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February 14, 2003

Mr. Mark Walther
US Agency for Intl. Development
Washington, DC 20523-7100

Ref: PCE-A-00-99-00025-00

Dear Mr. Walther,

Please find enclosed the final semi-annual program report for the referenced grant. Please contact me if you have any questions.

Sincerely,

Frank Lusby
Executive Director

cc: Jeanne Downing



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FINAL PROGRESS REPORT
April 1st, 2001 – December 31st, 2002

**STRENGTHENING MARKET LINKAGES:
A DEMAND-LED APPROACH
TO CRAFTS SALES IN MALI**

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I. Introduction

This is the final progress report for the Action for Enterprise (AFE) program entitled: Strengthening Market Linkages: A Demand-Led Approach to Crafts Sales in Mali. It covers activities during the period between April 1st, 2002 and December 31st, 2002.

The report begins with an analysis of progress made toward achieving program goals. This is followed by a description of program activities during the period including facilitation of market access, product development, communication, and quality control services. Monitoring and evaluation tables are included as appendices.

II. Results during the Reporting Period

This section presents an analysis of progress made toward achieving the targeted levels of performance for the Key Program Indicators identified in the Program Description, Attachment 2, of the AFE agreement (see appendix 1 of this report). These indicators are listed below, along with a description of progress. More detailed information on these results can be found in appendix 2.

Financial results are presented for the period of April 1, 2002 to September 30, 2002, even though program activities continued until December 31, 2002.

2.1 Annual producer sales increase to export agents

Producer sales to exporters during the period from 4/1 to 9/30/02 increased by \$306,517 compared to sales during the baseline period (10/99 - 3/00). Total increases to date equal \$933,206 – surpassing the project target of \$530,000.

2.2 Increase in annual exporter sales to importers

Exporter sales to importers increased by \$500,591 as compared to sales during the baseline period. Total increases to date equal \$1,522,934. This exceeds the projected target of \$636,000.

2.3 New jobs created

Twenty-five jobs were created during the six-month reporting period. New jobs are defined as the number of individuals who went from “unemployment” to “periodic or full employment” or from “periodic employment” to “full employment.” A total of 273 new jobs have been created since the inception of the program, compared with a projected total of 400.

2.4 New producers selling to export market

This is an overlap with the indicator “microproducers in export market for the first time” (see section 2.6).

2.5 # of microproducers trained in product development and with increased sales

Two hundred producers, experiencing increased sales, were trained in product development during the reporting period. The total number of individuals trained to date is 962. Many of these same producers were trained multiple times in increasingly complex technical applications. If one counts the same individual during multiple training activities the number trained during the

period is 1000, and the total to date is 5500. The projected Year 2 total for this indicator is 1050. The results are therefore lower than the target using the first measure (962) but higher than expected using the second (5500).

2.6 Micro-producers in export market for first time

Twenty-five new producers came into the export market (working with exporters) during the six-month reporting period. These are individuals who have never produced for the export market or who haven't produced for the export market for at least two years. Totals to date for the program 131, compared with a projected target of 600. New entrants are lower than projected because new orders have gone primarily to producers already producing for the export market. There is also difficulty in gaining information on this indicator from remote areas where production is taking place.

2.7 Master artisans trained as exporter consultants

There were twenty-three individuals qualified as "master artisans" who were trained during the six-month reporting period. These were the same individuals trained during the previous period. The total to date is therefore twenty-three, which compares favorably with the projected program target of thirteen.

2.8 Microproducer - exporter linkages created/ strengthened

There were approximately one hundred and eighty-three cases where the AFE program created or strengthened linkages between producers and exporters during the six-month reporting period. These linkages are described in detail in the AFE Mali field office monthly reports. The total to date is 754, which compares favorably with a projected number of 175.

2.9 Cost Recovery Ratio Targets

The cost recovery ratio measures the profitability of the exporters in their export activities (and simultaneously measures the sustainability of their services to microenterprises). It is calculated by comparing their total sales with their total costs. This is justified, as the AFE program does not subsidize any commercial transaction costs. For the six-month reporting period it was calculated at 1.37 (thirty-seven percent profit margin). This compares favorably with the projected rate of .88 for Year 2.

III. Description of Program Activities

3.1 Facilitation of Market Access / Product Development Services

- Continued work with German consultant to identify EU buyers to come to Mali
- Facilitated linkages and relations between six Malian export companies and ten international importers. Hosted eight international buyers during their trips to Mali. Assisted exporters to do new product development for these visits and follow-up with product orders.
- Promoted the participation of two Malian export companies in the Frankfurt Tendance trade show (largest wholesaler show for home furnishings/crafts in the world).

Established memorandums of agreement with these companies stipulating cost shares and responsibilities of each party. This represented an important step for the Mali craft export sector. The Frankfurt fair offers the most opportunities for Mali to link with large-scale professional buyers and thereby provide market access to hundreds of producers.

- Provided capacity building to these export companies to prepare for the show including:
 - Assistance to develop and source new products. New products developed/ identified in this way included jewelry, bogolan textiles and accessories, ebony beads inlaid with silver, musical instruments, leather products, baskets, masks, and beads.
 - Selection of most appropriate products to display / coding of products
 - Development of stand designs
 - Promotional campaign including mailings to over 100 prospective European buyers who frequently come to the show.
 - Development of professional brochures
 - Training in "stand management", "communication with buyers at the show" "making estimates based on production capacities" and "preparation of transportation cost estimates"
 - Development of product catalogues (that display products, prices, quantities available, and production times)

These capacity building activities were undertaken by the AFE staff in Mali, together with a German and Ghanaian exporter/consultant experienced in the European market and the Frankfurt trade show.

- Provided technical assistance throughout the show to improve their ability to communicate and negotiate with buyers.

3.2 Facilitation of Improved Communication between Exporters and International Buyers

- Continued implementation of system with importers and exporters whereby AFE Mali does not carry out direct communication with buyers concerning their orders - but rather insists that all communication pass directly between importers and exporters, with copy to AFE Mali if necessary. This strategy resulted in several export companies deciding to upgrade their email, computer and translation capacities (with AFE Mali support and training).
- Conducted digital imaging and email training workshops for two groups of exporters.

Training was conducted by private Malian company selected by AFE through a local tendering process. Exporters contributed to costs - several continue to use the firm's services after the training.

- Development and implementation of post trade show communication strategy for export companies who participated in Frankfurt trade fair. This included follow-up with all buyers who visited their stands and made specific requests for photo images, price lists, etc.
- Assisted individual export companies to improve their invoicing/paperwork management processes and to develop a marketing strategy to re-contact old clients who they had not heard from in some time
- Assisted exporters to develop CD catalogue disks with all of their product images, grouped by category

3.3 Facilitation of Quality Control Services

- Developed capacity of export companies to improve quality control (QC) services to producers, by encouraging them to increase the number, and quality, of QC inspection visits during order fulfillment. Continued system where AFE and export companies establish an "order fulfillment coordination form" that is filled out jointly at the time of an order. This form helps exporters to plan all the steps needed in fulfilling orders and allows AFE to intervene with technical assistance/capacity building at strategic points of the process
- In conjunction with process described above, conducted regular visits (with exporters or their staff) to producers during order fulfillment. Worked with exporters during these visits to rectify quality control issues and assist producers to develop improved production processes.
- Prepared/conducted an additional training workshop in quality control techniques for *bogolan production*. Participants included producers who are producing for export orders and representatives of export company staff. Objectives were to assist them to better respond to requirements of export market.

3.4 Other Service Provider Capacity Building Activities

- Held variety of capacity building activities for the newly created Malian Exporters Association (AMEPA). These included:
 - Numerous meetings to discuss criteria for participation in Frankfurt trade show
 - Development of scope of work and contract for local consulting firm to assist AMEPA with their internal capacity building process

- Organization and facilitation of three-day retreat for AMEPA board members resulting in improved organizational structure, internal regulations, and work plan.
- Ghanaian exporter consultant advised AMEPA president on good Association functioning based on experiences (good and bad) with Exporters association in Ghana.
- Assisted exporters to identify alternative shipping routes in light of problems in the Ivory Coast

3.5 Administration and Management

- Monthly technical and financial reports
- M&E survey and data compilation
- Development and implementation of close-out strategy (staff contract issues, sale/disposal of samples and selected office equipment, organization of office files, etc.)
- Meeting with all exporters and partner organizations to announce closure of project

3.6 Monitoring and Evaluation

Meetings and interviews were carried out with exporter partners to gather the data necessary to complete M&E reports (see appendix 2). As mentioned in the prior M&E report, the local export agents are considered to be the business service providers. The M&E system is designed to collect information from these providers and to consolidate the results. It presents information using two basic reports (see appendix 2):

- The Simplified Financial Statement Report
- The Activities/Indicators Report

The Simplified Financial Statement Report presents the aggregate income, expenses, and profit of the business service providers. This gives the reader an overall view of their level of activity and profitability, as well as the sustainability of their services to MSEs. The Activities/Indicators report presents selected ratios from the SFS report, as well as information that evaluates progress in meeting the “Key Program Indicators” stipulated in the AFE agreement with AID. These formats were developed to facilitate information collection and reporting. They present the same information described in the agreement under:

- Table 1A: Simplified Activity and Financial Statement
- Table 1: Unadjusted Income and Expense Statement (in local currency)
- Key Program Indicators

As the program works with a large number of BDS providers, AFE judges that collecting aggregate balance sheet information for them (Table 2: Unadjusted Balance Sheet) is not meaningful.

IV. Conclusion

The AFE team would like to take this opportunity to thank our supporters at AID for the confidence they have shown and for giving us the opportunity to do this work. The program gave us the opportunity to experiment with a wide variety of facilitation activities that provided us with excellent experience and lessons learned that we will take forward in our future programs and share with other development professionals. Despite numerous challenges we feel that the program had a major impact on the craft export sector in Mali and brought capacity building and increased earnings to both SE producers and exporters. The capacity of exporters to provide improved embedded business services to producers was increased and we feel that many of those services will be sustainable in the future.

APPENDICES

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APPENDIX 1

Progress Compared to Key Program Indicators

(Indicators are from Agreement, attachment 2, Program description, section IV. TARGETS)

INDICATORS	Project Results	Projected Results*
Annual producer sales increase to export agents	\$933,206	\$530,000
Increase in annual exporter sales to importers	\$1,533,934	\$636,000
New jobs created	273	400
New producers selling to export market	n/a	n/a
# of microproducers trained in product development and with increased sales	962	1050
Microproducers in export market for first time	131	600
Master artisans trained as exporter consultants	23	13
Microproducer - exporter linkages created/ strengthened	754	175
Cost Recovery Ratio Targets	1.36	0.88

*These totals were projected based on a two-year time frame - the actual fieldwork for the project was two years and six months.