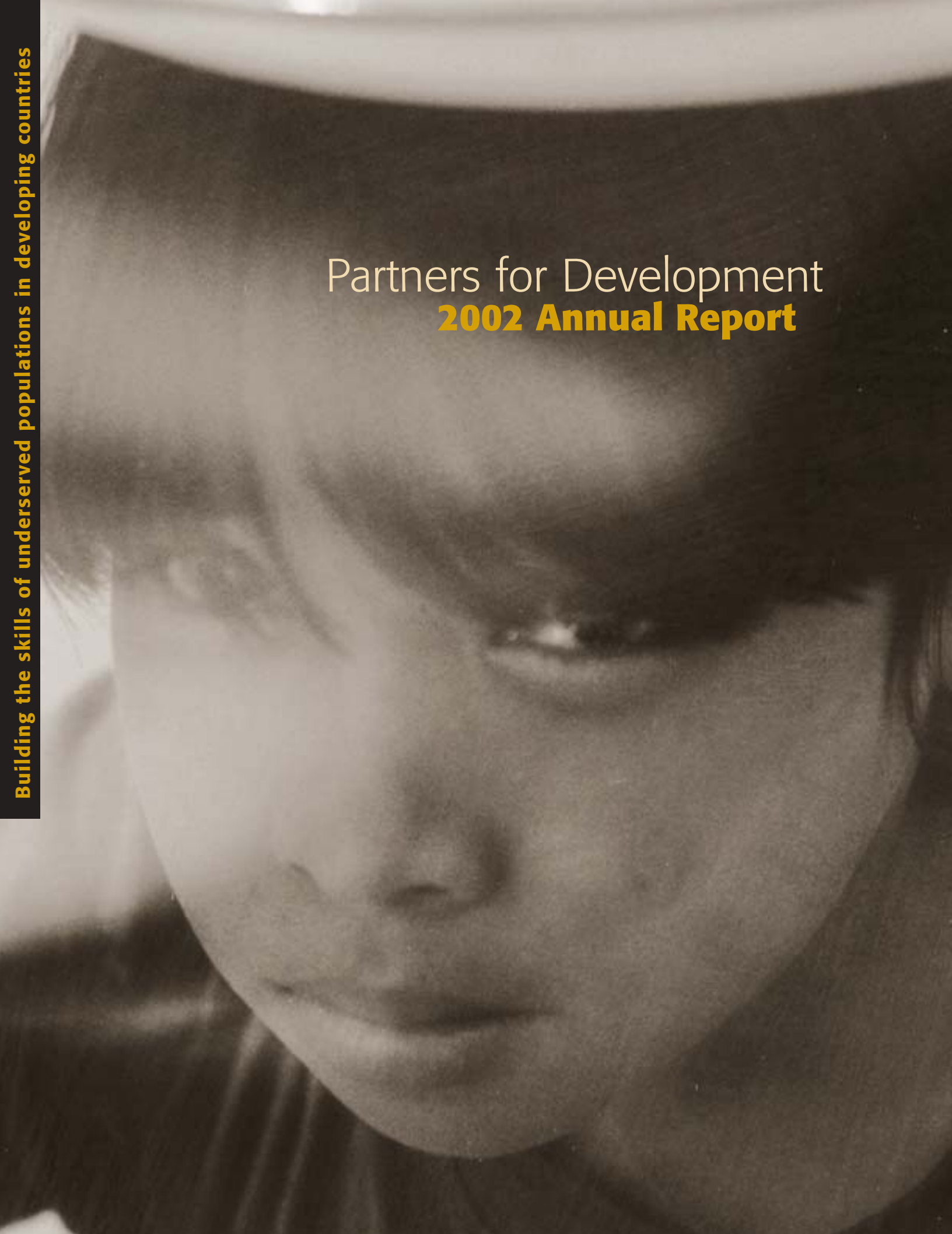


Building the skills of underserved populations in developing countries

Partners for Development
2002 Annual Report





About Partners for Development (PFD)

PFD's mission is to improve the standard of living and build the skills of underserved populations in developing countries. We do this through work with local partners who help design, implement and assess programs to the greatest degree possible. PFD's core capabilities are in reproductive health, HIV/AIDS prevention, malaria prevention, primary care, and child survival; clean water supply and sanitation; household economic and food security; agricultural marketing and development; and development of physical infrastructure.

Partners for Development cooperates with many partners on the international and local levels, including bilateral and multilateral donors, international and local NGOs, neighborhood councils and associations, national and municipal authorities, citizen and church groups, academic institutions, and the private sector.

PFD often employs the participatory rural appraisal (PRA) methodology in community development, ensuring that community residents set priorities and develop a community action plan to address problems. PFD also aims to implement programs on a dual track of community and institutional levels, recognizing that community-based successes can be better sustained and replicated to the extent that there exist strong institutions.

Our partnership approach increases program sustainability thanks to community involvement in and ownership of projects. This approach also results in capacity building in local communities as skills in programming, management, evaluation, and outreach are passed on to participants. As a result, PFD is able to leverage donor funding through programs that meet local needs and increase self-reliance.

PFD currently has country programs in Cambodia, in Nigeria, and in Bosnia and Herzegovina. The U.S. headquarters is located in Silver Spring, MD outside of Washington, DC while an affiliate office is based in Martel, France.

PFD Board

Joel Montague, Chairman

Charles L. Sykes, Treasurer

*Jacques Lauriac,
PFD/Europe Representative*

Nancy Pendarvis Harris

Richard M. Westebbe

Margaret Hanson

Steven Hansch

Henry Sjaardema

*Wendy Millman, Esq.,
Advisory Member*

Joel Lamstein, Advisory Member

Jack Marrkand, Advisory Member

*Frank Conlon, Secretary and
Executive Director*

Letter from the Chairman

This will be my last “Letter from the Chairman.” In 1990, I was asked to join the organization as a Trustee. In 1995, I was elected Chairman. After eight years as Chair, I have announced my intention of resigning. I leave my role having thoroughly enjoyed my involvement for these many years, and intend to continue as a Trustee, perhaps as “Chairman Emeritus,” as long as my colleagues will have me.

There have been many changes during my eight years as PFD’s Chairman. We have seen a gradual movement away from short-term involvement in disaster assistance and emergency relief during wars and civil strife, towards an increasing concentration on long-term collaborative work in post-conflict rehabilitation and economic development. These changes in style have led to the development of a larger and more professional staff (both indigenous and expatriate) as well as a shifting of the role of the organization’s Trustees away from operational involvement to more standard forms of NGO governance. Notwithstanding the change in emphasis, year-by-year, our international donor base has expanded and become more diversified. In spite of change, PFD nonetheless has held to



Joel Montague, Chairman

Partners for Development has worked hard to build self-reliance in remote and often difficult areas of the developing world through the promotion of collaborative health, education, and economic interventions.

Joel Montague on mission in Bamyan, Afghanistan, to assess water and sanitation needs, Spring 2002





Partners for Development nonetheless has held to certain basic immutable premises: flexibility, effectiveness, the utilization of community-based approaches, and the ability to demonstrate to donors, government and civil society that our impacts are quantifiable, replicable and sustainable.

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2002 was a period of further change for PFD, and a time of great success and positive developments. In Cambodia, we received funding to extend our core grant by approximately three million dollars in order to expand geographically into remote areas of the country. The new program, "Bridges for Health," is funded by USAID and targets four provincial operational districts in Kratie and Koh Kong Provinces. The program is designed to "bridge" the gap between the governmental health system and rural communities and will generate a comprehensive community-based package of activities in reproductive health, HIV/AIDS and IMCI with malaria and dengue control programs in these highly endemic areas. In addition to the continuing and much appreciated support from USAID, additional funding was also secured from the Global Fund for AIDS, TB and Malaria.

In Bosnia and Herzegovina, our agricultural credit programs for small farmers are now underway. In 2002, PFD received funding for our National Quarantine Station project to be undertaken with the Government of Bosnia, various research institutions, and community groups. Approximately \$4 million under this project is allocated to establishing modern livestock inspection posts at several international border crossings, as well as the provision of an integrated technical and institutional support package designed to ensure the sustainable and efficient management of these all-important stations. The USDA-funded monetization activity will make major inroads into one of Bosnia and Herzegovina's most important problem areas, namely, the prevention of both animal and human diseases related to animal husbandry.

In Nigeria, PFD's focus has been on the capacity building of Nigerian non-profit organizations through work in the areas of micro-credit (particularly with women borrowers), reproductive health, and agricultural development. Building on its initial success with USDA and Packard Foundation seed money, a new funding proposal was prepared and submitted to the U.S. Department of Agriculture in 2002 to support the geographical and programmatic expansion of the existing programs. The award was made in early 2003.

The year 2002 also saw the departure of PFD's Executive Director, Jack Marrkand, a most remarkable leader who successfully piloted the organization from its trembling beginnings to its present successes. Both Jack and former Trustee, Joel Lamstein (also with a decade of service), have agreed to be on PFD's Advisory Board. At the end of 2002, with great good fortune, the Trustees hired Frank Conlon as Executive Director. Frank's long experience as a Peace Corps Director in two African countries and his work as a senior non-profit executive in the field of international development provide perfect grounds for the Trustees to be extremely confident that the organization is in good hands for the future.

In the years ahead, Frank, his staff and the Trustees will no doubt see PFD build upon its use of innovative and cutting edge techniques such as the integration of health/HIV/AIDS education with micro-credit and other activities, the broadening of the use of PFD's successful participatory rural appraisal (PRA) programs, and the gradual movement, based upon extended field experience, into the areas of policy and advocacy. Increasingly, PFD is looking for new and different international partners for both bidding and field-level activities and it seems likely that the organization will start work in at least one new country within the foreseeable future.

Partners for Development has worked hard to build self-reliance in remote and often difficult areas of the developing world through the promotion of collaborative health, education and economic interventions. Our activities have shown considerable diversity and have included programs to help restart small farms destroyed in Bosnia and Herzegovina; to assist women entrepreneurs to start and expand small businesses in Nigeria; to save numerous lives through the promotion of malaria control practices and safe water in environmental sanitation in Cambodia near the border of Laos; and to provide training to paramedical workers as well as improved clinical care at remote rural health facilities in Somalia and Rwanda to name just a few. The Board has taken huge and justified pride in the work of our dedicated staff in often very difficult and occasionally dangerous circumstances.

As I step down as Chair, I firmly believe that our founder, Jacques Lauriac, was correct in his original vision: that we are truly Partners for Development.

...PFD will build upon its use of cutting edge techniques such as the integration of health/HIV/AIDS education with micro-credit and other activities, the broadening use of PFD's successful participatory rural appraisal (PRA) programs, and the gradual movement, based upon extended field experience, into the areas of policy and advocacy.





Peer education efforts are conducted by village health volunteers and focus on community water use, hygiene, and nutrition

Areas of work

Health

For more than a decade, Partners for Development has been working in the field of public health, meeting the needs of local underserved communities with programs in primary care and child survival, HIV/AIDS and malaria prevention, and reproductive health. The organization has also been working to combat diarrheal and other diseases through clean water and sanitation programs.

Partners for Development has made health education and training essential components of its health programming, with the goal of leaving skills, knowledge, and methodologies in the hands of our local partners. In addition, we seek to bring innovative service provision and monitoring techniques to local providers in order to increase the capacity and effectiveness of health care service delivery.

In **Cambodia**, public health programming has formed the mainstay of PFD activities since 1992 and has resulted in notable achievements including the halving of reported cases of malaria in several high-risk areas, and tripling the usage of modern contraceptives among women in 100 communities. Programming in 2002 focused on child survival, reproductive health, nutrition, clean water and sanitation, and malaria control.

In the Northeast Cambodia Child Survival Program, PFD has developed interventions seeking to address Cambodia's high rate of child morbidity and mortality. One child in eight born in Cambodia dies before its fifth birthday—a consequence of mostly preventable diseases such as respiratory infections, diarrheal diseases, and malaria. The program targets 14,500 children under five and 27,000 women of reproductive age with a combination of interventions including control of diarrheal disease, immunization, nutrition education, and the promotion of exclusive breastfeeding.

The program emphasizes community capacity through the training of village health volunteers in southern Kratie province in the use and promotion of oral rehydration therapy, vegetable gardening for vitamin A and mineral-rich foods, the need for iodized salt, and the benefits of exclusive breastfeeding. The village health volunteers, 420 of which have been trained to-date, also coordinate immunizations and distribute mosquito nets to combat malaria.

Parallel to community-based efforts in the Northeast Cambodia Child Survival Program, PFD is also working closely with the Provincial Health Department in Kratie province to train Health Center staff to provide better services such as up-to-date malaria diagnosis and treatment, and to conduct more outreach including child immunizations. In addition, PFD is working with the Provincial Health Department to improve service delivery planning and to promote better management of local health facilities. This effort has already resulted in a 50% increase in immunization coverage in the target area.

In **Nigeria**, Partners for Development has been working to increase access to family planning and STD/HIV/AIDS prevention services in the impoverished states of Benue, Nassarawa, and Bauchi. Throughout the country the population growth rate

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Child-to-child nutrition education





Reproductive health education is conducted at the village level

Partners for Development responded to these dual demands by integrating health education components into programming in existing projects in the Small Enterprise Development (SED) sector.

is high, but use and access to modern contraceptive methods is low. Meanwhile, Benue State has the highest HIV seropositivity rate in Nigeria.

Partners for Development responded to these dual demands by integrating health education components into programming in existing projects in the Small Enterprise Development (SED) sector. To that end, PFD has been working with a network of twelve NGO partners to increase the partners' capacity to incorporate reproductive health education into their micro-credit activities and to establish links between borrowers and appropriate health care providers. The project also works to improve reproductive health services offered at selected clinics by training health care providers and by providing them with basic equipment and commodities.

In 2002, PFD identified thirteen service outlets and service providers that will provide family planning services. In addition, PFD has acquired an initial stock of contraceptives for distribution to NGO-selected hospitals/clinics who will then use the proceeds to maintain an adequate stock and variety of contraceptive products.

Clean Water and Sanitation

Partners for Development has been implementing clean water and sanitation programs, primarily in Cambodia, where less than 25 percent of the rural population has access to safe water and less than 10 percent to sanitation. These are among the lowest rates of rural access in the world and contribute significantly to the extremely high (12.5 percent) under-five mortality rate in Cambodia.

Working through local communities to increase access to safe water, PFD has introduced community hand-pump wells, installed low-cost water filters and constructed community-owned and managed piped-water systems. To-date, over 1200 wells and water points have been installed benefiting over 160,000 rural residents. Also important is the problem of environmental sanitation. To increase community interest in sanitation, PFD has installed nearly 300 school and institutional latrines that serve individuals but also serve as models for the entire community. This has helped to increase demand in local communities, and PFD has supported installation of over 1800 household latrines.

Agricultural Marketing

PFD's programs in the field of agriculture and household economic and food security include national level agricultural initiatives that seek to change policy and build institutions. PFD's programs also include localized programming to support individual households with training and support to increase agricultural efficiency, to improve livestock health, to promote the growing of nutrient rich vegetables in household gardens, and to increase access to credit and marketing opportunities.

In Bosnia and Herzegovina, PFD has been implementing programs in support of the agricultural sector since 1993. Since that time, the organization's work has successfully moved from relief-based activities to development in the post-conflict country. For the past several years, the focus has been on building a sustainable organization to represent small-scale farmers in the Upper Vrbas region. More recently, national level agricultural initiatives such as conferences and publications have been added to the program to form the Integrated Agricultural Development Program (IADP).

Partners for Development has introduced community hand-pump wells, installed low-cost water filters and constructed community-owned and managed piped-water systems. Over 1200 wells and water points have been installed benefiting over 160,000 rural residents.

Community hand-pump well





Micro-credit participants

...Because of the rural isolation many farmers in this region face, PFD has been involved in improving roads in order to increase access of farmers to markets, and to increase the access of households to cheaper products. To date, PFD's road and bridge improvements have benefited more than 260,000 local residents.

As an essential component, PFD has developed the Independent Farmers' Association (IFA), a self-sustaining member organization reaching out to all ethnic communities and offering services designed to increase the marketing capabilities of the local farmers in this mountainous region. PFD has established commercial partnerships with established business entities for the benefit of IFA members. This direction, groundbreaking within Bosnia and Herzegovina, moves the development program from small-scale initiatives to major private sector activity.

Partners for Development has arranged for the IFA to work with Klas, a local blue-chip food processing company and has now established 'buy-off' stations where IFA members have an exclusive arrangement to sell a range of products at a guaranteed price. IFA members can also capitalize on improved packaging and handling offered through Klas for the marketing of products internationally. Finally, PFD has negotiated lines of credit through UPI, a large commercial bank, for the exclusive use of IFA members, to purchase equipment, seeds or other inputs.

Market access also poses significant problems for farmers in Nigeria, particularly in Benue and Nassarawa states. Both states are located in Nigeria's central belt, an area comprised mainly of ethnic minorities and where about 70% of the population is estimated to live in poverty. In this region, as in many parts of the developing world, rural poverty can be linked to the region's limited access to technical information, agricultural inputs such as fertilizer and seed, markets for produce, and capital or credit.

Since May 2000, PFD has been working in Nigeria to strengthen the capacity of local NGOs, preparing them to provide technical assistance to community-based beneficiaries in the agriculture sector. PFD has conducted training sessions in financial management and reporting, participatory methods in working with rural communities, and fundamentals of small-enterprise development. PFD has also been providing credit in the form of small loans for agricultural enterprise activities and in the form of micro-loans for women engaged in trade activities.

In addition, because of the rural isolation many farmers in this region face, PFD has been involved in improving roads in order to increase access of farmers to markets, and to increase the access of households to cheaper products. To date, PFD's road and bridge improvements have benefited more than 260,000 local residents. PFD

has insured that infrastructure improvement projects can be sustained, maintained, and replicated by offering training to local partners in the management and maintenance of infrastructure projects.

In Cambodia, many rural households face rice shortages for a portion of nearly every year. Coping strategies typically involve borrowing money or rice at very high rates of interest. To address this urgent need, Partners for Development has assisted over sixty vulnerable communities to establish “rice bank” storage and credit schemes to enable families to borrow rice during times of need at affordable interest rates. However, the root of the problem can only be addressed by increasing land productivity and rice yields. In response, PFD is supporting provincial Offices of Agricultural Extension to promote improved rice growing and pest management techniques, proper fertilizer use, and use of more productive strains of rice. The enhanced growing techniques have more than doubled yields.

As an essential component, PFD has developed the Independent Farmers’ Association (IFA), a self-sustaining member organization reaching out to all ethnic communities and offering services designed to increase the marketing capabilities of the local farmers in this mountainous region.

Marketing and credit support to rural independent farmers allows them to market their products in Bosnia and abroad





GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

To the Board of Directors
Partners for Development
Silver Spring, Maryland

We have audited the accompanying statements of financial position of Partners for Development as of December 31, 2002 and 2001, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Partners for Development's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partners for Development as of December 31, 2002 and 2001, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2003 on our consideration of Partners for Development's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with the report in considering the results of our audit.

March 20, 2003

Gelman, Rosenberg & Freedman

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Member of the American Institute of Certified Public Accountants' Private Companies Practice Section

PARTNERS FOR DEVELOPMENT

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2002 AND 2001

	ASSETS	
	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash and cash equivalents:		
Funds held in United States	\$ 2,629,034	\$ 1,266,152
Funds held in foreign countries	<u>5,674,074</u>	<u>3,636,238</u>
Total cash and cash equivalents	8,303,108	4,902,390
Grants receivable	6,331,222	6,603,415
Accounts receivable	1,105	3,867
Travel advances and employee receivables	-	1,602
Prepaid expenses	<u>1,778</u>	<u>14,646</u>
Total current assets	<u>14,637,213</u>	<u>11,525,920</u>
FURNITURE AND EQUIPMENT		
Furniture and equipment	9,873	9,873
Less: Accumulated depreciation	<u>(6,982)</u>	<u>(5,295)</u>
Net furniture and equipment	<u>2,891</u>	<u>4,578</u>
OTHER ASSETS		
Artwork	2,767	2,900
Security deposit	<u>1,360</u>	<u>1,360</u>
Total other assets	<u>4,127</u>	<u>4,260</u>
TOTAL ASSETS	<u>\$ 14,644,231</u>	<u>\$ 11,534,758</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 66,600	\$ 68,345
Accrued leave and benefits payable	<u>29,491</u>	<u>23,960</u>
Total current liabilities	<u>96,091</u>	<u>92,305</u>
NET ASSETS		
Unrestricted	179,195	151,368
Temporarily restricted	<u>14,368,945</u>	<u>11,291,085</u>
Total net assets	<u>14,548,140</u>	<u>11,442,453</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,644,231</u>	<u>\$ 11,534,758</u>

PARTNERS FOR DEVELOPMENT

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002			2001		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Grants	\$ -	\$ 5,201,474	\$ 5,201,474	\$ -	\$ 6,257,293	\$ 6,257,293
Contributions	8,400	-	8,400	7,680	-	7,680
In-kind contributions	230,508	-	230,508	298,082	-	298,082
Interest	1,324	176,661	177,985	994	108,892	109,886
Other	23,941	-	23,941	130	-	130
Net assets released from donor restrictions	3,359,501	(3,359,501)	-	3,098,890	(3,098,890)	-
Total revenue and support	3,623,674	2,018,634	5,642,308	3,405,776	3,267,295	6,673,071
EXPENSES						
Program services:						
Bosnia Programs	822,074	-	822,074	473,628	-	473,628
Cambodia Programs	1,618,722	-	1,618,722	1,614,860	-	1,614,860
Nigeria Programs	848,293	-	848,293	1,030,536	-	1,030,536
Total program services	3,289,089	-	3,289,089	3,119,024	-	3,119,024
Supporting services:						
General and Administrative	306,629	-	306,629	278,920	-	278,920
Fundraising	129	-	129	43	-	43
Total supporting services	306,758	-	306,758	278,963	-	278,963
Total expenses	3,595,847	-	3,595,847	3,397,987	-	3,397,987
Changes in net assets before other item	27,827	2,018,634	2,046,461	7,789	3,267,295	3,275,084
OTHER ITEM						
Exchange rate gain (loss)	-	1,059,226	1,059,226	-	(153,447)	(153,447)
Changes in net assets	27,827	3,077,860	3,105,687	7,789	3,113,848	3,121,637
Net assets at beginning of year	151,368	11,291,085	11,442,453	143,579	8,177,237	8,320,816
NET ASSETS AT END OF YEAR	\$ 179,195	\$ 14,368,945	\$ 14,548,140	\$ 151,368	\$ 11,291,085	\$ 11,442,453

Donors

United States Agency for
International Development
United States Department of
Agriculture
Canadian International
Development Agency
Australian Agency for
International Development
Government of Japan
States of Guernsey
The Government of Ireland
European Commission Malaria
Control Program
European Union/ASAC

Organization of African Unity
United Nations Fund for
Population Activities
World Bank Water and Sanitation
Program
Allen Foundation
Helen Keller International
International Federation
of Red Cross and Red Crescent
Societies
LeBrun Foundation
Saint Paul Foundation
McKnight Foundation
The Packard Foundation



Local and Implementing Partners

Cambodia

Village Development Committees
Health Center Feedback
Committees
Ministry of Health
National Malaria Center
Ministry of Rural Development
Ministry of Education, Youth,
and Sport
Ministry of Women's and Veteran's
Affairs
Cambodian Red Cross
Reproductive Health Alliance of
Cambodia
Australian Foundation for the
Peoples of Asia and the Pacific
CARE
Médecins sans Frontiers
Population Services International
Reproductive and Child Health
Alliance
Youth with a Mission

Nigeria

Young Men's Christian Association
(YMCA)
Country Women Association of
Nigeria (COWAN)
Project Agape
NACWYCA
Methodist Hospital Bethesda
Nongu U Kristu, Sudan Ken Tiv
(NKST)
Centre for Peace and Rural
Development (CENPERD)
Health Information Centre (HIC)
Primary Health Care
DAAS Women Multipurpose
Corporation
HADO Development Services
(HADSERSVS)

Bosnia and Herzegovina

Independent Farmers'
Association
State Veterinary Office
Faculties of Agriculture of
Sarajevo, Mostar, and Banja
Luka
GTZ
KLAS
Jajce, Donji Vokuf, Gorni Vokuf,
and Bugojno municipalities
Central Bosnian Cantonal
Government
UPI Bank and Agricultural
Institute

Photos by PFD Staff and Board.

Cover photo by Frank Conlon.

Edited by Joan Whelan.



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