

INDEGO  **AFRICA**
INDEPENDENCE · DEVELOPMENT · GOVERNANCE



Annual Report 2008

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Indego Africa is a groundbreaking social enterprise built upon the conviction that – with access to export markets and training in long-term job skills – women in Rwanda can lift themselves out of poverty.

LETTER FROM THE FOUNDER & CEO



Dear Supporter of Indego Africa,

I'm very proud to present to you Indego Africa's 2008 Annual Report. Despite an economic downturn, Indego Africa surged ahead in 2008 — multiplying the breadth and impact of its operations. Our success is driven by a social enterprise approach that has both resonated with supporters in the U.S. and empowered the women we serve in Rwanda. This annual report highlights exactly how we've put such an innovative approach into practice.

Indego Africa's unique pledge to return 100% of profits to its partners yielded the launch of a comprehensive management and computer training program at two cooperatives in 2008. With the roll-out of a creative blog concept and the publication of all operational information on its website, Indego Africa is re-defining best practices for transparency and accountability. Indego Africa brandished its commitment to financial stewardship and cost-effective partnerships in 2008 — a critical donor criteria in this economy — by introducing an innovative collaboration with Orphans of Rwanda.

I can say with confidence that you will find no other fair trade organization with that kind of record for performance, efficiency and transparency — all the key ingredients to making a verifiable social impact. The business and non-profit world began to take notice in 2008, as Indego Africa won the coveted Skandalaris Award for Social Entrepreneurship and Innovation and was recognized at the Reality Grantmaking Competition in San Francisco.

The full-time team and many volunteers at Indego Africa, however, are never content to rest on their laurels. Over the next five years, we will strive to (a) lead the market for high quality handicrafts that make a comprehensive social impact, (b) maintain the highest standards of transparency and ethics, and (c) measurably deliver on our promise of long-term income for our partners. With your help and our unyielding effort, I am confident that this vision of changing the aid-dependence mentality — and changing lives — can become a reality.

If you can make a donation or support a program, please visit our website at www.indegoafrica.org/donate. It is the entrepreneurial and giving spirit of supporters like you that make possible the work of Indego Africa. Please read below to see how you've made a difference in 2008.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew T. Mitro'.

Matthew T. Mitro
Founder & CEO

OUR PARTNER COOPERATIVES IN RWANDA

Indego Africa partners with more than 250 remarkable women in Rwanda, many of whom cope with HIV/AIDS; suffer from psychological trauma; have little formal education; care for several children, including orphans from the Genocide in 1994; and are the sole providers for their households. The women have organized themselves into cooperatives, a corporate form that promotes the well-being of its members through democracy, equity, and equal rights to assets. Cooperatives are grounded in the Rwandan value of *ubufashanye*, which means the spirit of mutual assistance.

Before joining forces with Indego Africa, 76% of the women earned less than 500 RwF (US\$0.50) per day — typically by carrying water on an unreliable basis. Connected to export markets, the women not only earn up to 4,800 RwF (US\$4.50) per day but — with the return of 100% of the remaining profits to their cooperatives — they are also able to fund (a) training programs in long-term skills and (b) infrastructure and capital upgrades (such as electricity, running water, building repairs, and new sewing machines). This is social enterprise in action.

“Never before have I met so many people determined to better their lives through hard work and cooperation. But it is so clear that the biggest missing link is opportunity. This is where I think Indego Africa can help.”

*- Benjamin Stone,
Senior Vice President & General Counsel,
New York Law Journal,
Sept. 19, 2008.*



COCOKI

Indego Africa first started working with Cooperative de Couture de Kicukiro (“Cocoki”) — a sewing cooperative of 43 women in Kigali, Rwanda — in August 2007. The women at Cocoki are innovative, entrepreneurial, and experts at their craft. They currently craft Indego Africa’s wine coasters, yoga bags, wine bags, and sports bag, all of which are made of vibrant, hand-sewn dutch wax cloth.



COCOKI

COVANYA

Indego Africa began its partnership with Covanya — a weaving cooperative in Nyamata, Rwanda with 40 members — in August 2007. The women at Covanya weave the stunning *agaseke* and *plateau* baskets, which can take up to seven days to complete and require a meticulous attention to detail.



COVANYA

COOVAMAYA

In 2008 Indego Africa made two large orders for *plateau* baskets from Coovamaya, a weaving cooperative of more than 200 women located in the inspiring village of Mayange, Rwanda. As 2009 progresses, Indego Africa will work with the women to find a meaningful way to invest 100% of the profits from handicraft sales.



COOVAMAYA

INDEGO AFRICA HANDICRAFTS

The August 2007 launch of Indego Africa's handicraft operations in Rwanda represented the beginning of an extraordinary connection between the women of Rwanda and the global marketplace. Since that time, Indego Africa has recruited more than 20 high-end retail partners across the United States — including the U.S. Holocaust Memorial Museum in Washington, D.C., the Houston Holocaust Museum, and the Art Institute of Chicago — to carry products created by its talented partners. With each sale — **\$38,000 worth in 2008** — the women gain pride that their work is displayed in homes across the world.

“Rwandan artisans . . . garnered attention earlier this year when more than 70 celebrities received Indego Africa’s baskets and coasters . . . during an Academy Awards party.”

— *A Marketing Mission, Houston Chronicle, August 29, 2008.*

E-COMMERCE INNOVATIONS

One of Indego Africa's most significant achievements was the launch of its E-Commerce program in **September 2008**, a fully out-sourced inventory system and online retailing platform. Using fulfillment tools provided by Amazon.com Indego Africa developed a system with UPC barcodes, product style codes, detailed photos, and real-time/on-line inventory management. Very few (if any) for-profit or non-profit handicraft sellers use such a sophisticated process. Yet Indego Africa didn't stop there — the women at the cooperatives now study the style codes, create the product tags, and apply the bar codes. They participate in almost every step of getting products from their workshop to your home. It's another way that social enterprise is providing commercial education and integrating women into the (increasingly electronic) global marketplace.

“Before Indego I was like an abandoned forgotten person but now I feel like I am useful to society because I can produce something. I am no longer a consumer, I can contribute.”

— *Olive Mukabuzizi, 56, weaver at Covanya.*



LONG-TERM SKILLS TRAINING

Indego Africa was proud to officially launch its Hand Up training programs — which are funded by 100% of the profits from handicraft sales — in **June 2008**. These programs, however, are not unilaterally imposed. Prior to the execution of any program plan, the Indego Africa team in Rwanda engages in a dialogue with the women about how they'd like to spend their profits within the parameters of developing skills that are valued in their local economy and improving the productive capacity of their cooperatives. In addition to Indego Africa's current programs — Organizational Management and Computer Usage — look for Literacy and Microfinance Preparedness in 2009.

ORGANIZATIONAL MANAGEMENT

Indego Africa's management training programs — tailored specifically for handicraft cooperatives and developed by a former private industry CFO with extensive Africa experience — are conducted twice a week at Cocoki and Covanya, and have already paid incredible dividends. The women at Cocoki — enthusiastically embracing meritocracy — replaced their Treasurer with the member who received the highest score on the first management exam. The women are also self-reporting that there is greater trust and understanding regarding financial transactions. Greater than 79% of participants scored better than 50% on their first exam, an excellent result for a population of women who have (at best) an elementary school education. These programs have allowed the cooperatives to take significant steps towards becoming community institutions of leadership and good governance.

"I like recording of finances because before we used to work in a very suspicious way with no recording, no way to know how to get money. Everything is clear now."

- Fatuma Nyiramana, 50, weaver at Covanya.



COMPUTER USAGE

Indego Africa proudly installed a comprehensive computer center at Covanya in **July 2008**, and soon thereafter commenced computer training, which now occurs three to four hours per week. Before Indego Africa, almost none of the women had seen a computer, but they now are eagerly learning to open and save documents, create text, prepare a document for printing, and undertake advanced editing. These skills are not only invaluable for future job placement opportunities, but they also promote confidence, pride, and a fellowship with the global community.

“I love saving files. You cannot lose those files once you save them. When you write you lose the paper, but when you save on a computer, it cannot be changed or lost.”

- Olive Mukabuzizi, 56, weaver at Covanya.

ORPHANS OF RWANDA PARTNERSHIP

Indego Africa launched a ground-breaking partnership in **July 2008** with Orphans of Rwanda International (“ORI”), a non-profit that funds university scholarships for high-achieving orphans in Rwanda. Indego Africa has recruited four of ORI’s top students as interns to conduct the training programs. This collaboration provides these high-potential students with priceless experience that they are often not able to find locally, delights the women with the students’ energy and diligence, and allows Indego Africa to run its training programs frugally yet efficiently — just \$50 per month covers one intern’s expenses.

“Training the women helps me understand my studies in finance and accounting better. I want to use my skills to become an entrepreneur and start a business.”

- Yves Ndashimwe, Indego Africa Management Trainer, Second-Year, Rwanda School of Finance & Banking.



SOCIAL ENTERPRISE INNOVATIONS

In **May 2008**, Indego Africa was not only honored as an Echoing Green Semifinalist, but it also won the coveted Social Entrepreneurship & Innovation Competition at Washington University in Saint Louis, which is awarded to the organization best utilizing “entrepreneurial skills to craft innovative processes, approaches, and solutions to help resolve social issues.” Even James Kimonyo, the Rwandan Ambassador to the United States, couldn’t help but voice his enthusiasm for Indego Africa’s innovative business model.

“The approach of Indego Africa is to say, how do we create sustainability, create knowledge, and skills for these women to do other things, to diversify what they are doing so they can be productive and lead to income. As a former governor, as an ambassador, as a director of housing in the ministry, this approach is incredible . . . and I want to make sure that everyone knows that this approach is going to make a very very strong impact in terms of poverty reduction.”

*- James Kimonyo, Rwandan
Ambassador to the U.S., delivered remarks, Ibirori!
A Celebration of Rwanda Progress, Washington, D.C.,
Dec. 4, 2008.*

100% OF PROFITS RETURNED TO COOPERATIVES

Indego Africa’s main principle — returning 100% of its profits to its partners — sets a new standard for the fair trade industry and contributes to communities’ long-term interests. Moreover, this funding model allows the women to take ownership over their own development — gaining self-worth, confidence, and a profound sense of productive accomplishment.

“Why I got interested in what Indego Africa is doing . . . is the fact that the profit from all the products is sent back to the people, one hundred percent.”

*- James Kimonyo, Rwandan
Ambassador to the U.S., delivered remarks, Ibirori!
A Celebration of Rwanda Progress, Washington, D.C.,
Dec. 4, 2008.*



UNIQUELY TRANSPARENT APPROACH

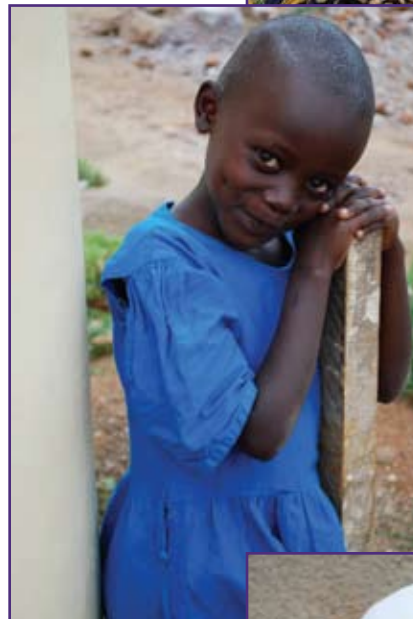
Committed to upholding the highest standards of transparency, Indego Africa not only shares all information with its partners in Rwanda on how the handicrafts are priced and sold as they move through the global market, but it also discloses all organizational and legal documents on the Indego Africa website.

Indego Africa's blog — **Social Enterprising** (<http://socialenterprising.indegoafrica.org/>)

— also breaks new ground, taking an exciting top-to-bottom look inside the operation of a social enterprise, including perspectives from its partner women.

MEASURING SOCIAL IMPACT

In **February 2008**, Indego Africa conducted a baseline social impact survey of all the women participating in Indego Africa training programs. The survey addressed an entire range of developmental information — from basic demographics to in-depth self-perceptions. Staying true to its commitment to measure and report on successes and setbacks, Indego Africa will complete its follow-up social impact survey in 2009 and issue a Social Impact Report, a practice virtually unheard of in the world of fair trade sellers. Indego Africa also administers exams three times a year within the Hand Up training programs, allowing both students and teachers to evaluate their progress within specific skill sets.



SELECTED FINANCIAL INFORMATION

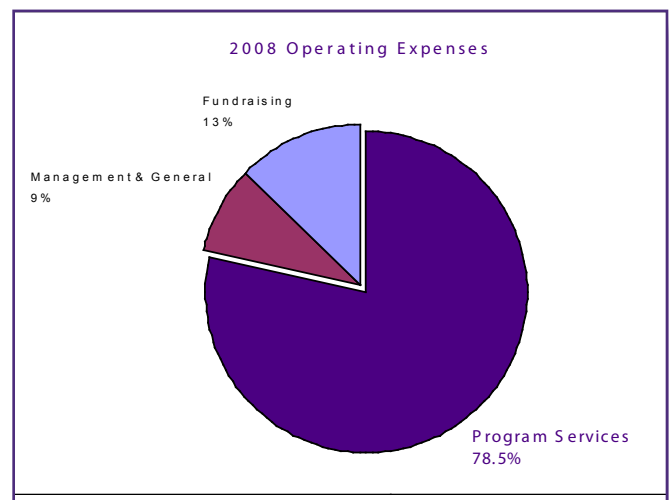
By coupling the sale of handicrafts with traditional fundraising, Indego Africa hedges against disruptions in revenue and enhances its financial sustainability. In 2008, Indego Africa enjoyed **\$107,000 in gross revenue**, of which 32% was from product sales and 68% from donations and grants. In 2009, Indego Africa projects to earn between 36% and 48% of its gross revenue from income-generating activities, which is three times higher than the average for similar organizations of 12%. Moreover, Indego Africa spent just 8.7% of its operating expenses on administrative and general items and 79% of its budget on program-related services, with the objective of delivering as much value as possible back to its Rwandan partners. To view more specific financial information, please see Indego Africa's 2008 IRS Form 990, available at <http://indegofafrica.org/transparency-and-ethics>

2008 YEAR-END BALANCE SHEET

| | |
|--|---------------|
| Assets | |
| Cash & Investments | 51,812 |
| Accounts Receivable | 116 |
| Product Inventory | 14,423 |
| Pre-paid Expenses (Product Payment Advances) | 926 |
| Total Assets | 67,277 |
| Liabilities & Net Assets | |
| Accounts Payable | 2,152 |
| Other Current Liabilities | 0 |
| Total Liabilities | 2,152 |
| Accumulated Surplus | 65,125 |
| Total Liabilities & Accumulated Surplus | 67,277 |

2008 Revenues and Expenses

| | |
|---------------------------------------|---------------|
| Revenues | |
| Gross Product Sales Revenue | 34,314 |
| Less Cost of Goods Sold | (14,781) |
| Net Income from Fundraisers | 12,053 |
| Contributions | 55,648 |
| Investment Income and Realized Gains | 476 |
| Total Net Revenues | 87,710 |
| Functional Expenses | |
| Program Services | 33,694 |
| Management and General Expenses | 3,740 |
| Fundraising | 5,473 |
| Total Expenses | 42,907 |
| Current Year Surplus/(Deficit) | 44,803 |



INSPIRING EVENTS

IBIRORI! A CELEBRATION OF RWANDAN PROGRESS

In **December 2008**, Indego Africa hosted *Ibirori!* – which means *celebration* in Kinyarwanda – in Washington, D.C. and New York City. The events, which were attended by more than 400 supporters, were vibrant and festive affairs, including a remarkable speech by the Rwandan Ambassador to the U.S., James Kimonyo; the debut of the *Faces of Indego Africa* photo exhibit; farm-fresh ice cream; live music; incredible silent auction items, including VIP tickets to the Daily Show; Indego Africa's entire suite of handicrafts; and a special tribute to Indego Africa from the great people at the Travel Channel. Thanks to everyone who organized these wonderful events and to all who braved the terrible weather to attend!



**IBIRORI!, NYC,
DEC. 11, 2008**

SOARING INTO 2009

Indego Africa events are already making news around the country in 2009, including:

- Founder Matt Mitro's lecture at the University of California, "Harnessing Global Trade to Promote Human Security";
- A Valentine's Day celebration in San Francisco;
- *The Faces of Indego Africa* photography exhibit in New York City; and
- *15 Years Later: The State of Rwandan Reconciliation*, a panel discussion and reception in Washington, D.C.

To learn more about past and upcoming events, go to <http://indegoafrica.org/fundraisers>



**IBIRORI!, WASHINGTON, D.C.,
DEC. 3, 2008**



**FACES OF INDEGO AFRICA, NYC,
MARCH 26, 2009**



**15 YEARS LATER, WASHINGTON, D.C.,
APRIL 1, 2009**

DONORS

The Indego Africa Team sends its deepest gratitude to all of the generous donors who have made 2008 such an impactful and exciting year.

FOUNDER LEVEL SUPPORTERS (\$10,000 AND UP)

AllPeopleBeHappy Foundation
Tom & Mary Mitro
Skandalaris Center at
Washington University in St. Louis
Valentine Capital Management

INDEGO CIRCLE LEVEL SUPPORTERS (\$5000-9999)

Chevron Corporation
Arthur & Margaret Grandy

BENEFACTOR LEVEL SUPPORTERS (\$1000-4999)

CRA International
Henriette & Tako Koning
Matt Mitro
Reality Grantmaking/Craigslist
Foundation Taylor, Duane, Barton & Gilman, LLP
Josh Walls & Jocelyn Warner
YouthBridge Foundation

PATRON LEVEL SUPPORTERS (\$500-\$999)

Arthur Albrecht
Ryan Whitcomb Borho
Fuse Point Consulting
Michael & Beth Herring
Mr. & Mrs. Bruce Kerner
Carsten Reichel & Sarah Zinn
Steve Rininger
Alan & Jane Stone
Benjamin Stone

ARTISAN LEVEL SUPPORTERS (\$200-\$499)

Will Craven & Kate Truka
Michael Higgins
Malte & Monika Hirschfeld
Jessica Hu
Vadim Brusser & Lauren Janosy
Steve Klinke
Allen & Bunny Mitro
Divya Murthy
Bernie & Sandy Persky
Cynthia Pyun
Andrew Satter
Geoffrey Stone
Susannah Ware

THE INDEGO AFRICA TEAM

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Pinot Boutique

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Museum of the
African Diaspora
Urban Cellars

Washington, DC

Holocaust Memorial Museum
National Textile Museum

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