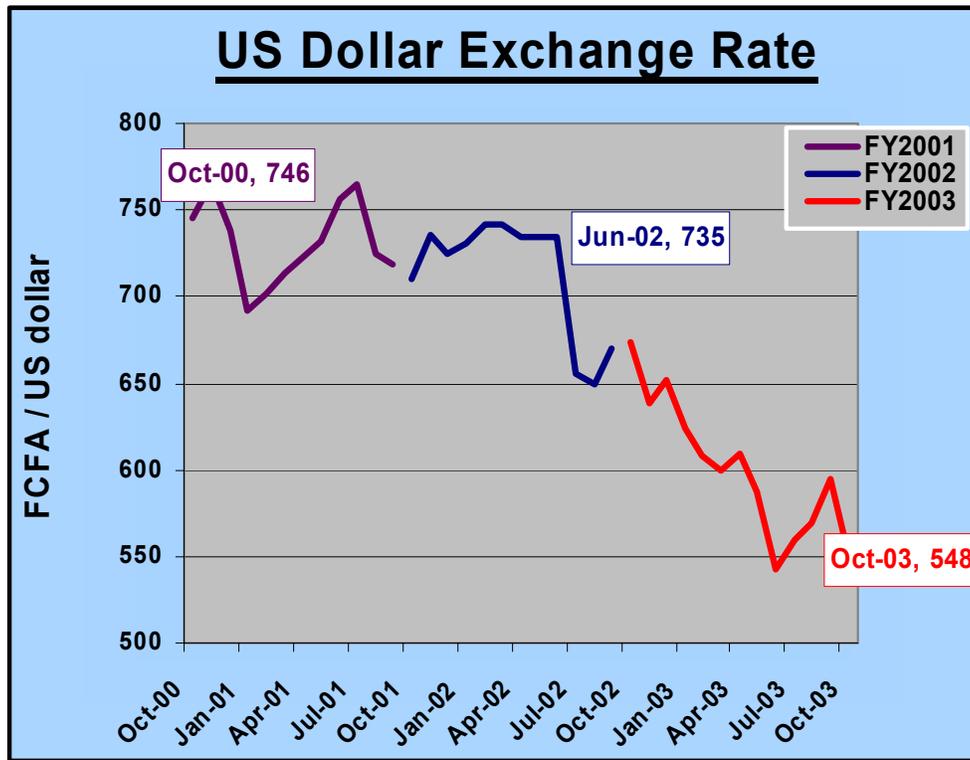




«Dynamise les entreprises sénégalaises»



PROJECT EXCHANGE RATE FLUCTUATIONS FY2000 – FY2003

FOURTH ANNUAL REPORT

01 OCTOBER 2002– 30 SEPTEMBER 2003

USAID PROJECT : 685-C-00-00-00002-00
SUBMITTED TO: USAID/SENEGAL
 PRIVATE SECTOR STRATEGIC OBJECTIVE (SO1)



SUBMITTED BY: CHEMONICS INTERNATIONAL
 DYNAENTREPRISES PROJECT



DATE: 31 OCTOBER 2003
CONTACT : TEL : (221) 865-1737
 FAX : (221) 824-7347
 EMAIL : INFO@DYNAENTREPRISES.COM

ACRONYMS

ACEP	<i>Alliance de Crédit et d'Épargne pour la Production</i>
ACRA	<i>Association de Coopératives rurales en Afrique et en Amérique Latine</i>
ADEFAP	<i>Association pour le Développement des Femmes Avicultrices de Pikine</i>
AFEPEs	<i>Association des Femmes pour la Promotion de l'Entreprise au Sénégal</i>
AG/GRN	<i>Agriculture/ Gestion des ressources Naturelles</i>
ABDS	<i>Association Business Développement du Sénégal</i>
AGP	<i>Association des Groupements des Professionnels de la filière pêche artisanale en Casamance</i>
AP	<i>Associations Professionnelles</i>
APF NOELM	<i>Association pour la Promotion de la Femme – Notre Organisation Est La Meilleure</i>
APIMEC	<i>Association Professionnelle des Institutions Mutualistes ou Coopérative d'Épargne et de Crédit au Sénégal</i>
APROVAG	<i>Association des Producteurs de la Vallée du Fleuve Gambie</i>
ARAN	<i>Associations rurales des Agriculteurs de Notto</i>
ARLS	<i>Associations Rurales de Lutte contre le Sida</i>
ASCVEC	<i>Association des Caisses Villageoises d'Épargne et de Crédit</i>
ADESCAW	<i>Association Socio-Educative et Culturelle des Agriculteurs du Walo</i>
AT/CPEC	<i>Assistance Technique aux Caisses Populaires et d'Épargne et du Crédit</i>
BNSTP	<i>Bourse Nationale de Sous-Traitance et de Partenariat du Sénégal</i>
BOA	<i>Basic Ordering Agreement</i>
CAMPC	<i>Centre Africain de Management et Perfectionnement des Cadres</i>
CAPAF	<i>Programme de Renforcement des Capacités des IMF en Afrique Francophone</i>
CAPEC JOBASS	<i>Caisse Populaire d'Épargne et de Crédit de Jobass</i>
CAPFED	<i>Caisse d'épargne et de crédit des Agriculteurs, Pêcheurs, Forestiers et Eleveurs de Dakar</i>
CCBM/EBI	<i>Comptoir Commerciale Bara Mboup - Espace Bureautique Informatique</i>

CESAG	<i>Centre d'Etudes Supérieures en Gestion</i>
CETF	<i>Centre d'Enseignement Technique Féminine</i>
CECMAK	<i>Caisses d'Epargne et de Crédit Mutuelle des Artisans de Kolda</i>
CGAP	<i>Groupe Consultatif d'Assistance aux Plus Pauvres</i>
CIPE	<i>Center for International Private Enterprise</i>
CLIN	<i>Contract Line Item</i>
CLEC BAKEL	<i>Caisses Locales d'Epargne et de Crédit de Bakel</i>
CMECAT	<i>Caisse des Mutuelles d'Epargne et de Crédit des Artisans de Tamba</i>
CMS	<i>Crédit Mutuel du Sénégal</i>
CNCAS	<i>Caisse Nationale de Crédit Agricole du Sénégal</i>
COCOGES	<i>Collectif des Femmes Commerçantes du Groupement Economique Sénégalais</i>
COFDEC	<i>Collectif des Femmes pour le Développement de l'Epargne et du Crédit</i>
CONACAP	<i>Conseil National pour la Promotion et le Développement des Caisses Populaires</i>
CREC	<i>Caisses Rurales d'Epargne et de Crédit</i>
CREZ	<i>Conseil Régional des Entreprises de Ziguinchor</i>
CSE	<i>Centre de Suivi Ecologique</i>
CTC	<i>Community Training Centers – Peace Corps</i>
DID	<i>Développement International Desjardins</i>
ECI	<i>Edelman Communications International</i>
ENDA	<i>Environnement Développement en Afrique</i>
FAR ZIG	<i>Fédération des Associations Relais de la région de Ziguinchor</i>
FDEA	<i>Femme Développement Entreprise en Afrique</i>
FEMUNI	<i>Association des Femmes de la Cité des Nations Unies</i>
FENAFILS	<i>Fédération Nationale des Acteurs de la Filière Lait du Sénégal</i>
FIARA	<i>Foire Internationale de l'Agriculture et des Ressources Animales</i>
FCT	<i>Femmes Commerçantes de Thiès</i>

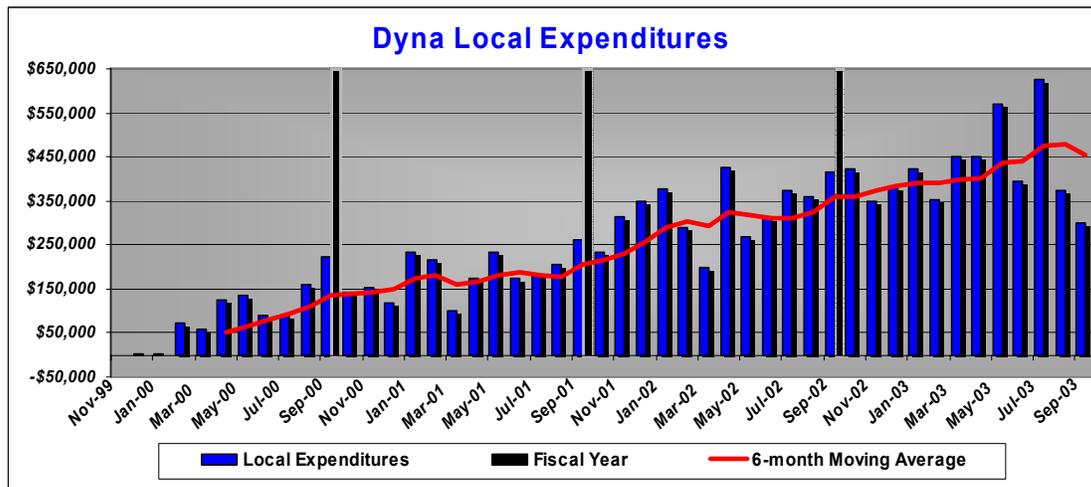
FNGPF	<i>Fédération Nationale des Groupements de Promotion Féminine</i>
FNPJ	<i>Fonds National de Promotion de la Jeunesse</i>
GEC	<i>Groupements d'Epargne et de Crédit</i>
GEC GANDA	<i>Groupements d'Epargne et de Crédit GANDA</i>
GEC LAWTAN	<i>Groupements d'Epargne et de Crédit LAWTAN</i>
GEC PKUMEL	<i>Groupemenst d'Epargne et de Crédit PKUMEL</i>
GEC TINAARE	<i>Groupement d'Epargne et de Crédit de Tinaare</i>
GERME	<i>Gérer Mieux Votre Entreprise</i>
GIE	<i>Groupement d'Intérêt Economique</i>
GOS	Government of Senegal
GRAMC	<i>Groupe de Recherches et d'Actions avec les Minorités Culturelles</i>
GTN	Global Technology Network
IBI	International Business Initiatives
ILO	International Labor Organization
INTER-CREC	<i>Entre les Caisses Rurales d'Epargne et de Crédit</i>
IPD-AOS	<i>Institut Pour le Développement / Afrique de l'Ouest Sahel</i>
ISPEC	<i>Institut Supérieur Panafricain d'Economie Coopérative</i>
IT	Information Technology
ITA	<i>Institut de Technologie Alimentaire</i>
KIR	Key Intermediate Result
LOE	Level Of Execution
LOP	Life of Project
MCEG NAFA	<i>Mutuelle de Crédit et d'Epargne et de Garantie (Nafa is "billfold" in Wolof)</i>
MEAC	Monitoring, Evaluation, Analysis and Communication
MEC	<i>Mutuelle d'Epargne et de Crédit</i>
MEC EGAM	<i>Mutuelle d'Epargne et de Crédit de l'Entente des Groupements Associés de Mérina Dakhar</i>

MEC FADEC	<i>Mutuelle d'Epargne et de Crédit de la Fédération des associations Développement Communautaire</i>
MEC FEMZOP	<i>Mutuelle d'Epargne et de Crédit des Femmes de la Zone Pikine</i>
MEC HANN	<i>Mutuelle d'Epargne et de Crédit de Hann</i>
MEC L&D	<i>Mutuelle d'Epargne et de Crédit de Liberté et de Développement</i>
MEC PROPEM	<i>Mutuelle d'Epargne et de Crédit pour la Promotion de la Pêche à Mbour</i>
MEC PROTES	<i>Mutuelle d'Epargne et de Crédit pour la Promotion de la Teinturerie Sénégalaise</i>
MEC UGF PAME	<i>Mutuelle d'Epargne et de Crédit de l'Union des Groupements Féminins du Programme d'Appui aux Micro Entreprises</i>
MECART	<i>Mutuelle d'Epargne et de Crédit des Artisans Ruraux de Thiès (Notto)</i>
MECARTH	<i>Mutuelle d'Epargne et de Crédit des Artisans de la Région de Thiès</i>
MECFAM	<i>Mutuelle des Femmes du Mouvement Acapes</i>
MFC	<i>Mutuelle des Femmes du Cayor</i>
MUPROEL	<i>Mutuelle des Professionnels de l'Elevage</i>
MUPROP	<i>Mutuelle des Professionnels de la Pêche</i>
PAEP	<i>Programme d'Appui à l'Entrepreneuriat Paysan</i>
PAID/WAS	<i>Panafrican Institute for Development / West Africa Sahel (IPD-AOS)</i>
PAMECAS	<i>L'Union des Mutuelles du Partenariat pour la Mobilisation de l'Epargne et du Crédit</i>
PAMEF	<i>Programme d'Appui à la Mobilisation de l'Epargne dans la Francophonie</i>
PMC	<i>Performance Management Consulting</i>
PMP	<i>Performance Monitoring Plan</i>
PPMEH	<i>Projet de Promotion des Petites et Moyennes Entreprises Horticoles</i>
PROFEMU	<i>Programme des Femmes en Milieu Urbain</i>
PROMER	<i>Projet des micro entreprises rurales</i>
RAFEG	<i>Réseau d'Apprentissage des Femmes de la Génération 2</i>
RECEC	<i>Réseau des Caisses d'Epargne et du Crédit des Femmes de Dakar</i>

REMIX	<i>Réseau d'Etudes et d'Informations pour la Minimalisation des Risques d'Exploitations</i>
RESIG	<i>Réseau Sénégalais d'Institutions GERME</i>
RTT	Results Tracking Table
SAED	<i>Société d'Aménagement et d'exploitation du Delta</i>
SEAD	Small Economic Activities Development
SMI	Savings Mobilization and Investment
SO	Strategic Objective
SDE	<i>Sénégalaise Des Eaux</i>
SENELEC	<i>Société Nationale d'Electricité</i>
SODAGRI	<i>Société de Développement Agricole</i>
SONATEL	<i>Société Nationale des Télécommunications</i>
TDC	<i>Technologie Développement Consultance</i>
UFC	<i>Union des Femmes Commerçantes</i>
UGPF	<i>Union des Groupements Promotion Féminine</i>
UMEC	<i>Union des Mutuelles d'Epargne et de Crédit - Sédhiou</i>
UMECU	<i>Union des Mutuelles d'Epargne et de Crédit d'UNACOIS</i>
UM PAMECAS	<i>Union des Mutuelles du Partenariat pour la Mobilisation de l'Epargne et du Credit</i>
UNACOIS	<i>Union Nationale des Commerçants et Industriels du Sénégal</i>
UNACOIS-DEF	<i>Union Nationale des Commerçants et Industriels du Sénégal – Développement-Economie-Finances</i>
UNAFIBS	<i>Union Nationale des Acteurs de la Filière Banane Sénégalaise</i>
USAID	United States Agency for International Development
USU	Umbrella Support Unit

I. Executive Summary

After three consecutive years of growth, the Dyna project achieved its Apex in Fiscal Year 2003 (FY2003) both in terms of activity level and dollars expended. Investments in human resources and project infrastructure that were made in prior years were fully in-place at the start of FY2003 and all of the project's divisions performed at their maximum productivity. The figure below of monthly Local Expenditure rates demonstrates this since the majority of project expenditures originate locally due to the outsourcing of support activities to local firms through subcontracts. However, upon closer examination the figure below shows a decrease in expenditures at the end of the year due to a decline in the dollar exchange rate and the impact this has on remaining project funds.



For the first eight months of the year Administration processed 216 local contracts and purchase orders. It also purchased 1,765 articles of equipment valued at more than \$1.1 million for 16 microfinance clients. The DynaTamba office was closed in June 2003 and Administration and Finance prepared detailed budget projections in order to plan for the closeout of remaining offices in FY2004.

The BDS team succeeded in its plan to deepen activities in FY2003 by signing 86 contracts in the broad categories of Information Dissemination and Training. It organized numerous events during the year such as Technofoire, Business Foire, Study Tours, and Restitution Dinners and published a variety of products in print and CDROM. Also, it continued concentrated efforts in selected economic subsectors such as dairy, poultry, neem, banana, market gardens, rural radio, and vetiver.

DynaMF activities revolved around the provision of Equipment (36%), Training (35%) and Organizational Development (28%) assistance to its 51 clients. In the last year alone DynaMF invested \$2.5 million into the MF sector and issued 122 local contracts and purchase orders.

II. Introduction

By design the Dyna project is large and impact was expected at sector levels. However, its size does not make it a difficult project to understand. In fact, the types of activities supported by Dyna can be grouped into a very small number of general categories. There are two major technical activities supported by Dyna, Microfinance (MF) and Business Development Services (BDS), and the project implements activities by contracting with local service providers (“partners” in Dyna parlance). The tables presented below bear out the straightforward nature of Dyna supported interventions beginning with MF.

Microfinance

Within MF, Dyna supported only 3 major thematic activity areas in FY2003: Organizational Development, Training, and Equipment. The fourth category of Grants was a holdover action from the previous year as the only grant allocated under the project (ACEP) was officially closed out with performance and financial audits plus an impact evaluation that together represented barely 1% of total activities by value in FY 2003.

Outside observers thought Dyna hit performance highs last year but the team surpassed the FY 2002 figures by 64% in terms of local contracts conceived, bid, evaluated, negotiated, signed and executed (75 versus 122). This is a phenomenal achievement and represents 2.5 MF sector activity contracts per week assuming a 48 week work year (subtracting for holidays). In value terms this increase was 20% in dollars and 11% in FCFA with the disparity due to the continual fall in the dollar throughout FY 2003. The MF technical team and the administrative support team of contracting, accounting and logistics all surpassed last year’s record performance.

ACTIVITY			VALUE		606 FCFA	
CATEGORY	SUB-CATEGORY	#	FCFA	USD	SHARES	
Organizational Development	Accounting	17	290,653,095	479,626	20%	36%
	Strategic Planning	5	84,966,136	140,208	6%	
	Technical Assistance	4	67,487,544	111,366	5%	
	Marketing	3	33,292,570	54,938	2%	
	New Product Development	2	36,178,547	59,701	2%	
	Team Building	2	15,384,205	25,386	1%	
Training	Microfinance	30	347,695,823	573,755	24%	35%
	Informatique	4	101,902,800	168,156	7%	
	Entrepreneuriat	4	67,239,043	110,956	5%	
Equipment	Informatique	19	195,773,862	323,059	13%	28%
	Multiple	16	154,198,286	254,453	11%	
	Security	13	54,890,579	90,579	4%	
Grant	Audit	2	7,610,672	12,559	1%	1%
	Evaluation	1	2,751,321	4,540	0%	
TOTAL		122	1,460,024,483	2,409,281	100%	

Table 1: Microfinance Support - Local Contracts in FY 2003 by Category

Overall MF was relatively balanced between the three categories with Organizational Development and Training representing roughly the same amount by contract value. Organizational Development activities took on greater importance in FY2003 as projected in the FY2003 work plan and this is reflected in the contract amounts and shares. This category accounted for 36% of MF contract value this year versus 18% in FY 2002. The most important sub-category in Organizational Development was Accounting Support at 20% of all activity value.

Training remained a major Dyna MF activity although its value share dropped from 60% in FY 2002 to 35% in FY 2003 as both Organizational Development and Equipment increased in importance. Within the Training Category the major activity (39% of Training value) remained

the traditional Dyna capacity building training of credit union board members and staff (managers and tellers). The value of computer training was roughly equivalent to the amount contracted in FY 2002 (102 vs. 99 million FCFA). CAPAF training support continued to be an important Dyna MF sector wide support activity.

ACTIVITIES		VALUE		VALUE SHARE
#	TYPE	FCFA	USD @606	
13	Board members, technicians	202,355,564	333,920	39%
4	Informatique	101,902,800	168,156	20%
12	CAPAF	99,382,500	163,998	19%
3	Making Cents	61,453,179	101,408	12%
4	Interns	45,534,031	75,139	9%
2	Other	6,209,592	10,247	1%
38	TOTAL	516,837,666	852,867	100%

Table 2: MF Training Contracts in FY 2003

The Equipment category is subdivided into three sub-categories of computer related, security and multiple. "Multiple" equipment represents contracts in which both office equipment (file cabinets, bookshelves, desks, tables, chairs, etc.) and security equipment (safes, lock-boxes, counterfeit detectors, etc.) were procured from the same source. Computer related includes desktops, servers, routers, UPS units, cabling, printers and other peripherals.

Business Development Services

All Dyna BDS activities can be classified into one of two categories of Information Dissemination and Training. In FY2003 the BDS team continued its historical averages of allocating approximately two-thirds of all activities by value to Information Dissemination activities and one-third to Training. This allocation is consistent with the project strategy that identified information asymmetries as a major constraint to the development of efficient markets in sectors supported by DynaBDS. The overall amount BDS invested in FY 2003 declined by 35% compared to FY 2002 (FCFA 387 million) while the number of activities supported increased by 15% (75 to 86). These figures reflect increased activities by the team, smaller average cost per activity and increased cost-sharing by both partners and clients.

BDS ACTIVITY			VALUE		606 FCFA	
CATEGORY	SUB-CATEGORY	#	FCFA	USD	SHARES	
Information Dissemination	Product	24	95,246,228	157,172	38%	61%
	Event	21			23%	
Training	General	27	55,808,528	92,093	22%	39%
	Specific	14			17%	
TOTAL		86	251,317,924	414,716	100%	

Table 3: BDS Category and Sub-Category Activities in FY 2003

When the data is further disaggregated only five major economic sectors were supported by Dyna BDS in FY 2003. Of largest importance are the cross-cutting activities (Multiple) that consist of generic business training, skills and technology transfer. The value share allocated to these activities is identical to that of FY 2002 (38% of value share). Agriculture and Natural Resource Management activities combine to represent roughly half of all BDS activities by value (45% of total). The combined value share represented by these two sectors increased by 50% over FY2002 reflecting increased investment in agriculture and natural resource management related activities in FY2003. Information Technology declined by almost 40% from FY 2002 to FY 2003 as resources were directed elsewhere.

BDS ACTIVITY				VALUE			
SECTOR	SUB-SECTOR	#		FCFA	USD @ 606	SHARES	
Multiple	Multiple	10	29	55,727,679	91,960	22%	38%
	GERME	9		15,304,215	25,254	6%	
	Entrepreneuriat	3		13,802,005	22,776	5%	
	Professional Associations	7		10,695,090	17,649	4%	
Agriculture	Market Gardens	10	28	18,616,687	30,721	7%	26%
	Poultry	3		17,137,310	28,279	7%	
	Banana	9		16,942,673	27,958	7%	
	Milk	3		6,538,913	10,790	3%	
	Fish	1		2,898,800	4,783	1%	
	Slaughterhouse	1		1,652,375	2,727	1%	
	Beekeeping	1		597,750	986	0%	
Natural Resource Management	Vetiver	7	10	35,638,352	58,809	14%	19%
	Sustainable Agriculture	2		5,460,297	9,010	2%	
	Neem	1		7,432,470	12,265	3%	
Information Technology	Rural Radio	5	15	12,972,568	21,407	5%	13%
	Website	8		12,571,640	20,745	5%	
	Cybercafe	2		6,224,083	10,271	2%	
Handicrafts	Dressmaking	1	4	6,683,900	11,030	3%	4%
	Silk screen	2		2,851,967	4,706	1%	
	Welding & Carpentry	1		1,569,150	2,589	1%	
TOTAL		86		251,317,924	414,716	100%	

Table 4: BDS Sector and Subsector Activities in FY 2003

The largest single activity supported in FY 2003 was cross-cutting (Multiple) that represented roughly one-quarter of all BDS activities by value. This classification captured business fairs and forums plus the annual business agenda organizer among other items. The second largest activity by value was vetiver (14%). The remainder of BDS supported activities mostly varied between 3 and 7% of value total and speaks to the general balance of support across various sectors. Activity value shares less than 3% generally represented targets of opportunity and single events in response to local demand.

III. Administration

Investments Dyna made in FY2002 to add administrative staff, construct new office space, and upgrade its information technology infrastructure were completed prior to the start of FY2003. Thus Dyna began the fiscal year with all key elements in place to perform at maximum productive capacity. Objective measures of this apex level performance include the quantity of contracts, variety of technical activities, and level of expenditures recorded in FY2003.

3.1 Contracting

In FY2003 the project negotiated and signed more local contracts and purchase orders in support of technical activities than any previous year. Of the 208 contracts signed in FY2003 56% supported Microfinance activities, 39% BDS, and 5% MEAC. Compared to FY2002, 82% more contracts were signed at a value that was 31% greater than FY2002.

	N° Local Contracts &/or Orders			Purchase	Value (FCFA)
	MF	BDS	MEAC	TOTAL	
FY2000	10	10	-	20	388,377,670
FY2001	41	46	-	87	873,526,526
FY2002	65	79	3	147	1,261,904,196
FY2003	122	86	8	216	1,739,890,999
TOTAL	238	221	11	470	4,645,047,965

Table 5: Local contracts and purchase orders

Closer examination reveals that the project registered record levels of activity during the first eight months of the fiscal year but slowed drastically after May. The reason for this marked reversal was a conscious decision to reduce expenditures, and hence technical activities, because of revised expectations of continued weakness in the US dollar and the increasing likelihood that the project would not be extended. The marked reduction in expenditures starting in June (see graph below) resulted from Dyna's financial analysis of the negative impact of a prolonged weakness in the US dollar and the resultant necessity to slow activities. Note that the relatively large project expense in July was due to payments on local contracts signed several months prior to the slowdown decision (i.e., accrued deliverables).

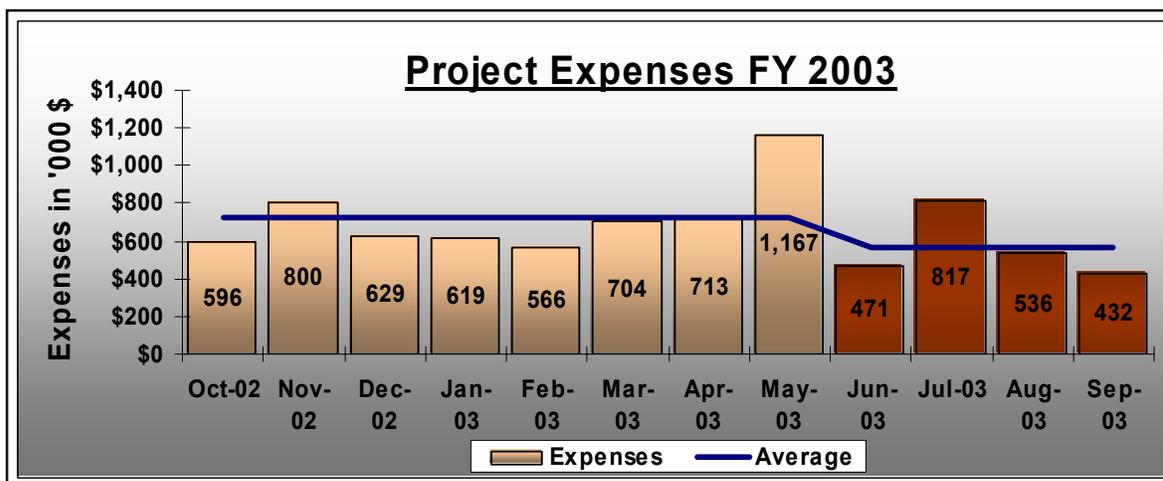


Figure 1: Total Project Monthly Expenses - FY2003

Dyna's average monthly expenditure in FY2002 was \$671,000. This increased by 28% to \$724,000 from October to May 2003 due to a decreasing dollar and an increasing volume of project activity. Average expenditures dropped to \$564,000 from June to September 2003 once the decision to decelerate was promulgated.

The project's average exchange rate in FY2002 was 704 FCFA/US\$ which fell to 606 in FY2003. The steady decline in the dollar's performance since July 2002 and forecasts for continued weakness over the first six months of FY2004 led Dyna to prepare budget forecasts under the assumption the dollar will not recover lost value during the final project year. In fact, given the US current account deficit the dollar rate will likely worsen (at this writing in late October 2003 the dollar is at 545 FCFA/dollar). Thus in the final months of FY2003 Dyna technical teams were notified of reductions in their remaining budgets and the Administration began making preparations for early closure of offices and staff reductions.

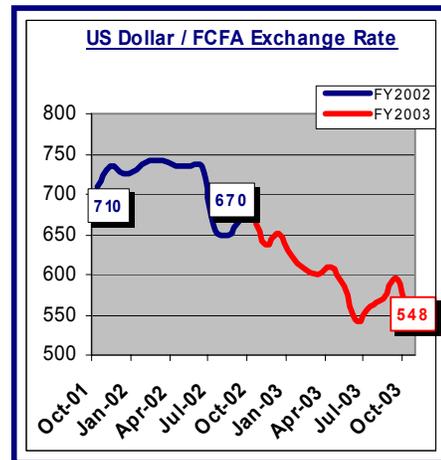


Figure 2: US\$ Exchange Rate

3.2 Human Resources

Dyna's COP traveled to the US in May to attend a senior staff meeting uniting COPs from Chemonics' projects around the world. While in the U.S., he was forced to take an unscheduled medical leave of over 6 weeks. Criss Juliard, Dyna's BDS Director, filled in as Acting COP until his return.

In June the DynaTamba office closed in accordance with the FY2003 work plan. The BDS and MF technical staff formerly at DynaTamba relocated to DynaKolda from where they supervised on-going technical activities in Tambacounda. In September Dr. Juliard left Dyna at the conclusion of his contract to begin a USAID trade promotion contract for Chemonics in neighboring Mali. According to plan, Bachir Ndiaye, a member of the BDS team in Dakar since 2000, was promoted to BDS Director.

Dyna held its annual strategic planning retreat in September at Saly Mbour. The USAID CTO attended this year's retreat facilitated by Maty Ndiaye and her team at WEPPEA. This year's theme was "Project Closeout." Key issues discussed included the final year's reorientation of project activities, office closures and staff reduction. DynaAdmin announced the schedule of office closures and DynaZiguinchor staff received written notices of employment termination in compliance with Senegalese labor law. All staff was provided information on the advantages and disadvantages of different employment categories and was given the choice to convert to consultant contracts if desired. Seven long-term employees elected to do so in the weeks following the retreat.

Office	Closure Date
Ziguinchor	5/Dec/2003
Thiès	15/Jan/2004
Kolda	15/Feb/2004
Dakar	Starting from 3/31/2004

Table 6: Dyna Office Closure Schedule

During the retreat Dr. May announced that Victor Luboyeski, would immediately assume the new post of Deputy COP. In the event Dr. May vacates his post of COP before the end of the project, Mr. Luboyeski would be promoted to the COP position. After the retreat Mr. Luboyeski began to share tasks previously carried out exclusively by the COP. Another announcement at the retreat was the imminent departure of Dyna's Director of Administration and Finance (DAF), Joseph Ngom, who will leave at the end of October to take up a permanent position for a United Nations division based in Dakar. Mr. Luboyeski in his role as Deputy COP will assume the DAF's responsibilities.

3.3 Administration & Inventory

The logistics division plays a key role in project implementation. Between July 2003 and October 2003 the Logistics Team performed the annual inventory of all durable goods purchased by the project. More than 5,000 articles consisting of computers, office equipment, and security enhancements (ex., security bars, safes, counterfeit detectors, etc.) were purchased over the last four years and almost all reside with Dyna's microfinance (MF) clients.

In the last year an additional 1,765 articles costing more than \$1.1 million were purchased for the 16 MF clients presented in the figure at right. Dyna's computerization of the PAMECAS network and its 120,000 members accounted for 55% of all FY2003 purchases (\$608,000). (Note that the value of the PAMECAS computerization isn't presented at right because it would dominate the graphic.) In early FY2004 Dyna will request USAID approval to transfer ownership of this equipment to each respective MF client.

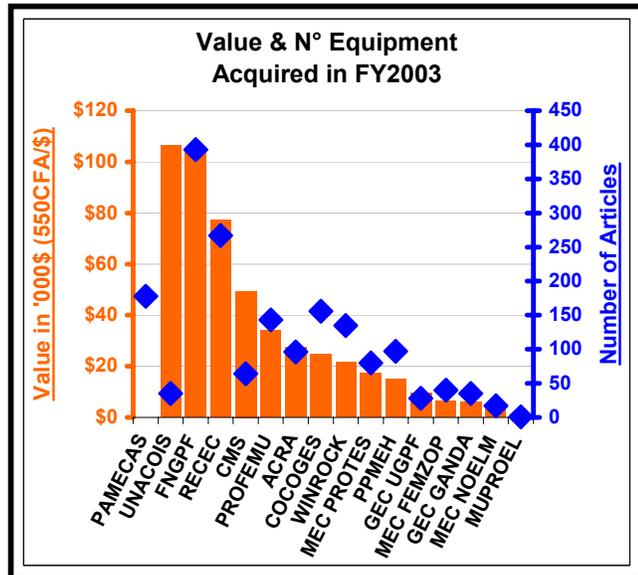


Figure 3: Equipment Acquired for MF Clients

DynaAdmin completed the closeout of Dyna's Tambacounda office in June and the expatriate residence of Criss Juliard in September. DynaTamba office equipment was transferred to the USAID AG/NRM project and the furnishings at the former residence of Dr. Juliard entered storage. In September Dyna received Chris Diomi, Dyna Project Administrator at Chemonics' Washington headquarters to help ensure project closeout during FY2004 in compliance with Chemonics' policies and procedures.

3.4 Accounting

As expected, the Accounting section's work pace matched the technical divisions it supports. Besides its accounting, control, and financial management function Accounting played a central role in the closeout of Dyna's only grant (ACEP) by supervising the work of two local consulting firms contracted by Dyna to perform ACEP grant performance and financial audits, respectively. The request for USAID

approval to transfer goods and capital acquired under the grant to ACEP was submitted by DynaAdmin in September and is presently under review by USAID Senegal.

DynaAccounting was instrumental in revising project budget projections in May in light of the rapid decline in the value of the US dollar. All five accounting team members worked closely with human resources and the DAF to forecast costs associated with various office closure dates and the staff departure scenarios. The anticipated costs of future technical activities were included to arrive at the office closure schedule announced at the strategic planning retreat in September. The original budget forecast underwent several iterations as new information became available as the year progressed (ex., exchange rate variations, unanticipated staff departures, etc.).

DynaAccounting, aided by the Chemonics' project support unit at headquarters, led a successful effort to improve the management of staff accounts payable. These improvements were integrated into the significantly revised Dyna Operating Procedures Manual updated by a local consultant. The new manual conforms to the current and future needs of the project and includes closeout procedures that comply better with USAID regulations and Chemonics' policies.

3.5 Next Quarter

DynaAdmin will closely follow Dyna's project expenditures on an almost weekly basis and make revised budget projections to reflect any significant economic changes (ex., exchange rate fluctuations). DynaZiguinchor will close in early December and DynaThies in mid-January. Departing staff will be paid all required severance and indemnity payments specified by Senegalese labor law or in effect by case law (jurisprudence).

Dyna will begin submitting requests for USAID approval to transfer ownership of equipment purchased for its MF clients. An agreed-upon procedure to streamline future requests will be sought to minimize the administrative burden on both Dyna and USAID while ensuring adequate control is exercised. Lastly, the departure of Joseph Ngom in the post of DAF is anticipated for 31 October 2003.

IV. Business Development Services (BDS)

Dyna's BDS Division aims to develop Sénégal's private sector by removing market information asymmetries, promoting the use of appropriate technology, and strengthening private businesses, associations, and groups through activities that:

1. Disseminate information
2. Build knowledge and skills through training
3. Target under-performing sub sectors with growth potential

In FY2003 BDS deepened activities in areas where prior year impact was notable and the team had developed considerable experience. Efforts focused on the most dynamic partners and clients within three categories of private sector entities: Professional Associations, Service Providers, Enterprises and Business Groups.

The BDS pace in FY2003 achieved a similar level of high output as FY2002. Last year they generated 75 local contracting actions worth 387 million FCFA. The total number was slightly higher than FY2002 but the value was about 35% less. The lower value is due to: (1) clients and beneficiaries assuming a greater cost share of the assistance as part of Dyna's exit strategy to promote self-sufficiency and (2) Dyna's tightening project budget led to a forced cutback in planned technical activities.

Local Contracts or Purchase Orders Issued for BDS Activities			
	Number	Value (FCFA)	Value (US\$)
<i>FY2000</i>	10	69,019,709	113,894
<i>FY2001</i>	46	185,042,855	305,351
<i>FY2002</i>	75	387,314,544	639,133
<i>FY2003</i>	86	251,317,924	414,716
TOTAL	217	892,695,032	\$ 1,473,094

Note: A constant exchange rate used of 606FCFA/\$

Table 7: BDS contracts and purchase orders

4.1 Information Dissemination

Dyna consistently strives to improve the quantity and quality of BDS information dissemination in Sénégal so that buyers and sellers can effectively interact to create an efficient market for goods and services. Dyna choice of information to disseminate focuses on information whose costs are recoverable by fees charged to beneficiaries. This tactic provides the team constant market signals as to the value of activities and their sustainability. Activities related to more targeted BDS information (ex., sector-specific studies, web-site development, study tours, etc.) are the most costly. Conversely, generic BDS information broadly disseminated by radio, internet, flyers, etc. is less costly per person reached. In FY2003 Dyna BDS disseminated both specific and generic information the events and products described below.

4.1.1 Events

Dyna BDS facilitated several events in FY2003 at which information about markets, products, sub-sectors, and appropriate technologies was provided to interested private sector entities including:

1. TechnoFoire in Ziguinchor
2. “*Dîner débat*” in Tamba on business opportunities in the Banana sub sector
3. BusinessFoire in Mbour
4. Study Tour to South Africa focused on the Dairy sub sector
5. Launch of the web site <http://www.senartisanat.sn/organisation.htm>

Ziguinchor TechnoFoire

Building on the successful TechnoFaires in Kolda and Tambacounda in 2000 and 2001, respectively, the Ziguinchor edition was planned for late October 2002. The September tragic sinking of the Joola ferry, with both human and economic losses, resulted in some calls to postpone this event. In concert with local authorities Dyna proceeded with the TechnoFoire as planned to avoid inflicting additional economic hardship on the region.

Forty exhibitors from Ziguinchor, Kolda, Tamba, and Dakar purchased space visited by 1,816 visitors during the four-day event. A multi-media component with free internet access introduced visitors to the net, many for the first time. Site visits to a fish farm and a shellfish processing plant were well attended as were a variety of workshops, presentations, and debates. Despite positive accolades from attendees, the number of visitors and exhibitors were less than projected before the Joola disaster occurred.



Photo 1: TechnoFoire Zig. Exhibitor Stand

Tambacounda Dinner Debate on Banana Sub-Sector Opportunities

In the second quarter of FY2003 Dyna facilitated a dinner debate in Tamba assembling key economic actors and potential entrants to Senegal’s Banana sub-sector. Forty-seven people attended, including 20 producers and 27 others representing development agencies, service providers and clients. Charles Prins was contracted to present on the “Ten Key Aspects to Quality Bananas”. Mr. Prins is a banana sector expert with plantations in Morocco who was also contracted by Dyna to provide technical support to the *Union Nationale des Acteurs de la Filière Banane Sénégalaise* (UNAFIBS).

BusinessFoire in M’bour

Building on the positive experience of Dyna’s Thies BizForum in 2001 a local group entitled *Association Business Développement du Sénégal* (ABDS) organized a similar BusinessFoire in M’bour from 30 April to 4 May 2003. Dyna’s supported this local initiative by contracting a firm to market the event. Thirty exhibitors set up stands at the event that was visited by more than 4,500 paying attendees.

Dairy Sub Sector Study Tour & Restitution Days

Dyna BDS experience has demonstrated that *Journées de Restitutions* are successful vehicles to promulgate information learned by small groups on study tours, consultant studies or research committees. Information sharing through these “for-fee” follow-up events multiplies the impact of technical activities and helps transfer ownership of action plans and results to stakeholders. Dyna helped the Dairy Ad-Hoc Committee organize a two-day restitution in Anambe during December

2003. Thirty attendees listened to participants recount their experiences from the Dyna-sponsored South African dairy study tour. This meeting led to development of a sectoral action plan that is now being implemented by Ad-Hoc Committee members. Progress has also been made to develop a Senegal map indicating major milk production and transformation centers.

Launch of the Web Site www.Senartisanat.sn

On 28 January 2003 Dyna BDS helped launch a web site to promote the Artisan Village of Thiès that registered 4,664 hits in FY2003. The greatest number (2,798 or 60%) of website visitors were recorded after the official launch event used as a marketing tool.

4.1.2 Products

In FY2003 Dyna BDS developed several new products to disseminate information to clients in rural areas including :

1. Best-Practice Guide for Banana Production
2. How to Start and Manage a Cybercafé Guide distributed on CD-ROM
3. Management Tools for sub sector development
4. Revitalization of the web site www.banane-senegal.com

Dyna BDS also sold products developed in previous years including: “*Agenda de l’Entrepreneur*”, “*Manuel de Fiscalité*”, “*Passeport Internet*” and the Guide to Vetiver.

Best-Practice Guide for Banana Production

This illustrated publication explains the practices necessary to grow bananas meeting basic international quality standards. With Dyna assistance, UNAFIBS organized training-of-trainer sessions on the guide led by Charles Prince in Tamba, Sédhiou, Podor et Thiès. Thirty-two participants paid to attend these trainings.

How to Start and Manage a Cybercafé Guide

This guide published in CD format includes four modules linked to Cybercafé management: accounting, marketing, technical operations, and legal issues. The guide was based on “live” trainings Dyna had facilitated in earlier years. The content of the earlier training was adapted for interactive presentation in CD format.

Management Tools

Dyna BDS contracted with the local consulting firm, CFPE, to create a set of management tools named “*Outils de gestion des filieres*” designed to help associations adopt professional management techniques. A Restitution Day was held in Thiès on 19th June with subsequent plans to further field test the tools in other training sessions.

Revitalization of web site www.banane-senegal.com

Created in FY2002, the Senegal banana sub-sector website was significantly upgraded in FY2003 through a Junior Consultant assigned to UNAFIBS to capture information for the site including data on land under production, UNAFIBS members, harvest size, etc. The site is now moving towards integrating regular price and production updates.

4.2 Training

Firms conducting trainings in FY 2003 were strongly encouraged by Dyna to market the training modules. Positive results are presented below with paid participants increasing by 17% over the 609 registered in FY2002. Note also that 74% of all trainings were held outside Dakar.

	DAKAR	KOLDA	TAMBA	THIES	ZIG	TOTAL
N° Persons Trained	186	38	113	290	84	711
% By Region	26%	5%	16%	41%	12%	100%

Table 8: BDS For-fee Training Results FY2003

4.3 Assistance to Professional Associations (PA)

Assistance to Kolda PAs

Dyna BDS continued to assist selected PAs in the Kolda Region in FY2003. The local firm Sahel 3000 reinforced tailor and woodworker associations by helping them to group small associations into a larger federation to increase market leverage.

Market Gardens of Kolda and Ziguinchor

Dyna facilitated a study tour by Kolda gardeners to visit Thiès to learn from well structured associations. After the study tour three Unions were formed comprising 11 *groupements* in Saré Woura, 8 in Bagadadji and 13 in Saré Colly Sallé. Two Dyna Junior Experts have applied the Kolda lessons-learned to gardeners in Ziguinchor.

Xun Pang de DIASS

The Xun Pang Association in Diass has evolved into a model PA through Dyna BDS investments to build organizational capacity. In May 2003 they led a workshop attended by 15 other structures (PAs, consulting firms, credit unions, etc.) on professional PA management. Their radio station has reached a large number of entrepreneurs through the Dyna sponsored programming on entrepreneurship.

Associations in Tamba

Three Tamba based PA were supported by a Junior Expert including the *Association des Soudeurs* (AST), *Association des Jeunes Menuisiers et Ebénistes* (AJMET) and the *Associations d'Apiculteurs*. He has helped increase membership size, improve fee collection, reinforce management, and share information among association members.

4.4 Assistance to Sub Sectors

Banana

Dyna BDS support to the banana sector has attracted considerable private investment such as Patrick Ledoux, a major buyer of imported fruit and produce in Sénégal. New investment has invigorated the sector's transformation and positioned it to meet international quality standards. Quality local bananas have enjoyed farmgate price increase of 30% in the last year (140 to 180 FCFA/kilo). New entrants are planning to enter the market. A Goudomp investor has a credit line of 458 million FCFA from the *Fondation Africaine pour l'Initiative à la Base* to place 160 hectares under production with initial sales revenues projected at 1.1 billion FCFA growing to 1.3 billion by Year 4. Other initiatives stimulated and informed by Dyna's

efforts in bananas are underway by the *Projet de Promotion des Exportations Agricoles* and the *Association Sénégalaise pour la Normalisation*.

Unfortunately late season and extraordinary 50-year flooding along the Gambia River watershed has devastated banana producers who increased area cultivated this year. Most of these plantations were under water for an extended period resulting in significant losses (see photo above).



Photo 2: Flooded Plantations in Laboya

Dairy

Much of Dyna BDS's investment in this sub-sector has been through the Comité Ad Hoc which expanded in FY2003 to add Tamba, Dahra, Linguère, Kaolack, Fatick, Dakar and Podor to those of Kolda. With membership reaching a critical mass the decision was formally take to transform the Comité into a national association entitled the *Fédération Nationale des Acteurs de la Filière Lait au Sénégal* (FENAFILS).

Neem

Neem trees are commonly found throughout the Sahel and provide multiple commercial uses in cosmetics, pest control, and pharmaceuticals. The Dyna commissioned neem sector study was completed at the end of FY2003. In FY2004 information on this study will be disseminated to potential private sector entrepreneurs to energize the sub-sector.

Poultry

Ziguinchor poultry farmers requested Dyna commission a poultry sub-sector study followed by creation of an action plan implemented by local producers. The local firm Cabinet Vétérinaire Consult was contracted to facilitate this process. At the national level Dyna assisted the poultry producer federation (FAFA) by a study of the cut chicken market in Senegal.

Dyna assisted FAFA to implement several of the study's recommendations to improve competitiveness of this sector in face of imports. FAFA sought to attract new members from the St. Louis and Thies regions while investors constructed a new, modern poultry slaughterhouse.

Rural Radio

Dyna BDS stimulated rural radio stations to add entrepreneurial programming to their usual content. This novel approach, compared to strictly socio-cultural programming, met with popular success and incited station management to adapt more professional practices. Dyna BDS also invested in training station staff in equipment maintenance and professional management.

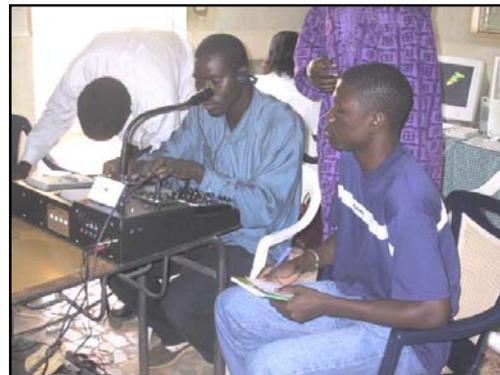


Photo 3: Xun Pang Radio Studio

Vetiver

Fy2003 developments in this sub-sector include efforts by *SOS Environnement* to provide technical assistance to increasing numbers of nurseries growing vetiver. In Mboro, vetiver is being used to protect villagers from phosphate mine runoff is being field tested while in Thies it was employed to purify retention basins.

4.5 BDS Next Quarter

Activities planned for the first Quarter FY2004 include:

- Accompany the firm Comp'US to produce the 2004 Agenda de l'Entrepreneur
- Finalize the evaluation to privatize the SODAGRI slaughterhouse in Anambé
- Hold Restitution Days on the Neem sub-sector study
- Start the process to transfer ownership of web sites
- Second phase testing of the Management Tools Training modules
- GERME training in Dakar
- Assistance to the PAs FAFA and FENAFILS
- Family Business Training on the topic "Communication"
- Cyberservices Training
- Launch of the web site www.innovtech.sn

V. Microfinance

As seen in the introduction to this report, DynaMF Division hit a performance high in FY2003 by both increasing its number of clients by 37 to 51 institutions and by deepening its assistance interventions as measured by the number and variety of activities programmed throughout the year. The total value of investments made by the project in the MF sector alone last year was almost \$2.5 million. This amount was relatively balanced among the three major assistance categories of Equipment, Training, and Organizational Development as seen in the chart to the right.

With the recent addition of CMS as a DynaMF client, the MF institutions Dyna has signed partnership agreements with account for more than 90% of the MF sector in Senegal. Over the past four project years DynaMF refined its strategy to positively contribute to the professionalization of Senegal's MF sector by adopting the following tactics:

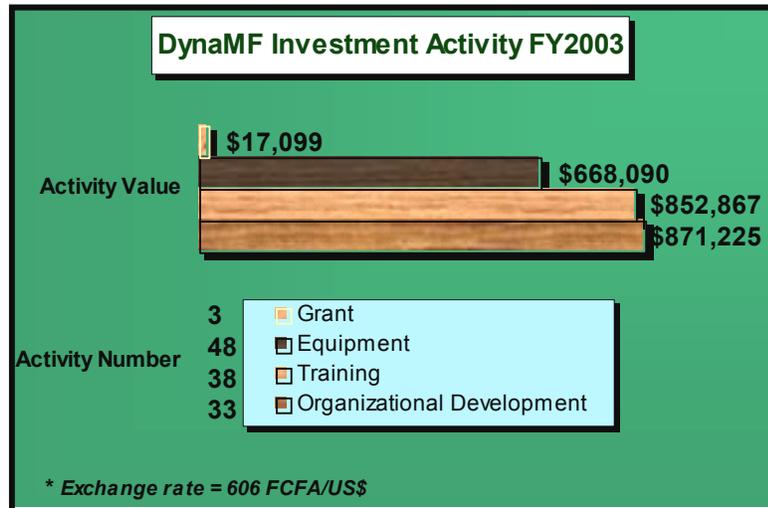


Figure 4: DynaMF Investments FY2003

- Establishment of Basic Ordering Agreement (BOA) pools of local firms with distinctive competencies in specific types of technical assistance
- Classification of the MF Institutions by their degree of professionalism
- A willingness to work with any institution serious about leveraging Dyna's assistance to improve but placing a priority on helping institutions with large memberships, in particular networks
- Provide investments that reduce both financial and physical risk to increase public confidence and trust in credit unions

The following summary of DynaMF activities for FY2003 will cover the type of investments made in the MF sector and the categories of MF institutions that received them.

5.1 BOA Pools for DynaMF

The pre-qualification of service providers to form pools of specialized BOAs is one of the reasons DynaMF was able to compete and contract 122 separate local contracts or purchase orders in FY2003. In broad terms there are two categories of BOAs:

Training and Organizational Development that together accounted for nearly 71% of all dollars invested in MF assistance last year.

Training BOAs

A new BOA pool was competitively bid to identify trainers located in the Tamba and Kolda regions. As a result, some Dakar-based firms worked to establish cooperative relationships with individuals and firms based in the regions, while others opened branch offices to service clients there.

Organizational Development BOAs

Within the Organizational Development category were local firms specializing in accounting, strategic planning, marketing, new product development, team building, and information systems. Of these, the most sought after by clients was **Accounting Revision** (17 contracts) followed by Strategic Planning (5). Note that a single contract may cover several branch offices of a network.

It is a common perception that most credit union offices have weak financial control procedures and inadequate data information systems to provide error-free accounting and finance statements. This lack of public confidence constrains growth in the sector by inhibiting members to join and save at the institutions. It also leaves open the door for the credit union to fall victim to fraud. DynaMF addressed this weakness in FY2003 by creating the BOA Accounting Revision pool to identify firms that could conduct an in-depth examination of MF institutions' books to determine the proper account balances and test the adequacy of procedures and controls in place.

Once accounts were verified the consulting firms would strengthen accounting systems and financial controls.

The MF institutions receiving accounting revision support in FY2003 are found in the table to the right.

Institutions	No. of branch offices	No. of Consulting Firms Contracted
UMECU	46	5
RECEC	1	4
MEC EGAM	1	1
MEC FADEC	3	1
MEC PROPEM	1	1
MECART NOTTO	1	1
UGPF	1	1
TOTAL	68	14

Table 9: Accounting Revision Activity

5.2 Assistance by Client Categories

DynaMF's FY2003 work plan recognized that MF clients could be categorized by their level of professionalization which implied certain common types of investments needed to progress to more sophisticated levels of operations. The four main categories were:

1. Fully-formed Networks
2. Networks in Consolidation
3. Emerging Networks
4. Independent MECs and GECs

The investment activities DynaMF provided these groups of clients are described below.

5.2.1 Fully-Formed Networks

Clients in this category include the leading institutions in Sénégal: ACEP, PAMECAS, and CMS. CMS became a client of Dyna in FY2003 when it requested assistance to upgrade its management information system through the installation of a robust and secure computer system at each all of its branch, regional, and headquarters offices. Primary assistance to this group is to help them manage their operations effectively by upgrading their computer information systems. Investment activities during FY2003 for this client category are detailed below.

ACEP

The sole grant issued by Dyna was made to ACEP. Its value was 162.5 million FCFA and its purpose was to open 4 new offices. To closeout the grant, Dyna contracted with two local service providers to perform a technical evaluation and a financial audit of ACEP's performance. Dyna engaged a third firm to assist ACEP to ready its financial information for the audit.

At the close of FY2003 Dyna began the process of installing an up-to-date computer system at ACEP's headquarters and credit union office in Dakar. Once completed, this investment will enable ACEP to better compile, analyze, and make decisions based on viable data coming in from its branch offices.

PAMECAS

This peri-urban credit union network is Senegal's second largest with a 20% market share, 28 branch offices, 100,000 members and about \$12 million in savings. Dyna's investment of nearly \$900,000 was used to install computer hardware and train staff in the new information technology at all branches and headquarters. Prior to Dyna, PAMECAS recorded all transactions manually. PAMECAS contribution to the computerization was to assume the recurrent cost of a new IT department and to lobby the Canadian International Development Agency to pay the cost of an integrated accounting/database banking software.

Also in FY2003 Dyna paid 44% of the cost of an external rating of PAMECAS by Planet Finance – the first international rating of a Senegalese MF institution. The rating can be found on www.planetfinance.org.

CMS

By all measures, CMS is the leading MF institution in Sénégal. Its 74 branch throughout the country serve a market share that is about 50%. Its portfolio of loans outstanding is approximately \$13.7 million and its savings mobilized is \$29.4 million (at 550 FCFA/US\$). With the addition of CMS to DynaMF's client list the project will have worked with more than 90% of the MF sector.

The investment needed to computerize CMS will be shared between Dyna, CMS, and the French Cooperation with Dyna's investment budgeted at \$350,000.

5.2.2 Networks in Consolidation

Clients in this category are legally registered to operate as a federated network but do not yet have adequate systems and capacities to function effectively. The primary investment

activities needed for this group are organizational development and training so that headquarters can fulfill their roles of coordination, monitoring, control, training, and liquidity management across the network. Clients include UMEC-U (UNACOIS), UMEC, and RECEC. Investment activities during FY2003 for this client category are detailed below.

UMEC-U

The credit union network of UNACOIS with its more than 50 branch offices has received the largest amount (~ 919 million FCFA) of investment since the start of the Dyna. In FY2003 local contracts made on its behalf totaled 287 million FCFA or about 20% of all DynaMF investment in the sector. This investment is warranted in light of the broad market coverage this growing network has and the fact that it has historically operated in an informal manner in terms of systems, procedures and controls. UMEC-U has nearly 40,000 and \$7.5 million in savings representing 13% market share of savings mobilized.

In FY2003 the major activity was Accounting Revision, costing about 171 million FCFA in which the books at 42 branches were analyzed and brought to balance. Office equipment valued at 6 million was purchased for the headquarters office in Dakar which will be computerized by Dyna in FY2004.

Another key Organizational Development activity was technical assistance to standardize loan processing and to design a new larger size loan product. Though UMEC-U counts a loan portfolio valued in excess of \$50 million it has operated without written loan policies and trained credit officers. A Canadian banking expert was paired with REMIX, a local consulting firm, to help UMEC-U develop loan products, policies, and to create a credit department at its headquarters. Lastly, a Team Building exercise was held to help UMEC-U staff adapt to the stresses of shedding its informal operating procedures.

RECEC

With DynaMF help RECEC made strides to equip its new headquarters office and train its staff. It has 17 branch offices and 28,000 members in peri-urban Dakar. In FY2003 all offices received Accounting Revision technical assistance costing Dyna 63.3 million FCFA. An additional 43 million FCFA was invested in physical security enhancements, equipment, and computer cabling of headquarters. It was also the subject of a Case Study prepared by DynaMEAC that was used by RECEC internally to guide a strategic evaluation of its progress towards professionalization.

UMEC

UMEC is a network of 25 branch offices located exclusively in the Department of Sédhiou. Over the years it received investment contracts totaling 283 million FCFA. In FY2003 investments totaled just shy of 30 million FCFA for Organizational Development exercises of Team Building and Strategic Planning.

5.2.3 Emerging Networks

This category of MF institutions consists of GECs or MECs that share the same name but have not acquired a federated structure united at a headquarters level. The separate offices are legally registered entities with permanent staff and elected management structures. However, most are not fully performing their roles and responsibilities as dictated under the PARMEC law. The smallest offices in these networks lack the revenues to support acquisition of necessary human and physical

resources to perform at high level. Also, the rural isolation can add to their challenges. Oftentimes large distances between offices of the same network make coordination and control very difficult to exercise.

Most DynaMF investments in this sector have been in Organizational Development and Training as well as Equipment to improve security. Investment activities during FY2003 for this client category are detailed below.

EMERGING NETWORKS - FY2003 INVESTMENTS						
Client		Trainees	Strategic Planning	Accounting Revision	Equipment	Training
Name	N° Offices					
ACRA	18	5 for 4 months			Office Equipment + security	
ARAN & ARLS	> 50		- Organizational diagnostic - Work plan development - Accompaniment			
COCOGE	7	4 for 6 months			Office equipment + security	
FNGPF	51	11 for 10 months			Office equipment, safe, security enhancements	
IMCEC CCF	15		- Marketing & publicity			Staff and committees
INTERCREC	6			6 offices		
MEC FADEC	3			3 offices		
PPMEH	9	7 for 3 months	- Work plan formulation - Management tools - Development plan - Operating manual		Office equipment, safe, security enhancements	
PROFEMU	6	5 for 3 months	Strategic planning		Office equipment, safes, security enhancements	Staff and committees
UFC	10	7 for 5 months				

Table 10: FY2003 Investments in Emerging Networks

5.2.2 Isolated MECs and GECs

These DynaMF clients are most often in need of investment to help them conform to legal regulations. Typical assistance consists of equipment to ensure physical security of cash and documents and functioning of office and basic MF training. The lack of adequate and formal operating procedures leads to inaccuracies in account balances and financial statements. For this reason, several clients in this category requested Accounting Revision analysis of their offices to arrive at their true financial position. Details on which clients in this category were assisted in FY2003 as well as the type of investments made are in the table below.

ISOLATED MECs & GECs - INVESTMENTS FY2003					
Client	Strategic Planning	Accounting Revision	Equipment	Training	Stagiaire
MEC-PROTES	Marketing		Office equipment	Staff & committees	
MEC-WINROCK			Office equipment, safe		
MEC-ADEFAP			Office equipment, safe, security	Staff & committees	
GEC-UGPF		1 office	Office equipment, safe, security		
GEC-GANDA			Office equipment, safe, security		
MEC-ARTH			Office equipment, safe, security		
MEC-FEMZOP			Office equipment, safe, security		
APROVAG				Staff & committees	
CAPEC SAM SA NGOR				Staff & committees	
MEC-AK	Marketing			Staff & committees	
MEC-HANN				Staff & committees	
UGF-PAME				Staff & committees	
MEC-APF		1 office			
MEC-EGAM		1 office			
MEC-PROPEM		1 office			
MEC-ART	Institutional diagnostic				
MUPROEL					2 for 6 months

Table 11: Investments in Isolated MECs & GECs during FY2003

5.3 Synergistic Activities

Dyna often hears about other donors providing our MF clients complementary assistance if they believe the institution has made wise use of our investment. In the last year three institutions reported this happening: UMEC-U, PROFEMU, and COCOGES.

The Lux Development Agency agreed to finance a number of Organizational Development Activities that will build on Dyna's work and cover strategic planning, human resource management, and management information systems. The assistance is contingent upon UMEC-U following the "Dyna Method" of tender offers and transparent selection of contractors. DynaMF helped write the terms of reference which will be launched to members of Dyna's MF BOA pools.

The development agency PlanetFinance provided PROFEMU a credit line of 20,000 Euros after Dyna assisted PROFEMU to receive its legal Agreement from the *Cellule AT/CPEC* at the Ministry of Finance.

Over the life of the project COCOGES received investments in equipment, security enhancements, and training which they used to build internal capacities and earn the confidence of its members. These improvements encouraged the government of Sénégal to provide it 30 million FCFA in credit funds from the *Fonds de Promotion Economique*.

5.4 Sectoral Training

Aside from the client-specific training described earlier, Dyna co-sponsors MF training advertised to the general public that attracts a large number of trainees over the year.

In past years Dyna invested in the certification of local Master Trainers on the two Making Cents modules *Entreprendre* and *Esprit d'Entreprise*. In FY2003 three MF institutions co-sponsored twenty separate sessions attended by 88 trainees on *Entreprendre* and 292 on *Esprit d'Entreprise*; 65% of the total trained are women.

Dyna supported 75% of the cost for two members of the local firm REMIX to attend the 5th Edition of the MicroCredit Summit in New York last year and one person from the MF structure PAME Medina to attend a microfinance workshop in Marseille France. In both cases Dyna publicized the events to a wide audience to invite people interested in attending to apply and submit a 25% cost-share deposit by a specific deadline.

During the course of the year 11 separate CAPAF training sessions were held in Sénégal at which 222 persons were trained (33% women). Dyna provided a 75% cost share to participants who registered in advance with Dyna and paid a 25% deposit to reserve their place.

VI. Monitoring, Evaluation, Analysis and Communication (MEAC)

For the first 8 months of FY2003 MEAC was on track to achieve its mandate to take on an increasing project role. Besides its customary job reporting on activities, MEAC developed new monitoring and communication tools with the maturation of its digital video production capacities and preparation of Case Studies on selected MF and BDS activities. Also in FY2003 several impact assessments were carried out before MEAC was forced to scale back its remaining FY2003 work plan due to budgetary constraints. Details on key MEAC achievements in FY2003 are presented below.

6.1 Monitoring

MRR and TRAINET Reports

MEAC surveyed 32 MF clients, compiled data on them for USAID's Microenterprise Results Reporting (MRR) and entered this information on-line along with that for its Dyna BDS division. In January 2003 MEAC attended a USAID-sponsored training session on its new software version of TRAINET. Unfortunately, the new software was not fully operational due to a propensity for virus attacks causing significant loss of project data on those machines at Dyna where the software was installed.

Miscellaneous

MEAC participated in all quarterly meetings of Dyna BDS and MF divisions throughout the year. Attendance at these meetings allowed MEAC to stay abreast of technical developments throughout FY2003. MEAC's director joined the USAID's SO1 team monitoring and evaluation specialist on a quality assessment of the Dyna project in Ziguinchor. Visits were made to staff, clients, partners, and beneficiaries to gather information on project impact and gauge the viability of Dyna's performance indicators reported to USAID.

6.2 Evaluation and Analysis

BOA Suivi Evaluation

During FY2003 MEAC launched requests for proposals to members in its BOA *Suivi Evaluation* pool to assess the impact of Dyna's assistance to selected MF institutions. The credit unions of COFDEC, MECFAM, NAFA and FEMUNI were evaluated as was ACEP as part of its grant close out.

Through FY2003 Dyna invested nearly 150 million FCFA in CAPAF training in Sénégal. Given the size of investment, MEAC contracted for an assessment of the four training modules delivered by the local consulting firm REMIX, with assistance from the CAPAF Project. The final report showed very strong satisfaction among the 210 persons trained between February 2001 and December 2002. On three of the modules more than 50% of participants reported they easily applied the training content to their jobs.

Tripartite Meetings

Tripartite meetings include representatives from Dyna technical divisions, the client, and the local service provider of consulting services and are useful means to assess progress towards objectives and re-orient activity plans where necessary. Such meetings were held with the MF institutions COCOGES, FNGPF, RECEC, INTER

CREC, MUPROEL, and UFC. In addition, MEAC and Dyna's Chief of Party met with the principals at RECEC and UNACOIS to evaluate the assistance provided to-date and discuss what strategies to employ to increase project impact at these structures.

6.3 Communication

Digital Video Production

In FY2002 Dyna began working with digital video media to record and communicate key project activities and outcomes. Since then it has proven to be an effective information dissemination tool that is easily distributed on CD ROM and viewed on computers. To build Dyna's capacity to produce films in-house a series of staff trainings were offered covering video production, filming, and editing. Investment in a digital camera, microphone, and two computers (for digital editing) were the final elements needed to produce the following films last year:

- TechnoFoire Ziguinchor
- USAID Project JOG
- Commercialization of Vetiver
- Video on Kolda's *Coopération Décentralisée* Fair
- Women's Bicycle Tour – Peace Corps
- Dairy study tour to South Africa
- Computerization Impact – PAMECAS

Following training for UNACOIS members on the Dyna BDS guide: *Fiscalité des Entreprises*, Dyna and its client decided to produce a series of 7 to 10 minute video sketches showing members of UNACOIS acting out scenes from the *Fiscalité* training module. Raw footage was shot that will be edited in FY2004 and distributed in support of training to UNACOIS' 50,000 members throughout Sénégal. Late last year USAID projects BASICS II and ADEMAs began discussions with Dyna for assistance to produce digital video on their activities for their own needs and could be added to the Information Kiosks Dyna will install at all 28 PAMECAS branch offices.

Case Studies

Two expatriate consultants were supervised by MEAC to write 3 business school case studies documenting project activities in a renewable teaching format. Local universities of ENEA, CESAG, ISM, and HECI participated in Restitution Meetings to learn about these local content case studies and to review the cases. The subject of the case studies were: (1) Entrepreneurism – Study of Sud Informatique's founder, (2) Organization of the Banana Sub Sector in Sénégal, and (3) Professionalization of the RECEC Credit Union.

Information Technology

MEAC staff led internal training of regional office staff in Microsoft Office applications and supervised volunteers placed at PAMECAS to help it with its computerization program.

6.4 Performance Indicators

6.4.1 MF Indicators

At the close of FY2003 Dyna had signed partnership agreements with a total of 52 MF institutions representing 295 offices scattered across Sénégal. For this year's annual report Dyna received performance indicator data from 76% of the 295 offices prior to the reporting close-out date. This all-time high reporting percentage can be

attributed to greater capacity of institutions to track the information, more professionally-run networks with stronger headquarter operations centralizing data from individual branches, and consistent pressure by Dyna to report results. In terms of institutions 23 of the 52 (44%) did not report. While this number is large, it is made up of mostly individual credit unions, network branches in rural areas and/or new clients who have not yet received Dyna assistance. The size of institutions not reporting is typically small.

Many MF structures report the indicator data is extremely useful internally to better manage operations. The Cellule AT/CPEC is another beneficiary of Dyna's presence as it reported more than twice as many structures submitted their financial statements last year than the year prior; most of Dyna's performance indicators are also reported in these annual statements.

Of Dyna's clients reporting, performance indicator totals surpassed nearly all targets, with a few exceptions. Only 18 of the 29 institutions reporting had delinquency rates (network wide) of 10% or less. The reason for this weak showing is due in large measure to the extraordinarily wet rainy season this year causing buildings to collapse and agriculture-related businesses to suffer, particularly in the Casamance. The situation was made worse by the government of Sénégal announcement in May that it would forgive all unpaid loans financed by the CNCAS funds (*Caisse Nationale de Crédit Qgricole du Sénégal*) and implied it would do the same for loans made by Credit Unions. To date, no funds have appeared, many borrowers stopped repaying while they wait for government relief (justified or not) and revenues earned from loan interest have shrunk. A case in point is UMEC, a network of 25 offices, all in rural Sedhiou. Over the 3 month period from June to September after the government made its announcement, UMEC's percent of loans in arrears (payments more than 3 months past due) jumped by 9% to a very unhealthy 19%. The impact is not yet seen on non-recoverable loans more than 12 months past due. Until this crisis, UMEC received Dyna investments totaling more than 308 million FCFA and it was a clear "success story".

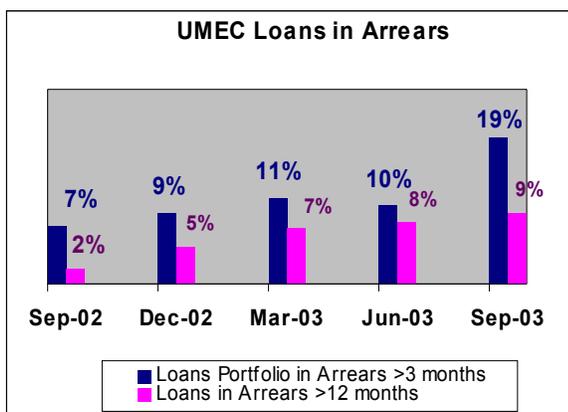


Figure 5: UMEC Loan Arrears FY2003

With loans going unpaid, new loans can't be issued. Only 41,886 or 75% of the target number of loans (54 thousand) was issued over the reporting period despite the fact that the total amount of savers (208 thousand) was 191% of target. Even if the government eventually makes good on its promise, it will not make up for the loss of interest revenue and fees on new loans that could not be made or the loss of loan capital at credit unions who had to dip into their retained earnings to meet expenses.

Note that twenty-one of the 26 institutions with loan losses less than 5% are based in the peri-urban Dakar area, reinforcing the idea that rural banks were most affected.

The target for number of branch offices trained was exceeded as about 36% of Dyna's investment in MF institutions in terms of numbers and value was spent on training activities.

6.4.2 BDS Indicators

DynaBDS achieved its targets in FY2003 in three out of its four broad indicator categories, surpassing all but Indicator 1.3.2 by 50% or more.

Indicator 1.3.1

The number of fee paying participants was 78% of its target at 711; more than 74% took place outside of Dakar. The training modules were varied and included: GERME, Making Cents, *Fiscalité et Cotisations Sociales*, *Principes Fondamentaux de l'apprentissage*, banana best practices, silk screening, and arbitrage and mediation. Ninety-seven percent of trainees came from the private sector and 48% were agriculture-related. Women made up close to 30% of all trained.

Indicator 1.3.2

The results for indicator 1.3.2, new products and services offered by BDS providers, was 53% under target. This is explained by the effort on the part of DynaBDS to "deepen" its activities in FY2003 as described in its work plan by concentrating on existing sectors and activities. This necessarily reduces opportunities to introduce new products and services. Another reason was the budget constraints that cut back on new initiatives that might have made this number larger.

Indicator 1.3.3

Indicator 1.3.3 captures the level of technical assistance other than training delivered to the private sector. This target was surpassed by 67% as 1,000 SMEs received specialized technical assistance in FY2003. The expansion of the DynaBDS's "Expert Junior" program contributed significantly to this achievement.

Indicator 1.3.4

Nearly 40,000 SMEs, consulting firms, associations, and groups accessed market and technical information as a result of DynaBDS in FY2004. This number was 55% more than the target of 25,000. Contributing to this number were events such as the Technofoire Ziguinchor, Business Foire at Mbour, Study Tours, and Dinner Debates. It also included sales of the numerous DynaBDS publications in print and on CD ROM and visitors to the six web sites established with project assistance.

VII. Financial Report

Expenses for the full twelve months of FY2003 are presented in this section. Because of the additional fifteen days allowed to submit the year-end report, the actual expenses for September are known when the report is written.

The total expenses for each of the four quarters of FY2003 in order were: \$2.02 million, \$1.89 million, \$2.35 million, and \$1.78 million. The sum of the first three quarters was a record high billing thanks to acceleration in the level of technical activity as well as decrease in the US dollar exchange rate. The drop in expenses for the last quarter reflected a conscious decision to slow the project due to projections of continued weakness in the US dollar and its impact on funds remaining in the last year.

The table below shows actual life of project (LOP) expenses by budget lines (CLIN) with percentages of the original budget used through FY2003. As of September 2003 the project consumed \$21.8 million or 82% of the projected value of the initial LOP budget of \$26.4 million. The total invoiced to-date is 86% of obligated funds received, including the \$705,000 obligation received on 24 June 2003 and the \$4,000,000 received 31 July 2003. **It should be noted that according to FY2004 budget projections, the remaining obligated funds are forecast to carry the project through the end of March 2004.** This projection assumes departure of staff according to the schedule presented earlier in this report.

	LOP	Invoices 1-43 Nov-99 to May-03	44	45	46	47	Total Invoiced To-Date	% of CLIN Exp.	LOP Budget Balance
	BUDGET		Jun-03	Jul-03	Aug-03	Sep-03			
Labor	12,385,822	9,497,103	202,960	388,666	250,715	240,899	10,580,342	85%	1,805,480
Material & Equipment	998,303	946,069	-2,520	675	869	1,518	946,610	95%	51,693
BDS	1,647,800	1,391,473	23,363	36,704	32,485	26,157	1,510,182	92%	137,618
MF	10,402,192	7,025,518	235,559	368,760	237,920	151,397	8,019,155	77%	2,383,037
Base Fee	658,412	524,510	11,852	22,177	14,273	11,601	584,412	89%	74,000
Award Fee	371,062	162,014	0	0	0	0	162,014	44%	209,048
25,250,000	26,463,090	19,546,687	471,213	816,981	536,262	431,571	21,802,715	82%	4,660,876

Table 12: Invoices submitted by Chemonics to USAID

Late in the first quarter of FY2004 it will be necessary to submit to USAID a request for contract amendment to allow transfer of funds between budget line items. A transfer from CLIN 4 MF to CLIN 1 Labor will be needed to keep the human resources in place to support and carry out technical activities presented in next year's annual work plan and to make severance payments when their employment ends. Also, a small amount of additional funds may be needed to be reallocated from CLIN 4 MF to CLIN 3 BDS.

VIII. ANNEXES

ANNEX I Dyna Performance Monitoring Plan – MFI (PMP – KIR 1.2)

ANNEX II Dyna Performance Monitoring Plan – BDS (PMP – KIR 1.3)

KIR 1.2 : Improved Access to Financial Services

#	Indicator	Measure	Baseline		Fiscal Year 2003		
			Year	Value	Target	Achievement	%
1	# of institutions using full cost-recovery interest rates and fees	among institutions receiving assistance from DynaEnterprises	2000	2	22	23	105%
2	# of institutions with delinquency rates below 10% and loan losses under 5% of the institution's loan portfolio	# with delinquency rate below 10%	2000	2	26	18	69%
		# with loan losses below 5%	2000	2	26	26	100%
3	# of savers disaggregated by gender	# of male savers	2000	6 796	49 071	82 583	168%
		# of female savers	2000	12 629	50 249	105 016	209%
		# of male groups savers	2000	85	1 001	1 488	149%
		# of female groups savers	2000	1 353	4 976	14 196	285%
		# of mixed groups savers	2000	483	3 845	5 325	138%
4	# of active borrowers disaggregated by gender	# of male borrowers	2000	2 129	20 199	13 348	66%
		# of female borrowers	2000	4 640	29 220	21 155	72%
		# of male groups borrowers	2000	23	260	355	137%
		# of female groups borrowers	2000	435	3 520	5 307	151%
		# of mixed groups borrowers	2000	110	993	721	73%
5	value of loans offered	value	2000	2 086 803 530	13 058 607 439	15 112 835 290	116%
6	value of savings collected	value	2000	964 648 290	9 726 515 878	15 493 295 251	159%
7	branch offices trained	number	2000	68	85	99	116%
8	managers & tellers trained by gender	number	2000	104	201	246	122%
		% women	2000	83%	50%	44%	88%
	Share of all decentralized financial system loans at the National Level provided by USAID funded partners	Ratio of the value of loans offered by USAID-funded partners to the value of loans offered by all Microfinance Institutions reported by the Ministry of Finance regulatory body *	2000	0%	15%	50,10%	

* value of loans disbursed by DFS at national level (grands réseaux) during fiscal year 2002

	Institutions		Caisses	
	Number	% of Total	Number	% of Total
- Dyna Clients	52	100%	295	100%
- Dyna Clients who submitted performance indicators (as of Oct 28/2003)	29	56%	225	76%

KIR 1.3 : Increased Use of Best Technical and Managerial Practices

#	Indicator	Definition & Measure	BASELINE		Fiscal Year 2003						
			YEAR	VALUE	Target	Achievement					TOTAL
					TOTAL	DAKAR	KOLDA	TAMBA	THIES	ZIG	
1.3.1	# Participants from SMEs, consulting firms, associations and groups that purchase business training	Total # of fee paying participants	1999	226	400	186	38	113	290	84	711
		# Private sector participants	1999	n/d	480	163	38	113	290	84	688
		# Ag-related participants*	1999	n/d	200	70	38	43	141	0	292
		# Female participants	n/d	n/d		53	26	23	73	19	194
		# Youth participants (18-30 yrs)	n/d	n/d		8	1	36	122	2	169
		# Disabled participants	n/d	n/d		3	0	23	36	0	62
1.3.2	# New products and services offered by BDS providers	Total # new products & services	2001	0	75	5	10	11	5	4	35
		Total # ag-related products & services	2001	0	52	3	3	9	2	1	18
1.3.3	# SMEs acquiring quality technical assistance (not training) from BDS providers	Total # of SMEs receiving BDS support	2001	0	600	409	19	117	382	73	1 000
1.3.4	# SMEs consulting firms, associations and groups that access market and technical information	# SMEs accessing information	1999	5948	25 000	23 318	638	4 182	7 160	3 429	38 727
		# SMEs accessing information (not web site)	n/d	n/d		2 626	638	4 182	7 160	3 429	18 035
		# SMEs purchasing information	1999	n/d	3 000	2 381	141	674	5 304	2 007	10 507