building a better world

CHF INTERNATIONAL PROGRAM REPORT 2006

RELIEF TO DEVELOPMENT IN RELIEF
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CHF International’s mission is to be a catalyst for long-lasting positive change in low- and moderate income communities around the world, helping them to improve their social, economic and environmental conditions.

MISSION

SELECTED HIGHLIGHTS OF CHF’S GLOBAL IMPACT IN FY 2006:

- **114,982** people are now enjoying new or repaired homes and shelters
- **539,703** community members have directly benefited from policy reforms and systemic changes
- **3,564,135** individuals involved with community based organizations became more self-sufficient through capacity building programs
- **2,016,152** people have benefited from emergency and disaster response programs
- **6,494,902** individuals have improved agriculture, education and health through community programs
- **1,573,898** people have found new employment
- **$5,668,083** of additional support has been leveraged by mobilizing resources from local communities

**Total People Directly Impacted: 13,056,704**
**People Indirectly Engaged (approx.): 46,252,516**
DEAR FRIENDS OF CHF INTERNATIONAL:

Throughout my long association with CHF International, I have had the privilege of seeing many types of CHF programs in a number of different countries. But the ones I remember most vividly are the humanitarian assistance programs, which help people in urgent need, people whose fortunes have suddenly changed for reasons entirely out of their control, such as natural disasters or political or social turmoil.

CHF’s program in Colombia, which I visited last fall, is one such program. Thanks to funding from the Colombian government, CHF is able to support families who have been forced to flee their homes because they found themselves caught in the middle of drug-related violence and power struggles. I was introduced to a number of the program’s beneficiaries, and could not help but be touched by their remarkable spirit. Despite being forced to leave behind their homes, their jobs and their possessions, they seemed full of energy and hope.

Listening to these people in their homes and newly opened shops, I kept hearing how much it meant to them that someone cared enough to help them start from scratch in an entirely new place. Importantly, the program not only provides the assistance they need when they first arrive – such as food, personal items and household supplies – but also makes sure they are well settled in their new lives and can secure sustainable livelihoods. It was an inspiration to meet so many people who have managed to get back on their feet after leaving everything behind.

The visit to Colombia was a reminder that even a small amount of assistance can make a huge difference, especially for someone starting all over again. It also underscored the importance of the board’s responsibility to ensure that the funds entrusted to CHF are used as effectively as possible in fulfilling our mission.

CHF International’s Board of Trustees diligently seeks to provide the organizational oversight needed to meet governmental and donor standards, and to maintain transparency at all levels, so that CHF can continue to offer assistance with the same reputation for integrity and excellence for which it has come to be known. Our goal is for CHF to be able to build a better world for even more people, for many more years to come.

—DON H. MCCREARY
Chairman
I recently walked through the halls of the Pentagon, and couldn’t help but notice how images of warplanes, guns and armaments proliferated throughout the building. I asked my escort why they didn’t also showcase pictures of the military’s humanitarian missions. I continue to wonder why countries’ foreign policies glorify war and militarization, instead of promoting dialogue, community building, economic growth and stability. Why are we building monuments to war, instead of peace?

It’s a sobering question. But, the more I think about CHF’s work holistically, the more I realize that’s exactly what we do every day, in some of the most challenging environments on earth. They may not be carved of alabaster or gilded in gold, but we are building lasting monuments to peace and stability every time we can bring a formerly fractured community together in a place like Iraq to build a clinic or a school, or can help bridge the religious and political divides that inhibit substantive dialogue and economic growth there and in many other parts of the world.

At the Pentagon that day, military experts and scholars questioned whether a more grassroots, community-based approach would be a better solution for Iraq than military engagement. It was a bit ironic, considering I had learned the answer to that question way back in 1962 in the Peace Corps, and that community participation is now the cornerstone of CHF’s work every day. CHF has a phenomenal staff of world-class citizens who know how to listen to people, gain their friendship and respect, and then give them the resources they’ve been looking for to participate in a greater good for themselves, their neighbors, and generations to come.

The world may only see catastrophes and failures when looking at Iraq, but what we see are people who continue rising up and striving for a better life – in spite of the daily horrors of war.

In Iraq, both our Community Action Program (CAP) and Access to Credit Services Initiative (ACSI) have provided individuals and community groups with the tools they need to realize their dreams. In Iraq, we continue to lend over US$2 million each month to young people starting small businesses and homeowners struggling to make home improvements, and we have also completed some 600 community projects that are directly making life better for over 5 million people.

The rest of the world may be somewhat slower than we’d like in realizing that guns and militarization are not the answer. Instead, by expanding community-based development, and making that a larger part of foreign policy efforts than militarization, we can help stave off violence before it erupts.

The economics of peace work far better then the economics of war. ☞

—MICHAEL E. DOYLE
President and CEO
CHF is a catalyst for long-lasting positive change in poor communities around the world. With programs focusing on everything from economic development to emergency response and transition, and a range of cross-cutting issues such as HIV/AIDS, peace and stability and community-led development, a quick glance at the diversity of CHF’s programs described on the following pages might create the impression that they are as different from one another as the many countries and conditions under which we work. But, on a fundamental level, all of our programs are grounded in the same principles of self-reliance and human dignity.

One of the most impressive experiences that I had during the past year was my visit to Darfur, Sudan, where CHF is working to help some of the more than 2 million people who have been driven from their homes by the notorious janjaweed. In such a desperate situation, it might seem that CHF’s basic approach to development would not apply. And, yet, I found differently on the ground.

The plight of Darfur’s displaced people is much in the news, as are stories of the brutal attacks that they have escaped or witnessed, before reaching one of the more than 60 camps spread around the region. These camps are grim places, comprised of thousands of meager shelters scattered across a hot, dusty and unforgiving landscape. Yet, as grim as the reality of living in such camps might be, they offer at least some sort of sanctuary and protection for the people who have fled there.

Camps for refugees or the internally displaced are supposed to be temporary. However, many people in Darfur have been living “temporarily” in these camps for as many as three years. And so, CHF has designed programs that respond to the immediate humanitarian needs of shelter, water and nourishment – and, at the same time, those that focus on the longer-term needs of survivors. In Kalma Camp, for example, we provide emergency relief through a blending of short-term emergency humanitarian interventions with sustainable, community-based and development-oriented methodologies.

In Darfur, the problems are basic and require basic responses. Through a menu of diverse interventions, ranging from shelter provision and community milling services to fuel efficient stoves, CHF has demonstrated that mutually reinforcing, multi-level goals can be achieved effectively within the context of humanitarian assistance. CHF’s intention is to support livelihoods and prepare the ground for transition, from humanitarian relief to sustainable recovery and development. We believe that even in an emergency situation, the dignity and self-reliance of individuals should be fostered, and that there can be development within the context of relief. When this is the case, not only is the

**PERSPECTIVE FROM THE SENIOR VICE PRESIDENT**

—JUDITH A. HERMANSON, PH.D
Senior Vice President
peoples’ belief in the future strengthened, but so is their ability to address the challenges with which they are presented.

For example, women use traditional skills to weave the mats that are used for building basic shelters. The women earn money from their weaving, which goes to supplement the meager food supply they receive in the camps. This helps improve the nutritional status of their families, and also enables them to purchase fuel wood, which lessens their exposure to predatory janjaweed or other dangerous groups who might attack them when leaving the camps. Activities such as mat weaving occur within the safety of a women’s center, where a variety of income generating and educational activities are strengthening their independence and enhancing their skill sets. Skill-building also improves their prospects for their lives in the future.

Specifically, CHF’s programs are designed to:

> Bolster self-sufficiency
> Develop skills and other “assets”
> Foster psychological health
> Reduce vulnerability

When I spoke with women and men about what the CHF programs mean to them, I was incredibly moved. People spoke of the pride they felt doing their work, and expressed their excitement about all the new things they are learning. Perhaps the most moving statement of all came from one of the community leaders, who said to me, “You do not make beggars of my people; for that we thank you.”

This eloquent statement underlies all of CHF’s programming, described in the pages of this report. It is at the heart of emergency programs in Darfur, Colombia and Lebanon, as well as our microfinance programs in West Bank and Gaza, our economic development programs in Romania, Georgia and Serbia, our reconstruction programs in Indonesia and Sri Lanka, and our community-based health programs directed to HIV/AIDS in Rwanda and Kenya.

My visit to Darfur was enormously moving because of the terrible tragedy that has befallen so many people. But more than seeing their plight, I was equally moved by their strength of human spirit, and braveness in how they coped with their circumstances. I also felt tremendous pride that the dedicated, creative and committed CHF staff working on a daily basis with these brave people are doing so much to help them look to the future and become better prepared, just as their colleagues are doing in dozens of other countries and circumstances around the world.
CHF International believes that communities and grassroots organizations must play a leading role in identifying shared problems and viable solutions to the issues they face, even in the wake of natural and humanitarian disasters. We also appreciate the need to provide vulnerable communities with integrated and coordinated livelihood activities from the onset of any disaster, so that they can enjoy a sustainable economic, social and political recovery throughout relief, reconstruction and longer-term development.

In 2006, the importance of local participation in humanitarian interventions was again punctuated by the needs of those who had been displaced by the earthquake in Yogyakarta, Indonesia. Early in our response, in order to meet survivors’ immediate shelter requirements, CHF began providing traditional emergency tent and tarp housing structures. But, as our field team began to work more closely with community members and other local stakeholders, the design of our shelter units evolved into one that was more locally...
appropriate, incorporating transitional bamboo building techniques, and the use of recycled materials.

CHF International’s base in community and economic development provides a lens for immediate life-saving actions, allowing us to see important linkages to longer-term reconstruction and recovery. Incorporating locally-appropriate livelihood and asset restoration activities into relief efforts has enabled CHF to successfully create enduring and productive economic opportunities for underserved populations, and those who have been displaced by conflict or natural disaster, in places as diverse as Sudan, Indonesia and Lebanon.

An example of these linkages can be seen in our work in Darfur, an element of which focuses on providing temporary shelters to people living in the camps, while working to build the capacity of women to weave baskets and mats with locally-appropriate materials and techniques. The mats not only serve as a source of income, but they are also used to reinforce and beautify the walls of our beneficiaries’ shelters. This innovative approach was highlighted in Architecture for Humanity’s Design Like You Give a Damn: Architectural Responses to Humanitarian Crises, published in 2006, as an example of an integrated program linking relief interventions with recovery activities.
In response to this humanitarian crisis, CHF’s work in Colombia has provided both immediate, emergency humanitarian assistance and longer-term socio-economic support that aids internally displaced persons (IDPs) to settle into their new communities. During 2006, CHF and its local partners assisted more than 30,000 families to navigate this difficult transition. Funding from the Bureau of Population, Refugees and Migration (PRM) and the US Agency for International Development (USAID) enabled CHF to develop and put into practice a model of attention for IDPs that incorporates psychosocial support, food, health, education, shelter and income generation. While these actions address individual needs, the program also provides complementary resources directed at improving the new communities IDPs have settled into. This includes the construction of new schools and community kitchens, as well as larger projects such as hospitals, recreational facilities, cultural centers, training centers, roads and water systems.

CHF has put into operation a nationwide IDP program through a strategic partnership started in 2005 with the Colombian government through Acción Social, the presidential agency tasked with attending to the needs of the country’s IDPs. CHF coordinates program activities through a network of 27 Colombian NGO partners, located in 30 cities and covering 250 municipalities.

The creation of a broad range of institutional alliances across Colombia has been a critical factor in providing quality services to the displaced. Local NGOs have contributed intimate knowledge of their communities; national government agencies in health and education have addressed the basic needs of families and children; departmental and municipal governments have provided land, infrastructure and technical support to shelter and community projects; and the private sector has offered training, internships, technical assistance and permanent employment. CHF’s leadership role and the cooperation among these participants have enabled thousands of program beneficiaries to work through the psychological pain caused by their displacement, improve their livelihoods and quality of life, and become productive members of their communities.
Immediately following Tropical Storm Jeanne in September 2004, we rapidly mobilized our emergency response team to help those who were affected move forward from the disaster.

By combining community empowerment and economic revitalization with the reconstruction of housing and infrastructure, we expanded our project focus beyond relief to one integrated with longer-term development assistance. In addition to improving infrastructure for survivors, we helped to create new jobs—in a country where more than two-thirds of the labor force is unemployed—and joined forces with local communities to address the challenges of future disaster mitigation.

By the end of the Tropical Storm Reconstruction Project in March 2006, which was funded by USAID in collaboration with CARE, 339 Haitian construction workers had been trained and 12,375 person-days of work were created. These efforts led to the repair of over 650 homes—more than half of which are women-headed households.

We also employed Haitians at all levels and gave them vocational training, which will help them find work in the years to come. We provided small grants to 3,023 local businesspeople whose shops had been destroyed, helping them to recoup their losses and restart their lives, and provided training in small business management to 1,034.

Recently, through the support of USAID, CHF International was awarded a four-year program called Konbit Ak Tèt Ansanm, or KATA, which will help create long-term social and economic stability through sustainable job creation and the rehabilitation of critical infrastructure in five of Haiti’s most volatile cities. KATA is engaging local community members to come together to identify key public works projects—i.e. roads, buildings, bridges, clean-up efforts—that will have the greatest prospects for improving their lives, with projects prioritized in close collaboration with local partners and the Haitian government. As a result, the program’s short-term jobs and tangible infrastructure improvements are linked to longer-term strategies that promote economic growth and stability.
In 2006, just two short years after the tsunami struck in Banda Aceh, another disastrous earthquake occurred in the city of Yogyakarta, one of the most densely populated areas on the island of Java. Over 300,000 homes were destroyed or damaged by the magnitude 6.2 earthquake, and some 5,900 people lost their lives.

CHF International responded within hours and was able to provide emergency relief supplies, assess the damage and establish medical outposts, thanks to US$1.75 million in emergency health supplies provided by Direct Relief International. Within a few weeks, CHF received support from USAID’s Office of Foreign Disaster Assistance (OFDA), the American International Group (AIG) and the United Nations’ Office for the Coordination of Humanitarian Affairs to provide 5,120 transitional bamboo-frame shelters. The shelters are designed with locally-appropriate and easy-to-obtain materials, such as bamboo, and are providing 20,000 earthquake survivors with a dignified existence, while incrementally reconstructing their permanent homes. Construction of up to 8,000 additional transitional shelters has recently begun, through the support of the World Bank-managed Java Reconstruction Fund.

Through these efforts, CHF is providing vulnerable families with the resources they need to move forward – both by responding to immediate, emergency relief and shelter needs following the earthquake, and by providing a lasting solution that will ultimately carve a path towards a better future.

Reconstruction was the buzz word for CHF’s work in Aceh in 2006, a remote Sumatran province that lost over 170,000 people in the 2004 Asian earthquake/tsunami. Cut Ainan Rayek is one of the few tsunami survivors in Gle Jong village, where approximately 75% of the population – including every child, and all but five women – perished in the wake of the disaster. “I lost everything in the tsunami,” she says, shaking her head sadly. Then the smile returns to her face as she looks at her new house from CHF. “But, this home will be a new start.”

Building 1,000 homes and helping displaced families along Aceh’s devastated western coast return to normalcy is a critical aspect of our reconstruction efforts, but equally important are our aims to restore the countless economic livelihoods that were destroyed by the tsunami. We began our Healthy Markets Program this year – an effort that will reconstruct 19 markets around the province – and we completed the reconstruction of three of Banda Aceh’s principal fish markets in 2006. Our efforts also supported over 80 micro-enterprises and provided equipment and supplies to health centers in 15 of Aceh’s districts in 2006. Reconstruction in Aceh includes a range of funding partners, from USAID and the American Red Cross, to AIG, AmeriCares, DLA Piper, Direct Relief International and ACDI/VOCA.
Still recovering from a 17-year civil war and political instability that disrupts the populations’ fragile unity on a nearly daily basis, Lebanon has been striving to rebuild its infrastructure and establish economic independence after years of heavy reliance on foreign imports and a difficult financial situation.

CHF has been working closely with the people of Lebanon to help them realize their development goals since 1997, through activities that are strengthening environmental management and agriculture, combating child labor, improving public education and providing access to credit for small and medium-sized entrepreneurs struggling to sustain and grow their businesses.

But, in the middle of the conflict in the summer of 2006 – which displaced nearly 1 million people – CHF was among the first organizations providing the comprehensive humanitarian assistance that affected communities desperately needed in order to quickly get back on their feet. Through the support of USAID/OFDA, by the end of 2006 CHF’s three successive Humanitarian Assistance for Lebanon (HAL) programs had already provided emergency food supplies, and household and sanitation kits to over 40,000 people, and nearly 16,000 meters of pipes to restore water connections to ensure a daily supply of potable water to over 50,000. In addition, over 1,200 individuals received psychosocial support to deal with the associated trauma of the ongoing conflict.

In line with CHF’s relief-to-development approach to emergency response, not only did we seek out communities hardest hit and least served by other agencies, but we also linked humanitarian assistance to our longstanding expertise in revitalizing the country’s agricultural sector. We benefited nearly 3,000 farmers, whose harvests and irrigation systems had been destroyed, by helping them to harvest over 540 hectares of olive and apple orchards and providing training to around 8,000 people, while generating around 30,000 person-days of employment in cash-for-work activities. Other initiatives are targeting the needs of several poor fishing cooperatives along the coast that lost their boats, materials and livelihoods along the contaminated beaches. CHF is also providing disabled individuals made vulnerable by the conflict with medical equipment, materials, prosthetics, orthotics, hearing aids and physical therapy.

We are extremely thankful to the sponsors of the non-partisan United Lebanon Relief Campaign and the thousands of American citizens it has engaged in our relief efforts, which is helping to leverage limited resources and provide even more comprehensive support to families whose lives were devastated by the recent conflict.
CHF International staff found Susila there, along with thousands of other displaced families. Already operating in the northern part of the country to help communities affected by the country’s internal armed conflict, CHF staff were able to be of immediate assistance and provide emergency relief in the south. With her hotel and much of the tourist industry destroyed, Susila was hired by CHF to serve as a liaison for the USAID-funded Recovery Assistance for Southern Sri Lanka (RASSL) program in 2005, which provided displaced people like her with over 1,000 transitional shelters and sanitation systems, as well as a range of quick-impact economic assistance and infrastructure projects.

Still living in a transitional shelter, Susila continued working with CHF in 2006 on the Permanent Housing to Assist Sri Lanka (PHASE2) program, funded by Catholic Relief Services, which enabled about 600 families to move into permanent homes. Of that total, 53 of the families who had formerly lived within an area known as the ‘buffer zone’ – too close to the water to rebuild – moved onto new land in the town of Thalpe. To ensure that these new neighbors worked together cohesively long after the project ended, we not only built them new houses, but also helped them to form community structures that would foster cohesion and a shared understanding of how to advocate for their basic needs with the government.

The majority of PHASE2 homes, however, were constructed through a process CHF has used around the world known as assisted self-help housing, which enables beneficiaries to take the lead in architectural design and contracting. CHF provided assistance with funding, construction and technical assistance, to ensure that tsunami survivors could rebuild homes of their own design on the land they owned.

By mid-January 2007, Susila was just days away from moving into her own permanent home. Despite all the suffering she and others have endured, including the loss of loved ones, property and livelihoods, she says that she also gained something priceless—by being part of a process that is improving people’s lives.
Since CHF began working in Sudan in 2004, we have been helping communities devastated by conflict to rebuild their lives through cross-cutting humanitarian programs addressing the need for shelter, food security, income generation, women’s empowerment and community revitalization.

As part of our broad-based efforts, we have constructed and continue to support 14 community centers located within camps for internally displaced persons (IDPs) and rural villages in Darfur. These centers have provided educational services, as well as an extensive number of income generation and vocational training opportunities to over 15,000 conflict-affected women, youth and men.

After almost two years of living in IDP camps, Sudanese youth were growing dissatisfied with their situation. They had very few employment options in crowded camps, and high levels of insecurity that hindered them from venturing outside.

One of CHF/Sudan’s many accomplishments in 2006 was the introduction of community ownership and responsibility to the youth of Kalma Camp. With CHF support, 200 eager and enthusiastic youth came together to construct the Kalma Youth Center. Directly managed by 16 youth leaders, the Center has been quasi-independently serving more than 2,000 young people by providing trainings in adult literacy, English, health and hygiene, and vocational skills in carpentry, blacksmithing, tailoring and metal work. Based on the huge success of this pilot project, youth worked with CHF to replicate the model and construct the Otash Youth Center. These two youth centers have now been registered as independent community-based organizations by the Government of Sudan. To date, CHF management trainings and a start-up grant of US$4,000 have helped these displaced Darfur youth to conduct over 3,000 hours in vocational training.

In southern Sudan, we continue to provide food security assistance and income-generating opportunities to over 65,000 returnees and ex-combatants working to return to normalcy after civil war. In addition, through the support of the US State Department’s Bureau of Population, Refugees and Migration, we began programming in Juba County to reduce the prevalence of gender-based violence and respond to the legal, medical and psychosocial needs of survivors. Our holistic approach is improving the lives of Sudanese grappling with the detrimental impacts of conflict, while helping to preserve the dignity, human rights and self-determination the populace needs to move forward to a brighter future.
CHF International’s programs are building both the constituencies and the progressive democratic leadership that enhance stability in post-conflict and fragile states. We work to advance long-term reconciliation and manage conflict by identifying and supporting individuals and groups with stakes in stability who stand to benefit the most from peace and progressive governance.

We support those who want a stable society with access to rapid economic growth opportunities.
Programs such as Managing Conflict through Capacity, Leadership and Employment in Bolivia; Youth for Change and Conflict Resolution in Colombia; and the Alternatives to Conflict program in Tajikistan are supporting the next generation, by providing youth at risk of engaging in illegal or armed activities with vocational training, income-generation activities and leadership training.

In countries such as Azerbaijan, Serbia and Georgia, our community development programs are promoting transparency and accountability in order to empower communities to manage potential sources of instability.

In Liberia, Sudan and Colombia, we are helping refugees, internally displaced persons and ex-combatants return to their communities, re-establish their livelihoods and mitigate the potential for future violence.

Through early engagement of the private sector in development efforts in countries such as Bosnia and Haiti, we are building the economies of countries recovering or still suffering from the impact of conflict and instability. We support those who want a stable society with access to rapid economic growth opportunities, increased value from small-scale farming, and more opportunities and incentives for low-income and marginalized groups to find employment than there are to engage in violent activities.
For close to three years, CHF’s programs in Liberia have focused on conflict management and reconciliation in Lofa County. Devastated during the nearly 14-year civil war, the people in this region continue to grapple with ethnic tensions and the reintegration of ex-combatants. Over the past year, the Locally Initiated Networks for Community Strengthening (LINCS) program maintained this focus but also engaged in two complementary activities: a series of peace workshops designed to produce written agreements setting guidelines for inter-ethnic and inter-religious relations, and livelihoods projects that yield tangible and valuable benefits to program participants.

We organized a total of 22 peace forums in 2006, 19 of them at the district level, two at the regional level and one at the national level. The national-level forum involved more than 60 community leaders from across Lofa County, national government officials, United Nations officials and former Lofa residents who left during the war but maintain influence within their communities. The two days of deliberation focused on land distribution, ethnicity, religion and culture. After initial disagreements and substantial dialogue, participants reached agreement on a series of protocols designed to regulate behavior in their communities to manage potentially divisive issues and avoid future violence. The agreement they reached was documented by CHF, signed by participating community representatives and distributed throughout Lofa County.

Meanwhile, CHF worked with Community Peace Councils (CPCs) in each of the 70 participating Lofa communities to design and implement livelihoods projects that accelerate the reconstruction process. Most projects focused either on agriculture or livestock, though some communities undertook school and market reconstruction.

After the successful three-year Community Action Investment Program, CHF International began implementing the USAID-funded Building Economic Stability for Tomorrow (BEST) program in the fall of 2005, in cooperation with Counterpart International.

With widespread unrest prevalent among youth and others frustrated by the country’s poor economic prospects, BEST sought to expand economic opportunities and provide a voice for Uzbek citizens vulnerable to violent conflict in the regions of Kashkadarya and Ferghana.

The BEST program helped to create 10 Local Economic Development Projects.
Many of Tajikistan’s youth are at risk of being drawn into illegal or dangerous activities, given the country’s poverty levels and history of conflict. In order to provide them with productive opportunities, CHF’s USAID-funded Alternatives to Conflict in Tajikistan (ACT) program helped to reduce social conflict by creating opportunities for youth to channel their energies into productive and economically viable endeavors.

ACT’s community-driven approach brought together people from all segments of society—including influential Islamic religious leaders—to harness prospects for economic development and stability.

CHF entered the northern Sugd region of Tajikistan in 2004 and created two Economic Opportunity Centers (EOCs) in the towns of Isfara and Istaravshan to serve as hubs through which all services were delivered. In Istaravshan, the Imam of the town’s central mosque was particularly active with the EOC and worked to demonstrate the compatibility of religious and modern economic tools. An important accomplishment was that the Imam and the EOC collaborated to establish a computer center inside of a madrassa (Islamic religious school) serving the Istaravshan community. Ultimately, the program graduated 700 youths from its computer training program, while an additional 1,150 youth participated in 40 other vocational training programs and apprenticeships, learning marketable skills such as English, Russian and Arabic, as well as carpentry, sewing and driving.

Following the end of the ACT program in September 2006, the mosque independently organized computer training classes to sustain this important community resource. Similarly, the EOCs are now registered as local NGOs and are continuing ACT’s legacy of apprenticeships, training, community radio and business development.

Councils (LEDCs) comprised of informal community leaders, government officials, business owners, youth, religious leaders and others unaccustomed to working together. In total, 425 LEDC and youth team members were trained to enhance local leadership, communications, group management and decision-making. An additional 133 reform-minded local government officials received training and capacity building to improve their delivery of services and responsiveness to the community.

Although the program’s intention was to work with the LEDCs over the course of three years to implement a range of priority economic and infrastructure assistance projects, and ultimately foster regional stability, Uzbekistan’s uncertain political climate created considerable constraints. At the end of 2006, CHF International—and nearly every other NGO operating in the country—was forced by the Uzbek government to shut down operations.
CHF International understands the need for a multi-sectoral response to HIV/AIDS and other public health threats, and our programs are working to address the root causes that make people vulnerable to infection— including poverty, malnutrition, opportunistic infections and inadequate shelter.

As with all of our development programming, we believe that fostering economic empowerment, enhancing key infrastructure and building the indigenous capacity of community-based organizations (CBOs) are among the most effective means to enable communities to combat the AIDS epidemic on their own.

In countries such as Kenya and Rwanda, we are enhancing the technical capacity of CBOs so that they can provide more effective HIV/AIDS prevention, treatment and care to their communities. At the same time, knowing that organizational management and sustainability are among the greatest challenges these frequently under-resourced groups face, we provide training in program and organizational development, including budgeting, grants management, reporting and other critical skills, which will enable them to better manage limited resources and effectively seek donor support independently in the future.
We understand that people with HIV do not usually die from AIDS, but from the opportunistic infections that those without compromised immune systems are typically able to fend off. By helping to revitalize slums and enhance water and sanitation in communities hard hit by HIV/AIDS – as we are doing with our Sahbhagi Yojana 2 Support Program (SY2SP) in Gujarat, India – we are reducing people’s vulnerability to public threats such as malaria, cholera, acute respiratory infections, TB, infectious diarrhea and other serious illnesses.

Access to clean water enables those on antiretroviral treatment to take their medications regularly and provides HIV-positive mothers with a real choice when deciding between breastfeeding or giving their children powdered formula. Moreover, the search for clean water often keeps young children out of school and makes girls and women particularly vulnerable to sexual violence. Our efforts to enhance access to clean water in India and Ethiopia are helping to mitigate such risks, and trainings on human rights and gender-based violence in countries like Sudan are helping to change the perceptions and actions that place women at greater risk of forced sexual encounters and HIV/AIDS infection.

BENEFICIARIES OF GLOBAL HEALTH PROJECTS

<table>
<thead>
<tr>
<th>Region</th>
<th>Beneficiaries</th>
</tr>
</thead>
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<tr>
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<td>Europe and the Caucasus</td>
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<td>Middle East</td>
<td>44,029</td>
</tr>
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<td><strong>Total</strong></td>
<td><strong>710,992</strong></td>
</tr>
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</table>
The Local Prevention and Treatment of HIV/AIDS (LPATH-GM) program continues to enhance the technical and organizational ability of 36 community and faith-based organizations throughout Kenya to provide more effective services to combat the AIDS epidemic.

Funded by the Centers for Disease Control and Prevention (CDC) through the President’s Emergency Plan for AIDS Relief (PEPFAR), LPATH-GM provides its partners with customized support that best addresses the widely divergent needs of each NGO and the communities they serve. These efforts include improving systems for voluntary counseling and testing (VCT) of HIV; promoting comprehensive prevention efforts; ensuring adequate care and support; enhancing fundraising, reporting and organizational management; and providing grant funds in order to achieve measurable goals.

One of LPATH-GM’s many partners is Pillar of Hope (POH), a local community-based organization founded in 2000 through the guidance of a Peace Corps volunteer. In February 2002, POH received funding directly from the CDC to provide VCT services to marginalized communities in the towns of Narok and Trans Mara in Kenya’s Great Rift Valley, which are largely populated by the Masai tribe. CHF began funding POH’s VCT program and improving their capacity at the request of the CDC in December 2004.

As part of CHF’s strategy, a baseline assessment was done to ascertain POH’s organizational and technical capacity to implement the VCT program, as well as identify gaps that needed to be addressed through customized trainings. The assessment and initial communications highlighted weaknesses in POH’s governance and management systems, which CHF then worked to resolve. We also helped POH to develop a sound constitution, officially appoint board members, restructure their organization, develop internal financial controls and establish a mechanism to address issues of conflict.

POH is now operating from a solid management base, and they reached their target of providing 6,000 individuals with VCT services in 2006, while ensuring that services continue in a reliable and sustainable manner.

Moreover, with CHF’s support, POH recently applied for and received additional funding from Safaricom, making it one LPATH’s first partners to successfully obtain outside additional funding.
Rwanda is fighting to make headway against the AIDS epidemic, while grappling with poverty, other public health crises, food insecurity and the effects of the 1994 genocide. HIV/AIDS has left behind orphans, widows and other vulnerable groups who, along with local organizations, shoulder the burden of providing care and support. In late 2005, PEPFAR selected CHF International to implement the four-year Community HIV/AIDS Mobilization Program (CHAMP) in 20 of Rwanda’s 30 districts.

Through this program, CHF International and a consortium of partners are assisting nine grassroots Rwandan organizations that provide care and support to the country’s orphans and vulnerable children and hundreds of thousands of people living with HIV and AIDS.

One of the thousands of individuals to benefit from CHAMP is Albert Wagirimana, who lives with his mother and two younger siblings in the rural, hilly region of Manyagiro. With his mother bedridden with AIDS and his father deceased from the disease, Albert assumed responsibility for the household at the age of 16. Lacking farming or job skills, he was unable to meet even his family’s most basic daily needs. One of our Rwandan Partner Organizations, Icyuzuzo, is now supporting Albert and others like him through CHAMP – enabling him to open a restaurant to earn a steady income and providing agricultural training and land to cultivate. The crops they grow are used to feed their families, with the surplus sold to generate extra income. Icyuzuzo also provides home-based palliative care for Albert’s mother with the help of local community volunteers, as well as school fees and materials for his younger siblings.

In the last year, CHAMP’s family-centered approach has supported over 20,000 children like Albert and 22,000 people living with HIV/AIDS to receive these crucial, life-extending services.

CHAMP has also provided different types of training to build Icyuzuzo’s technical and institutional capacity to continue to provide sustainable care for its association members long after the program ends.
All around the world, CHF works in partnership with communities, local governments, ministries and donors to rebuild the critical infrastructure and basic services that low-income, and conflict- and disaster-affected families need in order to create a better future for generations to come. New roads, bridges and electrification projects not only enable unencumbered transport for better marketing of goods and services in places such as Afghanistan, Serbia, Montenegro and Iraq, but they also bridge borders and facilitate social interaction, trust and dialogue among diverse religious and ethnic groups.
Our construction and infrastructure projects are promoting local employment and vocational training in Armenia, Azerbaijan and Georgia, and are providing underemployed groups with concrete linkages to resources and skills that will help them better feed their families and support economic development in their communities.

These projects result in many tangible outcomes, such as new schools, healthcare clinics and homes for the displaced or impoverished. Moreover, as is evidenced by initiatives such as our Community Action Project in Iraq, they also result in many equally important outcomes that are harder to quantify in numbers. Our infrastructure and construction processes are rooted in democratic decision-making and community dialogue, which promotes lasting stability, helps to mitigate conflict and enhances the ability of millions to engage their local governments and the private sector in realizing shared development goals.

**BENEFICIARIES OF COMMUNITY INFRASTRUCTURE PROJECTS**

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<thead>
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<td>Middle East</td>
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</tr>
<tr>
<td><strong>Totals</strong></td>
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</tr>
</tbody>
</table>

In Iraq, community-led infrastructure projects are providing thousands of people with a better quality of life.
Like many industrial towns, Vanadzor’s economy collapsed after the break-up of the Soviet Union, leaving thousands of workers unemployed, with skills that were no longer needed. Unlike their rural counterparts — living only a few kilometers away — these small-town residents did not have the ability to generate income through agricultural activities, and surveys continue to identify these small towns as residual pockets of poverty in the midst of an improving national economy.

When he first saw an announcement for vocational training, 24-year-old Vanadzor resident Tigran Babayan had no idea that the opportunity would transform his life. “I didn’t think it could be the start of a career for me. I had been registered in the unemployment center for the past three years, but because I didn’t have any specific skills, I couldn’t find a job,” Tigran recalled.

Now, through the Building and Rehabilitating Infrastructure for Development and Growth in Employment (BRIDGE) program funded by USAID, hundreds of unemployed and underemployed Armenians like Tigran are attending training courses that are empowering them to secure jobs rehabilitating the country’s dilapidated infrastructure.

Tigran’s vocational training was reinforced during his paid work on the rehabilitation of the Sports Hall at Vanadzor School #6. The newly renovated sports hall is the only facility of its kind in the District and provides space for sporting and other community events. Renovating the sports hall was not only a priority for the community, but it also provided 32 vulnerable residents with short-term employment opportunities and incorporated vocational training in painting, plastering and wood flooring construction trades. The trainings were overwhelmingly successful; 45 trainees completed classroom training and on-the-job internships in the process, gaining valuable marketable skills in construction trades.

Aghababayan Ltd., a construction firm subcontracted by CHF for the renovation, was so impressed with Tigran that they hired him and three fellow BRIDGE program graduates as permanent employees.

In 2006, BRIDGE enabled 528 people to secure short-term jobs and 229 to receive vocational training in the construction sector, in projects improving the social and economic infrastructure for 33,247 lower-income Armenians.
In response, and through the support of USAID, CHF International launched the Sahbhagi Yojana 2 Support Program (SY2SP) in 2004. Begun in Ahmedabad, and later expanded to the cities of Surat and Vadodara, the program is assisting local urban bodies to scale up slum revitalization efforts by providing individual water connections, constructing private toilets, paving internal slum roads, installing storm drains and street lights, electrifying homes and businesses and increasing access to critical health and financial services.

In conjunction with partners in the Self-Employed Women’s Association Network (SEWA), SY2SP has successfully upgraded 87 slum communities for 27,000 families throughout all three cities, and work is in progress in an additional eight communities.

More than changing residents’ quality of life, SY2SP has generated substantial local employment through community contracting, empowered residents to form 148 community-based organizations and leveraged new banking services for the community—including the first-ever pension product for women working in the informal sector. In addition, nearly 10,000 people received training in health and hygiene, over 2,000 children were immunized, 2,500 people gained access to insurance, and 66 health centers were enabled to distribute generic low-cost medicines to nearly 30,000 individuals.

One of the SY2SP’s thousands of beneficiaries is 50-year-old Perima, who migrated to the slum community of Madrasi ni Chali to work as a construction laborer earning less than two dollars a day. Through SY2SP, Madrasi ni Chali received running water and toilets, street lights, roads, drains and landscaping, in addition to microfinance and health services. Two years ago, Perima found she was getting too old to work as a construction laborer and was given the option of taking out a micro loan by program partner SEWA Bank. She borrowed about US$340 to buy a dough-mixing machine so that she could begin selling a snack food called idli on the streets. With ample clean water now available, Perima now earns US$5 in profit every day – enough to pay off her loan and also to save money for the future.

Perima is but one of thousands of Indians whose lives have improved through CHF’s slum-revitalization projects.

In search of better economic opportunities, new settlers have been moving to Gujarat’s cities in droves. But with few choices and little money, the new arrivals typically move into existing slum and squatter settlements and rarely have basic amenities, such as access to clean water and sanitation. The city administration cannot keep up with the rising needs that accompany the influx of impoverished residents, creating hazardous health, hygiene and sanitation conditions.
Iraq continues to dominate international headlines with news of political instability, sectarian violence and the insurgency. But the Community Action Program (CAP), led by CHF International and funded by USAID, is one of the only programs providing communities with the resources to rebuild their country, while forging a stronger foundation for peace, prosperity and hope through processes rooted in democratic decision-making.

Focused on community-driven rehabilitation of key infrastructure, CAP has enabled Iraqis to complete 569 separate projects that have refurbished and rebuilt bridges, clinics, roads, schools, local water systems and other services. Beyond re-establishing basic services for the communities, an equally important outcome of CAP is that it is fostering economic stabilization and has already injected US$37.4 million into the economy, generating youth employment, promoting conflict resolution and reconciliation and building democracy at the grassroots level. To date, CAP has helped form nearly 1,500 community associations representing some 75,000 Iraqis, many of whom have received training and resources to further their communities’ development. Moreover, an additional 123 projects have been completed through the Marla Ruzicka Iraqi Victims of War Fund (MRIVWF), which assists innocent Iraqi civilians who have suffered losses as a result of military operations.

One such community that was assisted is in southern Iraq, where maternal and child mortality rates had reached alarming levels. With security and poor roads preventing women from reaching the closest hospital 15 kilometers away, CAP helped to provide technical and financial resources so that the community association could turn a dilapidated building into a birthing clinic for the area’s women. The community association itself contributed over US$6,500 in services towards the project’s completion. Community contributions are a cornerstone of CAP; they leverage resources and increase local ownership and pride throughout the community about their shared achievements. Like most CAP projects, the impact of having a clean and permanent birthing clinic is transformational, with this one project alone expected to save the lives of hundreds of mothers and their babies.

After the enormous successes created by CAP, the program has now been extended another two years as CAP II, with an increased focus on economic development. Under CAP II, CHF leads a consortium with four other partners that continue to create economic and social opportunity—and promote peace and stability—throughout Iraq.
In many of the low-income communities where CHF works, families subsist on small-scale farming that provides food for personal consumption, but rarely ensures sufficient income when they sell their products at market. These efforts are rarely linked along value chains to foster economic growth or mobilize the collective economic power that low-income groups can harness when working together in cooperatives, business associations or as non-governmental organizations.

Our efforts to rejuvenate agricultural outputs and strengthen market linkages are as locally appropriate a means to foster economic development in countries such as Bolivia and Honduras, as providing management training for small and medium-sized enterprises might be in another more developed economy, such as Romania. Moreover, by linking agricultural growth and skills-building in resource constrained settings such as Ethiopia, we are helping to lessen the detrimental impacts of drought and food insecurity.

Our USAID-funded CEDARS program in Lebanon is an excellent example of how environmental management and sector strengthening is fostering macro-level growth. In addition to benefiting 18,000 people and creating 2,795 jobs, CEDARS generated more than US$29 million from the private sector and leveraged international donor investment in light agro-industry creation, expansion and relocation.

### Beneficiaries of Environmental and Agricultural Projects

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</tbody>
</table>
CHF is taking on the challenges of rural economic development in Bolivia’s complex and underdeveloped Chapare region. Located in Cochabamba, the area has witnessed large-scale migration from poor farmers and miners.

CHF is supporting a progressive shift in this strategy, by focusing on private sector development, market growth and competitiveness. We are responding to real market demands for high-value national and export products and are opening bottlenecks to efficiency, capacity and quality for products such as bananas, pineapples, hearts of palm, citrus fruits, cattle and milk.

Through our Integrated Development Program (PDI), CHF is providing targeted technical and financial assistance to producers, suppliers, processors, packers, transporters, middlemen and exporters.

Overall, CHF has provided nearly US$9 million to support rural economic development in the Chapare, generating 774 permanent jobs, assisting more than 14,000 families and improving the soil conditions of more than 100,000 hectares of farm land. Construction of three export-quality pineapple packing plants has contributed to a three-fold increase in exports, to a total of 30,000 boxes per month. For the first time, we helped the Chapare achieve recognition as a zone free of hoof and mouth disease, through a broad-based vaccination program and the installation of cattle control centers. In addition, we have also improved more than 950 km of farm-to-market roads, significantly reducing transaction costs.

Our greatest successes have been with export-quality bananas, helping more than 3,700 producers improve product quality and post-harvest handling. We provided US$1.5 million in financial assistance to improve the productive infrastructure for bananas, including the installation of 133 km of cableway transport systems, and 14 export-standard and 47 national market-standard packing plants. Our assistance has resulted in more than US$4 million in annual sales for 113 families, increasing annual incomes by more than 58%.

Development of the agricultural sector will contribute to an increased demand for farm products and help to stabilize prices and strengthen the rural non-farm economy, leading to greater diversification, industrialization and – ultimately – prosperity.
Nearly four years after a severe drought affected close to 14 million Ethiopians, rural communities are still struggling to recover. Despite improved humanitarian conditions, poor agricultural habits and dangerously depleted natural resources have led to chronic drought in many parts of the country.

In response, through the support of USAID, CHF began implementing the Generating Employment and Building Independence (GEBI) program in 2004. GEBI was designed to assist more than 71,000 people in food-insecure woredas, or districts, and decrease their dependency on food and cash assistance through the introduction of a diverse set of household livelihoods programs.

Through GEBI, food-insecure households are enhancing their agricultural productivity with improved technologies. Beekeeping and poultry production have been introduced to the local population. Silk fiber manufacturers and pottery groups are boosting the quality of their products through technical assistance. A number of activities, such as the construction of wells to improve community access to water, the introduction of new methods to irrigate fields and special ploughs to increase the land’s ability to retain moisture have also been promoted within each community.

Through GEBI and its extension program, iGEBI, more than 100,000 villagers will have increased water security, 80,000 households will have improved access to potable water, and 20,000 households will increase their incomes through vegetable gardening.

Ethiopia’s chronic droughts affect not only rural villagers—who have insufficient water for personal consumption and washing—but they also imperil the well-being of their camels and goats, which can be detrimental to the success of farming and other income-generating activities. To stabilize access to clean drinking water and help communities establish sustainable systems, we are also implementing the Safe Water and Improved Sanitation in the Somali region (SWISS) program, which is bringing safe water, improved hygiene and sanitation to approximately 184,000 people.

New farming techniques and other income generation methods are helping tens of thousands of Ethiopians become more food secure.
In Central America, initiatives under the Free Trade Agreement, globalization and certain economic trends are offering an opportunity for Hondurans to harness and maximize their agricultural capabilities, and increase their competitiveness.

CHF International/Honduras, with financing from the United States Department of Agriculture (USDA), has been implementing the Productive Agroindustrial Connections (PROCONPRA) program, an integrated enterprise development initiative that seeks to improve the technical capacities and commercialization of agricultural producers in the regions of Valle and Ocotepeque.

CHF Honduras’ PROCONPRA program focuses on assisting with the diversification, processing and commercialization of agricultural products and is providing producers and entrepreneurs with the opportunity to compete within the global economy.

Agricultural practices in Valle and Ocotepeque are largely traditional and yield little in the way of production. Through PROCONPRA, CHF has introduced new methods and technologies to diversify the agricultural sector, offering added value to the production process through the installation and equipping of processing and packaging plants, targeted technical assistance and training.

One of the greatest challenges that the productive sector faces is commercialization. In response, a participatory strategy involving producers has been developed to ensure demand-based production, markets for their products and fair prices.

Thanks to the resources provided by the USDA, and through our partnership with the European Union’s Bi-national Program, we have built and equipped two agribusiness centers, which are providing opportunities for enterprise development and are supporting the commercialization process.
In low-income communities, social and economic development is often hindered by internal conflict, lack of access to local government actors and exclusion from decision-making processes. CHF developed the Participatory Action for Community Enhancement (PACE) methodology to build the capacity of individuals within a community to become self-reliant and catalysts for positive change.

We utilize the PACE methodology in our programming around the world, in sectors as diverse as infrastructure, environmental management, conflict mitigation, economic development, governance and disaster response. CHF’s programs bring communities together to actively participate in voicing their needs. We help form representative, democratically-elected grassroots committees that can guide processes, and we provide training that builds local capacity and access to resources. It is a process that fosters accountability and transparency, and yields a wide range of tangible improvements for the community.

The cultures, traditions, values and resources of each community are essential to how CHF develops its initiatives, and we listen and work alongside community members to prioritize projects so that they have the most lasting impact. Listening to beneficiaries and remaining flexible encourages community ownership and ensures we are responsive to their needs.
CHF was selected to conduct an assessment for the Special Economic Zone of Aqaba (ASEZ), which resulted in the publication of CHF’s *Local Community Development Strategy for Aqaba* by USAID in September 2006. Although Aqaba is a relatively small and quiet city, unlike other cities in Jordan and elsewhere in the Middle East, it enjoys a disproportionately large presence of private sector partners.

The *Local Community Development Strategy for Aqaba* focused on the ability of the Economic Zone Authority (ASEZA) to address community needs, the capacity of local civil society organizations (CSOs) to assist Aqaba’s most vulnerable residents, and the human resources needed in order for residents to meet the demands of the private sector.

The Qudorat program, which means “capacities” in Arabic, has been another important part of CHF’s efforts to foster community-led development and has become the first country-wide civil society capacity-building program in Jordan. Specifically, the program helped CSOs develop a model for integrated development enabling them to earn money and receive technical assistance in income-generating projects (IGPs), while shifting away from assistance in the form of handouts of goods or services.

In partnership with the Noor Hussein Foundation, CHF worked with CSOs to build solid financial foundations and help them to become more active partners in lasting social and economic development efforts. As a result, 43 CSOs received training in organizational management, and 31 were then able to secure grants to implement IGPs to support their operational structures, as well as targeted technical assistance.

New training materials, operations and financial manuals, and assistance with registration and licensing provided by CHF through Qudorat also helped improve the environment for Jordanian CSOs, and more than 1,070 permanent and short-term jobs were created by the IGPs supported by the program.
“As a person with a disability, this means a lot, because it is very, very difficult to find a job,” said Abdulah Zulic, a 45-year-old paraplegic who became one of the first disabled people in Montenegro to secure a full-time job.

Abdulah is one of 58 members of the Association of Paraplegics in Pljevlja, an industrial city in northern Montenegro that has suffered from the migration of its youth to more prosperous regions of the country. Although the group is comprised of people with spinal injuries, paralysis and amputated limbs, they were determined to create opportunities for themselves so that they could enjoy normal, productive lives.

The group finally got the opportunity to start their own business in 2006, when they received assistance from CHF International’s Community Revitalization through Democratic Action–Economy (CRDA-E) program, made possible by USAID. Through the project, the Association was able to obtain a machine for packaging sugar in small bags of different shapes and sizes, which can be sold to hotels and restaurants. The Association is now selling sugar packets to 15 local businesses in Pljevlja, and new orders keep coming in. Their hope now is that they will ultimately be competitive throughout Montenegro, and perhaps even in the neighboring countries of Serbia and Bosnia.

The CRDA-E program began in 2005, working with a broad range of stakeholders throughout 13 municipalities in northern Montenegro. The project in Pljevlja is but one of 158 projects approved by the end of 2006, in the fields of agriculture, tourism, small and medium-sized enterprise development and stimulation of the local and regional economic environment. It is estimated that a total of 496 new jobs will be generated as a result of the projects’ implementation.
The recently completed Miratovac-Lucane corridor in southern Serbia illustrates the power of CHF's community development methodology. The corridor connects central Serbia with the Former Yugoslav Republic of Macedonia (FYRM), linking Serbian and Albanian villages that have a history of mutual hostility. This road will facilitate economic development and overall community revitalization by giving village-based producers better access to markets, and by providing an important thoroughfare to support storefronts that will attract buyers from all over Serbia.

The Miratovac-Lucane corridor initiative exemplifies how CHF's PACE methodology works to repair relations between villages that were once engaged in conflict. In order to complete the road and the accompanying community utilities, the Albanian and Serb populations, along with the Serbian central government, shared resources and engaged in dialogue to plan for the development of their communities. This corridor shows how strategic efforts to reconcile differences among hostile populations can effectively improve living standards and reduce the potential for future discord.

CHF is building on its successes in Serbia by partnering with Development Alternatives Incorporated (DAI) on the new five-year Serbia Contingency Planning and Economic Security (SCoPES) program. SCoPES works with local authorities to prepare for potential emergencies and provides for greater economic security through employment creation and economic development for the most vulnerable populations, including youth, IDPs, refugees and the unemployed in the most disadvantaged areas of Serbia.
The promotion of open and transparent local governments requires citizens who demand quality services and are organized to effectively communicate their needs. In countless countries around the world, we work to develop the capacity of community-based organizations and business associations that can help hold their governments accountable, while helping community, business and municipal leaders build the social capital and networks of trust that can be mobilized to solve common problems.

We believe that development is at its most effective when local communities are empowered to address their own needs in a democratic and participatory manner. Unfortunately, the weak capacity of local governments often leads to systemic inefficiencies, a lack of interaction between citizens and their government, and widespread frustration that can fuel instability and conflict.

CHF also places great importance on building the technical and organizational capacity of civil society organizations so that they learn to engage their governments and the private sector and provide better services within their communities. In countries with a nascent civil society, we work to establish new community-based organizations, cooperatives and business associations to ensure enduring dynamic change and community-led development continues in the future.

**Beneficiaries of Capacity Building & Community Strengthening Programs**

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Ojakeran is a small, mountainous village of 600 people in the southern region of Astara, bordering Iran. Although picturesque, the village faces many challenges. After the Soviet Union collapsed, government land was divided among villagers. Due to small plot size and a lack of financing and skills, many households use their land inefficiently and make no profit. Low wages and unemployment forces villagers to seek work elsewhere.

Through the USAID-funded Community Development Activity (CDA) in 12 Azeri districts including Ojakeran, the program partners with communities and has formed democratically-elected Community Development Councils (CDC) that receive training in development skills.

After Ojakeran was selected as a partner community, a CDC election was advertised, and more than 100 people came together. CHF staff asked the community for nominees, while insisting that the CDC consist of six men and six women. After one man suggested that six women weren’t necessary for decision making, one female schoolteacher replied, “It’s our village too! Not one seat should be given up!” As the man protested, a respected village elder interrupted, “Absolutely equal. That’s the only way.” Others nodded in agreement, and the decision was met with applause.

Empowering residents to work with their governments in finding solutions to local problems is the goal of the CDA. These citizens work with their local governments, survey the community and submit project ideas and technical descriptions to CHF, which co-funds the projects with the local government, and assists in the procurement of materials and engineering expertise. The community then develops a sustainability plan to care for the project that they collectively designed.

In Ojakeran, the CDC chose a community-prioritized project to successfully repair a critical village road. While the road now enhances transport and living conditions for all residents, the most important result is the feeling of ownership and ability to work together that the process has enabled.
In order to help eliminate endemic corruption, promote good governance and political accountability—and enhance the leadership capacity of Palestinian youth—CHF has been implementing the Anti-Corruption Training program (ACT) in the West Bank and Gaza Strip since August 2006.

Launched on the United Nation’s International Anti-Corruption Day, the ACT program distributed anti-corruption booklets, brochures and posters to a total of 62 Palestinian schools, reaching 16,415 students. In Ramallah, the ACT program launch began with four showings of the interactive, educational play Al-Hares (meaning ‘The Guard’) for 600 area schoolchildren between 10 and 13 years of age. Al-Hares teaches children that favoritism negatively affects the development of a society.

“This is the first time I have participated in something that talks about these issues,” said 13-year-old Nisreen Atyah, as she was leaving the theater.

The play marked an innovative attempt to deal with corruption in order to increase children’s awareness and understanding so that they can make better decisions when they reach adulthood. Al-Hares will be performed in 40 schools in the West Bank and Gaza Strip through the life of the ACT program. Once the live performances are complete, the show will be aired on local TV stations.

“Tackling corruption issues with my students is very important. It helps them feel that they can make a difference when they grow up,” said Father Nuaman Qissis, the headmaster of Anglican Schools in Beit Jala, adding, “I am really looking forward to the ACT training for our teachers later on this year.”

Funded by the US Department of State’s Bureau of Democracy, Human Rights and Labor (DRL), ACT is a 12-month transparency and accountability project. It aims to empower Palestinian youth to participate fully in democratic community development and consider the ethics of their own behavior. The project also helps to build the capacity of the local implementing partner, the Coalition for Accountability and Integrity (AMAN), which serves as the Palestinian chapter of Transparency International. In the long-term, the project will help develop a cadre of young leaders who will contribute to a corruption-free future, so that the next generation will help ensure that the Palestinian state is based on the rule of law.
YEMEN

WITH JUST ONE IN THREE CHILDREN IN YEMEN ENROLLED IN SECONDARY SCHOOL AND AN ESTIMATED 700,000 BETWEEN THE AGES OF 6 AND 14 WORKING, MANY YOUTHS HAVE LIMITED OPTIONS AND ARE FORCED TO LABOR UNDER POORLY PAYING AND HAZARDOUS CONDITIONS.

Funded by the US Department of Labor, the Alternatives to Combat Child Labor through Education and Sustainable Services in the Middle East and North Africa (ACCESS-MENA) program has been working to return thousands of Yemeni children back to school, with a focus on girls, children working in industrial activities, child agricultural workers, and those neither at school or work.

Serving about 3,000 children in Hajja, Ibb and Abyan governorates, ACCESS-MENA is enrolling working children into targeted educational support services, offering remedial classes, and providing vocational and literacy trainings for working children at risk or engaged in exploitative labor, so that they have better options for the future. ACCESS-MENA is providing similar services that are enabling thousands of working or at-risk children in Lebanon to return to school, as well.

Just as important as our efforts to return working children to school in Yemen and Lebanon are those to disseminate lessons learned and best practices throughout the rest of the region, and to raise the awareness and capacity of civil society groups and governments to better combat child labor on their own. For example, ACCESS-MENA successfully advocated that the Government of Yemen adopt a policy to drop school fees for poor families. The new law states that the school fees will be dropped for all female children in grades one through six, and for all boys in grades one and two.

In each of the three governorates, a committee has been established of parents, teachers, community leaders and government officials to follow up on the ACCESS-MENA activities and the children it benefits. By training non-governmental organizations (NGOs) implementing programs at the community level, and better preparing them to advocate nationally to reform relevant laws affecting children, ACCESS-MENA is helping to create lasting impacts that are reverberating beyond borders and will last well beyond the life of the program.

The powerful civil society benefits of ACCESS-MENA are forming a network of children’s services professionals, international organization managers, representatives of women’s associations, labor advisors, government officials and leading educators who are now better prepared to protect children from exploitation.

Building the capacity of NGOs in Yemen is an important element of our efforts to combat child labor through the ACCESS-MENA program.
Focused economic development programs are creating jobs, rejuvenating key economic infrastructure, enhancing the efficacy and access to capital of micro, small and medium enterprises (MSME), creating linkages along the value chain, and helping regional economic development efforts to flourish. Economic development for vulnerable and low-income communities is a by-product of all of our efforts, whether a specific project is focused on promoting good governance, fostering alternatives to conflict, or responding to complex humanitarian emergencies.

Our pro-poor approach to achieving economic growth in developing countries supports the equitable distribution of growth’s benefits to reduce poverty. We strengthen the tens of thousands of MSMEs that contribute between 30 and 70 percent of countries’ gross national products, make targeted efforts to create employment opportunities, and also provide vocational skills for underemployed groups. In so doing, CHF links local enterprises to larger markets and plays a role in coordinating the resources of private sector, government and international actors to support broad-based growth.
Despite relative prosperity before the war, Bosnia and Herzegovina (BiH) currently has one of the lowest standards of living in southeastern Europe. Among the most devastating consequences of the war between 1992 and 1995 was the loss of crucial economic assets, including physical and social capital, human resources, business associations and academic institutions, as well as a delayed transition from a centrally-planned to a market-driven economy.

Through the support of the Swedish International Development Cooperation Agency, CHF’s Regional Economic Development Initiative (REDI) has been assisting REZ, a Regional Development Agency in central BiH, to pursue sustainable economic development and overcome the political barriers that have hindered past efforts. As a result of REDI, REZ is now better able to coordinate integrated local economic development initiatives on its own with respective municipal governments.

REZ was formed out of three years of grassroots activity in previous CHF/Bosnia programming, and it incorporates government and business association stakeholders directly into its governance structure. As a result, REZ has witnessed enormous success in generating donor support for economic development projects on its own and has already leveraged close to 2 million Euros in additional funding.

Although REZ has grown to become an independent local partner, it is still working through some of the associations supported by CHF as early as 2001. The Association of Employers (UPUT), for example, now works in partnership with CHF, REZ and the World Bank to implement a number of different economic development projects throughout the municipality.

UPUT is also a partner in CHF’s Cooperative Development Program, called IMPPACTS, which aims to introduce low-income families to cooperatives as a way to reduce poverty. UPUT works with tenants of neglected multi-family apartment blocks, assisting them to come together, define their priorities, collect funds, organize joint work and repairs of their buildings, and even access group loans for building repairs through LIDER, an independent development finance institution created by CHF.
As a result, CHF International launched the five-year Georgia Employment and Infrastructure Initiative (GEII), designed to introduce and support effective market-driven development practices at the community level. This USAID-funded initiative has mobilized hundreds of communities and assisted entrepreneurs across Georgia through economic development planning, help with securing investment, support to the government and micro-project investments. Leading the charge in Georgia’s double-digit economic growth, the GEII program has already created 1,000 long-term jobs, started and/or expanded 374 businesses, and facilitated over US$1,000,000 in sales of their products.

The village’s potential for rich dairy products had been under-exploited because of a lack of local processing facilities, poor infrastructure and distance to markets. In order to work more effectively with local resources, a group of six entrepreneurs decided to rehabilitate an old cheese factory in their community. The group registered their business, qualified for credit and successfully gained co-financing from CHF. The factory is expanding every day to benefit local community residents. Cheese is produced from about 800 liters of milk, the majority of which is purchased locally from more than 60 households. In the first year alone, it has generated over US$25,000 in income, created eight jobs and introduced credit.

Through CHF’s integrated community economic development activities, free market opportunities are spreading to Patara Khanchali and to hundreds of other communities throughout Georgia.
With people in Mongolia’s peri-urban Ger Areas facing markedly higher rates of unemployment, poverty and other social problems than their urban counterparts, CHF’s Growing Entrepreneurship Rapidly (GER) initiative is working to provide these groups with greater economic opportunities and independence.

Funded by USAID and the United States Department of Agriculture, this year GER also expanded programming beyond Ulaanbaatar, Darkhan, Erdenet and Choibalsan to several more rural areas, including Baganuur, Ulgii, Bulgan, Tov and Selenge aimags (provinces).

With a lack of assets and infrastructure, lower schooling levels and a large base of recent immigrants contributing to the poverty level in the Ger Areas, the GER Initiative assists residents in accessing financing, markets and jobs. Our expansion into more remote areas this year helped to bring the raw products produced in rural aimags into the cities and has created added value for products.

By facilitating financial sales and services, as well as focused business trainings and consultancies, the GER Initiative has assisted with the start-up of 302 businesses, improved and expanded another 1,578, generated 1,779 jobs, and facilitated employment for 4,244 residents.

Five commercial bank partners and over 100 large foreign and domestic business partners are linked to GER’s micro- and small-business clients. Through these linkages, the GER Initiative has assisted business owners to access more than US$5.1 million in financing and increase their sales by US$21 million.

One of the GER Initiative’s beneficiaries is Uuganbayar Chuluunbaatar, a former teacher at a secondary school. With an insufficient salary to support his family, he tried to put his carpentry skills to use and began a small furniture production business. However, without knowledge about how to market his products, his efforts were faltering. CHF/Mongolia’s GER advisors helped him develop a sales catalog and assisted him to identify and develop 11 new markets for his furniture. We assisted Uuganbayar with costing and pricing advice and provided consultations on ways to improve his product. Now, with his increase in sales, Uuganbayar’s business is thriving, and the profits have even enabled him to access financing to renovate his house.
For the past 14 years, CHF’s activities have been working to increase competitiveness in the tourism and IT sectors, expand SME advocacy capacity and the supportive legal environment, and help underserved SMEs around the country secure access to finance, through a robust micro-lending program.

CHF has embraced the challenges of increasing the competitiveness of Romania’s tourism industry, and we have utilized a methodology focused on building public and private sector capacity to reap the economic benefits of the country’s rich natural, historical and cultural heritage.

Representative of these challenges was the decaying state of Transylvania’s unique fortified churches. Developed with local partners, CHF’s “Saxon Heritage Trail” now offers a map, signage and site management training, which is encouraging interest in the preservation of these cultural monuments and bringing villages along the trail economic benefits from increased tourism.

Economic growth in Romania is accelerating, driven by new sectors such as information technology. The CHF Enterprise Development Strengthening project (EDS) is making a difference, by assisting the industry to transform its market position from low-cost outsourcing to sustainable, high-value service provision, which is enabling it to effectively compete in this globalized industry. EDS, through its partnership with Booz Allen Hamilton, is working to create a unique branding and export strategy for this growing economic powerhouse and is working with the Tech 21 Group to steward the branding process and showcase Romania on an international stage. EDS recognizes the talent, creativity and technical expertise of this dynamic sector in Romania – and is working hard to help the rest of the world recognize it, too.
Handmade objects are an expression of cultural identity and heritage for artisans around the world. The production and distribution of handmade objects has the potential to hold immense commercial value when harnessed effectively. However, many small-scale producers are challenged by the dearth of integrated crafts sector development programs and extremely limited access to local, regional and international markets. The Crafts Center at CHF International helps such artisans to gain market access, which will eventually generate income for poor communities in the developing world. The Crafts Center mentors artisans to become true entrepreneurs, by providing the resources needed to support all types of crafts—from concept to final sale.

**SUSTAINABLE INCOME OPPORTUNITIES IN GEORGIA**

Through our USAID-funded Georgia Employment and Infrastructure Initiative (GEII), we are creating sustainable in-country markets for artisan entrepreneurs who are rejuvenating traditional Georgian handicrafts and imparting their knowledge to younger generations. We are committed to assisting artisans through training, technical assistance, association development, grants, credit facilitation and developing strong connections to new markets.
BENEFICIARIES OF ARTISAN DEVELOPMENT PROGRAMS

<table>
<thead>
<tr>
<th>Region</th>
<th>Beneficiaries</th>
</tr>
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<tbody>
<tr>
<td>Africa</td>
<td>1,491</td>
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<tr>
<td>Asia</td>
<td>363</td>
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<tr>
<td>Europe &amp; the Caucasus</td>
<td>283</td>
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<tr>
<td>Latin America</td>
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<tr>
<td>Middle East</td>
<td>163</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,257</strong></td>
</tr>
</tbody>
</table>

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2 TRAINING IN BOLIVIA

Our training and capacity building efforts in Bolivia have strengthened the management capacity of artisan organizations, yielding increased income for craftspeople. Pilot programs offered direct training to 60 individuals and made an impact on 200 artisans. Development of innovative business approaches resulted in an increase in sales by 433%. As a result of the initial pilot project, CHF received funding to implement the ARTETROPIC project, which will increase the competitiveness of craftswomen by improving their productivity, assisting with product development and gaining access to new markets in Bolivia and across global markets through e-commerce.

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3 MARKET ACCESS FOR COLOMBIAN IDPS

CHF International’s Economic Assistance Program not only provides those displaced by conflict with initial humanitarian assistance, but it is also generating jobs in areas of high unemployment, especially due to displacement. Under the program, persons who were displaced by violence have been chosen for handicraft training, leveraging the great potential for economic growth. Recently, we have assisted IDPs in improving product quality, packaging and marketing, and taught basic accounting and business management skills. This has helped them grow their businesses and create jobs for others, leading to a better quality of life for themselves and their new employees.
In September 2006, CHF International registered the CHF Finance Group, a limited liability company designed to dramatically accelerate the growth of our lending operations. Building on CHF’s track record of more than 20 years in micro- and small-business lending, the Group was founded with the mission of providing underserved entrepreneurs and low-income households in the developing world with reliable access to financial resources that allow them to translate economic choice into action and improve their lives.

<table>
<thead>
<tr>
<th>Region</th>
<th># of Housing Loans</th>
<th>Value of Housing Loans (US$)</th>
<th># of Business Loans</th>
<th>Value of Business Loans (US$)</th>
<th># of Other Loans</th>
<th>Value of Other Loans (US$)</th>
<th>Total # of Loans</th>
<th>Value of all Loans (US$)</th>
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</thead>
<tbody>
<tr>
<td>Asia</td>
<td>0</td>
<td>0</td>
<td>3,573</td>
<td>1,860,300</td>
<td>0</td>
<td>0</td>
<td>3,573</td>
<td>1,860,300</td>
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<tr>
<td>Europe &amp; Caucasus</td>
<td>1,588</td>
<td>2,357,409</td>
<td>2,791</td>
<td>14,133,692</td>
<td>1,240</td>
<td>624,948</td>
<td>5,619</td>
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<td>Latin America &amp; the Caribbean</td>
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<tr>
<td>Middle East</td>
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<tr>
<td>Totals</td>
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<td>26,220</td>
<td>54,037,288</td>
<td>3,222</td>
<td>5,870,216</td>
<td>36,581</td>
<td>74,308,163</td>
</tr>
</tbody>
</table>
The Group will initially serve as the holding company for CHF’s Development Finance Institutions (DFIs), the locally-registered microfinance companies in which CHF has majority ownership. By aggregating capital and providing a more centralized management structure, the Group will seek to leverage larger amounts of capital to support the growth plans of its DFIs and other CHF lending programs in the future. CHF expects that this new business model will provide a platform for continuing expansion, by addressing capital constraints, providing intensive technical assistance and offering a set of incentives designed to push the frontier for expansion, innovation, diversification and growth. It will build on CHF’s comparative advantages in niche markets such as housing finance, our ability to reach a broader market through a wide range of loan types and flexible implementation models, centralized ownership structure that allows for rapid scale-up, and innovative partnership arrangements with multiple local banks.
ACP — West Bank/Gaza
End FY06: 4,150 active clients; US$13,031,382 in outstanding loans

The Access to Credit Program (ACP) partners with four commercial banks to provide home improvement loans to Palestinian families. Program staff provide technical assistance to the banks on promotion, loan origination, loan analysis and repayment monitoring. The banks, in turn, contribute a portion of loan capital and administer the loans. Unfortunately, portfolio quality has deteriorated due to the difficult economic and political context in the West Bank and Gaza in the past year.

Ismail Hamouda is a 50-year-old foreman, married with five children. For 10 years, he and his family lived in a ground-floor house with extremely poor conditions. There were no finished floors, the kitchen and bathroom were in complete disrepair, the house had no doors, and the windows were old and broken. Mr. Hamouda applied for and received a US$4,000 loan from ACP, which he used to install plumbing and sewage systems, tile the floors, put in door frames and electrical wire fittings, and paint the house. “We lived in a miserable house for more than 10 years. My children suffered greatly because they couldn’t move around it easily – especially the one who is handicapped, he suffered a lot. No bank would give me a loan because I work in the private sector,” Mr. Hamouda recalled. “Finally, I applied for a loan from ACP and was able to improve my house and my family’s lives.”

ACSI — Iraq
End FY06: 12,163 active clients; US$13,317,873 in outstanding loans.

In southern Iraq and Baghdad, the Access to Credit Services Initiative (ACSI) program is providing qualified home improvement and business loans for home and small-scale business owners. Since its inception in 2003, ACSI has disbursed a total of 26,613 loans valued at US$51.7 million. Despite the ongoing conflict, the initiative has maintained a remarkable repayment rate of 99%. During the past year, ACSI disbursed an average of 1,100 loans worth US$2.1 million each month.

Lamiaa, 46, represents the optimism and perseverance of most of ACSI’s Iraqi clients. Her oldest son was killed, and her husband left paralyzed, as a result of the conflict. With her disabled husband and two children still to provide for, she used her savings to purchase a valuable electrical generator that she could rent out for a profit to her neighbors. Needing financing for maintenance and to grow her business, she was able to secure a US$2,000 loan from ACSI that she used to purchase an additional generator and revive the family’s farm business. By providing her neighbors with electricity at a minimal cost, she is now able to support her family with the income.

Ameen – Lebanon
End FY06: 7,865 active clients; US$5,951,091 in outstanding loans.

Partnering with three local banks, Ameen has managed a high quality portfolio since its inception. Unfortunately, the war in July 2006 strongly affected Ameen and its client base, but we are continuously working to rebuild to be even stronger than before.

Ameen client, Nabila Saab, started selling clothes out of her home in the town of Hasbiya in 2002. But with the dream of owning her own store and the help of an Ameen loan for US$2,000, she and her husband were able to build a shop in their neighborhood. Over the next three years, she was able to obtain two other loans from Ameen, in the amount of US$3,000 each. Later, she expanded her store to include some food products – and became the proud owner of a supermarket with a clothing section. Her original monthly income of US$400 doubled to US$800, which enabled her to build a bigger apartment above the supermarket and enhance the living standards of her children. Tragically, when a missile fell near her shop during the war this summer – destroying the window panes, aluminum siding and all the goods inside – Nabila and her family were forced to move. However, as Ms. Saab has proved in the past, success is possible for a determined and business-oriented woman, and she will rely on these talents once again to rebuild the healthy environment she had created for her family.
AMFI – Afghanistan

End FY06: 2,629 active clients; US$826,951 in outstanding loans

The Afghanistan Microfinance Institution (AMFI) is one of 13 microfinance institutions funded by the Microfinance Investment and Support Facility (MISFA) and the Government of Afghanistan with funds from the Afghanistan Reconstruction Trust Fund to increase incomes, stimulate economic development and further stabilization. Using a group-lending methodology, AMFI offers credit and working capital for income-generating and business activities to low-income individuals, households and business owners in the provinces of Bamyan and Ghazni. Since June 2004, AMFI has disbursed 5,769 loans, totaling US$2.8 million.

Eid Mohammad is 25 years old, and when his father disappeared in Kabul during the war, he was left alone with the responsibility of providing food for his mother and five brothers. His only source of income came from the money he earned selling snack foods from a cart he set up in front of a nearby school.

Eid Mohammad joined with four friends and received an initial group loan of US$500 to expand his business. At that time, his daily income was only US$5, or US$150 per month. After obtaining the loan from AMFI, he was able to rent a shop and open a small grocery and café, which increased his income to US$20 per day, or US$600 per month. Eid Mohammad appreciates the advice and support of AMFI’s loan officers and is eager to take out another loan to expand his business. He has encouraged his friends and fellow entrepreneurs to do the same.

Express Finance – Romania

End FY06: 2,393 active clients; US$3,378,680 in outstanding loans

Beginning with a modest US$2.5 million USAID grant, our lending program in Romania is now a US$13 million fund with nearly 2,500 active clients in 25 counties. In the summer of 2006, CHF created Express Finance, a member of the CHF Group of Development Enterprises, to assume the credit program and continue self-sustaining operations after the EDS program closes.

Neuronic Trade, Ltd. is a retailer that specializes in IT equipment, with three stores located throughout the city of Timisoara. Established in 1993 by the mother-daughter team of Toro Maria and Emese Ildiko, the business has grown considerably through the help of loan capital from Express Finance. In February 1997, Neuronic received a US$5,000 12-month loan to expand its network of suppliers. In June 2004, the company secured a second 12-month loan for US$15,000 to increase its inventory and make advance leasing payments. A year later, in October 2005, Neuronic received a third loan for US$20,000, to remodel their commercial space, purchase software licenses and expand their inventory. Thanks to the loans, Neuronic is now one of Romania’s most successful independently-owned and operated businesses, with 18 employees and revenue exceeding US$800,000.

FVP & FUNHAVI – Mexico

FVP, end FY06: 1,047 clients; US$727,960 in outstanding loans;

FUNHAVI, end FY06: 1,295 clients, US$1,148,922 in outstanding loans

Since 2002, CHF International’s subsidiary Fundación para la Vivienda Progresiva (FVP, Progressive Housing Foundation) has been providing loans and construction assistance to low-income families in Nuevo Laredo. In March 2004, the program was expanded to Ciudad
Acuña. Nearly half of the loan clients in Acuña are workers in the city’s manufacturing plants. Enabled through funding from the Alcoa Foundation, loans provided by FVP allow families to make improvements to their homes, such as repairing a roof, adding a room or improving the security of their homes. Loan amounts are an average of 11,500 pesos (US$1,045), enabling families to complete their projects while keeping monthly payments accessible. Sixty-two percent of loans are for housing, and 38% are for micro-enterprise development. Meanwhile, in Ciudad Juárez, another CHF-supported institution called Fundación Hábitat y Vivienda (FUNHAVI, Habitat and Housing Foundation) has been providing loans and construction assistance to low-income households for 10 years, supported by funding from both the Alcoa Foundation and Johnson & Johnson.

**LIDER – Bosnia & Herzegovina**

**End FY06: 4,173 active clients; US$4,433,107 in outstanding loans**

During the war in Bosnia and Herzegovina, Fatima Kapic fled the conflict zone to take refuge with her family in the town of Zenica and decided to continue living there. Forced to earn her own income, and with some experience as a seamstress, Fatima decided to start a small business from scratch, and bought a second-hand sewing machine. At a certain point, Fatima realized that she could fill a market gap for plus-size women’s clothing and produce the merchandise herself. With a US$625 loan from the Loan Initiative for the Development of Economic Regions (LIDER), Fatima bought a bigger quantity of material and started production, while her son started distributing and selling her products in Central Bosnia’s markets. As the business was growing, Fatima secured a second loan from LIDER in the amount of US$1,250 for a new professional sewing machine. Although this business provides their only income, it is enough to cover the costs of living for her entire family.

**MEMCC – Jordan**

**End FY06: 3,693 active clients; US$7,979,097 in outstanding loans**

Husneia Ali is a 27-year-old seamstress from Ghour Al Mazrah. Unable to complete her academic studies, she strived to fulfill her ambitions professionally. She began by learning to sew at a vocational training center nearby and then sought funding to buy a sewing machine. Through the loan guarantee provided by a local women’s sewing society, Husneia was able to get a US$200 loan from the Middle East Micro-Credit Company (MEMCC) and bought her first sewing machine. Soon, her reputation spread, and her business flourished. Although she realized she needed a more modern sewing machine to be truly profitable, she could not afford one. Again, she applied for a loan from MEMCC and got the US$700 she needed. Now, Husneia is able to work more efficiently and is increasing her earning power. “I am thankful for MEMCC’s continuous help and support,” she said.

**MICRODES – Colombia**

**End FY06: 96 active clients; US$3,431,076 in outstanding loans**

CHF International’s program in Colombia serves as a technical assistance provider and second-tier lender to 21 local microfinance institutions. In addition, as part of a partnership agreement with Colombian commercial bank Banco Caja Social, MICRODES’ staff pre-qualifies micro-enterprise clients for the bank in return for a percentage of the interest income. Since inception, MICRODES has disbursed US$8.5 million to support the Colombian microfinance sector.
The Software Development and Support (SDS) unit is a strategic business unit of CHF International tasked with providing technology solutions to assist the core activities and support the values of the organization.

The Unit was officially established in 2002 as an extension to the IT Department of CHF International, in response to a growing recognition that Information Systems could be effectively utilized to facilitate and streamline program monitoring and evaluation needs. Presently, the SDS unit is a team of 25 dedicated IT professionals responsible for developing and supporting software for CHF International, as well as other clients including USAID.

Unlike regular software solution providers, the software developed by the unit is conceptualized, developed and enhanced by drawing from the organization’s proven expertise and experience in international development, and it is closely aligned with CHF’s overall strategy and core values.

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Our program monitoring software, Web-PRS®, provides a transparent way for implementers and donors to monitor the immediate as well as long-term impact of development programs worldwide, facilitating data management and enabling enhanced decision-making that leads to more effective and successful program implementation.

Through Web-Abacus®, CHF International has developed a tool that greatly facilitates the day-to-day management of its microfinance operations in different programs around the globe, allowing for the effective management of different products and portfolios, while providing the flexibility to generate individual and consolidated reports across all programs.

A clear indicator of CHF International’s success in devising information technology solutions tailored to international development can be witnessed through the growing reputation and interest these products are generating. Presently, the SDS Unit’s software is being utilized in programs involving multiple implementing partners and development organizations.

CHF International is an industry leader when it comes to using technology as an effective tool to support its international development activities.
Through the VIP (Visiting International Professionals) Program, CHF International enlists the skills of volunteers willing to donate their time and energy to support our programs around the world. As CHF strives to be a catalyst for change, these VIP volunteers embody that effort. In the past year alone, VIPs have designed databases for HIV/AIDS programs in Kenya, trained crafts entrepreneurs in Georgia and developed tools for cooperative business initiatives in the Philippines. By sharing their extensive technical expertise, VIPs allow CHF International to enhance the development of innovative programs for our beneficiaries.

2006 VIP ASSIGNMENTS

**ANTIGUA AND GRENADA** > Lyn Nelson
Handicrafts assessment

**ARMENIA** > Paul Virk, Aspet Ordoubigian, Rick Avedikian
Construction skills training

**AZERBAIJAN** > Mary (Polly) Watt
Developed media outreach strategies

**BOLIVIA** > Mary (Polly) Watt
Developed communications materials

**BOSNIA** > Joan Kelly Horn
Advocacy training

**GEORGIA** > Cindy Owings
Training for artisans

**KENYA** > Matt Snell
Monitoring and evaluation

**PHILIPPINES** > Michael Rothe
Database design

**ROMANIA** > Molly Schultz, Frank Adams, Ezra Spitzer, Sherry Spitzer, Paul Virk
ESL instruction for Uzbek refugees

**SUDAN** > Brian Tachibana, Engineering; Obed Diener, Assessment and capacity building
Building Stoves and Building Hope: 
VIP BRIAN TACHIBANA

Recently, VIP Brian Tachibana was able to utilize his engineering background to assist with a CHF program helping internally displaced persons (IDPs) in Sudan. Severe fighting in the Darfur region has forced approximately 2.2 million IDPs to live in temporary camps. Due to the arid environment and high population density in the camps, fuel wood – which is necessary for cooking food and heating tea – has become limited in supply. This forces many women and children to leave the safety of their camps to fetch fuel wood from long distances and expose themselves to the heightened risks of physical and sexual violence.

To address this situation, CHF International has teamed up with the Lawrence Berkeley National Laboratory (LBNL) at the University of California, Berkeley, to research, design and manufacture more energy-efficient stoves for use in IDP camps. To execute the first phase of this program, Brian traveled to the Sudanese capital of Khartoum to oversee production of the first 50 “Tara” metal stoves. Trained as an engineer, Brian was able to work with CHF’s local staff to simplify the initial stove design to match material availability and allow greater productivity during the manufacturing process. Over two weeks, the first 50 stoves were constructed and then transported to locations throughout Sudan for testing. Families in IDP camps are now using the stoves daily, and the LBNL team will be able to further modify the stove design based upon testing feedback.

Initial research shows that these stoves will cut fuel wood usage by 30 to 50%. This will result in substantial savings of time and money for families during food preparation. Less frequent travel to collect fuel wood will also mean increased security for vulnerable members of the population who will no longer have to travel as often outside of the IDP camps.

With his VIP assignment successfully completed, Brian dreams of returning to Sudan in 10 years’ time to see the changes in the country. In the meantime, he continues to work with LBNL to provide guidance and insight as the program expands to the next phase of implementation. Soon, another engineering expert will travel to Sudan as a VIP to begin mass production of 5,000 additional stoves that will benefit far greater numbers of IDPs.
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Commitment To Health & Security

CHF International’s commitment to building a better world starts in the workplace with a safe and secure work environment. This is the responsibility of every member of the CHF team – from our Board of Directors down to the individual and to each of you who together enable us to safely realize CHF’s mission.

Part of this commitment is the recognition that the work we do often places great demands on staff. Given the complexity and risks inherent in our operations, we share a duty of care to ensure the security of our most important asset: our human capital.

To make this happen, we have developed and implemented written standards, practices and plans to communicate CHF’s expectations and guide our staff through sometimes perilous environments.
Field Staff List FY06 (Manager and Above)

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Munir Jahnayy, Credit Officer
Moustafa Khalifeh, AMI Project Director

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Naser Darwish, MEMCC Managing Director
Moutasem Mismar, MEMCC Operations Manager

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Missie L. Oindo, Training Officer
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Sumya Tsedev, Business Development Center Manager
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Monica Ciortea, Regional Manager
Lia Dogaru, Regional Manager
Marius Frateanu, Regional Manager
Bela Gyorgy, RFR Regional Engineer
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Silke Mueffelmann, Express Finance General Manager
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Alan Saffery, Tourism Program Manager
Maria Sandor, Legal Regulatory Program Manager
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Maria Sugo, RFR Regional Engineer
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eBay Foundation
Fannie Mae Foundation
Give2Asia
The Lemelson Foundation
Noor Hussein Foundation

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CCC
Centers for Disease Control and Prevention (CDC)
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Government of Romania
Marla Ruzicka Iraqi Victims of War Fund
Ministry of Public Finance (IRSA)
Ministry of Tourism, Honduras
Office of US Foreign Disaster Assistance
Overseas Private Investment Corporation (OPIC)
Presidential Agency for Social Action and International Cooperation (Colombia)

**ORGANIZATIONS**
President’s Emergency Plan for AIDS Relief (PEPFAR)
Swedish International Development Cooperation Agency (SIDA)
US Department of Agriculture (USDA)
US Embassy of Mongolia
UN Food and Agriculture Organization
UN HABITAT
UN OCHA
United States Agency for International Development (USAID)
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US Department of State (Bureau of Democracy, Human Rights and Labor)
US Department of State (Bureau of Population, Refugees, and Migration)
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World Bank

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UMID Humanitarian and Social Support Center
CARE US
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Skye Resources
Software & Services Industry Association
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David A. Weiss
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## Financial Stewardship Record 06

<table>
<thead>
<tr>
<th>Revenue and Support (US$)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government Grants Awards</td>
<td>99,499,179</td>
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<tr>
<td>U.S. Government Contracts</td>
<td>2,829,691</td>
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<tr>
<td>Institutional Awards</td>
<td>38,470,727</td>
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<tr>
<td><strong>Total Support and Revenue</strong></td>
<td><strong>206,244,520</strong></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Private Support (US$)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash Contributions</td>
<td>634,891</td>
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<tr>
<td>Contributed Services and Materials</td>
<td>23,831,290</td>
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<tr>
<td>Gifts in Kind</td>
<td>35,150,943</td>
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<tr>
<td>Other Revenue</td>
<td>5,827,799</td>
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<tr>
<td><strong>Total Support and Revenue</strong></td>
<td><strong>206,244,520</strong></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Expenses (US$)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance</td>
<td>152,508,238</td>
</tr>
<tr>
<td>Capital Assistance</td>
<td>4,587,049</td>
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<tr>
<td>General and Administrative</td>
<td>18,503,384</td>
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<tr>
<td>Material Aid</td>
<td>35,150,943</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>210,749,614</strong></td>
</tr>
</tbody>
</table>

| Change in Net Assets before other items        | (4,505,094) |
| Currency gain (loss)                           | (698,678) |
| Gain (loss) from related entities              | 528,452 |
| **Change in Net Assets**                      | **(4,675,320)** |