issues yearly reports on the Facility activities since inception.

• First 12 Months of Operations to October 31, 1987

**Funding:** During the first 12 months of APDF, funding was provided by the IFC, ADB, UNDP and Governments of 13 countries. Total during this period was US\$17.1 million equivalent. US\$7.2 million equivalent was disbursed during this period. In addition to these commitments, the Governments of Brazil, India and Israel agreed to provide APDF with technical assistance by way of providing experts on short-term basis.

**Operations:** The first phase of APDF (APDF 1) would operate for a four-year period with two field offices, one in Nairobi and one in Abidjan. APDF staff identified 602 projects in 33 African countries. Most of these projects were in agro-industry and fishing, manufacturing, mining and transport. Analysis of the size of projects proposed showed that a majority of them were at the lower end of the project cost scale of US\$0.5 to US\$5.0 million which APDF target. Given the experience of the first 12 months of operation, APDF concluded that project preparation required 6 to 9 months between project identification and finalization of the financial plan. Only 2 projects were completed out of the 61 projects receiving APDF assistance during the first 12 months.

• 1988 Report on Operations of APDF dated December 21, 1988

This report covers APDF's operations for the 12 months ended November 30, 1988.

**Operations:** APDF received some 508 requests for assistance during its second year of operations. Of these requests APDF assisted in arranging financing for 28 projects with investment of US\$45.0 million and which were estimated to create 2,000 new jobs. Total funding during the second year of operation was US\$17.8. US\$11.1 million was disbursed during the same period.

During the second year APDF experienced the challenge of economic differences which prevailed in West/Central Africa compared to those of Eastern/Southern Africa. Private sectors in many countries of Western/Central Africa were encountering serious economic and financial setbacks. The financial impediments were partly a result of many foreign and local commercial banks' and investors' reluctance to increase their financial exposure in this region, which rendered APDF work more difficult. The flow of new projects identified in 1988 remained at the same level as in 1987 in the Eastern and Southern region; however, the number of new projects identified in the West/Central region decreased by 31%. In both regions, agro-industry and fishing continued to dominate. During this period, the number of projects with costs higher than US\$5.0 million increased substantially.

APDF continued to operate from the two offices in Nairobi and Abidjan. In addition, APDF made extensive use of specialized local and international consultants (160 short-term consultants) to complement the skills of core staff of 8 in Nairobi and 8 in Abidjan.

• 1989 Report on Operations of APDF dated January 8, 1990

This report covers APDF's operations for the period ended October 31, 1989.

**Operations:** APDF completed its third year of operations on October 31, 1989, having assisted 53 projects secure financing. These projects represented investments of US\$96.8 million and helped create some 3,600 new jobs. The pipeline of viable projects grew to 291 in 1989. 76 percent of all completed projects originated from Eastern and Southern regions, a clear reflection of increasing difficulties which affect private entrepreneurs in the Western and Central Africa. APDF was able to assist local entrepreneurs in identifying foreign technology and investment partners from Belgium, The Netherlands, France and Italy.

In 1989, APDF recognized the importance of providing assistance to African women entrepreneurs.

The demand for APDF services continued to exceed the available staff resources in 1989. Of the 291 projects in the pipeline, APDF staff worked on 147 as they were unable to devote time to a larger number of projects. In addition to the 8 core staff in each of the two regional offices, APDF secured the services of some 175 experts from 30 countries including 16 African countries.

• 1990 Report on Operations of APDF dated March 19, 1991

This report covers the 14 months from November 1, 1989 to December 31, 1990.

**Operations:** After four years of operation, June 30, 1990 marked the completion of APDF 1 which commanded funding of about US\$18.3 million. During the four years of APDF 1, the Facility completed 67 projects with investments of US\$132 million and annual foreign exchange impact of US\$78.0 million. APDF 1 helped create 4,900 jobs and helped entrepreneurs secure US\$85.0 million. Demand for APDF's services continued to be strong in 1990 with the Facility receiving 1,700 projects proposals, with almost the same number of proposals submitted to each office. In 1990, the Facility worked on a total of 104 projects compared to 146 active projects reported in 1989. The Facility was able to successfully complete financial arrangements for 26 projects, representing investments of some US\$53.5 million. Of this amount, APDF helped raise US\$41.0 million. Eighteen of the completed projects were located in Eastern and Southern Africa, and 9 were either promoted or managed by women entrepreneurs. This disparity, noted in earlier years, reflected the continuing difficulties entrepreneurs encounter in securing financing for projects located in Western and Central Africa.

The concept of cost-sharing was introduced in 1990 with the recommendation of the donors. The aim of cost-sharing was to make users less dependent on grants. It was accepted that most small and medium-size enterprises could not afford the full cost of APDF services. Nevertheless, the expected growth of the share of APDF's costs borne by entrepreneurs provided a workable basis for evaluating APDF, as well as for determining its continued eligibility for grants from the donors. During fiscal year 1990, APDF cost-sharing from promoters amounted to US\$0.3 million, compared to US\$0.4 million during the first three years of operations.

APDF continued to work with donor agencies and governments to secure funds for APDF 2. At December 31, 1990, commitments for APDF 2 amounted to some US\$ 34.0 million.

A third office, in Harare, was opened during 1990. Two more offices, in Lagos and in Douala, were proposed, depending on availability of funds. APDF continued to hire consultants to complement the core field staff.

E. Report on Proposed Expansion and Extension of APDF, IFC, August 3, 1989

This report outlines a proposal for an expansion of APDF for an additional five years, from July 1990 until June 1995, and expansion of field offices to be located in Harare, Douala and Lagos. Given the lengthy period it takes to prepare and implement a project (1 year to 18 months), a five-year term would enable APDF to operate through four to five project cycles and thus increase the number of entrepreneurs. The proposal further states APDF 2 would continue to operate as a UNDP project with IFC as the Executing Agency and the ADB as the regional sponsor.

Since inception, APDF assisted in securing financing for 41 projects in 15 countries with investments of over US\$69 million. Although 169 projects had received APDF assistance, there were over 200 pending requests for assistance by fiscal year 1989 because APDF was unable to service all requests because of staff constraints. Each of the APDF offices services 22 to 23 countries. It was proposed that three new offices be located in Douala, Cameroon, Harare, Zimbabwe and Lagos. The office in Harare would service SADC countries. Lagos would service Nigeria, the largest economy in the region. The new Harare office would share the Nairobi office pipeline overload, while Douala and Lagos offices would assume projects currently in the Abidjan pipeline.

The funding needed for APDF 2 was US\$43.0 million. IFC, which had committed US\$2.0 million under APDF 1, would participate in APDF 2 by contributing 14% of total funding required under APDF 2. A.I.D.'s contribution under APDF 1 was US\$2.1 million and it committed US\$4.0 million under APDF 2.

APDF 2 operations started on July 1, 1990 with three offices (Nairobi, Abidjan and Harare). Total commitments under APDF 2 as of December 31, 1990 were US\$34.3 million compared to US\$18.3 million committed under APDF 1.

F. APDF Interim Report For 6 Months January 1 to June 30, 1991

**Operations:** Activities for APDF were extended for an additional term of five years under APDF 2. Expansion of APDF operations depended on the level of funding commitments which, as of June 30, 1991, was US\$34.3 million committed, and US\$8.6 million actually paid. Germany and Italy did not make any commitments for APDF 2. During the donor's meeting held in April 1991, it was decided that, given the level of confirmed commitments, the expansion of APDF should be limited to the new Harare office until additional funding was provided. UNDP informed the donors that a new office for an APDF-type project in Lagos would be

funded by utilizing the UNDP country funds for Nigeria and that the African Development Bank would execute the project.

During the first six months of 1991, APDF helped 10 projects secure financing. Six of these projects were located in West Africa. Since project start-up, APDF has completed 88 projects with total investments of US\$164 million and generating foreign exchange earnings of US\$93 million. APDF assisted in securing US\$114 million for project financing. There are 7,000 jobs generated by APDF activities.

APDF continues to operate with three field offices in Nairobi, Abidjan and Harare and its headquarters in Washington. Consultants are hired to complement the core staff.

**2.9. Describe how the conditions stipulated in the September 1989 A.I.D. Grant Agreement document have been met, especially those dealing with U.S. firms and consultants in the operations of APDF.**

- 2.9.1 Condition: UNDP shall furnish to A.I.D. in form and substance satisfactory to A.I.D., an activities report describing the work of the APDF offices in Africa during the previous year. Report shall include information on the involvement of U.S. firms and consultants in the operations of APDF.**

The IFC as executing agency for APDF, a United Nations Development Programme project, publishes an APDF annual report for each year of operations. In addition, APDF prepares progress reports on all projects in the pipeline and funding commitments and an interim report in June of each year.

The December 31, 1990 Annual Report is attached as Appendix G.

There was no evidence that information on use of U.S. consultants and involvement of U.S. firms is provided to A.I.D. In the annual reports, in the section which provided project descriptions, one can find details on the investors in each project. However, there is no external report which specifies the involvement of U.S. consultants.

Involvement of U.S. firms and individual consultants has not been very extensive. Only two U.S. firms have participated in APDF's 87 completed projects. The projects involving U.S. firms have been located in Sudan (Pioneer Seed) and in Botswana (Interkiln USA investment in Woodhall Brick). Reasons cited for this small number of U.S. investors is that Africa has not been a region of great interest to U.S. companies and that U.S. companies are not interested in the small scale projects promoted by APDF. APDF does not collect statistics which provide a breakdown on the investor nationality. However, APDF staff state that the majority of external equity investment in its projects comes from development finance institutions of other countries, the most active being IFU of Denmark and SWEDFUND of Sweden.

APDF uses a large number of consultants every year (140 in 1990). They must possess very specific technical skills (examples include syringe manufacturing, leather shoe production, cashew nut production). The greatest numbers of consultants are needed in the agro-processing, agri-business and fishing sectors, reflecting the largest segment of APDF projects. Almost all hiring decisions are made by the investment officers in the field. Only occasionally (once or twice per year) is APDF headquarters asked to identify potential consultants. Equal

numbers of consultants utilized are individuals and firms; many of the firms are very small, consisting of 1 to 3 people.

With respect to the use of US consultants, results are also disappointing. As of August 1991, only five US consultants or firms have been hired by APDF. In 1990, only seven US consultants were utilized out a total of 144 consultants. The November 1, 1989 to December 20, 1990 breakdown provided by APDF is as follows:

**Consultants Utilized by APDF  
November 1, 1989 - December 30, 1990**

Nationality of Consultant	Number
Belgium	2
Denmark	1
France	14
Israel	1
Italy	1
Netherlands	4
Sweden	1
Switzerland	1
UK	31
USA	7
Total Europeans	63
Benin, Burkina Faso (1 each)	2
Cameroon	5
Central African Republic	1
Cote d'Ivoire	12
Gabon	1
Ghana	5
Guinea	5
Kenya	1
Malagasy	3
Mali	2
Mauritius	8
Mozambique, Niger (1 each)	2
Nigeria	4
Rwanda	1
Senegal	4
Sudan	2
Swaziland	1
Tanzania	2
Togo	2
Tunisia, Zambia (1 each)	2
Zimbabwe	16
Total Africans	81
GRAND TOTAL	<u>144</u>
	===

It should be noted that the number of African consultants has increased each year. In 1989 approximately 40 Africans were hired; this increased to 81 in 1990.

No donor other than A.I.D. places a conditionality on use of consultants of a particular nationality. UNDP, however, is keen to increase the use of African consultants, and in the past the French have put a fair amount of verbal pressure on APDF to use French consultants.

APDF expressed keen interest in utilizing greater numbers of U.S. consultants, but have identified the following constraints to their recruitment:

- Language: In West Africa, total French/English bilingualism is required, as reports must be prepared in French. In East and Southern Africa, this is not a problem; however, increasing numbers of requests will be needed in Mozambique and Angola and thus will require Portuguese fluency.
- Length of assignment: most consultancies are short, two to three weeks in duration. Many US consultants are not interested in assignments of such short duration.
- Fees: APDF fees for individual consultants do not normally exceed US\$500 per day. Many US consultants are reportedly not interested in what they regard as low fees, especially for short-term assignments. US firms, in particular, are not interested in this rate structure. According to APDF, Canadian firms and individuals feel the same; however, this is not true for other nationalities.

APDF staff suggest that A.I.D. develop a list of U.S. consultants interested in working on APDF assignments. Information should include technical specialty and language proficiency. These lists should be circulated to the field offices where almost all consultancy decisions are made.

Given the unique consultancy requirements of APDF and the expressed desire of other key donors to utilize greater numbers of African consultants, A.I.D. should consider whether it makes sense to keep in place the conditionality relating to the involvement of U.S. firms and consultants.

**2.9.2**      Condition: UNDP shall furnish to A.I.D., in form and substance satisfactory to A.I.D., evidence that other donors have committed adequate funds to assure the effective operation of APDF for the forthcoming operation years.

The APDF annual report dated December 1990 provides information on other donor commitments. According to APDF, they do not provide this information to A.I.D., other than in the annual report. They presume that UNDP furnishes adequate documentation to A.I.D.. According to the Annual Report, the status of commitments for APDF 1 and APDF 2 as of December 31, 1990 in US\$ is as follows:

<u>Agency/Country</u>	<u>APDF 1</u>	<u>APDF 2</u>
UNDP	2.5	7.5
IFC	2.0	6.0
ADB	1.0	3.0
United States	2.1	4.0
France	1.6	2.1
Germany	1.5	0
Italy	1.0	0
Japan	1.2	0.4
Canada	0.8	1.7
Netherlands	0.7	1.5
Belgium	0.9	0.8
Denmark	0.5	1.0
Finland	0.5	1.2
Norway	0.5	1.4
Sweden	0.5	1.2
Switzerland	0.5	0.6
United Kingdom	0.5	1.5
Portugal	0	0.4
Grand Total	<u>18.3</u>	<u>34.3</u>

Source: APDF Report on Operations for period ended 12/31/90

**2.9.3**      Condition: UNDP shall furnish to A.I.D., in form and substance satisfactory to A.I.D., certification that total donor contributions were adequate to meet or exceed APDF's budget in the prior year.

According to the UNDP officer for APDF, this information is provided each year. The APDF headquarters office is not responsible for this action.

#### **2.9.4 Conclusions**

It appears that the three conditions are being met with the exception of information on the involvement of U.S. firms as investors and U.S. firms and individuals as consultants. For a variety of legitimate reasons it seems that APDF has difficulty in interesting U.S. firms and individuals in its activities. In the case of use of consultants, the trend is towards greater use of African consultants, which support APDF's overall purpose. A.I.D. should reevaluate its conditionality on the involvement of U.S. firms and consultants. If this conditionality is maintained, A.I.D. and APDF should design some proactive measures to encourage U.S. involvement. A.I.D. may wish to adopt more stringent reporting requirements on this aspect of APDF operations, which may, in and of itself, encourage greater efforts to involve U.S. entities.

**2.10. Discuss the conceptual analysis described in the second paragraph of the purpose section of this document in light of the information gathered and reports or activities reviewed and present the results and recommendations.**

This section states that A.I.D. is concerned with the practical results of its projects, with particular interest in the number of jobs created relative to funds expended and what this leads to in terms of increased incomes and total production. The evaluator is asked to determine whether data is collected to measure these relationships and recommend whether this effort is reasonable or could be improved.

APDF's budget is established by IFC and approved by UNDP. The budget is reviewed and revised at least twice a year to conform with UNDP requirements. Expenditures are made in accordance with World Bank group and UNDP procedures and regularly reported to the UNDP and to other donors. Adequate controls are clearly in place.

Since APDF's inception, expenditures have been basically in line with the overall budget set for each period. APDF 1 expenditures exceeded the budget by about 4%, due to higher expenditures on consultants to complete projects in the pipeline. APDF's expenditures for core staff and facilities and for operating costs are slightly under budget.

Beginning in 1990, APDF began to analyze the efficiency of its operations, using a number of indicators and key ratios including:

- **cost per job created**
- **average cost per project**
- **number of completed projects relative to project documents issued**
- **average cost per project from field offices.**

A copy of this internal report is attached as Appendix H.

Although it is too early to discern significant trends, several figures are of particular interest:

- The average cost per completed projects is dropping slightly. In 1989 the figure was \$59,660, in 1990 this dropped to \$57,905. There is a big difference between East and West Africa. The cost per project in West Africa is significantly higher (\$76,236 versus \$49,758) than in East Africa reflecting the higher operational costs and the lower project realization rates.

- The average APDF costs per project completed including dropped projects and work in progress is \$303,756. compared with approximately \$350,000 in earlier years. This increased in 1990, largely due to the opening of the Harare office and the costs associated with start-up. The downward trend should resume; this figure should be monitored closely.
- The percentage of completed projects to project documents issued is 80% in Nairobi and 35% in Abidjan. This figure should continue to increase over time.
- The average cost per project which was appraised, but subsequently dropped, is also declining from \$63,365 in 1989 to \$54,417 in 1990. This reflected increasingly stringent screening and application of cost-sharing fees.
- The cost per job created is nearly \$4,000 and appears to have remained fairly constant. It has dropped slightly from 1989 to 1990.

It is difficult to say whether these figures are too high or too low. What is important is that APDF is collecting these statistics and that the early trends seem to indicate increasingly efficient operations. The new cost-sharing policy which has not been in operation for one complete year should lower these figures further, as should the increasing use of African consultants.

Other statistics which could be collected include:

- Number of person hours of professional staff devoted to each completed and appraised project
- Breakdown of cost-sharing fees collected by project and by region
- Percentage of cost-sharing fees to total project cost.

APDF has spent nearly \$28 million since its inception. If APDF's performance is measured solely in quantitative terms, it could be considered a high-cost operation, although a more detailed analysis would need to be performed. However, the costs per project are decreasing over time. In this evaluator's opinion, APDF runs a tight, efficient organization and has in place measuring and monitoring mechanisms to enhance overall productivity and efficiency. Partial cost recovery and close attention to cost control and monitoring are integral parts of APDF's operational philosophy. The formal cost-sharing policy will lower APDF costs over time.

Furthermore, a number of **qualitative** factors must be considered in terms of analyzing APDF's cost-effectiveness and contribution to the development of Africa's private sector.

- **APDF's costs in promoting a project result in a private sector economic activity that continues long after APDF involvement.** The APDF-assisted project provides jobs, incomes and export earnings that remain as a long-term contribution to African development.
- **APDF's increasing use of African consultants and hiring of African staff is creating an indigenous capability in the promotion, analysis and implementation of sound business projects.**
- **Many bilateral assistance programs benefit from APDF in non-quantifiable ways.** APDF has become a focal point for lessons learned in private sector development and in the identification of bottlenecks and constraints to the private sector in Africa. The feedback that APDF operations provide to the donor community is invaluable in helping donors design other interventions to help the private sector.

The example of A.I.D. Uganda's creation of a \$750,000 technical feasibility fund to be utilized by APDF to help Uganda entrepreneurs is just one instance. The regular APDF donor meetings serve as a coordinating point and forum for constructive dialogue and action. APDF's plans to facilitate additional meetings incorporating to a greater extent the African voice, will enhance this dialogue even further and undoubtedly result in new initiatives.

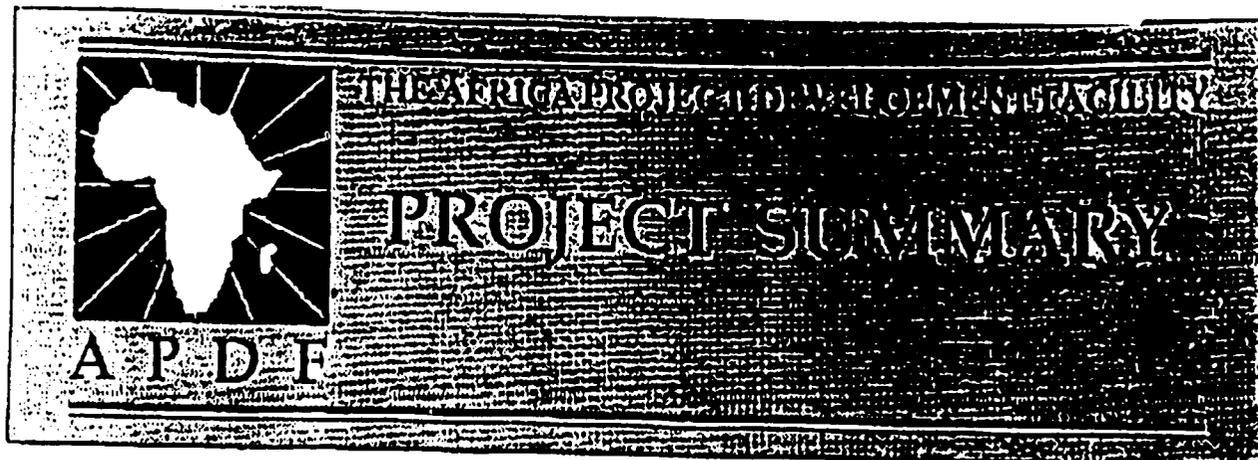
## APPENDICES

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## APPENDIX A

**APPENDIX D**



### BUSINESS COMMUNICATIONS INSTITUTE

Location: Nairobi, Kenya

Project Description: Setting up a computer training and consulting company.

Project Cost and  
Financial Plan:

Total cost estimated at KSh. 7.6 million (US\$ 330,000 equivalent as at Nov. 1990). KSh. 4.8 million (US\$ 200,000) to be financed by equity and KSh. 3 million (US\$ 130,000) from loan funds.

Sponsors: Messrs. M.P. Omwony and J.K. Nyukuri. Kenyan entrepreneurs and Business Communications Facilities of Belgium, the technical partner.

Management: Messrs Omwony and Nyukuri will manage the company and the technical partner will supply consultants for course development and as resource persons on special assignments.

Market: The Company will target corporate clients in the public and private sector for both common use packages such as spreadsheets and wordprocessing and also for user specific programmes write-up and implementation.

Economic Benefits: Establishment of one of the first indigenous owned EDP and consultancy companies in Kenya. Creation of 16 new jobs at a cost of KSh 531,000 (US\$ 23,000) per job.

Current Status: Under implementation but running about six months behind schedule. This has been due to delays by loan financier in releasing funds and in securing customers clearance of equipment on arrival. The company is already doing some consultancy work and expects to commence full business in September, 1991. The project was financed by Kenya Industrial Estates.

**APPENDIX E**

# AFRICA PROJECT DEVELOPMENT FACILITY (APDF)

## Fee and Cost Sharing Policy

As approved November 1990

### A. INTRODUCTION

APDF assists private African entrepreneurs to prepare viable projects and assist in securing the financing needed to implement these projects.

### B. POLICY

Although donors do not expect that APDF to be fully self-sufficient, it is the goal of the Facility to gradually increase the participation of promoters to a point where promoters will bear an increasing percentage of APDF costs.

The fee policy must remain flexible and fees must be set in accordance with the promoter's ability to support the costs of preparation. In countries where there is little or no foreign exchange, APDF will continue to bear 100% of the foreign exchange costs while promoters would cover local costs such as hotels and subsistence of APDF experts.

On the other hand, in cases where it is deemed by APDF that promoters can bear the costs of the preparation work, the Facility will assure that these promoters carry their fair share of the costs of preparation work.

The amount of fee income and cost sharing secured by the Facility will be monitored as it is a measure of the value assigned to the APDF services by the entrepreneurs.

In exceptional cases, where in the judgement of the Facility, the project would not be realized if fees were required, the fees can be waived. Such cases would need to be documented and the rationale for not requiring fees would need to be laid out.

In no cases will a fee payment in kind be accepted either in the form of assets although, in some cases, a promisory note covering a success fee may be required.

### C. RATIONALE

These services allow the entrepreneurs to improve the structure of the projects through the technical and financial advice provided and provide credibility to projects by being associated with APDF. The APDF renders a service which enhances the ability of entrepreneurs to secure financing and implement projects. These services, therefore, have a value and entrepreneurs should increasingly assume the cost of

these services. In the long run, these services rendered by APDF should be provided by private experts employed and paid for by the African entrepreneurs who have the means to finance these services. It is, however, recognized that in Africa, as throughout the world, the small and medium scale entrepreneurs will need partially subsidized assistance.

#### D. PURPOSES

Since APDF was launched, the Facility staff, on the recommendation of the APDF Advisory Board, has put in place a system of cost sharing arrangements which serves three purposes:

##### 1. Financial Strength of Promoters

It is vital to ascertain at an early stage that sponsors are financially willing and able to carry out projects they propose to APDF. If promoters are unwilling or unable to participate in the preparation costs of their projects, this is an indication that the entrepreneurs may lack commitment and possibly the financial strength to provide the financial support which is required by lenders. Thus, the fee system serves as a first litmus test of promoters. It is essential to ascertain the promoters' financial commitment and financial strength before making substantial expenditures in project preparation.

##### 2. Financial involvement of Promoters

The fee system also involves the promoters early on in the costs of the project preparation. This provides reassurance that the promoter will be interested in moving through the project preparation phase as efficiently as possible. By having a promoter cover a portion of the costs of consultant fees and/or expenses, the Facility is reassured that the promoter will actively seek to assist the consultants complete their tasks.

##### 3. Extension of APDF resources

Finally, the fee system allows the Facility to stretch its resources and thereby assist a larger number of entrepreneurs and projects. The real strength which the Facility brings to entrepreneurs should not be a subsidy of preparation costs but rather the large international network of sources of financing and of technology of the Facility.

Three types of fees shall be utilized:

**E. APPLICATION OF POLICY**

**1. Front End Fees**

**Amount:** US\$3,000 or more equivalent in local currency, depending on size of project.

**Conditions:** Payable by project sponsors as an indication of commitment to the project prior to commencement of APDF work. If, in the opinion of the APDF Regional Manager, there is little or no doubt as to the Sponsors' commitment, then this fee may be waived. For example, this would be the case when sponsors have already invested substantial sums in preparing pre-feasibility studies etc. If APDF decides the project should not be pursued, APDF will reimburse the fee.

**2. Appraisal/Cost Sharing Fees**

**Amount:** 0.5% of estimated projects cost.

**Conditions:** The APDF Regional Manager is responsible for determining an appropriate level of cost-sharing between APDF and the sponsors. Considerations such as the wealth and ability to pay of the sponsors should be paramount in determining final fee. Amount is payable before the release of APDF project documents.

**3. Success Fees**

**Amount:** 1.0% of projects costs.

**Conditions:** Success fees are chargeable on all project financing where APDF has played a direct role in securing funds for the project.

**F. DOCUMENTATION**

A standard letter of agreement covering the fees shall be signed both by APDF and the project sponsors during the early stages of project preparation. If the project is being sponsored by an existing firm the success fee could be substantiated by a promisory note which could be enforced at a later date.

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## APPENDIX F

THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION (IFC)  
AFRICA PROJECT DEVELOPMENT FACILITY  
WASHINGTON, D.C. 20433  
U.S.A.

FACSIMILE TRANSMITTAL FORM

DATE: AUGUST 5, 1991  
NUMBER OF PAGES: 2 (including this page)  
MESSAGE NO: .....

TO: AFRICAN DEVELOPMENT BANK  
ABIDJAN, COTE D'IVOIRE  
→ ATTN: MR. ABDUL RAHMAN AWL  
HEAD OF PRIVATE SECTOR  
DEVELOPMENT UNIT  
FACSIMILE NO: 5011-225-204964

FROM: ALEXANDER N. KEYSERLINGK  
APDF WASHINGTON  
TEL. NO. (202) 473-0508

SUBJECT: USAID EVALUATION OF APDF

MESSAGE:

DEAR MR. AWL,

OVER THE NEXT THREE WEEKS, USAID IS CONDUCTING AN EVALUATION OF THE APDF AS PART OF ITS CONSIDERATION OF PROVIDING ADDITIONAL FUNDS TO THE FACILITY. IN THE SCOPE OF WORK, THE EVALUATION TEAM HAS BEEN ASKED TO DO THE FOLLOWING:

"INTERVIEW, IN-PERSON WHERE POSSIBLE OR BY PHONE AT A MINIMUM, REPRESENTATIVES FOR A MAJORITY OF THOSE BILATERAL INSTITUTIONS LISTED AS COLLABORATORS IN THE APDF 1990 OPERATIONS REPORT, TO ASSESS THE NATURE AND EFFICACY OF THEIR RELATIONSHIP TO APDF.

I WOULD THEREFORE BE GRATEFUL IF YOU COULD ASSIST THE EVALUATION TEAM BY RESPONDING TO THE QUESTIONS BELOW. MS JAYNE M. BOOKER IS IN CHARGE OF THIS EVALUATION AND SHE WILL CONTACT YOU BY PHONE DURING THE WEEK OF AUGUST 19TH TO DISCUSS YOUR VIEW ON THESE QUESTIONS OR YOU MAY WISH TO FORWARD YOUR ANSWERS TO HER DIRECTLY AT FAX NUMBER (202) 879-5607:

1. HOW DOES THE WORK OF THE APDF FIT INTO THE WORK OF YOUR DEVELOPMENT INSTITUTION?
2. PLEASE DESCRIBE THE NATURE OF YOUR COMMUNICATION WITH APDF INCLUDING THE RELATIONSHIP WITH HEAD OFFICE OF APDF AND THE RELATIONSHIP WITH FIELD OFFICES. WHAT ACTIONS COULD IMPROVE YOUR COLLABORATION WITH APDF?

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- 2 -

3. ARE YOU GENERALLY SATISFIED WITH THE PERFORMANCE OF APDF? WHAT ACTIONS, IF ANY, COULD IMPROVE THE PERFORMANCE OF APDF FROM YOUR PERSPECTIVE?

I APPRECIATE YOUR ASSISTANCE ON THIS MATTER.

YOURS TRULY,



ALEXANDER N. KEYSERLINGK  
COORDINATOR  
AFRICA PROJECT DEVELOPMENT FACILITY

CC: MS. JAYNE M. BOOKER

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If you experience any problems with this transmission, please call as soon as possible. Tel No: (202) 473-0508  
Facsimile No: (202) 676-0387, Telex No: RCA 248423

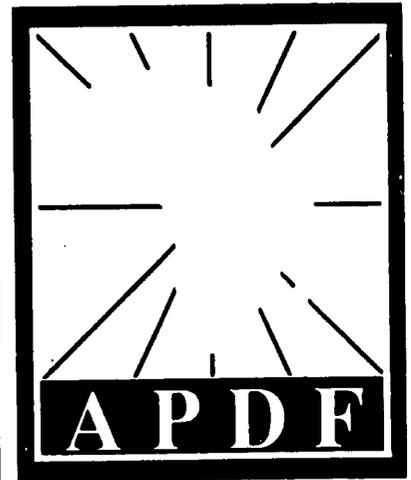
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**APPENDIX G**



# THE AFRICA PROJECT DEVELOPMENT FACILITY

REPORT ON OPERATIONS  
FOR THE 14 MONTHS  
ENDED DECEMBER 31, 1990

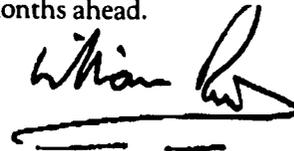


[REDACTED]

**STATEMENT OF SIR WILLIAM RYRIE,  
EXECUTING AGENCY**

As the Africa Project Development Facility (APDF) completes its fourth year of operations and enters its second phase, it is gratifying to IFC as executing agency of this project to note the continuing support for this project. The project sponsors and donors have given the APDF project a very tangible vote of confidence by almost doubling their financial commitment for the second phase of the project. The APDF results of 1990 and the cumulative results of the project since it was launched are summarized in the attached annual report. These results confirm that APDF continues to play an important role in promoting the emergence of African entrepreneurs.

APDF's mandate has been extended through 1995 and the Facility's expansion has already started with the recent launching of a new field office for southern Africa. We are hopeful that the remaining funding needed for the full expansion of APDF will be provided in the months ahead.



Sir William Ryrie  
Executive Vice President  
International Finance Corporation



## STATEMENT OF PIERRE-CLAVER DAMIBA, CHAIRMAN

I am pleased to present the fourth annual report on the operations of the Africa Project Development Facility (APDF). During 1990, APDF successfully completed its negotiations to extend the Facility for a further five years, to 1995. The donor support for the Facility's continuation and expansion will allow APDF to continue its valuable work of assisting indigenous entrepreneurs.

During 1990, APDF assisted in the preparation and financing of 26 additional projects, representing private sector investments of some US\$53 million and the creation of over 2,300 additional jobs. It is encouraging to note that many APDF projects are realized quickly and efficiently, as evidenced by the fact that 67 APDF-assisted projects are already either under construction or are operational. This is clear evidence of the positive contribution indigenous entrepreneurs are making to economic development in the region.

Pierre-Claver Damiba  
Chairman, APDF Advisory Board  
UNDP Assistant Administrator and  
Director of the Africa Bureau





## ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank
AEF	Africa Enterprise Fund
APDF	Africa Project Development Facility
BDC	Botswana Development Corporation
BITS	Swedish Agency for International Technical and Economic Cooperation
CCCE	Caisse Centrale de Coopération Economique
CDC	Commonwealth Development Corporation
CDI	Center for the Development of Industry
DEG	German Finance Company for Investments in Developing Countries
FINNFUND	Finnish Fund for Industrial Development Cooperation Ltd.
FMO	Netherlands Development Finance Company
IDA	International Development Association
IFC	International Finance Corporation
IFU	The Industrialization Fund for Developing Countries
SWEDFUND	Swedish Fund for Industrial Cooperation with Developing Countries
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

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# I. BACKGROUND



*O.T.A., Côte d'Ivoire*

The Africa Project Development Facility (APDF) was set up in 1986 to address the need for a mechanism to help African entrepreneurs identify and prepare viable projects. APDF was established on July 1, 1986, as a regional United Nations Development Programme (UNDP) project under UNDP Project Document RAF/85/022 dated April 4, 1986, for a four-year period that ended on June 30, 1990. Necessary financial commitments for the



second phase (APDF 2) had been obtained by July 1, 1990, to extend APDF operations for a further five-year period ending June 30, 1995, under UNDP Project Document RAF/90/008.

Annual reports for 1987, 1988, and 1989 reviewed APDF's first three years of operations. In addition, the interim report of June 30, 1990, was issued in September 1990. This report covers operations for the 14 months ending December 31, 1990.



*Dam Pineapples, Côte d'Ivoire*



S I X

# II. OBJECTIVES



SOGIP, S.A., Guinea

APDF advises private entrepreneurs in Sub-Saharan Africa on the preparation of viable projects. The services APDF provides include helping entrepreneurs prepare market, technical, and other feasibility studies needed for project preparation. APDF also identifies promising African entrepreneurs and helps them organize, diversify, and expand their businesses and works with these entrepreneurs throughout the project preparation cycle until they secure funding. APDF supports projects with investment costs in the range of US\$0.5 to US\$5.0 million equivalent, but considers smaller projects depending on the economic conditions in the entrepreneur's country (attachment 1 provides a more detailed statement of APDF's objectives).

# III. SPONSORSHIP & FUNDING

The UNDP, the African Development Bank (ADB), and the International Finance Corporation (IFC) are joint sponsors of APDF. In addition to funding provided by these three sponsoring agencies, the governments of 15 countries have committed financial support to APDF (table 1 shows the status of commitments for APDF 1 and 2 as of December 31, 1990). The governments of Brazil, Israel, and India have agreed to provide APDF with technical assistance by making experts available to serve as short-term consultants. In such cases, APDF covers the experts' travel and subsistence costs, while the donor governments pay their fees. During 1990, APDF obtained the services of an Indian expert under these arrangements.



*Eburplast, Côte d'Ivoire*

*SOGIP, S.A. Guinea*



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TABLE 1. STATUS OF COMMITMENTS FOR APDF 1 AND APDF 2  
AT DECEMBER 31, 1990  
(US\$ MILLIONS)

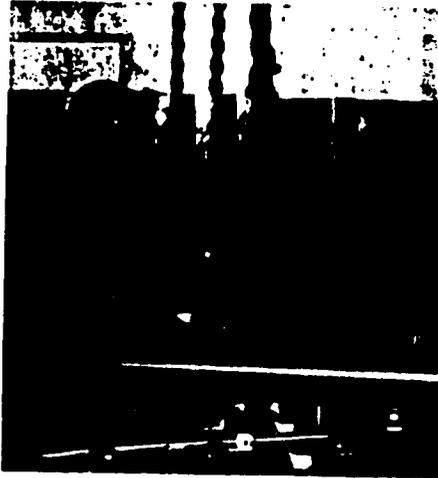
<u>Agency/country</u>	<u>APDF 1</u>	<u>APDF 2</u>
UNDP	2.5	7.5
IFC	2.0	6.0
ADB	1.0	3.0
United States	2.1	4.0
France*	1.6	2.1
Germany*	1.5	0
Italy	1.0	0
Japan	1.2	0.4
Canada*	0.8	1.7
Netherlands*	0.7	1.5
Belgium*	0.9	0.8
Denmark	0.5	1.0
Finland	0.5	1.2
Norway	0.5	1.4
Sweden	0.5	1.2
Switzerland	0.5	0.6
United Kingdom*	0.5	1.5
Portugal	<u>0</u>	<u>0.4</u>
Grand total	<u>18.3</u>	<u>34.3</u>

\* Commitments were made in national currencies.

As table 1 shows, commitments for APDF 2 at December 31, 1990, amount to some US\$34 million. To implement the full expansion under APDF 2, including three additional field offices in Harare, Lagos, and Douala, APDF is seeking an amount of US\$41 million. With the funding available to date, APDF 2 will be able to operate, for the full five years, the offices in Abidjan and Nairobi, as well as the Harare office, which was inaugurated in November 1990. As additional funds are committed, the offices planned for Lagos and Douala will be set up.

# IV. APDF 1

June 30, 1990, marked the completion of APDF's first phase (known as APDF 1) after four years of operations. In September 1990, a report on APDF 1's achievements was circulated to donors. This report indicated that during the four years of APDF 1, the Facility completed 67 projects representing investments of US\$132 million, of which APDF helped entrepreneurs secure US\$85



APDF's cumulative expenditures exceeded the project budget by about 4 percent. Rather than reduce activities in the last months of APDF, management decided to continue work on projects under preparation to ensure that these projects would not be delayed or abandoned. This allowed APDF 2 to start up without any interruption or loss of momentum on July 1, 1990. Almost all projects completed after June 30, 1990, had been under preparation during APDF 1.

*Mark IV, Ltd., Nigeria*

million. The projects developed during APDF 1 have created or will create some 4,900 jobs, and will have an annual foreign exchange impact of US\$78 million.

T E N

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# V. OPERATIONS

This report covers the 14 months from November 1, 1989, to December 31, 1990. In 1990, APDF's fiscal year end was changed to December 31 to align it with UNDP's fiscal year end.

## PROJECTS COMPLETED IN 1990

Demand for APDF's services continued to be strong in 1990. By the end of the year, the Facility had received more than 1,700 project proposals, with almost the same number of proposals submitted to each office. During 1990, APDF successfully completed financial arrangements for 26 projects, representing investments of some US\$53.5 million, of which APDF helped raise US\$41 million. The projects will create about 2,300 new jobs. These 26 projects, of which 12 were completed under APDF 2, were located in 15 different countries in the region. Of these projects, 12 were in the farming or agro-industrial sector, 9 were manufacturing projects, and 5 were hotels or services, including APDF's first urban transport project.

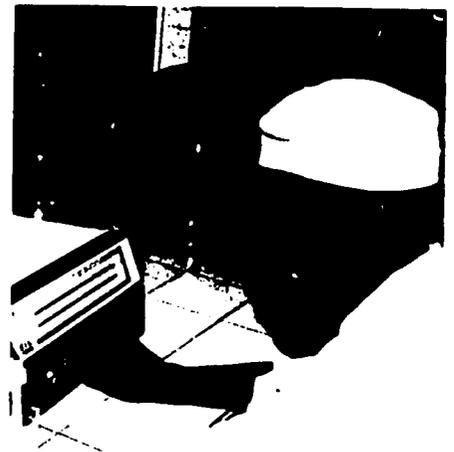
Of the 26 projects completed in 1990, 18 were located in Eastern and Southern Africa. This disparity, noted in earlier years, reflects the continuing difficulties entrepreneurs encounter in securing financing for projects located in Western and Central Africa. Section VIII summa-

rizes projects completed in 1990. As this section shows, APDF provides services to a wide range of projects involved in many activities in both the local and export markets. APDF has now acquired substantial experience that is valuable in assisting indigenous entrepreneurs.

Since project start-up in 1986, APDF has assisted 78 projects representing investments of US\$156 million, of which APDF helped obtain US\$108 million. These projects have created or will create some 6,200 new jobs and will have an estimated annual foreign exchange impact of US\$83 million.

APDF continues to work closely with the bilateral institutions of the donor countries providing project financing, such as the Finnish Fund for Industrial Development Cooperation

SOGIP, S.A., Guinea





(FINNFUND), the Swedish Fund for Industrial Cooperation with Developing Countries (SWEDFUND), the Industrialization Fund for Developing Countries (IFU) of Denmark, the Netherlands Development Finance Company (FMO), the German Finance Company for Investments in Developing Countries (DEG), PROPARCO and Caisse Centrale de Coopération Economique (CCCE) of France, the Commonwealth Development Corporation (CDC) of the United Kingdom, and the United States Agency for International Development (USAID). In addition, during the year APDF was able to use the services of such development institutions as the Swedish Agency for International Technical and Economic Cooperation (BITS), Canadian Executive Services Overseas, and British Executive Services Overseas. The African Enterprise Fund (AEF) of IFC has already provided funding for several APDF projects and is considering several additional APDF projects. As in past years, APDF also worked closely on a number of projects with the European Community's Centre for the Development of Industry (CDI).

APDF continued to apply its assistance policy with discretion and to help projects even beyond the project preparation stage when necessary. A new formula currently being tested has been put in place with UNDP Kenya. Under this arrangement, UNDP Kenya has provided funding that APDF can use to provide

selected projects with project implementation assistance. APDF has used these funds to obtain expert services needed for different facets of the implementation stage.

A crucial problem in Sub-Saharan Africa continues to be the acute shortage of equity capital for investment purposes. Governments and multilateral institutions need to make serious efforts to address this problem to help indigenous private sectors play a more meaningful role in their countries' development.

number of active projects at December 31, 1990, represents roughly three years of work at current levels of productivity and attests to the continuing demand for APDF services. Attachments 2 and 3 indicate lower numbers of both active and possible pipeline projects in 1990 compared with 1989. This is because of the decision to concentrate APDF staffwork on fewer projects to avoid spreading APDF's staff services too thinly. At current pipeline levels, each staff member is responsible for some 15 projects at any time.



*APDF Inauguration, Harare (left to right): Bernard Chizero, Pierre-Claver Damiba, Omari Issa*

Attachments 2 and 3 show the project pipelines of the Nairobi, Harare, and Abidjan offices as of December 31, 1990. As the attachments show, the offices were working on a total of 104 projects. This compares to 146 active projects reported as of October 1989. The

### COST SHARING

Donors have recommended that the Facility should gradually put in place cost sharing arrangements with users to become less dependent on grants.





*Mark IV, Ltd., Nigeria*

to small enterprises. Japan also provides substantial support for its small and medium-sized entrepreneurs. This suggests that some form of subsidized assistance will also be needed in the developing countries in the long-term. Measurement of the success of APDF should continue to be its contribution in assisting private enterprises that are successful and profitable, and which thereby provide long-term support to local economies.

It is generally accepted that a facility such as APDF cannot be fully commercially viable, because most small and medium-size enterprises cannot afford the full cost of its services. Nevertheless, the expected growth of the share of APDF's costs borne by entrepreneurs provides a plausible and workable basis for evaluating APDF, as well as for determining its continued eligibility for grant subventions by donor countries with competing claims on their budgets. As a result of discussions with donors, the APDF 2 budget for consultants was reduced by US\$2 million to reflect the planned increase in cost sharing by APDF users in the second phase.

Most industrialized countries subsidize, to some extent, the promotion of small and medium-sized entrepreneurs. For example, the Small Business Administration in the United States provides annual loan guarantees in excess of US\$1 billion

- a project document delivery payment of 0.5 percent of project costs;
- a final payment equivalent to 1.0 percent of project costs.

The Advisory Board indicated that these levels of cost sharing should be seen as guidelines, and has agreed to allow management flexibility in the application of this policy.



*Eburplast, Côte d'Ivoire*

During 1990, APDF continued to refine its policy requiring promoters to share in the costs of project preparation. In November 1990, the APDF Advisory Board agreed to APDF applying the following cost sharing levels:

- a front-end amount of at least US\$3,000 payable in local currency;

During fiscal year 1990, APDF cost sharing from promoters amounted to US\$0.3 million, compared to a total of US\$0.4 million during the first three years of operations. On the advice of the APDF Advisory Board and of its donors, APDF will continue to assure that the beneficiaries of its services share the costs of such services. APDF takes care when applying this policy not to eliminate sponsors from the APDF project pipeline who are worthy of APDF assistance, but unable to pay for up-front cost sharing amounts.

The typical small and medium-scale project promoters APDF is assisting are unlikely to be able to carry more than 10 to 15 percent of the costs of APDF services. A suggestion was made at the 1990 APDF meeting of financial institutions that APDF consider accepting a small percentage of the equity of certain projects as partial payment for its services. The participants felt that this could be a means for APDF to share in the success of certain promising projects that the Facility helps to launch. APDF is currently considering this proposal.

#### WOMEN PROMOTERS AND MANAGERS

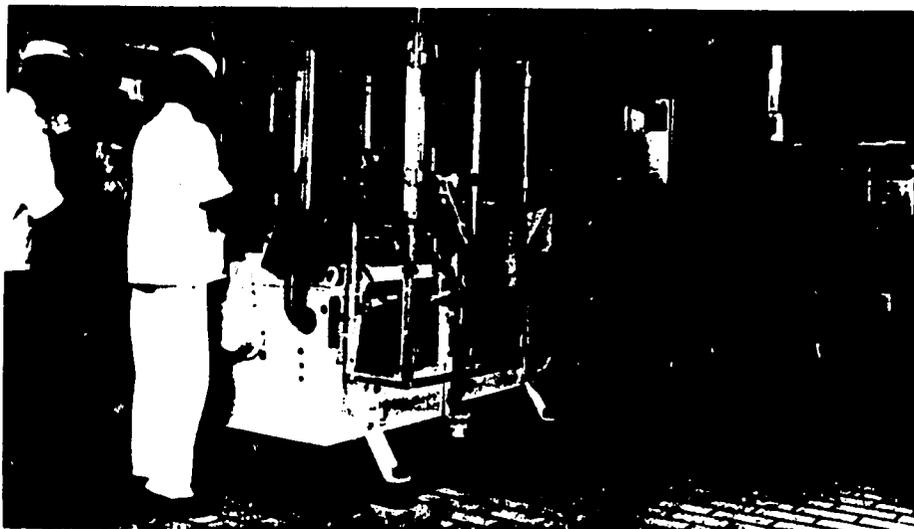
In 1989, APDF recognized the importance of providing assistance to African women entrepreneurs. During 1990, APDF made special efforts to seek out projects promoted and managed by women entrepreneurs. Of the 26 projects completed during 1990, 9 were either promoted or managed by women entrepreneurs. The pipeline of projects for 1991 also includes a number of projects promoted or managed by African women. In addition, APDF is discussing new approaches to this assistance with officials from Norway, which has committed additional funding to APDF to assist African women entrepreneurs.

#### LOCAL CONSULTANTS

During the course of the last year, APDF continued its efforts to increase the use of local African consulting firms and individuals. Of the 140 experts APDF hired in 1990, 60 were local experts or firms. APDF recognizes the importance of developing a strong local consulting capacity, and makes every effort to use local experts when possible. Note that much of the expertise

#### PROJECTS ASSISTED BY APDF IN PREVIOUS YEARS

As in past years, this annual report provides a summary of the status of projects assisted since APDF's inception (see attachment 4). This is an important measure of APDF's long-term impact. Of the 78 projects undertaken, as of December 31, 1990, 37 were completed and operational; 30 were under construction; 7 had



O.T.A., Côte d'Ivoire

needed in project preparation still cannot be found in the local market. Most of the experts needed for APDF projects are highly specialized technical experts in fields where no local expertise is available, as entrepreneurs are often starting up activities that are new to their countries.

been delayed for financial, economic, or managerial reasons; and 4 had been abandoned by the sponsors or their families.

# VI. ORGANIZATION & STAFFING

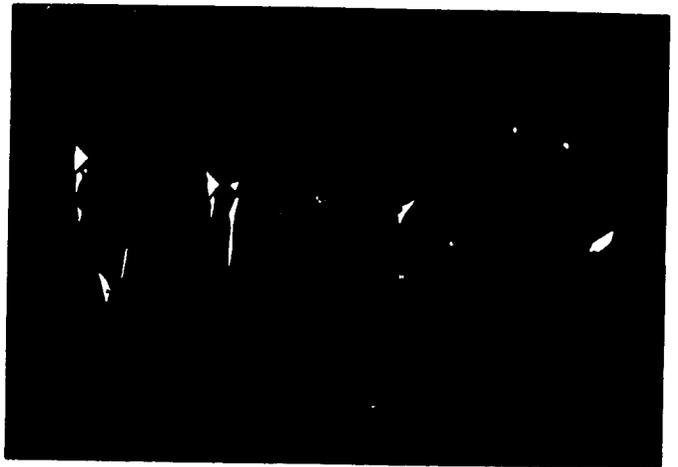
IFC is responsible for managing the Facility as the executing agency for this UNDP project. It is assisted by an Advisory Board made up of senior representatives of the three sponsoring agencies and eight representatives from the African private sector and the donor countries (attachment 5 shows the Advisory Board's current membership). The board's function is to provide APDF management and staff with a forum to discuss operational matters and to obtain policy guidance. The presence of private sector representatives from Sub-Saharan Africa and from donor countries provides APDF with valuable insights and business counsel. The Advisory Board's most recent meeting was held in Harare in November 1990. In addition to the Advisory Board, a Sponsoring Agencies' Committee was established at the UNDP's suggestion to provide better coordination between the UNDP, ADB, and IFC on policy matters concerning APDF. The donors met in February 1990 to

review operations. The next donors' meeting is scheduled for April 22, 1991, in Paris.

APDF's general manager, based in Washington, is seconded from IFC and supervises the operations of the three field offices. He also provides the necessary links with IFC, the other sponsoring agencies, and the donor governments and agencies. The Abidjan and Nairobi field offices have eight professional staff and the Harare office will have four professional staff. Currently, each office is headed by a regional manager seconded from IFC.

The two offices in Nairobi and Abidjan were at full strength by the end of December 1990, after a period that saw substantial staff changes. The Harare office had three professional staff members on board by year's end. Six of the 20 professionals are seconded from IFC. Nine staff are African, seven European, three

*Washington staff:  
Back row: left to right:  
Alexander Keyserlingk,  
Makarand Dehejia,  
Ramon Cabo, Lise  
Emond, Menasse  
Lemma  
Front row: Mariama  
Roberts, Madeleine  
Minetti*



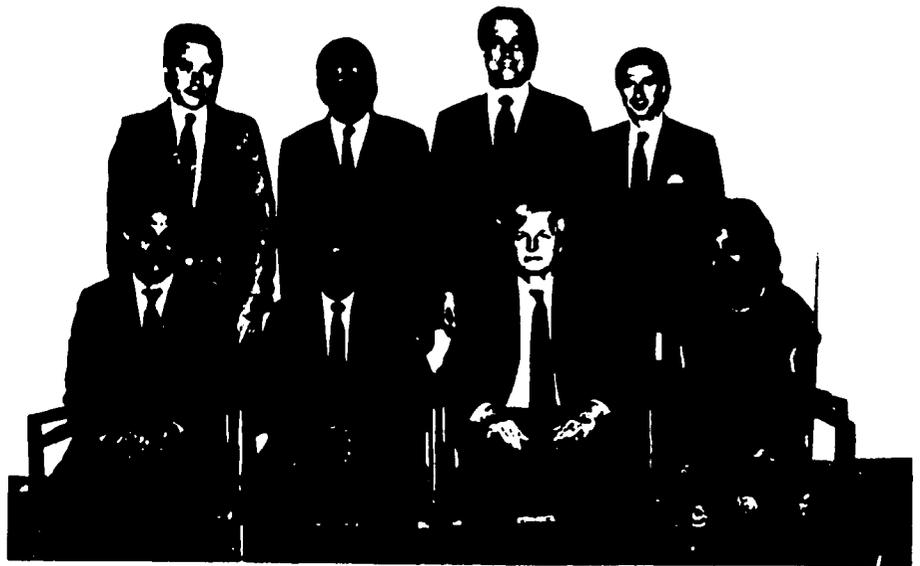
North American, and one is from Asia. The APDF staff is truly international, allowing APDF to provide entrepreneurs with the benefit of experience from around the world.

In November 1990, APDF's Harare office was officially inaugurated as the first stage of the expansion under APDF 2. To allow this new office to become operational quickly, two of the four professional staff positions of this office are filled by professionals drawn from the APDF offices in Abidjan and Nairobi. Omari Issa, a Tanzanian national in the Abidjan office, was promoted to the position of regional manager in Harare. Mr. Issa, of IFC, is the first APDF staff member promoted to this level. In addition, Robin Kimotho, a Kenyan national from the Nairobi Office, joined Mr. Issa in Harare. Jan Bol, a Dutch national, is the third professional in the Harare office.

To replace Mr. Issa in Abidjan, Robert Shakotko, a Canadian national, was transferred to Abidjan from APDF Nairobi. Nico Nissen of IFC, a German national, joined APDF Nairobi. An extensive recruitment campaign in early 1990 allowed APDF to identify quickly and successfully the staff needed for its expansion. The ADB and UNDP helped IFC with the staff selections, which took place in 1990. In 1990, three new professionals joined the Nairobi office: Mr. Baffour, a Ghanaian national, Mr. Ngatunga, a Tanzanian, and Mr. Chungu, from Zambia.



APDF inauguration, Harare, left to right: Nfor Susungi, Bernard Chizero, Pierre-Claver Damiba, Omari Issa, Alexander Keyserlingk



APDF Abidjan staff: back row, left to right: Robert Chome, Louis Ngassa-Batogna, Robert Chakotko, Claude Rougeot  
Front row, left to right: Wally Daniels, Sekou -Soumarhoro, André Cracco, Mou Charles



*APDF Harare staff, left to right: Robin Kimotho, Omari Issa, Jan Bol*



*APDF Nairobi staff, back row, left to right: Eric Baffour, Patrick Henfrey, Nico Nissen, Jack Thompson  
Front row: Mis Mгатungа, Kaitano Chunju, Ignacio Maramba, John James*

# VII. BUDGET & EXPENDITURES

APDF's budget is established by the executing agency and approved by the UNDP. Table 2 compares budgeted and actual expenses for the 14 months ended December 31, 1990, and for the 12 months ended October 31, 1989.

As mentioned earlier, APDF's fiscal year end was changed to December

31 to align it with the UNDP budget period. The financial report reflects the costs of opening the new Harare office and of transferring and hiring several professional staff. As table 2 shows, 1990 expenditures were basically in line with the overall budget set for the period. The costs of short-term consultants increased, reflecting greater use of experts to complete the year's projects.

TABLE 2. BUDGETED AND ACTUAL EXPENDITURES FOR NOVEMBER 1, 1989, TO DECEMBER 31, 1990, AND PREVIOUS YEARS (US\$ THOUSANDS)

Expenses	Budget 1990	Actual 1990	Actual 1989	Cumulative expenditures to Dec. 31, 1990
Salaries and benefits:				
Core staff	3,169	3,098	1,941	8,317
Support staff	556	470	334	1,271
Total salaries and benefits	3,725	3,568	2,275	9,588
Consultant fees	2,786	3,110	1,945	7,268
Operating costs:				
Operational travel	650	720	334	1,758
Agency costs	473	494	377	1,466
Equipment	167	121	57	868
Office expenses	748	937	775	2,745
Total operating costs	2,038	2,272	1,543	6,837
Grand total	8,549	8,950	5,763	23,693

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# VIII. PROJECTS COMPLETED

DURING NOVEMBER 1, 1989, TO DECEMBER 31, 1990

Table 3 summarizes projects completed during the 14-month period this report covers. A short description of each project follows.

## BOTSWANA

### BOTSWANA CLINIC

This privately financed and managed 77-bed hospital will improve health care in Botswana. The long-term funding will be provided by the Botswana Development Corporation, FMO, and local commercial banks. PARC of Ireland, which specializes in hospital management, will manage the clinic. Construction started in January 1990 with completion expected by late 1991.

### TIRE CORPORATION

The project consists of the expansion of an existing company into tire retreading in new premises in Gabarone at a cost of US\$0.6 million. A long-term loan is provided by the Botswana Development Corporation. This import substitution project will create 20 new jobs. Construction of the building is completed and operations are expected to start in 1991.

## COTE D'IVOIRE

### DAM PINEAPPLES

Dam is a pineapple export project established in 1986. Dam sought APDF assistance to assess the technical and financial viability of expanding the plantation from 104 hectares

to 208 hectares. APDF also assisted the sponsors in securing funding, which was provided by the Commonwealth Development Corporation (CDC) of the United Kingdom. The project is currently being implemented.

## THE GAMBIA

### MAKUMBA YA FLOWER FARMS, LIMITED

Makumba Ya will develop, during a three-year period, 15 hectares of farmland for the production of chrysanthemums for export. A specialized firm of experts from the United Kingdom identified by APDF will act as technical partners, and CDC of the United Kingdom and AEF of IFC have agreed to fund the project. Total project cost is estimated at US\$2.6 million and implementation has now started.

## GHANA

### DIMPLES INN, LIMITED

The project involves the expansion of an existing 10-bedroom, three star hotel by providing an additional 20 bedrooms, a conference room, and a new restaurant at a cost of US\$0.5 million. Established in 1984, Dimples Inn has experienced a considerable increase in demand. Project financing has been mobilized from AEF and the Ghana Bank for Housing and Construction. Project implementation should start in the near future.

## STATEMENT OF WORK

### EVALUATION OF THE AFRICA PROJECT DEVELOPMENT FACILITY (698-0516)

#### Background:

The Africa Project Development Facility (APDF) was set up in 1986 to address the need for a mechanism to help African entrepreneurs identify and prepare viable projects. APDF was established as a regional United Nations Development Program (UNDP) project. Project funds from various donors are provided to the International Finance Corporation, which is the executing Agent for the project.

APDF is sponsored by the UNDP, the African Development Bank, the IFC and 15 bilateral donors, including A.I.D. Total support for APDF I was \$18.3 million, and for APDF II it originally was \$34.3 million. To implement current plans, APDF II will need to be increased to \$41.0 million, an increase of \$6.7 million. A.I.D. and the other donors are being requested to provide this support.

The first phase of APDF was completed on June 30, 1990. The second phase extended the life of the project to June 30, 1995. The initial A.I.D. contribution was for \$2.1 million to APDF I. In 1989, A.I.D. added \$4.0 million to the project in an amendment to create APDF II. Funds have been expended more rapidly than anticipated over the course of the phase II operations and it is now proposed that another amendment be implemented to increase A.I.D. funding for Phase II. (See Table 1, Attachment A.)

The objective of APDF are to advise private entrepreneurs in Sub-Saharan Africa on the preparation of viable projects. The services APDF provides includes helping entrepreneurs prepare market, technical, and other feasibility studies needed for project preparation. APDF also identifies promising African entrepreneurs and helps them organize, diversify, and expand their businesses, and works with these entrepreneurs throughout the project preparation cycle until they secure funding. APDF supports projects with investment costs in the range of U.S. \$0.5 to U.S. \$5.0 million equivalent, but considers smaller projects depending on the economic conditions in the entrepreneur's country.

The A.I.D. Project Paper for APDF I called for a mid-point evaluation which was carried out in May 1989. The APDF I final evaluation scheduled for 1990 was changed to a Phase II mid-point

evaluation scheduled for 1992. The original Phase I mid-point evaluation of 1989 was used in the Phase II Amendment design. The evaluation proposed in this document will serve as the Phase II mid-point evaluation and will be used in the design of this second amendment for the continuation of Phase II of the Project.

Purpose:

This is an independent evaluation of APDF's activities. The evaluation will focus on the progress being made in generating business formation by Africans, the impact generated by the companies formed, the use of A.I.D. resources in this process, and the degree to which the project meets the A.I.D. conditionalities. The report will describe the number of project proposals reviewed by the APDF staff and the number of projects acted upon. It will also estimate the impact of the projects that have been implemented, in terms of levels of investment, jobs created, and a general description of each completed activity. It will also detail the implementation procedure, describing all of the services rendered. The evaluators will also review the relationship between APDF activities and USAID activities, both in Washington and in the field.

A.I.D. is concerned with the practical results of its financing in all its projects and programs. There is particular interest in determining how many jobs are created with respect to the money spent and what this leads to in terms of increased incomes and total production. The evaluator will determine if the IFC and the UNDP have attempted to collect data to measure these relationships for this project and recommend whether or not this effort is reasonable or could be strengthened and improved. The evaluator also will provide A.I.D. with his/her judgement regarding whether or not APDF is achieving such practical results at reasonable costs.

Statement of Work:

The contractor shall systematically address the following types of services rendered by APDF.

1. Evaluate the screening and processing of project proposals, and how projects are selected from those submitted for final project analysis.
2. Analyze the criteria for selection and determine the degree of fitness, in terms of investment levels (foreign capital vs. domestic capital), employment created and projected, exports earned, both regional and out-of-Africa, and income generated.

3. Review the process developed for inducing actual funding for individual projects and evaluate the effectiveness of this activity.
4. Review the degree of distribution of projects selected for proposal preparation, in terms of country diversification and mix of industries. Include in the evaluation a breakdown in the analysis of owners-shareholders who are women, micro- entrepreneurs, foreign nationals and small to medium-sized capitalists.
5. Evaluate the APDF management structure from the point-of-view of efficiency, supervision, and sustainability.
6. Review the several new thrusts that APDF has initiated, in cost-sharing, technical assistance, implementation-cost funding and others that have been introduced. The review should include those activities mentioned in paragraph 13, page 4 of the March 1991 Operations Report, in the Cost Sharing section on page 5, and paragraphs 22 and 23 on page 6.
7. Interview, in-person where possible or by phone at a minimum, representatives for a majority of those bilateral funds listed as collaborators in the March 1991 Operations report and highlighted in paragraph 12, page 4 of that report, to assess the nature and efficacy of their relationship to APDF. (See list of Acronyms and Abbreviations in that document. The evaluator should make every attempt to include ABD, CCCE, CDC, DEG, FMO, KCB, and SWEDFUND in the interview schedule.)
8. Review the evaluations and reports of APDF as listed in the Background Section of the March 1991 Operation Report, and any other reports commissioned by APDF or its sponsors that may have been developed.
9. Describe how the conditions stipulated in the September 1989 A.I.D. grant agreement document have been met, especially those dealing with U.S. firms and consultants in the operations of APDF.
10. Discuss the conceptual analysis described in the second paragraph of the Purpose Section of this document in light of the information gathered and reports or activities reviewed and present the results and recommendations.

#### Methods and Procedures:

One senior, experienced professional will work full-time on this evaluation, supported as necessary by other staff of the company selected to undertake the evaluation.

The evaluators work plan will generally follow the framework discussed below:

At the start of the evaluation, the company and team will meet with MDI and Bureau representatives in Washington, D.C. At this time they will formulate a specific work plan, elaborating plans for interviews, research, and report preparation. They will also develop interview instruments. MDI officers and A.I.D. Mission representatives will assist in identifying individuals appropriate for interviews.

The work will be conducted in Washington, D.C. Telephone and fax interviews with APDF staff or collaboratives will be conducted by the evaluation team.

In Washington the contractor will do the following:

1. Review the project papers, reports and IFC assessments of APDF activities.
2. Interview APDF staff, A.I.D. staff, and other collaborators identified in the course of the evaluation.
3. Review a representative sample of feasibility studies and project proposals, and assess their quality.
4. Interview, through telephone or fax, collaborators, A.I.D. mission staff and APDF staff outside Washington.

This evaluation will require two weeks for one senior evaluator.

**Report Requirements:**

A final report will be required within ten days of the end of the two week evaluation period. Five copies will be presented for review and comment. One of these copies shall be on 8 1/2 inch by 11 inch bond paper, unbound, and of letter quality, suitable for duplication.

The evaluation report will be in the following format:

- **Executive Summary**, of no more than three pages, noting (a) the purpose of the evaluation; (b) methodology used; (c) and outline of findings and conclusions; and (d) a syntheses of recommendations concerning the project.
- **Body of the Report**, to include (a) evaluation findings and analysis, (b) team composition and study methods and procedures; and (c) elaboration of the findings,

conclusions and recommendations. Detailed discussion of points or issues raised may be included in appendices.

- Appendices, to include the evaluation scope of work; a list of individuals and organizations contacted; a list of major reference materials consulted; and any other detailed or secondary material.

Schedule:

The evaluation will begin promptly and continue for two weeks. Total time allocated for all of this work will be 21 days from start of finish.

## **APPENDIX B**

## APPENDIX B

### AFRICA PROJECT DEVELOPMENT FACILITY EVALUATION

#### Persons Interviewed

- Mr. Alexander Keyserlingk, Project Manager, APDF, Washington, DC  
Mr. Ramon Cabo, Project Finance and Audit Officer, APDF, Washington, DC  
Ms. Madeleine Minetti, APDF, Washington, DC  
Mr. Abdul Rahman Awl, Head of Private Sector Unit, African Development Bank, Abidjan, Cote d'Ivoire  
Mr. George Kidane Mariam, Regional Manager, Western Africa, FMO  
Dr. M. Van der Schaft, Deputy General Manager, FMO  
Ms. Patricia Veevers-Carter, Investment Officer, East Africa, FMO  
Mr. John Ohiorhennan, Project Officer for APDF, UNDP, New York  
Mr. Heinz Wiesweg, Project Manager, West Africa Department, DEG  
Mr. Max Juentgent, Department Head, Central African Department, DEG  
Mr. Sven Riskaer, Managing Director, IFU, Denmark  
Mr. Lars Ekengren, Managing Director, SWEDFUND  
Mr. Alistair Boyd, CDC, London  
Mr. Ralph Gilchrist, CDC, Harare  
Mr. Simon Paul, CDC, West Africa  
Mr. James Romanas, CDC, West Africa  
Mr. Robert Mitchell, CDC, Nairobi  
Mr. David Bishop, CDC, Malawi  
Mr. Wayne Mercier, PROPARCO, Paris, France  
Dr. Warren Weinstein, Director, AFR/MDI, U.S. Agency for International Development, Washington, DC  
Mr. John Saccheri, Acting Deputy Director, AFR/MDI, Washington DC  
Mr. Raymond Malley, Senior Consultant to AFR/MDI, Washington DC  
Mr. Gerry Wolgin, Economist, Africa Bureau, U.S. Agency for International Development, Washington, DC

## APPENDIX C

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## APPENDIX C

### AFRICAN PROJECT DEVELOPMENT FACILITY EVALUATION

#### Reference Documents

1. 1990 Report on Operations of APDF, March 19, 1991
2. 1989 Report on Operations of APDF, January 8, 1990
3. 1988 Report on Operations of APDF, October 31, 1989
4. 1987 Report on Operations of APDF, December 3, 1987
3. APDF Interim Report, June 30, 1990
4. APDF Interim Report, June 30, 1991
5. APDF Project Paper Amendment (698-0516) (USAID)
6. APDF Evaluation Report by R. Loth - LABAT ANDERSON INC., June 13, 1989
7. Report to the APDF by Rosemary McCarney, KANCHAR International Inc., January 1, 1990
8. Discussion Paper, APDF Donors Meeting - Policy Cost Recovery (DFC)
9. Summary of Minutes of the Third Donors Meeting held at the World Bank offices in Paris on February 12, 1990
10. Project Summaries, January 1991
11. Project Summaries, March 1991
12. APDF Donors Meeting, April 22, 1991 (Paris)
13. UNDP, APDF Report of the Evaluation Mission by Trans-Atlantic Consulting Services, Inc., September 1989
14. Report on APDF Operations for the 14 months ended December 31, 1990
15. Proposed Expansion and Extension of the APDF - Memorandum from the President, August 3, 1989
16. APDF Financial Operational Highlights for December 1990, October 1989, and October 1988
17. List of APDF Recipients (donors only), March 4, 1991
18. Agreement between Ministry of Foreign Affairs of Norway and International Finance Corporation, December 3, 1990
19. APDF Bi-Monthly Activity Report, Nairobi Office, May/June 1991
20. APDF Bi-Monthly Activity Report, Harare Office, May/June 1991
21. APDF Bi-Monthly Activity Report, Abidjan Office, May/June 1991
22. Several APDF Feasibility Studies
23. APDF internal documents on use of consultants, financial performance.

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TABLE 3. SUMMARY OF PROJECTS COMPLETED NOVEMBER 1, 1989 - DECEMBER 31, 1990

COUNTRY	SECTOR	TYPE	PROJECT COST (US\$ MILLIONS)	FUNDING THROUGH APDF (US\$ MILLIONS)			ESTIMATED NUMBER OF JOBS CREATED	ESTIMATED ANNUAL FOREX IMPACT (US\$ MILLIONS)
				EQUITY	LOANS	TOTAL		
1. Botswana	Hospital	New	17.2	3.0	12.0	15.0	160	-
2. Botswana	Tires	New	0.6	0.2	0.4	0.6	20	-
3. Côte d'Ivoire	Pineapple	Expansion	2.2	0.8	1.4	2.2	208	4.4
4. Gambia	Horticulture	New	2.7	2.5	-	2.5	227	3.2
5. Ghana	Hotel	Expansion	0.7	-	0.5	0.5	88	0.3
6. Ghana	Fishing	New	0.4	0.1	0.3	0.4	36	2.0
7. Ghana	Farming	Privatization	1.3	0.1	0.9	1.0	158	1.2
8. Kenya	Horticulture	New	2.6	1.3	0.4	1.7	200	1.3
9. Kenya	Textiles	New	0.4	-	0.4	0.4	100	3.0
10. Madagascar	Lumber	Expansion	0.8	0.4	0.4	0.8	75	-
11. Madagascar	Milling	New	0.8	-	0.6	0.6	26	-
12. Madagascar	Dairy	Expansion	3.8	-	1.8	1.8	40	0.3
13. Madagascar	Manufacturing	Rehabilitation	0.9	-	-	-	-	-
14. Mali	Urban transport	New	3.0	-	1.9	1.9	136	-
15. Mauritania	Hotel	New	1.8	-	1.2	1.2	38	-
16. Mauritius	Manufacturing	New	1.3	0.2	0.7	0.9	18	0.9
17. Nigeria	Pharmaceuticals	New	1.3	-	0.9	0.9	87	1.0
18. Sudan	Seeds	Expansion	3.3	-	2.5	2.5	160	1.0
19. Tanzania	Hotel	Expansion	0.6	0.4	0.2	0.6	40	0.3
20. Uganda	Pineapple	New	0.4	-	-	-	120	0.5
21. Uganda	Vanilla	New	0.3	0.1	0.1	0.2	120	0.8
22. Uganda	Horticulture	New	2.1	1.0	1.1	2.1	200	2.0
23. Zambia	Agriculture	New	1.5	0.2	0.1	0.3	-	-
24. Zimbabwe	Trade and Distribution	New	0.4	-	0.2	0.2	19	-
25. Zimbabwe	Detergents	New	0.9	-	0.8	0.8	34	-
26. Zimbabwe	Tools	New	2.6	0.6	0.9	1.5	35	0.3
Total			<u>53.9</u>	<u>10.9</u>	<u>29.7</u>	<u>40.6</u>	<u>2,345</u>	<u>22.5</u>

T W E N T Y

8/10



### DIVINE SEAFOOD

Mrs. Diji, a Ghanaian woman entrepreneur, is the sponsor of this US\$0.4 million project to establish a seafood processing plant designed to produce 200 tons of processed seafood and 500 tons of chipped ice per year. APDF helped the promoter define the concept and scope of the project, identify a technical partner, and mobilize the needed equity and loan financing. Financing for the project is to be provided by the promoter and a British partner, as well as by the Commonwealth Development Corporation. Agreements have been signed and project implementation is now under way.

### VALLEY FARMS, LIMITED

The Valley Farms project involves purchasing two existing cocoa plantations totaling 453 hectares from the Ghanaian government and developing a third cocoa site of 1,090 hectares at a total cost of US\$0.6 million equivalent. In addition to cocoa production, Valley Farms will also produce palm oil and black pepper. PROPARCO, the French Development Agency, holds 25 percent of the equity, and the Ghana National Petroleum Company is also a shareholder. The development program is under way and equipment orders have been placed.

### KENYA

#### KAREN ROSES

This is a start-up project to grow roses under greenhouses for export to Europe. Two hectares are producing and yields and prices are exceeding projections. The project creates about 160 jobs and generates significant foreign exchange. It will have a substantial demonstration effect and will provide significant stimulus to the cut flower industry. FMO approved a long-term loan for this project.

#### RAKATEX MILLS

The proposed venture involved the manufacture in bond of garments for export. It was estimated to cost US\$315,000. The Development Finance Corporation of Kenya had agreed to consider providing a medium-term loan. Both the husband and wife sponsoring this project were killed in an auto accident. Their family has decided not to continue with the project.

### MADAGASCAR

#### CORN MILLING

This milling project is promoted by an indigenous entrepreneur currently farming various products. The new mill will cost US\$0.6 million and the Banque de Développement de Madagascar has approved a long-term loan. The storage and milling buildings are now being completed.

### NOSCIM

A group of Malagasy and French industrialists have established a mill to produce veneers and plywoods for export and the local market. The owners have already invested US\$580,000 of their own funds and a loan of US\$257,000 from the Banque de Développement de Madagascar has been approved. It is estimated that this project will provide 75 permanent jobs. The project will also receive assistance from the French Fonds d'Aide à la Coopération. Further funding has been held up pending resolution of matters relating to the forestry concession and long-term forestry policy matters of Madagascar.

*Karen Roses, Kenya*



## SOCIÉTÉ ELVAK

Elvak will expand its cheese factory to process 10,000 liters of fresh and reconstituted powdered milk a day. The cost of the expansion is estimated at US\$1.6 million. The sponsors agreed to increase their equity holding as part of the project financing, and the local Banque de Développement de Madagascar has approved loans for the balance of the financing needed. The project is now being implemented.

## VIRIO BATTERIES

APDF assisted Virio in developing a corporate restructuring that included additional funding of some US\$0.9 million of this car battery plant. The restructuring is partly completed and the company is now entering the export market.

## MALI

### STUB S.A.

Stub S.A. will be a privately held Malian company that will acquire and operate 56 minibuses providing public transportation in the capital, Bamako. APDF helped the promoters prepare the project and secure the long-term funding needed for this US\$3 million project. The Banque Ouest Africaine de Développement and the Banque Malienne de Crédit will provide the loans needed. Project start-up is expected towards the end of 1991.

## MAURITANIA

### HOTEL HALIMA

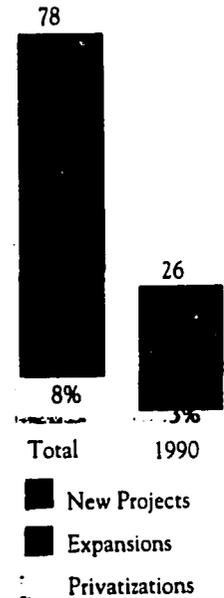
The sponsor of this project, Mrs. Kobage, decided to expand her restaurant business and to construct this US\$1.8 million, 34-room hotel in downtown Nouakchott. APDF helped the sponsor develop the project and negotiate loan funding from BMCI a local bank, and the Caisse Centrale de Coopération Economique of France. Project implementation is expected to start in early 1991.

## MAURITIUS

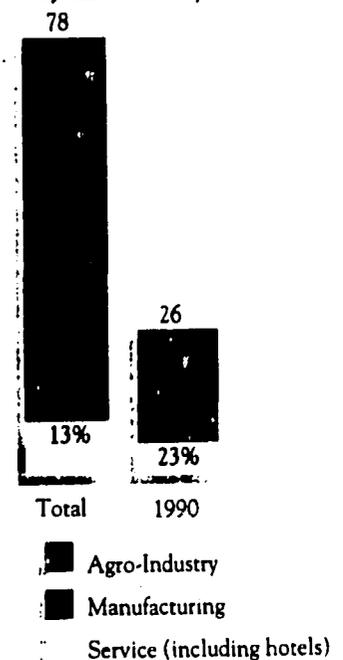
### CIMEX

Cimex will set up a facility to manufacture punching tool components. The equity will be held by the local sponsor, Bimex of Sweden, the project technical sponsor, AFIM of Italy, an Italian distributor, and SWEDFUND. A Swedish technical expert will be attached to the project and local workers will be trained in Sweden under the Swedish government grant through BITS. The project will be located in the export processing zone. The new general manager and production manager are currently being trained in Sweden. Production is expected to start in 1991.

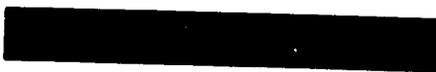
Analysis of Types of Projects Assisted by APDF



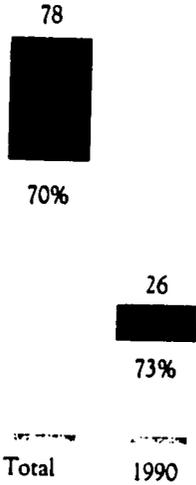
Analysis of Activities of Projects Assisted by APDF



GA

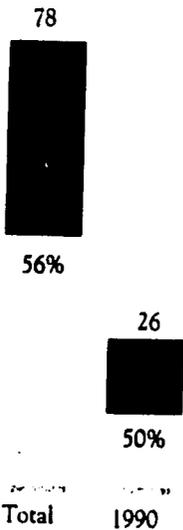


**Joint Venture  
Projects Assisted by APDF**



■ Joint Ventures/Foreigners  
 □ Local Sponsors Only

**Foreign & Locally Funded  
Projects Assisted by APDF**



■ External Funding  
 □ Local Funding<sup>a</sup>

<sup>a</sup> Not direct funding by external institution. In some cases, local institutions may have drawn on available external lines of credit.

## NIGERIA

**BEN-RUBENS (NIG), LIMITED**  
 The company is to produce 27 million mosquito repellent coils per year using agricultural by-products as raw material in the pre-mix and a small quantity of imported chemicals. The project is expected to cost US\$1.3 million. The company has signed an agreement with SOFACOO of Côte d'Ivoire, the subsidiary of Russell-Uclaf of France, to obtain assistance in the formulation and production of the coils. The equipment has been ordered.

## SUDAN

**PIONEER SEED**  
 This project will be the expansion of an existing operation that provides the local market with high quality seeds with technical assistance from Pioneer Seed of the United States. Local financial institutions have provided the required financial commitments, but the sponsors are awaiting clarification of the political situation before moving ahead with the expansion. Meanwhile, the company continues operating at current capacity levels.

## TANZANIA

**AISHI HOTEL**  
 Aishi Hotel is a 40-room hotel offering an alternative route for climbers of Mount Kilimanjaro, thus having a positive effect on the area's

environment. The sponsors are a Tanzanian couple who manage the hotel, which is estimated to cost US\$0.5 million. The hotel is now operational and results are reported to be positive.

## UGANDA

**UGANDA PINEAPPLE EXPORTERS**  
 This project involves the commercial collaboration of local smallholder farmers, a local businessman, and a European fresh fruit importer to export pineapples. The 1989/90 season was intended as a pilot program and included a significant training component, partially funded by a grant from USAID.

**UVAN LIMITED**  
 The Uvan project will revive vanilla production in Uganda, which had all but been abandoned. With APDF assistance and USAID financing, trial production at several sites was carried out and exports have successfully established the potential for this activity. Loan financing for the next phase has been approved and project implementation will start in 1991.

**ZIWA HORTICULTURE**  
 Ziwa will install the necessary infrastructure to grow, process, and export high value products, mainly to the European market. Funding for the project has been approved by FMO and by the East African Development Bank. This project will be managed by the sponsor and her

husband, and will receive technical assistance from an international group active in this type of business.

## ZAMBIA

### ACIF FARM

The Acif farm will re-develop a 1,320 hectare farm to produce beef cattle, poultry, and dryland crops. Long-term funding was secured from the Development Bank of Zambia. The project is now being implemented and should become operational during 1991.

## ZIMBABWE

### ABBEY PREPARATIONS

A group of Zimbabwean men and women investors are sponsoring this soap and detergent production facility. The cost is estimated at US\$0.9 million, which is being provided by a mortgage from a local building society and by Standard Chartered Bank. Equipment has been delivered and the firm is operational. APDF is now working with the same Zimbabwean sponsors to develop a similar project with local entrepreneurs in Malawi.

### BETA BROTHERS

With APDF's help, these two local entrepreneurs and their wives set up a wholesale distribution facility to supply a rural area. Financing has been secured from the Zimbabwe Development Bank and implementa-

tion is now under way. This project will provide a steady supply of various goods to rural areas previously not served.

### MAT TOOLS

Two Swedish firms helped local entrepreneurs establish this drop-forging company to make hand tools and other components. The total project cost was estimated at US\$3.0 million with loan funds provided by SWEDFUND, AEF, and Standard Chartered Bank. BITS is funding the technical assistance needed. Production is to start in early 1991.



*Abbey Preparations, Zimbabwe*



## ATTACHMENT 1: OBJECTIVES OF APDF

APDF's general goal is to contribute to the acceleration of productive enterprises sponsored by private African entrepreneurs by:

- helping African entrepreneurs to formulate and screen project ideas on a direct and confidential basis;
- providing guidance and, on a selective basis, making technical and consultancy services available to African entrepreneurs who need project preparation and feasibility studies to promote and implement sound project ideas;
- helping African entrepreneurs with viable project proposals to identify and obtain appropriate technical and managerial personnel and, if needed, technical partners on equitable and fair terms;
- assisting African entrepreneurs to select project partners and sources of equity and loan financing on appropriate terms;
- advising private foreign investors or financial institutions seeking to identify investment opportunities and/or local partners in Sub-Saharan Africa by bringing the parties together and helping to negotiate fair and equitable conditions of cooperation;
- advising African entrepreneurs interested in purchasing local companies from foreign shareholders or acquiring parastatal enterprises that countries wish to privatize.





[REDACTED]

## ATTACHMENT 2: ANALYSIS OF PROJECT PIPELINE OF ABIDJAN OFFICE AS OF DECEMBER 31, 1990 (NUMBER OF PROJECTS)

Location	1990			Oct. 1989
	Active <sup>a</sup>	Possible <sup>b</sup>	Total	Total
<b>A. Western Africa</b>				
Benin	3	0	3	3
Burkina Faso	1	2	3	1
Côte d'Ivoire	11	6	17	19
The Gambia	1	2	3	5
Ghana	11	11	22	30
Guinea Bissau	0	0	0	2
Guinea Conakry	5	2	7	10
Mali	1	4	5	5
Mauritania	1	0	1	4
Niger	1	0	1	1
Senegal	3	2	5	4
Togo	1	0	1	4
<b>Total Western Africa</b>	<b>39</b>	<b>29</b>	<b>68</b>	<b>88</b>
<b>B. Central Africa</b>				
Cameroon	5	5	10	17
Congo	0	1	1	4
Gabon	2	0	2	3
Central Africa Republic	1	0	1	1
<b>Total Central Africa</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>25</b>
<b>C. Nigeria</b>	<b>4</b>	<b>16</b>	<b>20</b>	<b>24</b>
<b>Total Western and Central Africa</b>	<b>51</b>	<b>51</b>	<b>102</b>	<b>137<sup>c</sup></b>

- a. Active projects are those on which APDF is currently working.  
 b. Possible projects are projects that appear viable, but that have not yet received APDF assistance due to APDF staff constraints.  
 c. Includes 65 active projects.

Uganda Pineapple Exporters, Uganda



ATTACHMENT 4: COMPLETED PROJECTS FROM INCEPTION TO DECEMBER 31, 1990

The table summarizes projects completed from APDFs inception until December 31, 1990. A brief description and status of each project completed prior to fiscal year 1990 follows, with the fiscal year of completion shown in parentheses.

COUNTRY	SECTOR	TYPE	PROJECT COST (US\$MILLIONS)	FUNDING THROUGH APDF (US\$MILLIONS)			ESTIMATED NUMBER OF JOBS CREATED	ESTIMATED ANNUAL FOREX IMPACT (US\$MILLIONS)
				EQUITY	LOANS	TOTAL		
1. Botswana	Lumber	Expansion	0.5	0.1	0.4	0.5	280	2.0
2. Botswana	Paper	New	0.5	-	0.3	0.3	15	-
3. Botswana	Cosmetics	New	0.5	-	0.3	0.3	25	0.6
4. Botswana	Furniture	Expansion	0.6	-	0.3	0.3	20	-
5. Botswana	Bricks	New	10.8	1.9	7.6	9.5	110	-
6. Botswana	Hospital*	New	17.2	3.0	12.0	15.0	160	-
7. Botswana	Tires*	New	0.6	0.2	0.4	0.6	20	-
8. Burundi	Brewery	New	0.8	-	0.2	0.2	55	-
9. Burundi	Poultry	New	0.8	-	0.3	0.3	50	-
10. Côte d'Ivoire	Zipper	Rehabilitation	0.1	-	0.1	0.1	-	-
11. Côte d'Ivoire	Fishing	Expansion	1.2	-	0.7	0.7	67	5.3
12. Côte d'Ivoire	Charcoal	New	1.2	0.3	0.7	1.0	33	0.1
13. Côte d'Ivoire	Insecticides	New	0.7	0.4	-	0.4	80	-
14. Côte d'Ivoire	Gem polishing	New	1.2	0.7	-	0.7	20	3.7
15. Côte d'Ivoire	Dairy	Expansion	1.7	-	1.2	1.2	30	1.6
16. Côte d'Ivoire	Pharmaceuticals	New	1.7	0.3	1.0	1.3	24	1.0
17. Côte d'Ivoire	Pineapple*	Expansion	2.2	0.8	1.4	2.2	208	4.4
18. Gabon	Poultry	New	2.4	2.4	-	2.4	31-	-
19. Gambia	Horticulture*	New	2.7	2.5	-	2.5	227	3.2
20. Ghana	Tobacco	Expansion	2.5	0.5	1.0	1.5	285	2.5
21. Ghana	Poultry	New	5.5	-	4.7	4.7	-	-
22. Ghana	Hotel*	Expansion	0.7	-	0.5	0.5	88	0.3
23. Ghana	Fishing*	New	0.4	0.1	0.3	0.4	36	2.0
24. Ghana	Farming*	Privatization	1.3	0.1	0.9	1.0	158	1.2
25. Guinea	Pharmaceuticals	Privatization	0.7	-	0.4	0.4	22	0.6
26. Guinea	Quinine	Expansion	0.2	0.1	0.1	0.2	30	0.2
27. Guinea	Candles	New	0.5	-	0.3	0.3	43	3.0
28. Kenya	Fertilizers	Expansion	4.6	-	1.8	1.8	35	-
29. Kenya	Tannery	Expansion	2.0	-	1.8	1.8	150	-
30. Kenya	Agriculture	Expansion	0.3	-	0.3	0.3	25	0.5
31. Kenya	Cashewnuts	New	6.7	-	4.5	4.5	250	3.8
32. Kenya	Hotel	New	6.5	0.8	3.6	4.4	100	3.0
33. Kenya	Sericulture	New	0.9	0.4	0.5	0.9	50	-
34. Kenya	Golf Hotel	New	12.5	-	6.4	6.4	380	10.0
35. Kenya	Clothing	New	0.1	-	0.1	0.1	12	-
36. Kenya	Farming	Expansion	0.6	-	0.3	0.3	40	-
37. Kenya	Beans export	New	0.7	-	0.4	0.4	20	5.0
38. Kenya	Textile mill*	New	0.4	0.4	0.4	1.7	100	3.0
39. Kenya	Agriculture*	New	2.6	1.3	0.4	1.7	200	1.3

COUNTRY	SECTOR	TYPE	PROJECT COST (US\$MILLIONS)	FUNDING THROUGH APDF (US\$MILLIONS)			ESTIMATED NUMBER OF JOBS CREATED	ESTIMATED ANNUAL FOREX IMPACT (US\$MILLIONS)
				EQUITY	LOANS	TOTAL		
40. Madagascar	Agriculture	Expansion	2.0	-	1.0	1.0	60	-
41. Madagascar	Lumber*	Expansion	0.8	-	0.4	0.8	75	-
42. Madagascar	Milling*	New	0.8	-	0.6	0.6	26	-
43. Madagascar	Dairy*	Expansion	3.8	-	1.8	1.8	40	0.3
44. Madagascar	Manufacturing*	Rehabilitation	0.9	-	-	-	-	-
45. Malawi	Coffee	New	0.6	-	0.4	0.4	55	1.5
46. Malawi	Ginning	New	0.4	-	0.3	0.3	30	-
47. Malawi	Poultry	Privatization	0.3	-	0.2	0.2	50	-
48. Malawi	Agriculture	Privatization	0.2	-	0.2	0.2	-	-
49. Malawi	Agriculture	Privatization	0.3	-	0.2	0.2	-	-
50. Malawi	Agriculture	Privatization	0.5	-	0.2	0.2	100	1.0
51. Mali	Aggregates	Privatization	1.0	-	0.5	0.5	45	-
52. Mali	Urban transport*	New	3.0	-	1.9	1.9	136	-
53. Mauritania	Hotel*	New	1.8	-	1.2	1.2	38	-
54. Mauritius	Manufacturing*	New	1.3	0.2	0.7	0.9	18	0.9
55. Nigeria	Pharmaceutical*	New	1.3	-	0.9	0.9	87	1.0
56. Rwanda	Horticulture	New	1.4	0.2	0.4	0.6	58	1.7
57. Sudan	Tannery	New	2.6	0.4	0.9	1.3	120	2.2
58. Sudan	Engineering	Privatization	1.0	0.3	0.3	0.6	25	1.0
59. Sudan	Seeds*	Expansion	3.4	-	2.5	2.5	160	1.0
60. Tanzania	Handpumps	New	1.0	0.2	0.8	1.0	45	-
61. Tanzania	Flour mill	Expansion	1.3	-	0.9	0.9	35	-
62. Tanzania	Agriculture	New	4.8	0.6	2.5	3.1	400	1.4
63. Tanzania	Pineapple	New	2.0	0.6	0.9	1.5	150	0.5
64. Tanzania	Agriculture	New	0.3	-	-	-	60	0.8
65. Tanzania	Agriculture	Expansion	1.2	1.0	0.2	1.2	40	0.8
66. Tanzania	Hotel	New	3.4	-	1.8	1.8	85	1.5
67. Tanzania	Hotel*	Expansion	0.6	0.4	0.2	0.6	40	0.3
68. Uganda	Fishing	New	1.5	0.1	0.4	0.5	40	1.3
69. Uganda	Handpumps	New	1.6	0.2	0.5	0.7	80	-
70. Uganda	Pineapple*	New	0.4	-	-	-	120	0.5
71. Uganda	Vanilla*	New	0.3	0.1	0.1	0.2	120	0.8
72. Uganda	Horticulture*	New	2.1	1.0	1.1	2.1	200	2.0
73. Zambia	Foundry	New	5.0	-	2.6	2.6	40	1.8
74. Zambia	Agriculture*	New	1.5	0.2	0.1	0.3	-	-
75. Zimbabwe	Mining lights	Expansion	0.7	0.6	0.1	0.7	15	0.6
76. Zimbabwe	Tools*	New	2.6	0.6	0.9	1.5	35	0.3
77. Zimbabwe	Trade and distribution*	New	0.4	-	0.2	0.2	19	-
78. Zimbabwe	detergents*	New	0.9	-	0.8	0.8	34	-
<b>TOTAL</b>			<u>156.1</u>	<u>23.5</u>	<u>84.8</u>	<u>108.3</u>	<u>6.161</u>	<u>83.5</u>

\*Projects completed in fiscal year 1990.



## NOTES

### MOSUPATELA (1989)

The company is a joint venture with a local group and a Swedish steel furniture manufacturer, Finnveden. Financing of US\$0.8 million has been secured from the local development bank and the factory is expected to be operational in late 1991.

### WOODHALL BRICK (1989)

The company will have a capacity of 150 tons per day of fencing bricks and other burnt clay products. The total project cost amounts to US\$10.8 million. BDC, the Overseas Private Investment Corporation of the United States, and Interkiln of the United States are providing financing. The company has a management agreement with Interkiln. Project implementation is now under way with completion expected by 1992.

### CHOBE FOREST INDUSTRIES (1988)

The project consists of the financial and technical rehabilitation of an existing logging and lumber producing company located in northern Botswana. Since APDF completed its work, BDC has approved the necessary financing. The project is stalled due to a review by the government of its policy concerning the utilization of forest resources. The company continues to operate pending a final resolution of the new policy and its implications on the company's future direction.

### PAPER PRODUCTS (1988)

This new company was set up with APDF assistance to manufacture molded paper containers, principally egg cartons. The project benefits from management and marketing technical assistance funded by UNDP and supplied through the United Nations Industrial Development Organization. The project equipment was commissioned and production started in August 1989 utilizing a long-term loan provided by the Botswana Development Corporation. (BDC) The company is experiencing difficulties marketing its egg cartons due to cheaper imports of plastic containers and is seeking to diversify its product line.

### YARLEY COSMETIQUE (1989)

Mrs. Helfer owns a chain of hair-dressing salons and decided to invest in production facilities of various beauty care products. Funding for Yarley was provided by Mrs. Helfer and her husband and the Bank of Credit and Commercial International. This woman entrepreneur has successfully launched the company, which has developed its own products that it now exports in the region.

## BURUNDI

### AVICOM (1988)

Avicom is a poultry project producing day-old chicks and poultry feed. Bank guarantees provided by IFU of Denmark have been provided and

the Danish partners have agreed to proceed with the project. Trial operations started in July 1990.

### IMPEKE INDUSTRIES (1988)

Impeke is a pilot project set up to test the feasibility of producing and marketing traditional cereal-based beer consumed in Eastern and Southern Africa. With technical assistance from the European



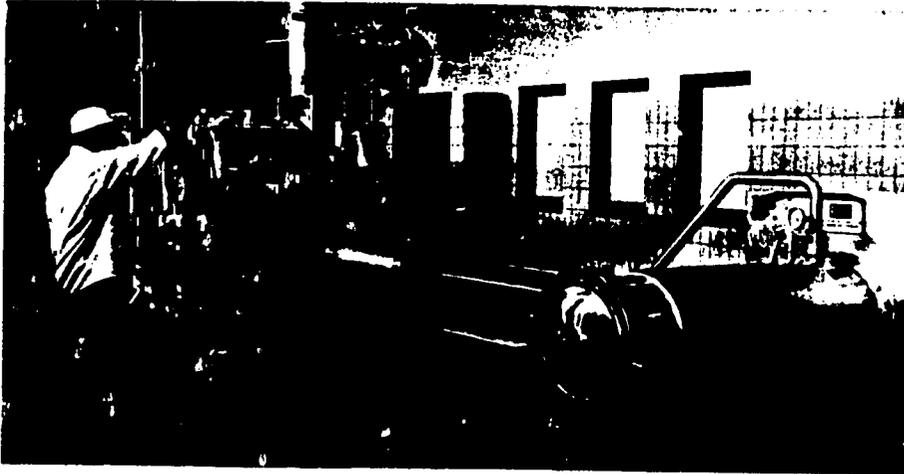
*Eburplast, Côte d'Ivoire*

Community's Centre for Development of Industry, the pilot stage established the venture's viability. Early technical problems have been resolved and the product quality is reportedly excellent. Marketing has been successful and production is at full capacity. The project sponsor died in a car accident, which may negatively impact the future of the project. Shareholders are now seeking new partners to allow the company to increase its capitalization.



T H I R T Y

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O.T.A., Côte d'Ivoire

## COTE D'IVOIRE

### EBURPLAST (1989)

This project involved setting up an anti-mosquito coil plant using Chinese equipment and technology. The sponsors financed the project with equity. Equipment has been installed and the plant has been producing since early 1990.

### HARDY'S (1989)

Hardy's cuts and polishes gems mainly for the local market. The project cost amounted to US\$2 million. The project also trains local cutters and polishers with technical assistance from a Belgian firm. Despite delays in obtaining official permits, the project is now operational. The delays have resulted in liquidity problems and the sponsors are considering raising additional capital.

### O.T.A. (1989)

O.T.A. is a new Ivorian plant specializing in the production of margarine, butter, and related food stuffs for the local market. Financing for the project was provided by AEF and a local bank, COFINCI. The company completed the plant and has been producing since June 1990. Due to the difficult local economic situation, the project has not yet reached expected production levels.

### PHARMIVOIRE (1989)

This plant will produce intravenous solutions for the local market. The total project cost is estimated at US\$1.7 million for an annual capacity of 1.2 million units. Despite delays in obtaining the required approvals, the project is now being implemented with start-up expected in 1991. The equity of the company is held by local sponsors, the French technical partner BIOLUZ, and by

PROPARCO of France. Loans were provided by the Caisse Centrale de Coopération Economique and two local institutions, COFINCI and SOGEFINANCE. CDI is providing training assistance. The equipment is currently being installed.

### CARBO-AFRIC (1988)

This is a new company established in mid-1988 to manufacture and market industrial charcoal in Côte d'Ivoire, and funding was obtained from FMO. Preparation of the project site has been initiated and the equipment ordered. However, project implementation has been indefinitely postponed due to delays in obtaining all the necessary government approvals.

### CIFG (1988)

CIFG was established in 1985 to manufacture metallic zippers for the Ivorian market. The financing required was to be provided by the Crédit de Côte d'Ivoire, Frida, Ltd. of the United Kingdom, and Krok Fasteners, a Belgian zipper manufacturer. Subsequently, the sponsor decided not to implement the project and operations have since been suspended.

### PÊCHAZUR (1988)

Pêchazur was established in 1980 as a shrimp and fish processing and marketing entity. In 1987, APDF helped the company upgrade its

facilities to meet European Community health and sanitary standards for exports and secure the financing needed. The new facility became operational in May 1988 and continues to operate successfully. In 1990, Pêchazur won a major international prize as being the most productive export company of the year.

## GABON

SOCIÉTÉ AGRO ALIMENTAIRE DE LA MONDA (SAAM) (1989)

SAAM is a US\$2.4 million project that consists of a poultry farm 20 kilometers from Libreville equipped with modern equipment. Implementation is proceeding satisfactorily funded with capital provided by the sponsors. Egg production started in February 1990.

## GHANA

DARKO FARMS AND COMPANY, LIMITED (1989)

Established in 1967, this Ghanaian poultry producer obtained APDF assistance in modernizing and expanding its existing farm operations. Despite securing loan commitments from CDC and FMO, the firm opted instead to implement its expansion through internally generated funds and an export credit facility. The company is operating profitably.

LEAF DEVELOPMENT COMPANY,

LIMITED (1988)

APDF helped this company define the scope of its agricultural operations and tobacco leaf redrying facilities. APDF also put the sponsors in touch with sources of financing for this US\$2.5 million project. APDF helped negotiate with the Central Bank of Ghana arrangements needed for the retention of export earnings to service foreign debt. Project implementation was completed and production is currently being exported.



SOGIP S.A. Guinea

## GUINEA

ALPHA CHANDELLE S.A. (1989)

As a substitute for imports, the project would have produced 35 million candles per year and is expected to cost about US\$0.5 million. The sponsors have gone ahead with their own funds to acquire the project site and erect

buildings. Bank financing has been delayed and now the sponsors cannot implement the project.

SEQUINA S.A. (1989)

This project is to privatize and rehabilitate an existing state-owned quinine plantation. The first phase of the project is under way and the sponsors have asked APDF to assist in further steps needed in the rehabilitation. CDI provided the expertise needed to value of the plantation.

SOGIP S.A. (1989)

With US\$0.7 million, a group of local pharmacists privatized and reopened a state-owned pharmaceutical factory. The project is now operational after a long delay due to a lack of bank financing. Capacity utilization is below expectation and the company is suffering from the general lack of funding from the local banking system. CDI provided training for the local staff.

## KENYA

KWANZA CLOTHING (1989)

Kwanza is a high fashion boutique for professional women managed by two Kenyan women entrepreneurs. The store opened in 1989 and the managers are now considering opening other stores and setting up their own garment factory.

qf

**WINDSOR GOLF HOTEL (1989)**

The Windsor Golf Hotel is a 130-room, five star hotel with an 18-hole golf course, expected to cost US\$12.5 million. Construction is on schedule. Opening of the hotel is scheduled for late 1991.

**NYANJUGU INVESTMENTS-  
GREYLAG FARM (1989)**

Greylag farm once produced horticultural and milk products for the domestic market and beans for the export market. APDF helped the sponsors develop a rehabilitation plan and restructure their financial situation. The farm now produces flowers and beans for export. The farm is now current with the financial institutions. The sponsor is considering growing various additional flower varieties.

**SUNRIPE LACOUR (1989)**

Sunripe is a US\$0.7 million bean export project with a modern processing and packaging line. Beans are provided by some 500 local women growers in the Gatundu region. The company continues to operate at design capacity, although the local growers were unable to raise funding for their proposed equity participation.

**JACARANDA BEACH HOTEL  
(1988)**

This hotel will be located at Diani Beach on the south coast at Mombassa. The project is estimated to cost US\$8.7 million to be provided by CDC of the United Kingdom and Standard Chartered Acceptances of Kenya. Construction was delayed, but construction tenders have been awarded and the contractor is expected to start work in 1991.



*Windsor Golf Hotel, Kenya*

**KWALE CASHEWNUTS (1988)**

This is a \$0.7 million cashew nut export project. The cashew nuts will be grown by several hundred smallholders. Project implementation is expected to be completed in late 1991.

**SAGANA SERICULTURE (1988)**

This project would have transferred modern silk production methods to Kenya. Implementation continues to be delayed until security arrangements, required by a financial institution, are in place. The project is currently stalled and is now unlikely to be implemented.

**TRADE AND ENTERPRISE (1988)**

The project consists of a flower growing and export company that had encountered serious financial difficulties. With APDF assistance, a major financial and technical overhaul was carried out. The project is now up-to-date in its payments and the sponsor is considering diversifying its production.

**BULLEYS TANNERY (1987)**

This project consisted of the buyout of an existing tannery by a group of Kenyan investors. The facilities had been under the management of local banks as part of an earlier bankruptcy. The new owners took over management in November 1988. Work has begun to resolve environmental aspects of the plant. APDF is working with the company.

**MEA FERTILIZERS (1987)**

Mea was to install a bulk blending plant to bag imported fertilizers. Due to an oversupply of bagging services in Mombassa, the company decided against acquiring new equipment.

The company is currently upgrading its equipment and continues to strengthen its marketing position by expanding its distribution.

## MADAGASCAR

### LA HUTTE CANADIENNE (1988)

La Hutte consisted of the rehabilitation and expansion of an existing farm and food processing plant at a cost of US\$2.0 million. Funding was obtained from the Caisse Centrale de Coopération Economique of France and from the BTM, a local bank drawing on a line of credit from the International Development Association. The project is now fully operational.

## MALAWI

### MANGANI FARM (1989)

This privatized farm produces tobacco and maize on 306 hectares of land. The project is now operational.



### MFUMBA ESTATE (1989)

The Mfumba farm was also taken over from the state agency by a private sponsor to produce a variety of products. Long-term loans have now been disbursed.

### RATHDRUM FARM (1989)

This is a dairy and tobacco farm of 360 hectares privatized under Malawi's privatization efforts. The project is operating successfully and the sponsor has added pasteurization facilities. APDF is working with the sponsor on a possible expansion into horticulture.

### CHIRAMBE POULTRY (1988)

Chiramba poultry farm was purchased from the state by the local sponsor and has the capacity to produce 3,000 dressed broilers per week. The project is experiencing difficulties due to higher input costs. The sponsor has now taken over full-time

operational management with the technical assistance of the government extension service in the hope of resolving serious financial difficulties.

### COTTON GINNING (1988)

The sponsor established this ginning operation, with used equipment purchased in Greece, which APDF assisted in reviewing. The project has been in full production since June 1988. APDF is working with the sponsor on a proposed expansion if problems of raw material supplies can be resolved with the firm that controls cotton in Malawi.

### BAPU COFFEE (1987)

The project sponsor intends to diversify this tobacco farm into coffee production at a cost of US\$0.6 million. Due to a lack of water resources, the sponsor has not reached the level of coffee plantings expected. The overall estate continues to operate profitably. APDF continues to assist the sponsor to resolve the water problems now being experienced.

*Dam Pineapples, Côte d'Ivoire*



## MALI

### MALI AGGREGATES (1988)

This aggregates producing project had been prepared by ADPF and financing had been secured. The sponsor then decided to implement the project as a joint venture with a foreign contractor on a lease basis. The project is now operational.

## NIGERIA

### AFROSE (1988)

This project was expected to export roses to the European market. Due to difficulties in securing the necessary local financing, the local sponsors have abandoned the project. This project will no longer be reported.

## RWANDA

### EXOTIQUE (1988)

This project was to have produced greenhouse plants for the export market, particularly Denmark. Due to difficulties within the Danish partner firm, the full project has been delayed. The local sponsor has decided to go ahead with a smaller project. Additional equipment was to be ordered before the end of 1990. However, the project has been adversely affected again by civil unrest in Rwanda.

## SUDAN

### DAR EL NACIM MODERN TANNERY (1989)

This is US\$2.6 million expansion of an existing operation. Financing has been committed and government approval is in place. However, project implementation has been delayed due to current political uncertainties.

### MISTIKA ENGINEERING (1989)

This engineering workshop will provide maintenance for diesel engines at a total project cost of about US\$1 million. Although the financial plan had been completed, implementation of this project is also delayed due to the uncertain political situation.

## TANZANIA

### CHRISMILL PINEAPPLES (1989)

Chrimills is a new farming operation to produce pineapples on a 995 hectare farm. The bulk of the production will be for export. Field trials to date are promising. Funding for the trial period was provided by the local sponsors, CDC of the United Kingdom, and DEG. The expatriate and local management team is now on site. Trial crops have been satisfactory and planning for the next phase is now under way.

### HAI EXPORTERS (1989)

This farm processes and exports dry beans, pulses, and seeds. Equipment procurement is under way and the sponsor has initiated exports to Europe and Kenya. Salama Estate is considering absorbing the operations of Hai Exports. Discussions are under way with the local bank.

### MAWIMBINI HOTEL (1989)

This 70-room tourist hotel was the first such facility set up in Zanzibar. The project cost was US\$3.4 million and the hotel opened in October 1990.

### SALAMA ESTATE (1989)

ADPF assisted the local sponsors to develop a modern farm plan and a marketing strategy. The overhaul program has been initiated and the 1990 season was successfully completed.

### FARMLANDS (1988)

A private Tanzanian group took over this land as a part of the privatization of state sisal farms. The project will produce crops for both the local and export markets. Implementation of the project is well under way. Term loans were provided by FMO and the East African Development Bank. HVA, a Dutch agricultural firm, is providing technical support.

TANZANIA FOOD CORPORATION  
(1988)

This existing company added a new flour mill to its operational capacity at a cost of US\$1.3 million. The East African Development Bank provided a loan of US\$0.9 million. Milling equipment was commissioned in July 1990 and the mill is operating at normal capacity.

VAMALLAN KONEPAJA OY.  
(VAKO) (1988)

This US\$1.3 million project will produce handpumps for use in rural areas. The project funding was completed in 1988, but project implementation was delayed pending resolution of loan conditions. The project will benefit from technical and financing support from FINNFUND.

## UGANDA

VICTORIA FRESH FOOD (1989)

Victoria processes and distributes fish caught by local fishermen on Lake Victoria. Long-term funding was provided by IFU. The company has cold storage and transport facilities using Danish technology. Trial production started in July 1990.

VICTORIA HANDPUMPS (1988)

Using Danish technology, the company manufactures borehole

handpumps. IFU of Denmark provided long-term finance. The equipment has arrived and the project is expected to be fully operational in 1991.

## ZAMBIA

SIAZA INDUSTRIAL (1989)

This project established a continuous casting facility to produce copper alloys for export to Europe. The project started operations in mid-1990. Start-up problems with the furnaces are still being resolved with the help of the equipment supplier.

## ZIMBABWE

OPTIMUS (1988)

The firm expanded its production of paraffin lamps and pressure stoves and started producing cap lamps and servicing various heavy tools. The company is operating successfully. APDF is now assisting Optimus in its examination of the Mozambique market with the possibility of establishing operations in that country.

## ATTACHMENT 3 MEMBERS OF THE APDF ADVISORY BOARD AS OF DECEMBER 31, 1990

### CHAIRMAN:

Pierre-Claver Damiba, Assistant Administrator and Regional Director for Africa, UNDP

### MEMBERS:

Jean Baptiste Améthier, President, SAPH, Abidjan, Côte d'Ivoire  
Thomas J. Bata, Sr., Chairman, Bata, Ltd., Toronto, Ontario, Canada  
René Chinot, former senior executive, Caisse Centrale de Coopération Economique, Paris, France  
Makarand Dehejia, Vice President, IFC, Washington, D.C.  
Leon Hermans, Chairman, ENBI, Nuth, The Netherlands  
Tom Mswaka, Director, Cairns Holdings, Harare, Zimbabwe  
Ferhat Lounes, Vice President, ADB, Abidjan, Côte d'Ivoire  
Esther Ocloo, Managing Director, Nkulenu Industries, Accra, Ghana  
Rick Tropp, Chief Executive Officer, Washington Development Capital Corporation, Washington, D.C.  
Joseph Wanjui, Chairman, East Africa Industries, Nairobi, Kenya

**APPENDIX H**

AFRICA PROJECT DEVELOPMENT FACILITY  
 FINANCIAL AND OPERATIONAL HIGHLIGHTS  
 DECEMBER 31, 1990, OCTOBER 31, 1989 AND OCTOBER 31, 1988

KEY RATIOS / DATA	Inception to Dec. 90	December 90 (14 months)	October 89 (12 months)	October 88 (12 month)
% of Direct Costs to Total Disbursements	73	77	73	73
% of Indirect/Support Costs to Total Disbursements	27	23	27	27
% of Fundings Secured thru APDF to Est. Project Costs	69	75	68	69
% of Completed Projects to Project Documents Issued				
Nairobi	80	n/a	n/a	n/a
Abidjan	35	n/a	n/a	n/a
Cost per Man-day (By Office) per Field Professional Professional Staff (E O)				
Nairobi	n/a	\$ 1,029	\$ 788	\$ 677
Abidjan	n/a	\$ 1,231	\$ 1,004	\$ 977
Cost Per Job Created:				
Based on APDF costs (D 1)	\$ 3,846	\$ 3,816	\$ 3,889	\$ 2,237
Based on est. project costs (H 1)	\$ 25,337	\$ 22,985	\$ 34,480	\$ 19,832
Average APDF Costs per Project Completed (Inclusive of Work In-Progress, Dropped Projects, Etc)	\$ 303,756	\$ 344,230	\$ 240,125	\$ 180,500
Average APDF Cost per Project Per Project Cost Data from Field Offices:				
Nairobi - Completed projects	n/a	\$ 49,758	\$ 57,870	no data
- Projects under appraisal	n/a	\$ 24,879	no data	no data
- Appraised but subsequently dropped	n/a	\$ 40,500	\$ 0	no data
Abidjan - Completed projects	n/a	\$ 76,236	\$ 64,009	no data
- Projects under appraisal	n/a	\$ 21,926	no data	no data
- Appraised but subsequently dropped	n/a	\$ 55,487	\$ 63,365	no data
Average for both offices- Completed projects	n/a	\$ 57,905	\$ 59,660	no data
- Projects under appraisal	n/a	\$ 23,206	no data	no data
- Appraised but subsequently dropped	n/a	\$ 54,417	\$ 63,365	no data
Total average for both offices		\$ 135,528	n/a	
% of Non-African Consultants to Total Consultants Hired	n/a	44	no data	no data
% of African Consultants to Total Consultants Hired	n/a	56	no data	no data
% of Costs Incurred to Total Costs Total Costs Incurred for Consultants Hired for:				
Non-African	n/a	57	no data	no data
African	n/a	43	no data	no data

(all amounts in US\$ thousands)

	Inception to Dec. 90	December 90 (14 months)	October 89 (12 months)	October 88 (12 months)
<b>A. Donors Commitments:</b>				
APDF 1	\$ 18,300	n/a	n/a	n/a
APDF 2	\$ 34,300	n/a	n/a	n/a
<b>B. Donors Payments:</b>				
APDF 1	\$ 17,300	n/a	n/a	n/a
APDF 2	\$ 4,600	n/a	n/a	n/a
<b>C. Budgets</b>	\$ 23,134	\$ 8,549	\$ 5,653	\$ 4,969
<b>D. Disbursements</b>				
Direct costs	\$ 17,343	\$ 6,928	\$ 4,220	\$ 3,684
Indirect/Support costs	\$ 6,350	\$ 2,022	\$ 1,543	\$ 1,370
<b>Total</b>	\$ 23,693	\$ 8,950	\$ 5,763	\$ 5,054
<b>E. Total Disbursements (By Office) Excluding Consultants Costs</b>				
Nairobi (see Note)	n/a	\$ 2,807	\$ 1,664	\$ 1,429
Abidjan (see Note)	n/a	\$ 3,034	\$ 2,121	\$ 2,064
<b>Total</b>		\$ 5,841	\$ 3,785	\$ 3,493
<b>F. Number of Project Documents Issued</b>				
Nairobi	69	18	22	17
Abidjan	66	22	21	19
<b>Total</b>	135	40	43	36
<b>G. Number of Projects Completed</b>				
Nairobi	55	18	17	20
Abidjan	23	8	7	8
<b>Total</b>	78	26	24	28
<b>H. Est. Total Project Costs</b>	\$ 156,100	\$ 53,900	\$ 51,100	\$ 44,800
<b>I. Fundings Secured thru APDF:</b>				
Equity	\$ 23,500	\$ 10,900	\$ 8,300	\$ 3,800
Loan	\$ 84,800	\$ 29,700	\$ 26,400	\$ 27,000
<b>Total</b>	\$ 108,300	\$ 40,600	\$ 34,700	\$ 30,800

(all amounts in US\$ thousands)

	Inception to Dec. 90	December 90 (14 months)	October 89 (12 months)	October 88 (12 months)
<b>J. Est. Number of Jobs Created</b>	6,161	2,345	1,482	2,259
<b>K. Est. Forex Impact</b>	\$ 83,500	\$ 22,500	\$ 33,700	\$ 23,500
<b>L. Number of Pipeline Projects</b>				
Nairobi	n/a	78	154	60
Abidjan	n/a	102	137	45
<b>Total</b>		180	291	105
<b>M. Number of Projects Appraised but subsequently dropped</b>				
Nairobi	n/a	1	0	no data
Abidjan	n/a	13	5	no data
<b>Total</b>		14	5	
<b>N. Number of Field Professional Staff</b>				
Nairobi	n/a	8	8	8
Abidjan	n/a	8	8	8
<b>Total</b>		16	16	16
<b>O. Total Man-days of Field Professional Staff</b>				
Nairobi (see Note)	n/a	2,728	2,112	2,112
Abidjan (see Note)	n/a	2,464	2,112	2,112
<b>Total</b>		5,192	4,224	4,224
<b>P. Number of Consultants Hired:</b>				
Non-Africans	n/a	63	no data	no data
Africans	n/a	81	no data	no data
<b>Total</b>		144		
<b>Q. Costs Incurred for Consultants Hired:</b>				
Non-Africans	n/a	\$ 918	no data	no data
Africans	n/a	\$ 692	no data	no data
<b>Total</b>		\$ 1,610		

Note: For purposes of this computation, the figures for Nairobi Office includes the total costs and man-days of Nairobi office plus 50% of the costs of the Washington Office. The figures for Abidjan Office includes 50% of the costs of the Washington Office.