

API Indicator Definitions

Annex A. The API Indicators

1. Cumulative Sales

Definition: Gross revenues from sales of products and services since the start date of the USADF investment. Calculated by adding annual sales to the cumulative for the previous year.

Scope: Active MSE and T&I investments and those that were completed within the 3 years before the beginning of the reporting year.¹ To avoid double counting and reduce attribution problems, this excludes sales of enterprises assisted by the client (farmers and raw material suppliers). Since USADF is no longer focusing on micro-credit investments, this currently **excludes** the income of MFIs and other credit providers that were included before FY 2005.

Purpose: Needed for two PART indicators -- cumulative revenue growth and the investment multiplier

Data Sources: For active investments, obtained from clients' quarterly financial statements. For completed investments, obtained through a special, annual data collection process.

2. Baseline Sales

Definition: Baseline sales are the gross revenues from sales of goods and services during the 12-month period before the investment began (year 0). If the enterprise did **not** operate prior to the investment, the baseline sales are zero.

Scope: Active MSE and T&I investments and those completed within the past 3 years.

Purpose: Used to determine whether sales revenues have increased following the investment (a necessary, but not sufficient for attribution of impact). Needed for two PART indicators -- cumulative revenue growth and the investment multiplier. Overstated baseline data will lead to inaccurately low and possibly negative results for these indicators. Understated baselines have the opposite effect.

Data Sources: The financial analysis for all investments approved within the past 5 years. For earlier investments, it may be necessary to obtain year 0 sales from the enterprise. If the enterprise had baseline sales, but cannot provide data, year 1 sales are used as a proxy (but this must be noted). If there have been unexpected delays in getting activities underway, the baseline year may be redefined as part of a revision of investment targets.

2. Cumulative Export Sales

Definition: Gross revenues from export sales since the start date of the USADF investment. Calculated by adding annual export sales to the cumulative for the previous year. If the enterprise does not export directly, but its output is exported by another business with or without processing, the USADF-supported enterprise's, this may be counted as export sales.

Scope: Active MSE and T&I investments and those completed within the past 3 years. To avoid double counting and reduce attribution problems, this excludes export sales of the client enterprises assisted by the recipients of USADF financing (such as farmers and other raw material suppliers).

Purpose: Needed for USADF's AGOA Reporting.

Data Sources: Clients' quarterly financial statements.

¹ MSE includes social enterprises that operate a commercial activity; this does not include microfinance institutions or non-commercial NGO activities.x

API Indicator Definitions

3. List of Export Products

Scope: Active MSE and T&I investments.

Purpose: Needed for USADF's AGOA Reporting.

Data Sources: Clients' quarterly progress reports or a special collection process once a year.

4a. Enterprise Owners and Full-Time Workers (Gender-Disaggregated)

Definition: The number of owners and regular, full-time workers in a for-profit enterprise that has received direct support from USADF. Since owners and workers are only counted in for-profit enterprises, this definition excludes the staff of NGOs or community-based organizations, but it may include regular full-time, workers of for-profit cooperatives or for-profit businesses spun off by an NGO.

Owners and workers must derive significant income from ownership or labor for the enterprise. This definition excludes unpaid volunteers or apprentices who only receive a small allowance in cash or in-kind or members of a large cooperative who only receive small dividends from membership. Members who sell raw materials to the cooperative or association are counted under farms/raw material supplier enterprises since that is the primary way in which they benefit. To avoid double counting of beneficiaries, farmers/suppliers are not counted as owners.

"Full-time, regular workers" refers to people who usually work 30 hours or more per week in the enterprise for at least three-quarters of the year – the equivalent of 9/16 of a year-round, 40-hour a week job. This definition **excludes** occasional, casual workers, such as people only hired at peak agricultural or industrial periods. Workers who are also owners may only be counted once.

"Gender-disaggregated" means that data are collected on the number of women owners and workers. In the absence of actual data, all of the owners and workers are assumed to be men to ensure that the percent of women beneficiaries is not overstated.

Scope: Active MSE and T&I investments.

Purpose: Measures the number of people employed by client enterprises, an indicator of whether the benefits are broadly based. Measures the extent to which women benefit

Data Sources: Clients' quarterly financial statements for active investments.

4b. Farms/Raw Material Supplier Enterprises (Gender-Disaggregated)

Definition: "Raw material suppliers" are small-scale farms or artisans supplying the **principal raw material processed or marketed by the grantee**. This is only meant to refer to small-scale crop or livestock farms or artisans or craft producers in country (ADF's targeted beneficiaries) that sell the principal materials directly to the grantee that are processed or marketed by the grantee. It does **not** include intermediaries such as shops or traders, materials from large-scale producers in country, or suppliers of imported materials.

To ensure conservative estimates, only 1 regular, full-time worker is counted per farm or raw material supplier since USADF does not have access to data on full-time employment for farms and other raw material suppliers. To avoid double counting of beneficiaries, there should be no overlap between owners/workers and farmers/suppliers.

"Gender-disaggregated" means that data are collected on the number of women owners and workers. In the absence of actual data, all of the owners and workers are assumed to be men to ensure that the percent of women beneficiaries is not overstated.

API Indicator Definitions

Scope: Active MSE and T&I investments.

Purpose: Measures the number of people receiving significant income from enterprises supported by USADF, an indicator of whether the benefits are broadly based. Measures the extent to which women benefit.

Data Sources: Clients' quarterly financial statements for active investments.

5. Adjusted Net Income

Definition: Annual, net income before income taxes and depreciation (not cumulative). This differs from EBITDA in that interest is included as an expense in adjusted net income because of the opportunity cost of capital. This is also before CRG contributions since these are uses of income (reported on cashflow statements, rather than income statements).

Scope: Active MSE and T&I investments.

Purpose: Measures the benefits to business owners and the potential for the business to continue operations and grow

Data Sources: Clients' quarterly financial statements for active investments.

6. CRG Contributions Expected and Received

Definition: The cumulative value of cash CRG contributions that investments were supposed to have made and the amounts actually made through the end of the reporting year.

Scope: Active and expired investments with CRG pledges

Purpose: Measures the ability of the business to recover invested capital and adherence to the terms of USADF support

Data Sources: The schedule of expected contributions is obtained from pledge agreements, Appendix A's, or final Investment Papers and financial analyses. The contributions received are as shown in the CRG monitoring records.

7. Cumulative Value of Loans Disbursed

Definition: The value of loans that have been disbursed by investments to client enterprises since the start date of the USADF investment. Calculated by adding the annual value of loans disbursed to the cumulative for the previous year.

Scope: All active investments that have provided loans

Purpose: Loans provided by the entity receiving USADF support may generate additional benefits not reflected in the sales of that entity or expand the number of people benefiting.

Data Sources: Quarterly progress reports from investments

API Indicator Definitions

8. Value of Principal Raw Material Purchases

Definition: The costs of the principal raw materials that are purchased from farmers or small-scale producers in the country and processed or marketed by the client enterprise during the year. This does not include imported raw materials or all of the various inputs used by the enterprise.

Scope: Active MSE and T&I investments

Purpose: Measures the gross revenues of farmers and other suppliers of the principal raw materials as a proxy for the broader financial benefits from the investment

Data Sources: Quarterly progress reports from investments based on client financial records

9. Total Salaries and Wages Paid

Definition: The cash salaries and wages paid to owners and full-time and part-time workers of the client business.

Scope: Active MSE and T&I investments

Purpose: Measures the income gains from employment within the client enterprises

Data Sources: Quarterly progress reports from investments based on client financial records

10. Bonuses and Profit Sharing Paid

Definition: The cash bonuses and profit sharing paid to full-time and part-time workers of the client business that are not already included under total salaries and wages paid.

Scope: Active MSE and T&I investments

Purpose: Measures the income gains from employment within the client enterprises

Data Sources: Quarterly progress reports from investments based on client financial records

11. Other Social Benefits

Definition: Total value of clients' profit-sharing payments and other voluntary financial contributions for worker, raw material supplier, or community economic and social well-being. This does not include CRG (RIC) payments or payroll taxes for health insurance or social security.

Scope: All investments

Purpose: Measures economic and social benefits to workers, raw material suppliers, and the community

Data Sources: Quarterly progress reports from investments based on client financial records

API Indicator Definitions

12. New Infrastructure Construction/Rehabilitation

Definition: Number and characteristics of social infrastructure built or rehabilitated (e.g. housing, schools, medical clinics, roads, and bridges). This item does not refer to private construction built for MSE or T&I projects.

Scope: Designated investments for Participatory Development Methods of Infrastructure (PDM) only. Public infrastructure constructed should only be filled in for PDM projects.

Purpose: Output measure for investments that are difficult to evaluate in terms of income growth

Data Sources: Quarterly progress reports from investments

13. Expansion and Replication

Definitions:

Expansion -- Scaling up of activities beyond the USADF investment, either through addition of new products and services or a larger geographic scope of operations

Replication -- Establishment of similar activities and approaches following the model of the USADF clients by entities other than the USADF client, either in the same location or another.

Purpose: Measures the growth of the supported activities and the catalytic role that USADF has played in stimulating the activities of others

Scope: All active investments and those completed within the previous 3 years.

Data Sources: Narrative information from quarterly progress reports for active investments. Special, annual data collection for completed investments.

14. Awards and Recognition

Definition: Awards, prizes, and noteworthy media, governmental, or private sector recognition of investment achievements

Scope: All active investments and those completed within the previous 3 years.

Purpose: Demonstrates the value that others place on the achievements of USADF clients

Data Sources: Narrative information from quarterly progress reports for active investments. Special, annual data collection for completed investments. News media for active and completed investments

15. Countries With Active Strategic Partnerships

Definition: Number of national or state governments or other strategic partners that actually provided funding contributions to USADF during the reporting year (and the amounts provided by each)

Purpose: Input for PART indicator

Data Source: USADF Finance Division

API Indicator Definitions

16. Investment Development Cycle Time

Definition: Median days between the Investment Review Committee meeting on new project concept papers and the obligation date for projects that were approved for business plan development

Scope: All investments reviewed by the IRC. Most useful if tracked separately for enterprise development and expansion investments.

Purpose: Measures the time efficiency of USADF, Partner Organizations, and clients

Data Sources: Business plan cover sheet and USADF records

17. First and Second Disbursement Time

Definition: Median days between the project obligation date and the first disbursement and between the obligation date and the second disbursement.

Scope: All new investments that have been obligated by USADF. Most useful if tracked separately for enterprise development and expansion investments.

Purpose: Measures the time efficiency of USADF, Partner Organizations, and clients

Data Source: Business plan cover sheet and USADF records

API Indicator Definitions

Annex B. The PART Indicators

1. Cumulative Revenue Growth

Definition: Cumulative increase in the sales of business investments over their extrapolated baseline level. The extrapolated baseline level is the baseline sales multiplied by the time from the investment start date through the end of the reporting year (in full and fractional years). The extrapolated baseline is subtracted from cumulative sales. Negative cumulative revenue growth from investments with sales that declined below their baselines is subtracted from the positive cumulative revenue growth of other investments.

Scope: Active and completed MSE and T&I investments with baseline sales data.

Purpose: Measures additional income generated for owners, workers, and input suppliers

Data Sources: Clients' quarterly financial statements for active investments. A special, annual data collection process for completed investments.

2. Investment Multiplier

Definition: For every dollar disbursed to business investments, the cumulative increase in their gross revenues (sales) over the extrapolated baseline level. In other words, this is cumulative revenue growth divided by cumulative disbursements.

Scope: MSE and T&I investments with baseline sales data that were active in the reporting year or have completed in the prior three years.

Purpose: Measures the cost-effectiveness of USADF support

Data Source: Clients' quarterly financial statements for active investments. A special, annual data collection process for completed investments

3. Profitability Proportion

Definition: Percent of business investments with a positive, annual adjusted net income by the end of their third year.

Calculated as the number of business investments that were profitable divided by the sum of all business investments 3 years old or more and those that were profitable although less than 3 years old.

Scope: All MSE and T&I investments that were active in the reporting year

Purpose: Measures the benefits to business owners and the potential for the business to continue operations and grow

Data Source: Clients' quarterly financial statements.

API Indicator Definitions

4. CRG Compliance

Definition: Percent of business investments that are current on their CRG pledges from the end of their third year onward. *Current* means that cumulative contributions are not less than the cumulative amount expected to date.

Scope: Active MSE and T&I investments with cash CRG pledges

Purpose: Measures the ability of the business to recover invested capital, compliance with the terms of USADF support, and potential to expand impact through investment of the repayments

Data Sources: The schedule of expected contributions is obtained from pledge agreements, Appendix A's, or final Investment Papers and financial analyses. Amounts contributed are obtained from quarterly CRG monitoring.

5. Sustainability

Definition: Percent of businesses or organizations that are still operating for up to 3 years after USADF support ends, even if they have changed their products or services

Scope: All MSE, T&I, MFI, PDM, and AIDS investments completed in the three years before the reporting period

Purpose: Measures whether investments have been able to manage themselves successfully and have lasting impact after USADF support ended

Data Source: A special collection process once a year

6. Follow-on Financing

Definition: Cumulative value of grants, loans, or equity investments from sources other than USADF that have been received by clients from the USADF investment start date through 3 years after USADF support ends

Scope: All MSE, T&I, MFI, PDM, and AIDS investments that were active in the reporting year or completed within the past three years

Purpose: Measures the ability of USADF to serve as a catalyst, increasing the clients' ability to attract capital during and after the USADF investment period

Data Sources: Clients' quarterly reports for active investments that are using the latest format. A special collection process once a year for active investments using the old reporting format and completed investments

API Indicator Definitions

7. Strategic Partnership Funding Rate

Definition: Annual amount received from strategic funding partnerships as a percent of USADF obligations for new investments and budget amendments for existing investments. Excludes amounts leveraged from strategic partnerships during the year that would be received in subsequent years.

Scope: All new development investments and amendments and active strategic funding partnerships

Purpose: Measures the ability of USADF to broaden its resource base and expand support for African enterprises

Data Source: USADF Finance Unit

8. Overhead Rate

Definition: USADF's non-program costs as a percentage of the total USG appropriations and non-USG funding contributions received during the year

Scope: All non-program costs, USG appropriations, and non-USG funding contributions

Purpose: Measures the cost efficiency of USADF operations and the proportion of resources available for clients

Data Source: USADF Finance Unit

API Indicator Definitions

Annex C. Other Internal Indicators

1. Disbursement Time

Definition: Median days between receipt of a properly completed, valid disbursement request by the Country Representative and USADF transmittal of funds (not the arrival of funds in the client's bank account, which is tracked separately)

Scope: All active investments

Purpose: Measures the time efficiency of USADF financial administration

Data Source: USADF Management Unit, using information from the program database

2. Time to First Disbursement

Definition: Median days between the obligation date and USADF processing of the first disbursement

Scope: Investments obligated within the past 12 months

Purpose: Measures the time efficiency of USADF, Partner Organizations, and clients

Data Sources: USADF program database and USADF Finance