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World Council of Credit Unions, Inc.

**Furthering Credit Union Development:  
A Business-Driven Systemic Approach to Improving Financial  
Performance and Increasing Outreach**

**Cooperative Development Report**

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**WOCCU**



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## EXECUTIVE SUMMARY

The Cooperative Development Program's (CDP 2004-2009) strategic objective is to bring together credit unions with Model Credit Union Building (MCUB) foundations to employ a cooperative business-driven systemic approach to provide quality and sustainable financial services to greater numbers of members. With the support of the CDP, World Council of Credit Unions, Inc. (WOCCU) pursues four strategies to build credit union networks based upon economic benefits.

WOCCU is working with credit unions to develop cooperative business networks. In Ecuador, WOCCU has led the construction of a network in which members of one credit union can access services via another credit union (shared branching). In Nicaragua, WOCCU has expanded the services provided by a central organization to credit unions that adhere to the same performance standards and which maintain a common branded image. In Philippines, WOCCU has led the formation of a group of credit unions using common standards and image to form a self-financed mutual deposit protection scheme based upon mutual guarantee. In Kenya, WOCCU has joined three progressive, large credit unions and their league to form a joint venture which will offer transaction services (remittances) to credit unions.

By distributing updated versions of the Model Law, updating the PEARLS monitoring system and providing assistance with a review of enabling environments, WOCCU has supported enabling regulatory environments which consolidate reforms. WOCCU now has a formal agreement with the Ecuador Superintendency of Banks to provide an advisory reference for standards, regulations and supervision for credit unions in that country. WOCCU works in Kenya to provide a recommendation of the systems, tools and methodologies required to design and establish a SACCO Regulatory Agency. WOCCU is working with the Nicaraguan credit union movement and the legislative branch to refine a draft of the General Cooperative Law.

CDP funds supported the development and launch of the Strathmore WOCCU African Management Institute (SWAMI) in Nairobi, Kenya. This program will build the intellectual capital base of SACCO managers and Board Members throughout Africa.

Credit union operations have been extended in difficult operating environments. In Afghanistan, the first two credit unions were established. In Ecuador, more than 11,000 poverty entrenched rural women have access to credit union savings and credit products through the solidarity loan product, the "Savings and Credit with Education" (SCWE) program. In Kenya, education programs for HIV/AIDS-affected communities are being developed.

This report details the activities implemented in the first year of the CDP (June 04-May 05) and is presented in the following order: (i) Summary of Project Advancement, (ii) Challenges to Implementation, (iii) Dissemination, (iv) Complete Workplan, (v) PEARLS Summaries, (vi) Cost Share Status, (vii) Activities for next reporting period and (viii) Annexes.

## SUMMARY OF PROJECT ADVANCEMENT

The Cooperative Development Program (CDP 2004-2009) strategic objective is to bring together credit unions with Model Credit Union Building (MCUB) foundations to employ a cooperative business-driven systemic approach to provide quality and sustainable financial services to greater numbers of members.

The CDP enables WOCCU to meet four challenges:

- 1) Work with credit unions that have built foundations of financial disciplines through MCUB to expand into a new phase of member service: low-cost transactions services, which include international remittances, shared branching and debit cards delivered via cooperative business networks;
- 2) Create enabling regulatory environments which consolidate reforms;
- 3) Build an intellectual capital base in credit union Managers and Boards of Directors;
- 4) Extend credit union operations to difficult operating environments, including HIV/AIDS-affected communities, conflict prone zones and poverty entrenched rural areas.

## **Creating National and International Cooperative Business Networks**

Building new networks is based not upon the ties of a political trade association, but rather upon the economic benefits of financial integration for the provision of collective business services: shared branching, international remittances and debit cards.

Benefits for the members include reducing the costs of transaction services through lowering fees, extending points of service, and linking to other financial services. The benefits of transaction services for credit unions include provision of new services that credit union members of all income levels demand; new sources of fee income for credit unions to increase profitability and sustainability; and increased credit union outreach and membership.

**Hypothesis:** The development of integrated cooperative business networks in credit union systems will produce higher levels of financial performance and growth than those systems that do not build cooperative business networks.

With the support of the CDP, WOCCU has pursued four strategies to build credit union networks based upon economic benefits. In Ecuador, WOCCU has led the construction of a network in which members of one credit union can access services via another credit union (shared branching). In Nicaragua, WOCCU has expanded the services provided by a central organization to credit unions that adhere to the same performance standards and which maintain a common branded image. In Philippines, WOCCU has led the formation of a group of credit unions using common standards and image to form a self-financed mutual deposit protection scheme based upon mutual guarantee. In Kenya, WOCCU has joined three progressive, large credit unions and their league to form a joint venture which will offer transaction services (remittances) to credit unions. Activities and Results to date in creating national and international cooperative networks include:

### NATIONAL COOPERATIVE BUSINESS NETWORKS

**Ecuador:** In order to assist credit unions in broadening their services geographically, and support the creation and development of network services among credit unions (including debit cards, credit cards, checking and international remittances), WOCCU launched the national shared branching network, *redcoop*.

The credit union network was organized around credit unions that are supervised, have appropriate software and controls, and that meet prudential standards. The network was established based on mutual confidence among institutions and on common adherence to disciplines and an appreciation of the mutual economic benefits of networking.

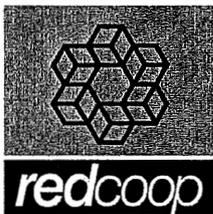
The network was designed to give members the ability to access their account information not only at a branch office of the same credit union but also at offices of

other credit unions. WOCCU established a network server and payment software to link those credit unions which currently meet standards and wish to begin transfers. Software systems were written to allow credit unions to implement on-line transfers from one credit union to another. By offering intra system transfers, credit unions allow their members to enter the office of another credit union and service their accounts, making deposits or withdrawals as they need. This required updating information software systems and communication systems to transfer account verification among credit unions in real time.

Networking participants were limited to those that are supervised and that have adopted standards and policies as prescribed by the WOCCU International Model Credit Union standards. The network was promoted with a national marketing campaign with highly visible logos, signage and colors. The program developed a *redcoop* brand for network credit unions. A person in one part of the country can go to another town or city and recognize that this is a credit union of a larger financial system where the person can withdraw or deposit money.

Participation in the newly formed network will continue to offer participating credit unions additional economic benefits such as international remittance services and access to debit card technology.

The 12 WOCCU affiliated credit unions that belong to *redcoop* offer members access to their account information, the ability to make deposits or withdrawals as they need at 75 points of service across the country.



Redcoop has become a common name in the credit union movement and has created great optimism in Ecuador. The *redcoop* logo is displayed prominently outside each participating credit union. All tellers wear *redcoop* pins and there are *redcoop* stickers and brochures available at every point of service. The *redcoop* network will be publicized via radio and TV ads.

**Philippines:** WOCCU and its partner credit unions have established the Model Cooperative Network Federation (MCN) in order to supplement—or make up for the absence of—Philippine government action, and specifically the development and introduction of functional credit union legislation and a safety net. There is a clear and practical scope for credit unions to amplify/supplement, in the near- and medium-term, regulatory structures where needed. The MCN represents a private sector initiative that introduces, in effect, “private” legislation. Private legislation, in a cooperative system that remains highly underdeveloped and fundamentally unregulated, is established by the MCN through its legal entity and charter. The MCN makes and enforces “law” among its membership. MCN membership is open only to credit unions that meet minimum safety and soundness criteria.

The MCN Federation Model is one based on a 2nd tier structure with a network of affiliated, autonomous and financially independent “branch banking” credit unions, and a second level consisting of the home/central office. Membership will offer a privately administered formal insurance program that that involves mutual liability. The mutual liability component provides the incentive to regulate and enforce in a timely and proper manner. Each affiliated credit union is considered as a “branch” of the MCN. Yet it is separate and distinct, and autonomous in its operations. Unlike a bank operating with branches where decisions are made by a central office, MCN credit unions make their own decisions with regards to managing their assets and liabilities. The central office of the MCN does not direct MCN credit unions’ operations. MCN credit unions maintain their own separate governance structure, e.g., board of directors. Even though each credit union is separate and autonomous in its operations, it must nevertheless meet the requirements as stipulated in the MCN charter, (e.g., de facto prudential “regulations”) in order to maintain its membership in the MCN.

The MCN model shares the important common features of collective self-regulation, and incentive-compatible inter-credit union monitoring; these ensure that credit unions can protect each other without creating perverse incentives for member credit unions to take on excessive risks. Physical proximity of member credit unions enhances inter-credit union monitoring. Member credit unions invest in inter-credit union monitoring because their fortunes are interrelated, and because the size of the coalition is small enough that the benefits to an individual credit union from monitoring/regulating (which are shared) do not exceed the costs (which are private).

Furthermore, this network of credit unions can credibly “coinsure” against shocks to the system; the credit unions as a group have agreed to bear the risk of any individual credit union’s default; so long as members/depositors are confident of the solvency of the group, they would have no incentive to withdraw their funds. More succinctly, MCN is a system under which the capital of the network would be available to cover losses from insolvencies. WOCCU is currently engaged in negotiations with the credit unions on the financial and policy design of the guarantee fund which provides the key economic benefit for participating credit unions. By charging appropriate premiums and capital contributions, the credit unions themselves would provide the mechanism to induce credit unions to control their risk exposure through the types and degree of activities in which they engage, and through a higher capital position.

Currently, fifteen credit unions have met the MCN minimum safety and soundness requirements. The MCN financial structure as of Dec 31, 2004 stands at:

- Membership: 186,973
- Total Savings and Shares: \$44,125,628
- Total Net Loans Outstanding: \$37,551,003
- Total Assets: \$53,342,838
- Capital Adequacy Ratio: 14.67%
- Net Institutional Capital Ratio: 6.92%
- Delinquency: 11.04%

A one week exposure trip to the US for seven credit union advocates from the Philippines enabled them to gain first hand exposure to the methodology used for the Deposit Insurance Facility in operation in the US. By spending a week with the regulators and program implementers of the National Credit Union Association (NCUA), National Association of Credit Union Supervisors (NASCUS) and the privately owned American Share Insurance Company, the trip provided a comprehensive view of how the MCN is going to be functional through a collaborative partnership of the credit union stakeholders and the credit unions in the Philippines.

### IRnet REMITTANCES

WOCCU first experimented with remittances in 1995, when it helped a credit union in California set up the communication channels and clearing account to send transfers to credit unions in El Salvador. WOCCU broadened the experiment in 1997 to include a few more California credit unions and credit unions in Guatemala. WOCCU next launched the IRnet<sup>®</sup> brand with transfers directly from U.S. credit unions to credit unions in El Salvador and Guatemala. In 2000, WOCCU formed a strategic alliance with Vigo to access its substantial network infrastructure. WOCCU also works with Travelex, as of 2003, and added a third MTO partner, MoneyGram, in early 2004.

From August 2001 to March 2005, credit unions in El Salvador, Guatemala, Honduras, Mexico and Nicaragua distributed a total of 1,456,285 transactions for US\$634.9 million.

As of May 2005, 176 credit unions (with multiple points of service) in 32 US states offer IRnet to 42 countries in Latin America, Asia, Africa, and Europe.

Credit unions in Ecuador began offering IRnet through Vigo as of May 2005.

Through IRnet, consumers in Guatemala, Mexico and Nicaragua may also receive remittances originated in MoneyGram agents worldwide as of May 2005.

WOCCU conducted market research of the US remittance sending markets in an effort to determine the top remittance sending locations in the United States. Research was conducted on the presumption that remittances are likely to be highest where the highest numbers of foreign born immigrants reside, termed as remittance “hotspots.” The research focused on six states, California, Florida, Illinois, New Jersey, New York and Texas. Utilizing data from the 2000 U.S. Census, WOCCU examined foreign born Latino and Hispanic populations on a zip code level. This research identified locations for US market development efforts to encourage remittance senders in the US to use the credit unions to send transfers to Ecuador, Mexico and Nicaragua. US credit union leagues use this information to target Hispanic communities with credit union outreach marketing and remittance services. (Please see Annex I for more information.)

**Ecuador:** Ecuador's remittances in 2001, mainly from the U.S. and Spain, amounted to well over US\$1 billion. Despite this growth, remittance services continue to be slow and expensive. Recipients of remittances generally have low incomes and are discouraged from processing these funds through formal financial institutions. To the extent that remittances can be brought into the credit union system, this has the potential to increase savings and investment in productive industries and to support the growth of the credit union system in general.

WOCCU coordinated the implementation of technical and marketing programs with Ecuador credit unions in order to set up the *IRnet* service. Payment clearing capabilities through a single facility are exercised through the network *redcoop*. A primary and back-up server operating on an SQL platform was installed to receive data directly from the US.

*IRnet* remittance services from the United States were launched in Ecuador in May 2005 in ten credit unions with 45 points of service. Preliminary data for June 2005 indicate that the Ecuador program has had the most successful first month startup in the history of *IRnet*. WOCCU has begun negotiations with the Italian Credit Cooperative system to introduce remittances from Italy to the *redcoop* network.

**Kenya:** The joint venture *IRnet* Kenya Coop Ltd. (IKC) was incorporated as an independent entity owned and financed by three credit unions (Afya Health Workers SACCO, Kenya Bankers SACCO, Mwalimu Teachers SACCO), the Kenya Union of Savings and Credit Co-Operatives (KUSCCO) and WOCCU with the overall objective of centralizing the process of remittances for their final payment by participant savings and credit cooperatives (SACCOs). IKC will work with the widespread network of credit unions in Kenya to provide remittance services to populations that were underserved in the past. WOCCU has posted CDP staff person, William Bonilla, in Nairobi to manage legal registration and operations startup of the remittance venture.

**Nicaragua:** WOCCU provided *IRnet* procedures training in how to process remittances, internal controls and marketing. The Central Service Organization (CSO), receives the data on transfers and distributes the payment orders to the credit unions in rural areas and the micro finance institution (FAMA) in the urban Managua area. The CSO manages the payment confirmations.

With CDP support, WOCCU also developed a new web interface through which the CSO captures payment orders and distributes them to credit unions. Now, all credit union unpaid remittances are available on the web and transactions are recorded as paid on line. This has streamlined operations in the credit unions as well as in the CSO since it has eliminated a manual step in the confirmation process.

To implement the new technology platform, new procedures and training were implemented. Credit union personnel were trained on the new procedures, emphasizing its usability and reduced processing time for receiving and confirming remittance payments.

IRnet has been implemented in Nicaragua since 2004 with Vigo. MoneyGram was added as a back office vendor in May 2005. The results are as follows:

Month (2004-5)	No. Remittances	Amount of Transfers	Average Size of Remittance
October	4,863	US\$1,441,263	US\$296.50
November	5,624	US\$1,648,264	US\$293.29
December	6,490	US\$1,856,854	US\$286.24
January	7,369	US\$2,026,133	US\$285.09
February	8,290	US\$2,304,044	US\$278.06
March	9,402	US\$2,620,701	US\$278.86

As part of the product development process, market analysis was conducted in order to determine member expectations for financial products linked to remittances. Some of the conclusions of the test group follow:

- Most of the beneficiaries of remittances do not have savings accounts in the credit unions (63%) or in the banks (86%)
- The cities where the remittances originated are:
  - a. Miami (36%)
  - b. San José, Costa Rica (20%)
  - c. Los Angeles (11%)
  - d. New York (8%)
- The remittances present the following distribution in relation to their size:
  - a. Small (Less than US\$100) (29%)
  - b. Medium (From US\$101-250) (53%)
  - e. Large (From US\$251-400) (15%)
- 2. The beneficiaries can be divided into three large groups:
  - a. Senior citizens (55 or older at 41%)
  - b. Middle age (from 35 to 45 at 32%)
  - c. Young adults (25 to 35 at 19%)
- 3. The educational level of the beneficiaries is relatively high
  - a. Elementary school (31%)
  - b. High school (32%)
  - c. Technical School (11%)
  - d. University (14%)

The market analysis data has provided the basis for developing not only the product characteristics but the marketing strategies that can be used for promoting the products. As part of the process of developing other financial products linked to remittances, product prototypes were tested during focus group sessions.

Through the partnership with the Washington DC Credit Union League that has been facilitated by WOCCU's involvement with the Nicaraguan movement, the CSO has received assistance from the DC League in the process of working out strategies for complying with the legal requirements of the savings and loan products for remitters.

(See the following section about implementing these financial products.) The Nicaraguan Partnership with the D.C. Credit Union League also shows potential for promoting the remittance service in the Washington area. The project office has discussed joint marketing strategies with representatives of the League, including talks with the Nicaraguan Consular office in D.C.

**Philippines:** International remittances from a growing number of Filipino migrant workers have contributed greatly to the economy of the Philippines in general and the lives of the beneficiary families in particular. A recent study, however, revealed that the cost of sending money to the Philippines is still very high using the common remittance methods (banks, Western Union, and other international money transfer agencies) known to the migrant workers.

WOCCU conducted an evaluation of the capability and readiness of 15 credit unions to implement the IRnet system. The research indicated the following:

- The average proficiency level of credit union employees in terms of using common office applications (on a scale of 1 to 10; 1 being the lowest 10 being the highest) is 8.2
- 93% of the credit unions have LAN network infrastructure and are utilizing LAN-based applications.
- 13 of 15 credit unions are connected to the Internet or have an ISP is available. (Please see Annex 2 for more information).

WOCCU is negotiating with Philippines credit unions and processing vendors to maximize the access to Philippine remittance sending markets of North American, Asia, Europe and Middle East.

## DEBIT CARDS

To enable credit unions throughout Latin America, and eventually the developing world, to provide credit and debit card services to members, WOCCU seeks to establish a card service management system that provides value-added services to members.

A number of schemes have been forwarded to credit unions whereby their access to debit card services would be intermediated by second tier organizations between the credit unions and the vendors. The presence of the intermediaries raises the cost of service to the clients. WOCCU seeks direct access for the credit unions collectively to the vendors in order to negotiate the lowest possible cost to provide the services.

The debit card service will require credit unions to:

- Collectively negotiate commercial relationships with vendor partners,
- Apply updated information technology to support systems which can efficiently manage small accounts, and
- Meet international credit union standards for technology access, including compliance with sound regulatory and supervisory principles.

To date, efforts to register local credit unions (Ecuador, Guatemala) have been unfruitful as local Visa networks, made up of local commercial banks, have vetoed entry of the credit unions into the Visa network. WOCCU has initiated negotiations with the Visa Latin America office for entrée as a Global association into the Visa International debit card system. WOCCU is investigating sponsoring membership for individual credit unions in Latin America, based on the association/sponsor model employed by credit union organizations in the United States. WOCCU has engaged in quotation discussions with international card processors.

## HYPOTHESIS TESTING

To test the hypothesis that developing integrated cooperative business networks in credit union systems will produce higher levels of financial performance and growth than those systems that do not build cooperative business networks, WOCCU has carried out system assessments of financial performance and growth in Ecuador, Kenya, Nicaragua, and Philippines using the PEARLS Financial Monitoring System. The paired control and CDP focus countries are Peru (Ecuador), Uganda (Kenya), Panama (Nicaragua) and Sri Lanka (Philippines).

WOCCU has carried out a control baseline for comparison in Uganda.

Comparison baselines are currently underway in Peru and have not yet been carried out in Panama. The planned control baseline in Sri Lanka was displaced by the effects of the December 2004 tsunami and WOCCU efforts and documentation has instead focused upon credit union reconstruction.

### *Control: Credit Union Reconstruction in Sri Lanka*

WOCCU has focused efforts in Sri Lanka on helping reconstruct and reactivate credit unions damaged and/or destroyed by the tsunami at the end of 2004. WOCCU's reconstruction work will follow the network building theme of the CDP in that WOCCU's strategy is not to rebuild small, unsustainable and unconnected primary societies (credit unions), but rather to merge primary societies to form one larger, more sustainable credit union and then to link these through commitment to common disciplines and branding image. WOCCU is negotiating with other donors to link these reconstructed primary societies through common computer accounting networking systems.

The tables below show an overview of the credit unions that were impacted by the Tsunami. The information is broken up by district and illustrated in the following tables.

Research on SANASA Primary Societies Affected by Tsunami Galle District				
DS Division	Name of the Affected Society	Destroyed	Damage	# Members
<b>Galle</b>	Mahamodara Sanasa U/Ltd		yes	*
	Galle - Kadaweediya Sanasa U/Ltd		yes	*
	Pettigalawatta Sanasa U/Ltd		yes	88
	Unawatuna - East Sanasa U/Ltd		yes	*
<b>Habaraduwa</b>	Ahangama Pidiyagama Sanasa U/Ltd		yes	*
	Liyangoda Sanasa U/Ltd	Yes		409
	Koggala Sanasa U/Ltd		yes	600
	Yaddehimulla Sanasa U/Ltd		yes	252
<b>Hikkaduwa</b>	Thotagamuwa Sanasa U/Ltd		yes	160
	Narigama Sanasa U/Ltd	Yes		246
	Thelwatte Godagama Sanasa U/Ltd	Yes		100
	Thelwatta Sanasa U/Ltd	Yes		193
	Pitiwella Sanasa U/Ltd		yes	286
	Peraliya Sanasa U/Ltd		yes	139
	Modara Patuwatha Sanasa U/Ltd	Yes		710
	Dodandoowa Sanasa U/Ltd		yes	207
	Malawenna Sanasa U/Ltd		yes	320
	Hikkaduwa - West Sanasa U/Ltd		yes	200
	Hikkaduwa - Central Sanasa U/Ltd		yes	*
	Seenigama Sanasa U/Ltd		yes	128
	Wewala Hikkaduwa Sanasa U/Ltd		yes	299
	Kalupe Sanasa U/Ltd		yes	*
Patuwatha Sirikatha Sanasa U/Ltd		yes	473	
Godagama Sanasa U/Ltd		yes	*	
<b>Balapitiya</b>	Wellabada Sanasa U/Ltd		yes	140
	Doovemodara Sanasa U/Ltd		yes	200
	Kosgoda Sanasa Ltd		yes	100
	Pathegamgoda Sanasa U/Ltd		yes	158
	Akurala Sanasa U/Ltd		yes	140
	Balapitiya Business Sanasa U/Ltd		yes	*
	Doovemodara Sanasa Ltd		yes	*
	Yatagala Sanasa U/Ltd		yes	375
	Pidiyagama - East Sanasa		yes	75
	Thiranagama - West Sanasa U/Ltd		yes	166
<b>Grand Total</b>	<b>34</b>	<b>5</b>	<b>29</b>	<b>6164</b>
* No Details received				

Research on SANASA Primary Societies affected by Tsunami Matara District				
DS Division	Name of the Affected Society	Destroyed	Damage	# Members
<b>Matara</b>	Madiha West Godakanda Sanasa U/Ltd		yes	250
	Ginigasmulla No 1 & 2 Sanasa U/Ltd		yes	300
	Ginigasmulla No 10 Sanasa U/Ltd		yes	81
	Mathara City Sanasa U/Ltd		yes	327
	Thotamuna Nilwala Sanasa U/Ltd	Yes		*
	Polhena Divesa Sanasa Ltd	Yes		107
	Medagoda Sanasa U/Ltd		yes	197
	Madiha East Sanasa U/Ltd	Yes		311
	Paramulla Pandurana Sanasa U/Ltd		yes	280
	Polhena PTCCS u/Ltd		yes	318
<b>Dikwella</b>	Kottagoda West Sanasa U/Ltd		yes	124
	Suduwella Kottagoda Sanasa U/Ltd		yes	87
	Thalalla South Sansa U/Ltd		yes	275
	Dikwella City Sanasa Ltd.		yes	235
	Dikwella South Sanasa Ltd.		yes	465
	Beliwattha Navodaya Sanasa U/Ltd		yes	30
	Polgahamulla Sanasa Ltd		yes	275
	Bathigama Sanasa U/Ltd		yes	130
	Watthegama South Sanasa U/Ltd		yes	*
	Watthegama North Sanasa U/Ltd		yes	97
	Watthegama Sanasa U/Ltd		yes	215
	Kaluketiyawatta Sanasa U/Ltd		yes	160
	Bathigama Central Sanasa U/Ltd		yes	160
	Hiriketiya Pubudu Sanasa Ltd.		yes	50
	Hanwella Sanasa U/Ltd		yes	60
Dodampahala West Sanasa U/Ltd		yes	162	

**Research on SANASA Primary Societies affected by Tsunami  
Matara District (Cont)**

DS Division	Name of the Affected Society	Destroyed	Damage	# Members
<b>Devundara</b>	Devinuwara East Kandapayaha Sanasa U/Ltd		yes	205
	Pehendiya Kondeniyawatta Sanasa U/Ltd		yes	320
	Devinuwara /Nugegoda Sanasa Ltd		yes	127
	Maguwella Polhengoda Sanasa U/Ltd		yes	115
	Hummana Galbadahena Sanasa U/Ltd		yes	182
	Gandara East Sanasa U/ltd		yes	205
	Gandara - West Sanasa U/Ltd.		yes	*
	Devinuwara Malarmba Sanasa U/Ltd		yes	335
<b>Weligama</b>	Thalaramba PTCCS u/Ltd		yes	32
	Bandaramulla Sanasa u/Ltd		yes	*
	Kamburugamuwa Epitamulla Sanasa u/Ltd	Yes	yes	158
	Kamburugamuwa Sanasa u/Ltd		yes	267
	North Bandarawatta Sanasa U/Ltd		yes	142
	Kadabeddegama Sanasa U/Ltd		yes	170
	Mirissa South Sanasa Ltd		yes	75
	Walliwala No 10 Sanasa U/Ltd		yes	137
	Mirissa Udupila Sanasa Ltd		yes	217
	Walliwala WestSanasa U/Ltd		yes	33
<b>Grand Total</b>	<b>44</b>	<b>4</b>	<b>40</b>	<b>7416</b>
* No Details received				

Research on SANASA Primary Societies affected by Tsunami Hambantota District				
DS Division	Name of the Affected Society	Destroyed	Damage	# Members
<b>Thissa</b>	Viharamahadevipura Sanasa		yes	*
<b>Hambanthota</b>	Sisilasagama Sanasa		yes	*
	Jiulgama Sanasa		yes	*
<b>Thangalla</b>	Walgameliya Sanasa		yes	*
	Missing name of Sanasa		yes	256
	Kudawella - East Sanasa	Yes		336
	Mawella - South Sanasa		yes	116
	Mawella - North Sanasa	Yes		200
	Seenimodara Moraketiara Sanasa		yes	
	Pallikudawa City Sanasa		yes	
	Unakuruwa Sanasa		yes	0
	Pallikudawa - Rural Sanasa		yes	0
	Kotuwegoda Sanasa	Yes		332
	Gurupokuna Sanasa		yes	0
	Rekawa Women's Sanasa		yes	0
	Pahajjawa Sanasa		yes	160
	Kahadawa Sanasa u/Ltd		yes	0
<b>Ambalanthota</b>	Thawaluwila Sanasa		yes	0
	Theraputtabhaya Sanasa		yes	0
	Bataatha Sanasa Ltd		yes	697
	Ambalanthota City Sanasa		yes	316
<b>Total</b>	<b>21</b>	<b>3</b>	<b>18</b>	<b>2413</b>
* No Details received				

Funding from US credit unions provided to the Sri Lankan Credit Union League (SANASA) is to be used to rebuild 28 credit unions and the regional credit union training center.

## **Advancing Legislative and Regulatory Development**

The CDP enables WOCCU to create, strengthen and support effective credit union legislation and regulation.

**Hypothesis:** Building best practice credit union legislation, regulation and supervision systems will result in higher levels of safety and soundness and improved governance of supervised credit unions.

**Global:** WOCCU updated, produced and distributed twelve hundred copies of the 2<sup>nd</sup> Edition of the Model Law for Credit Unions and Guide to International Credit Union Legislation. This universal document is useful for credit union regulators worldwide as a guide for efforts to ensure proper legislation is created and supported for safe and sound supervision of credit unions. As the global trade association for credit unions, WOCCU frequently receives requests for legislative support and expertise and refers to this document. Twelve hundred copies were produced. (Please see Annex 3 for a copy).

WOCCU updated the PEARLS financial monitoring system. Updates include the additional report which compares PEARLS financial ratios with Basel I and II. The business planning element of PEARLS has been modified to include multiple year projections.

WOCCU is collaborating with other Cooperative Development Organizations in a review of past and ongoing efforts to facilitate the operation of cooperatives through enabling legal environments. This is to ensure that credit union specific legislation is included in the review of cooperative legislation.

By distributing updated versions of the Model Law, updating the PEARLS monitoring system and providing assistance to a review of enabling environments for credit unions, WOCCU has supported continued efforts for credit unions to operate and regulators to supervise using safe and sound financial operating principles.

**Ecuador:** WOCCU staff have worked with nine credit unions to meet the regulatory and supervisory requirements of the Superintendency of Banks. In year I, four credit unions have met these requirements and have been granted registration by the Superintendency of Banks. With CDP support, WOCCU has provided PEARLS, business planning and cash flow tools and training to these credit unions in order to manage the process to qualify for registration.

In year I, the Superintendency of Banks visited the U.S. National Credit Union Administration (NCUA) in order to better understand credit unions regulated through NCUA and the supervisory mechanisms. The internship allowed for a needs assessment

of support to the Superintendency of Banks; specifically, legal framework, normative bases, required information, and mechanisms for supervision.

WOCCU's analysis of the Ecuador legal framework and current norms in year I has allowed a higher level of cooperation between Quito-based WOCCU staff and the Superintendency of Banks. WOCCU now has a formal agreement with the Superintendency of Banks to provide an advisory reference for standards, regulations and supervision of credit unions in Ecuador. WOCCU has provide PEARLS based analysis tools for credit union risk weighted analysis and Basel indicator analysis. WOCCU has initiated development of governance analysis and internal control analysis tools for use by the superintendency. Ongoing debate continues between WOCCU and the Superintendency on the definition of appropriate capital standards: (1) capital adequacy (reserves relative to assets) or minimum capital requirements and (2) retained earning reserves vs. withdrawable member shares. WOCCU advocates for strong retained earning reserves while traditional credit union arguments suggest that member shares are adequate. Superintendency norms have at times promoted one or the other but have lacked consistency.

**Kenya:** WOCCU worked with the Ministry of Cooperative Development and Marketing (MCDM) to recommend a set of SACCO regulations to accompany or follow the passage of SACCO Legislation and provide a recommendation of the systems, tools, and methodologies required to design and establish a SACCO Regulatory Agency.

The WOCCU/MCDM task force collaborated in the writing of the following documents:

1. SACCO Society Regulatory Bill (Act) 2004 – The Act includes 109 items that specifically address the general Regulation and Supervision of SACCOs in Kenya.
2. SACCO Regulations 2004 – This document is the Regulation that complements the Act with specific items that will have to be complied with by the SACCOs of Kenya once it is completed. The task force covered each item but the document needs to be refined.
3. Prudential Standards for Kenya SACCOs – This document specifically addresses the financial and operational standards SACCO's will have to comply with in the next 5 years. These prudential standards are not only financial and operational but include training requirements for SACCO management, staff and volunteers. The Permanent Secretary stated that the Ministry was going to make training mandatory for the SACCOs.

WOCCU provided additional information as follows:

1. A PowerPoint presentation on the Basel pre-conditions and the Core Principles and how they apply to SACCOs. The presentation included the "Big Picture" on how the entire Supervision and Regulation of SACCOs should look at the end of the Project. This included prudential and financial standards, and the entire examination process.

2. Savings Guaranteed Insurance Fund Policy – this document showed the various ways the guaranteed fund could be established and how it should be managed.
3. Savings Guaranteed Insurance Fund Operating Policy – this document provides guidance to the examiners and to the management staff of the regulatory unit on how the insurance fund will provide insurance to the member SACCOs and details of the various ways assistance will be provided to the SACCOs.
4. Merger Manual for Kenya SACCOs – This document provides details on the entire merger process along with the required documents.

The debriefing workshop on findings and recommendations identified the need to conduct an impact analysis for SACCOs. The primary purpose of the analysis is to (i) establish the baseline information on the accurate and true performance of the industry in comparison to the prudential standards that were developed, (ii) assess the impact of the proposed regulatory regime on the performance of the SACCOs and (iii) assess the accurate cost for compliance and its impact on the growth of the SACCOs.

WOCCU has found that working with credit union league and/or credit union partners between countries is a very effective way to share information and best practices. Building on the Kenya & Pennsylvania partnership, the permanent secretary of MCDM, and the Commissioner for Cooperatives visited the Pennsylvania Credit Union Association and continued on to Washington, DC to visit the NCUA to learn about regulation and compliance in credit unions. The specific issues that were discussed were prudential management requirements, analysis methodologies and tools, loan portfolio analysis, NCUA regulatory authorities and processes and NCUA enforcement authorities. This is the third study visit by MCDM officials and Parliamentarians to study the US credit union regulatory system.

**Nicaragua:** WOCCU worked with representatives of the credit union movement and members of the legislative branch in the process shaping and refining a draft of the General Cooperative Law. These efforts began in earnest at the end of the calendar year 2003 and continued throughout 2004. The crux of the bill lies in the creation of a Cooperative Institute and the national Cooperative Governing Board (*Consejo Nacional de Cooperativas*). Both institutions have the responsibility to promote, supervise and control the cooperative movement; however, the way and means of doing so is still unclear, even after the bill's passing. This bill was passed in December of 2004 and its publication became official in January of 2005. What was considered the most important article of that law was a transitory article which will free the credit unions from that law at such time as separate credit union legislation is passed.

Significant progress was made in adapting regulations for the credit union sector. WOCCU worked with a commission of representatives of the cooperative sector, as well as with the local government agency in charge of submitting the regulations to the Presidency for their approval and publication, to present a proposal for the regulations. Within these regulations, some of the basic financial disciplines relating to liquidity reserves and loan loss provisioning were incorporated, as well as more transparent

procedures for election of the Board of Directors of the Cooperative Institute. In the coming months, lobbying will be the focus to ensure that these regulations receive the support necessary within the governmental structures that will oversee the cooperatives. WOCCU then worked on a commission comprised of representatives of several cooperative organizations, under the auspices of CLUSA and AAC/MIS, to examine the framework for developing the specific regulations.

This commission met approximately five times to establish key points to consider in the regulations of the law. The eventual purpose of the commission with regards to the draft was to submit this to the *Dirección General de Cooperativas*, the current supervisory body of the cooperative sector that was in charge of turning in a final document for approval by the office of the Presidency. Given the rather unsatisfactory outputs generated by the commission, the program consultant opted for working more directly with the DIGECOOP so as to ensure that the most relevant issues of the credit union sector were articulated in the regulations and to follow up on the process with them.

As a result, WOCCU, in conjunction with the CSO, submitted its concrete suggestions for inclusion in the regulations and the suggestions were not only taken into consideration, but were incorporated almost exactly as submitted.

The major points of interest for the credit union sector in this process were as follows:

- Widening of the definition of types of businesses with which the cooperatives could enter into alliances;
- Broadening of the definition of financial services that the credit unions could offer, including credit and debit cards, money transfers and check cashing for government employees;
- Specific loan loss provisioning requirements according to PEARLS standards;
- Overall liquidity requirements as a percentage of savings deposits as well as liquidity reserves to be managed in second-tier organizations.

The new regulations were accepted by the Presidency and published into law in March, 2005.

**Afghanistan:** WOCCU's two credit unions in operation in Mazar-i-Sharif and Shiberghan were not able to gain registration in year 1. Year 2 efforts will focus on meeting with the local government officials in order to ensure that the credit unions are registered. The absence of a responsive banking system continues to pose challenges to credit union legislation.

Legal status had been an issue for the Governor of Jawsjan and the potential members particularly in the early days. The Governor of Jawsjan insisted on the credit union's registration in Kabul or a letter from the Ministry of Rural Development legitimizing them. His rationale was that there had been national NGOs who had taken people's

money and then failed or skipped town. When that happened the people came to his office and he needed some recourse if the credit unions failed and the people demanded their money from him. People who had either experienced or heard about these events are/were concerned about the legitimacy of the credit union. In Jawsjan the Governor was invited to the opening of the credit union in January 2005 but refused to attend because his attendance would have been seen as an endorsement and he could not do that without the appropriate letter from MRRD in Kabul.

In Mazar the Governor attended the opening in January 2005 but there is concern on the part of the Board chair that the support may be withdrawn without the letter if the governor were to be changed.

The need for registration continues to be a problem, in some cases for the staff more than the members. Members are continuing to join in increasing numbers because the performance of the credit unions has been positive.

WOCCU has found little interest on the part of the Central bank to establish credit union legislation. WOCCU continues to pursue registration of the credit unions under banking or alternative legislation in Afghanistan. The Bank law requires high minimum capital to register and mobilize savings. The alternative “nonbanking” chapter of the banking law sets size restrictions which would impair sustainability. The donor community is developing a micro finance legislation framework which tends to be lending-based rather than savings-based.

## HYPOTHESIS TESTING

The hypothesis will be tested through time-series analyses of financial indicators and developing a governance assessment tool that is based on the Cooperative Assessment Tool developed under the CDP extension.

To test the hypothesis that building best practice credit union legislation, regulation and supervision systems will result in higher levels of safety and soundness of supervised credit unions, WOCCU has collected baseline information for Ecuador, Kenya, Uganda, Nicaragua and the Philippines. (Please see specific PEARLS reports). The baseline information will be contrasted with information collected in year 4. We anticipate that year 4 will yield higher financial performance indicators of capital reserves, asset quality and loan loss provisions as a result of strengthened legislation, regulation and supervision systems.

To test the hypothesis that building best practice credit union legislation, regulation and supervision systems will result in improved governance of supervised credit unions, WOCCU is underway with developing its governance assessment tool in order to measure the impact of regulatory reform on credit union governance.

The governance assessment tool provides a framework for making a quantitative and qualitative evaluation of credit union governance. The following represents a list of initial “governance indicators”:

- a. Institutional Risk Profile of Decision-Makers
  1. Annual General Meeting (Number in Attendance, Cost, Topics Discussed, Transparency of Financial Information)
  2. Board of Directors & Supervisory Committee (Legal Requirements for Position, Education, Profession, Experience in Financial Administration, Value Added Factor – Unique Qualities & Talents, Years as a Member of the Credit Union, Attendance at Meetings, Training Events, Costs, Subjects covered in Board Meetings)
  3. Executive Management Team (Participants, Education, Experience, Years in the Job, Salary & Benefits, Number of People reporting to each Executive Manager, Delegation of Authority/Responsibility)
  4. Employees (Decentralization of Decision-Making, Salary & Benefits, Years of Service, Turnover Rate, Efficiency)
- b. Genetic Markers of Poor Governance (Interference in Job Duties, Disparities in Remuneration, Conflicts of Interest and Ethics, Concentration of Power, Unilateral Decision-Making, Absence of Institutional Checks and Balances, Absence of Transparency, Double Standards, Absence of Independent Channels of Feedback)

## ***Building Human Capital***

The CDP supports WOCCU creation of institutionalized programs to build manager and director capacity for credit union operational management and strategic governance in Ecuador and Kenya.

**Hypothesis:** Training credit union managers and directors in certification programs builds human capital, institutionalizes skills and improves governance so that credit union financial performance is stronger and outreach is greater than in similar institutions where no such training has occurred.

**Ecuador:** CDP funded activities led to the design and development of a credit union board member training program. The objectives of the training program are to contribute to the growth, sustainability and governance of the credit unions through Board training, strengthening their leadership abilities, level of commitment, teamwork, planning, management and control.

Agreements were signed with CEDECOOP and Andinas University to carry out the program. Sponsorship from the Superintendency of Banks has enabled the program to gain higher credibility with the credit unions in Ecuador.

The Louisiana Credit Union League volunteered to work with WOCCU to develop the curriculum and training materials, and to provide sample materials. In addition, LCUL also shared their experience in training specifically for Board members.

The Program's Academic Committee was formed, made up of one a representative from the Project, the University, CEDECOOP, Swisscontact, and DGRV, who expressed its support of the program and its design after learning about the project initiative.

The program's marketing strategy was defined and promotional materials were designed, including folders with the program contents as well as posters, registration cards and stickers that will all be distributed to credit unions during credit union Board and management staff meetings.

Thirty four training modules were produced to cover 128 teaching hours for board members on the topics of governance, financial management, business planning, board roles and responsibilities. Specific topics include: Roles & Responsibilities of Board Members/Directors; Policy Development & Review; Communication & Team Work; Social Mission/Community Development; Financial Principles; Strategic Planning/Business Development; Budget/Business Plan Evaluation; Leadership And Motivation.

**Kenya:** CDP has allowed WOCCU to launch the Strathmore WOCCU African Management Institute (SWAMI) in Nairobi, Kenya. This is an intensive three-tiered accreditation program designed to equip credit union managers and board members with the necessary tools, training and understanding of policies and governance procedures to safely manage and operate credit unions. To accomplish this, 56 training modules have been produced, enough for 138 hours of teaching instruction for managers and board members.

It is expected that those SACCO managers and board members who have undergone training in the SWAMI will achieve higher levels of financial performance (measured by net income, asset quality, capital reserves and loan loss provisions) and growth (measured by membership and savings volume).

The first class of SWAMI students started in November, 2004. Fifty students made up this class (26 managers and 24 board members). These SWAMI students, upon successfully completing the three tiered program, will graduate with a Certified SACCO Professional designation.

The curriculum for the institute is provided below.

<b>SWAMI at a Glance: Curriculum &amp; Schedule</b>					
<b>TIER 1</b>					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<i>Managers</i>	<i>Managers</i>	<i>Managers</i>	<i>Managers</i>	<i>Mgrs. &amp; Committee</i>	<i>Mgrs. &amp; Committee</i>
Safe & Sound SACCO	Financial Statements	PEARLS Data Entry	Marketing Overview	International SACCO System	Developing Policies
Accounting for SACCOs	Financial Statements & Analysis	PEARLS Data Entry	Marketing Overview	Ethics & Transparency	Savings, Lending, & Collections Policies
Accounting Methods	Overview of PEARLS MS	PEARLS Reports	Marketing Plan	Mgmt: Basic Presentation Skills Cmt.: PEARLS Overview	Effective Communications
Financial Statements & Analysis	Overview of PEARLS MS	PEARLS Reports	Marketing Plan	Roles & Responsibilities Board & Mgrs.	
	Basic Computer Operations				
<b>TIER 2</b>					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<i>Managers</i>	<i>Managers</i>	<i>Managers</i>	<i>Managers</i>	<i>Mgrs. &amp; Committee</i>	<i>Mgrs. &amp; Committee</i>
PEARLS Analysis & Reports	PEARLS Analysis & Reports	Asset Liability Management	Budgeting & Business Planning	Lobbying	SACCO IT Software Review
PEARLS Analysis & Reports	PEARLS Analysis & Reports	Assessing Risk	Budgeting & Business Planning	The Policy Manual	PEARLS Reports

<b>SWAMI at a Glance: Curriculum &amp; Schedule</b>					
PEARLS Analysis & Reports	Marketing	Capital:Assets Ratios	Budget Preparation	Roles & Responsibilities of Budgeting and Business Planning	Mgmt: What Managers Do Cmt.: Building Brd Effectiveness
PEARLS Analysis & Reports	Marketing	Lending & Loan Delinquency	Budget Preparation	Roles & Responsibilities of Budgeting and Business Planning	
TIER 3					
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Managers	Managers	Mgrs & Committee	Mgrs & Committee	Mgrs & Committee	Mgrs & Committee
How to Develop & Implement New Products	Preparation of Business Plan & Budget w/Written Assump.	Lending & Credit Scoring	Model Bylaws to Meet Demand/Needs	Presentation of Budget & Business Plan	Presentation of Budget & Business Plan
How to Develop & Implement New Products	Preparation of Business Plan & Budget w/Written Assump.	Advanced Delinquency Analysis	Model Bylaws to Meet Demand/Needs	Presentation of Budget & Business Plan	Presentation of Budget & Business Plan
PEARLS: Business Planning Tool	Preparation of Business Plan & Budget w/Written Assump.	Staff Educational Incentives	Develop & Evaluate a Marketing Plan	Presentation of Budget & Business Plan	Presentation of Budget & Business Plan
PEARLS: Business Planning Tool	Preparation of Business Plan & Budget w/Written Assump.	Human Resource Policies	Mgmt: Staff a Marketing Plan Cmt.: Business Plans	Presentation of Budget & Business Plan	

Additional financial support from the CUNA Mutual Group Foundation has supported this program. The program has received scholarship funds from the Pennsylvania Credit Union Association (PCUA), the American Heritage Federal Credit Union, the Southeast Regional Credit Union Schools, the African American Credit Union Coalition and the Louisiana Credit Union League (LCUL). LCUL provides volunteer support with the curriculum and instruction, marketing and scholarship policies and procedures. Volunteers from LCUL and PCUA attend the SWAMI training both to provide instruction and quality assurance for the program.

SWAMI's first class started in November 2004. The students from this inaugural class will graduate in November 2005. The graduating class will be awarded the Certified SACCO Professional (CSP) accreditation from both Strathmore University and World Council of Credit Unions; an acronym synonymous with the US credit union movement's training accreditation programs.

As part of the SWAMI training, students in the manager track receive extensive training on the PEARLS monitoring system with at least 25% of each training tier designated for

computer lab PEARLS training. Through Strathmore WOCCU provides, free of charge, a copy of the PEARLS software to each SACCO who has sent a manager to SWAMI and who has successfully completed tiers 1 and 2 of training (with successful completion of associated homework assignments).

The Ministry of Cooperative Development and Marketing is in full support of the SWAMI training and held a press conference to publicize its support of the initiative. Pending SACCO legislation developed by the MCDM will require financial management experience or credit union training such as from SWAMI or Cooperative College for SACCO Board members and managers.

A tracking/database system charts out the contribution and impact of the SWAMI training on a student's SACCO. By collecting time series information on each manager's SACCO's financial statements, WOCCU and Strathmore will observe how and if the SWAMI is contributing to an increase in financially healthy indicators and a decrease in unhealthy indicators.

Resulting from an expanded marketing effort across the continent, students have participated from Uganda, Ghana, Zimbabwe, South Africa, Seychelles as well as a representative from the Ministry of Cooperative Development and Marketing.

The WOCCU SWAMI Scholarship Fund provides scholarship awards to SWAMI applicants based on financial needs and is a way to support students from outside of Nairobi and outside of Kenya to attend the training. (Please see Annex 4 for more information.)

### HYPOTHESIS TESTING

Testing will evaluate financial performance, growth and outreach in the credit unions where managers and directors have received training and certification (regression analysis).

To test the hypothesis that training credit union managers and directors in certification programs builds human capital, institutionalizes skills and improves governance so that credit union financial performance is stronger and outreach is greater than in similar institutions where no such training has occurred, WOCCU's training program launched in Kenya will provide a sample of SACCOs in which to evaluate financial performance and growth. WOCCU will conduct a comparison with similar sized SACCOs whose directors and managers have not received such training.

## **Adapting MCUB to Challenging Operating Environments**

WOCCU will address:

- 1) the increasing financial strains on HIV/AIDS-affected credit unions or savings and credit cooperatives (SACCOs) in Kenya;
- 2) extending membership to poor, disenfranchised women in remote locations in Ecuador; and
- 3) credit union development in the conflict setting of Afghanistan.

The challenge is to create adaptations to MCUB and products so that CU development can take place in challenging environments with prospects for reaching scale and financial sustainability.

**Hypothesis:** if WOCCU can develop functional operating mechanisms for Model Credit Union Building in pilot challenging environments including HIV/AIDS-affected communities, poverty-entrenched rural areas and conflict situations, then these adaptations to MCUB will be replicated with scale in other challenging contexts.

**Kenya:** As an activity that would contribute towards its vision of “*quality credit unions for everyone*,” WOCCU is currently in the process of developing support programs on HIV/AIDS to various SACCOs in Kenya. As a first step in the process WOCCU has identified Afya SACCO to act as a model for the development and replication of state-of-the-art HIV/AIDS prevention programs. To operationalise this, WOCCU contracted JHPIEGO (an international health organization affiliated with Johns Hopkins University) to provide technical assistance in the development of such a program for Afya Headquarters and selected branches. For the intervention to be one that deals with the real needs of Afya SACCO members, a decision was made to conduct focus group discussions (FGD) with members and FOSA staff at three selected sites, namely Kakamega, Kisumu and Meru. These FGDs aimed at:

- Ascertaining levels of members’ knowledge about accurate HIV/AIDS prevention and transmission (myth vs. truth);
- Inquiring about members’ knowledge of and views on voluntary testing;
- Learning about member familiarity with dietary needs of HIV+ people and knowledge of caring for bedridden people;
- Probing members to gain a sense of the degree of stigma members associate with the disease or opinions suggesting discrimination against People Living with HIV/AIDS (PLWHA).

At the start of the research a series of assumptions had been made as a potential basis to inform the development of an HIV/AIDS prevention intervention.

From all the FGDs conducted, it can be surmised that knowledge about HIV/AIDS prevention and transmission is very low. In each FGD conducted, an average of about 5 people (amounting to 20 people from the whole cohort of 120) seems to be comfortable with their knowledge on HIV and AIDS, and spoke confidently.

Of all questions asked, participants seemed to be best informed on the issue of voluntary counseling and testing. All knew what it was, and where one would get these services. What was immediately clear, though, is that this knowledge has not been translated into service use, mainly because members are not sure what to do with the information, and what the real benefits of taking the test actually are.

Another area where real knowledge gaps emerged was in the discussion of care and support. Members mention that this is needed, but when probed further had no idea of what the components of care and support are. For many, care and support are the activities conducted at the level of the health facilities. Only 2 people mentioned nutrition as an important aspect of care for PLWHAs, and even then, it was clear that though they are aware it is important, it was also unclear as to what this nutrition actually looks like. For most members, care and support went back to the financial elements. This may have been due to the fact that Afya SACCO brought them together for a focus group, and Afya SACCO is linked with financial issues. Notwithstanding this, this is one area that would need to be developed from scratch.

It is clear that Afya SACCO requires an HIV/AIDS intervention. (Please see Annex 5 for more information.)

**Ecuador:** As of March 2005, the CREER program has enabled more than 11,000 poverty entrenched rural women in Ecuador to have access to credit union savings and credit products through the Savings and Credit with Education (SCWE) product. The program focuses on solidarity and capacity-based lending, savings mobilization and the integral development of its female members. Women are encouraged to save voluntarily in the group account, and women have the expectation of graduating to become credit union members, with access to the full array of financial services, after successfully completing five cycles of 16 to 24 weeks each. In other words, women who previously had no access to financial services will be able to establish credit histories and break out of paying the high financial costs associated with many microfinance programs.

CREER groups are formed in rural, peri-urban and urban communities or neighborhoods, where there are little or no financial services available, to enable low-income women to access savings and loan services through a credit union. A field agent from the credit union identifies places where demand exists for these services, holds an open meeting to inform community or neighborhood members about the CREER Program and invites potential borrowers to attend an organizational meeting to form a CREER Group.

Through the solidarity lending methodology, liability for each individual loan is transferred to the Solidarity Group unit. If one woman falls delinquent on her loan

repayment, the other members of her Solidarity Group are responsible for making the payment to the CREER Group. If a Solidarity Group does not repay the loan, then the entire CREER Group is responsible for ensuring that the loan is repaid to the credit union.

Each education module provided by Freedom From Hunger (FFH) includes materials for the trainers as well as materials for the field agents to use in facilitation of the group sessions. In the Ecuador Program, FFH trainers traveled to the project credit unions to provide trainings in new education modules up until the point that WOCCU staff felt sufficiently comfortable with the methodology to conduct the trainings themselves.

WOCCU implemented the SCWE methodology in year 1, requiring a full time WOCCU trainer/supervisor to conduct regular program trainings for credit union field agents and supervisors. As of 31 March 2005, the four credit unions participating in the SCWE project attained the following results in the implementation of the CREER program:

<b>Ecuador CREER Program: Consolidated Results</b> (March 2005 data)	
Supervisors	7
Credit Officers	29
Village Groups	500
Members with Credit	11,232
Members with Savings	407
Total members	11,639

(Please see Annex 6 for more information.)

**Afghanistan:** WOCCU established the first two credit unions in year 1. As of March 2005, two credit unions have been set up with a combined membership of 1,788. Share capital generated comes to 1.8 million Afg (US\$38,719), total savings deposits come to 599,000 Afg (US\$12,480), and loans disbursed are 1.75 million Afg (US\$36,480).

The major objectives of this first year were to gain community entry, recruit members, build the human resources, install the systems and procedures, build the governance structure and mainstream to the NGOs and the development community.



Women members in one of two newly established credit unions in Afghanistan.

The credit union model is quite different from other donor supported financial service providers in Afghanistan. They have been set up with local ownership from the beginning, rather than as programs within an international NGO. Local community business and community leaders were recruited and are already engaged in the credit unions' governance.

WOCCU developed the credit union policies and procedures, hired and trained staff, recruited and trained the initial members and Board of Directors. The members' understanding that funds borrowed actually come from the savings of other members helps ensure that borrowers feel responsible for repaying and is an important member discipline. This concept becomes diluted when external funds are added, so WOCCU has chosen to access external MISFA loan funds at a very limited level.

This careful and conservative approach is typical of WOCCU credit union methodology, but is a slower approach than that used by other MFIs.

The WOCCU approach has been to first conduct public awareness meetings to explain how a credit union functions. Once a small critical mass of members has been mobilized to start up a credit union, a credit union has been formed, staff is hired and an interim Board of Directors representing the various target sectors is recruited. Before anyone is accepted as a member they must attend an orientation. This orientation explains to

the member the cooperative approach and the functioning of a credit union. During this session many of the common questions are addressed. Because the credit union charges fees, one of the questions received at the orientation is how the credit union complies with Sharia Law. The response that has been given and accepted by the membership is that after a portion of the profit has been contributed to the share capital to increase the ability of members to borrow, the remainder is shared with the members.

When enough memberships and share capital had been accumulated, lending begins. This time delay gives the technical assistants the opportunity to do the initial training of the staff and Board of Directors. Only when the staff and Board have sufficient capital and confidence in their skills does the credit union begin to lend.

As staff confidence grows external capital is gradually included with the credit union's capital to meet the demand and not stymie growth due to member frustration at their inability to get a loan. This process is carefully crafted so as to remain invisible to the membership. WOCCU does this by subordinating external money to member shares and deposits.

<b>Afghanistan Credit Union Indicators</b> (As of March 2005)			
	<b>Balkh Savings &amp; Credit Union</b> Mazar-i-Sharif	<b>Jawsjan Savings &amp; Credit Union</b> Sheberghan	<b>Total</b>
Members	1,245	543	1,788
Men			70 %
Women			30 %
Share Capital	1,195,535 (US\$24,907)	663,000 (US\$13,813)	1,858,535 (US\$38,719)
Savings Deposits	181,620 (US\$3,784)	184,380 (US\$3,481)	366,000 (US\$7,625)
Time Deposits	93,000 (US\$1,938)	140,000 (US\$2,917)	233,000 (US\$4,855)
Loans Disbursed	1,106,000 (US\$23,042)	645,000 (US\$13,438)	1,751,000 (US\$36,480)

The members of Balkh Savings and Credit Union in Mazar-i-Sharif are primarily service providers-bakers, tailors, and mechanics-followed closely by farmers and professionals, such as teachers, doctors and engineers. In Sheberghan, vendors and shopkeepers make up the largest percentage of membership.

The credit unions report membership that is 70% male and 30% female; WOCCU attributes this high female membership rate to the direct involvement of a women's advocacy group. The staff and Board of Directors both include women. Members are taught that the credit union is a financial system that they can own and control. WOCCU will continue working with credit unions to adopt financial disciplines in order to ensure safety and soundness.

## HYPOTHESIS TESTING

Tested over time to learn if replications of the pilot work have been adopted in other countries or CUs.

The village banking program in Ecuador, the HIV/AIDS prevention program in Kenya, and the credit unions in conflict areas program in Afghanistan will be documented over the course of the CDP for replication and transferal to other countries.

## CHALLENGES TO IMPLEMENTATION

In all of the CDP focus countries, regulatory and legislative barriers pose the greatest challenge to achieving the objectives of the CDP.

The internationalization of the shared branching network is a challenge due to regulations in the US stemming from the Patriot Act, the Office of Homeland Security, the Bank Secrecy Act and FINSEN. WOCCU continues to research how to make international shared branching successful between the US and Ecuador and will move forward with this in year 2.

In Kenya, the delay in approval of the SACCO Law is a challenge. The completion of the impact assessment of Kenyan SACCOs is underway and setting up the regulatory body's draft will ensure that once the Law is signed, systems are in place to support regulation and supervision.

In Nicaragua, the cooperative law currently in place does not provision for supervision of credit unions. Efforts are underway to advocate for the creation of a new credit union law and in the meanwhile, the Central Finance Facility provides supervision to credit unions.

In the Philippines, credit unions are not regulated under the existing law; efforts are in motion to foster dialogue between credit union stakeholders to encourage their buy in to the development of a new credit union law that includes provisions for regulation and supervision.

In Afghanistan, the absence of a regulatory body for non-bank financial institutions causes constant security concerns to the credit union management. To address this, WOCCU will strongly advocate for the provision of credit union regulation within the current banking law and/or the creation of a credit union specific law.

## DISSEMINATION

WOCCU has produced and disseminated information related to the work funded under the CDP in the following ways:

### 1) Technical publications:

In January, 2005, WOCCU distributed 1600 copies of A Technical Guide to Mainstreaming: The Credit Union Perspective. Subsequent to this, the Asian Development Bank requested a panelist at their Mainstreaming conference in March 2005. Two hundred copies of the guide were distributed at this event. (Please see Annex 7 for more information.)

As of May 31, 2005, the technical publication: FOCUS Guatemala: Credit Unions Provide Unbanked Remittance Recipients with Access to Financial Services was in final distribution. A bound USAID research report on the findings was included in a mailing to 1200 recipients. (Please see Annex 8 for more information.)

### 2) A public website:

WOCCU's public website lists credit union information about the CDP focus countries and posts press releases related to new activities that are supported from CDP funding. For example, press releases are sent out for the SWAMI training in Kenya and for the launch of the IRnet service in Ecuador.

### 3) An internal staff intranet:

The revised intranet provides a mechanism to share information including alerting all staff to new tools and project developments. Over the course of three months, WOCCU staff in Madison and Washington DC designed an interactive web based intranet to accommodate transfer of information easier to the projects worldwide.

### 4) The Latin America Project Advisors Workshop (PAWS) (April, 2005):

WOCCU staff from nine projects (Bolivia, Colombia, Ecuador-USAID, Ecuador-CGAP, Mexico-BANSEFI, Mexico-Michoacan, Mexico-Veracruz, Mexico-CPM, Mexico-Caja Libertad, and staff from Madison) comprised the group of 48 attendees. The training agenda was broken down into three concurrent sessions for project directors, technical staff and accounting staff. The four day workshop provided updates to projects, training in credit risk analysis and business planning, and accounting policies and procedures related to inventory, reconciliation and project start and end procedures.

### 5) WOCCU-funded regional Technical Congresses:

The WOCCU African Congress was held in Swaziland in October 2004. The Congress success was made possible by funding from WOCCU, Canadian Cooperative Association (CCA), Irish League of Credit Unions Foundation, and the Swaziland Association of Savings and Credit Cooperatives (SASCCO). Twenty African countries were represented with total attendance at 295 people (Swaziland, Malawi, Nigeria, Kenya, Uganda, Seychelles, Mauritania, Senegal, Ghana, Zimbabwe, Botswana, Tanzania,

Guinea, Mauritius, Ivory Coast, Cameroon, Democratic Republic of Congo, Rwanda, and South Africa).

6) Trade publications for WOCCU members:

The 2004 edition of *Credit Union World* highlighted the dialogue on board governance between the Washington DC League and Nicaragua. The April 2005 edition highlighted the reconstruction efforts in Sri Lanka as well as the SWAMI training program in Kenya. *Credit Union World* has a distribution of 20,000 to 87 countries. (Please see Annex 9 for more information.)

WOCCU's 2003 Annual Report: *Growth: Enabling Millions of People to Grow*, published in July 2004, highlights the core values that create the credit union difference: access, trust, self-help and growth. (Please see Annex 10 for more information.)

## COMPLETE WORKPLAN

Please see following pages.

WOCCU CDP WORK PLAN					
A. GLOBAL					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Improve credit union safety and soundness through credit union legislation and regulation, improved credit union business planning and credit union compliance with regulation and supervision.				
Activities Planned	Continued development of the business planning software to allow for long-term projections and incorporate cash flow analysis	Continued development of the business planning software to allow for long-term projections and incorporate cash flow analysis and dissemination of the expanded business planning tool	Final development of business planning software to incorporate cash flow analysis and expanded business planning		
	Sub-contracting with other CDOs for Best Principles for an Enabling Environment for Cooperatives	Sub-contracting with other CDOs for Best Principles for an Enabling Environment for Cooperatives			
		Development of web-based PEARLS Performance Monitoring System	Development and dissemination of web-based PEARLS Performance Monitoring System		
	Produce and disseminate updated editions of <i>Guide to International Credit Union Legislation and Model Law for Credit Unions</i>				Produce and disseminate updated editions of <i>Guide to International Credit Union Legislation and Model Law for Credit Unions</i>
	Produce and disseminate first edition of <i>Credit Union Regulation Content Guide</i>	Produce and distribute first edition of <i>Credit Union Regulation Content Guide</i>		Produce and disseminate second edition of <i>Credit Union Regulation Content Guide</i>	

WOCCU CDP WORK PLAN					
A. GLOBAL					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Produce and disseminate updated editions of <i>Guide to International Credit Union Legislation and Model Law for Credit Unions</i>				
	Collaboration with other CDOs for Best Principles for an Enabling Environment for Cooperatives				
	Beta version of new PEARLS business planning software with revised business planning tool distributed internally				
	Draft version of <i>Credit Union Regulation Content Guide</i>				
Risk Status	Limited credit union or government capacity to implement model legislation and regulations; technological infrastructure required for use of PEARLS web-based database, credit union resistance to business planning				
Planned Results		Distribute 750 copies of the Spanish version of the 2nd edition of the <i>Model Law for Credit Unions</i> .		Produce and disseminate second edition of <i>Credit Union Regulation Content Guide</i>	Produce and disseminate updated editions of <i>Guide to International Credit Union Legislation and Model Law for Credit Unions</i>
		Produce and distribute 1200 copies of <i>Credit Union Regulation Content Guide</i> in English	Distribute the 1st edition of the 1st Spanish language edition of <i>Credit Union Regulation Content Guide</i>		

WOCCU CDP WORK PLAN					
A. GLOBAL					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Planned Results		Disseminate final PEARLS v 3 with new business planning tool to all WOCCU field program CUs, WOCCU members and regulators			
Results to 31/5/05	Production and distribution of 1200 copies (in English) of the 2nd edition of the Model Law for Credit Unions and Guide to International Credit Union Legislation.				

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>NATIONAL AND INTERNATIONAL COOPERATIVE BUSINESS NETWORKS</b>				
Objective	Improve credit union financial performance and member service through business-driven credit union networks				
Activities Planned	Investigation of alternatives for connecting all credit union branches with real-time communication	Trade meeting to develop business-driven strategies to integrate US and Latin American credit union systems			
	Credit union executives to visit Colorado to build knowledge base of shared branching	WOCCU staff to document the process and lessons learned in establishing national and international business cooperative networks			
	CUSC/Colorado CU personnel to visit Ecuador to operationalize shared branching network				
	Design and implementation of remittance program		Negotiations with vendors, including the local switch provider, the international switch provider, machine vendors and card makers.		
	Research of US remittance origination zones	Investigate potential for cross-border marketing campaign targeting Ecuadorians living in United States	Create network branding for credit union-owned debit cards and ATMs and launch a nationwide marketing campaign to place brand in the market		

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR I	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
	WOCCU assistance to credit unions with installation of remittance operating system	Product development of one remittance-related savings and credit product	Training program for credit union staff on the administration of debit cards		
	Training for credit union staff on secure remittance operations, cash handling, payments, refunds and suspicious activities	Working group to define and establish ATM network, policies and procedures and internal regulations			
		Negotiations with vendors, including the local switch provider, the international switch provider, machine vendors and card makers.			
Activities Completed	Investigation of alternatives for connecting all credit union branches with real-time communication				
	Credit union executives to build knowledge base of shared branching				
	CU personnel to visit Ecuador to operationalize shared branching network				
	Design and implementation of remittance program				
	Research of US remittance origination zones				
	WOCCU assistance to credit unions with installation of remittance operating system				

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Training for credit union staff on secure remittance operations, cash handling, payments, refunds and suspicious activities				
Risk Status	Lack of consensus, government policy restrictions, technology inadequacy, high investment costs, low profitability of services				
Planned Results	-Added Remittance Services in Credit Unions	Added Remittance Linked Savings Products	-Added Debit Card Services		
	-Added Shared Branch Transaction Services	Added Remittance Linked Credit Products			
	Credit Union Indicators:	Documentation of process and lessons learned in establishing national and international business cooperative networks	Credit Union Indicators:		Credit Union Indicators:
	-Net Income: 4.5%	Research on remittance senders in US to Ecuador	-Net Income: 5.5%		-Net Income: 6%
	-Remittances: US\$0		-Remittances: US\$ 20 million		-Remittances: US\$ 80 million
	-Members: 100,287		-Members: 120,000		-Members: 180,000
	-Capital Reserves: 5.1%		-Capital Reserves: 7.5%		-Capital Reserves: 10%
	-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%
	-Savings: US\$28 million		-Savings: US\$40 million		-Savings: US\$56 million
-Credit: US\$27 million		-Credit: US\$37 million		-Credit: US\$54 million	
Results to 31/5/05	International Remittance Network goes live				
	Remittances: US\$600				
Results to 31/3/05	RedCoop national shared branching transaction service goes live				
	Net Income: 2.7%				
	Members: 249,724				

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Results to 31/3/05	Capital Reserves: 4.9%				
	Loan Loss Provisions: 100%				
	Savings: US\$101.5 million				
	Credit: US\$103 million				
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Improve credit union safety and soundness through improved credit union business planning and compliance with regulation and supervision.				
Activities Planned		Training of credit union directors and managers on effective business planning: use of the PEARLS tool, target setting and developing work out plans for reaching targets	Training of credit union directors and managers on effective business planning: use of the PEARLS tool, target setting and developing work out plans for reaching targets	Training of credit union directors and managers on effective business planning: use of the PEARLS tool, target setting and developing work out plans for reaching targets	
Activities Completed	Training of credit union directors and managers on effective business planning: use of the PEARLS tool, target setting and developing work out plans for reaching targets				
Risk Status	Improve credit union safety and soundness through improved credit union business planning and compliance with regulation and supervision.				
Planned Results	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Capital Reserves/ Assets: 5.1%		-Capital Reserves/ Assets:		-Capital Reserves/ Assets:
	-Delinquency: 6.8%		-Delinquency: 5.5%		-Delinquency: 4%
	-Non-earning Assets/ Assets: 13%		-Non Earning Assets / Assets: 10%		-Non Earning Assets/ Assets: 8%
	-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%
Results to 31/3/05	Credit Union Indicators:				
	Capital Reserves/ Assets: 4.9%				
	Delinquency: 5.3%				

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Results to 31/3/05	Non-earning Assets/ Assets: 8.2%				
	Loan Loss Provisions: 100%				
Development Challenge	<b>BUILDING HUMAN CAPITAL</b>				
Objective	To improve credit union financial performance and regulatory compliance by improving the financial and supervisory skills of managers and directors.				
Activities Planned	Preparation of training modules necessary to extend the WOCCU tools developed in the past by the CDP and WOCCU field programs	Translation of existing training materials in English to Spanish for application in Ecuador.	Implementation of training programs	Implementation of training programs	Implementation of training programs
Activities Completed	Preparation of training modules Translation of existing training materials in English to Spanish for application in Ecuador.				
Risk Status	Commercial sustainability of training program, regulatory restrictions on credit union training expenditures				
Planned Results	-Training Modules Produced	Launch of the training program	-Training Modules Produced		
	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Net Income: 4.5%		-Net Income: 5.5%		-Net Income: 6%
	-Members: 100,287		-Members: 120,000		-Members: 180,000
	-Capital Reserves: 5.1%		-Capital Reserves: 7.5%		-Capital Reserves: 10%
	-Loan Loss Provisions / Loans 12 Mos. Delinquent (PI): 100%		-Loan Loss Provisions / Loans 12 Mos. Delinquent (PI): 100%		-Loan Loss Provisions / Loans 12 Mos. Delinquent (PI): 100%
	-Savings: US\$28 million		-Savings: US\$40 million		-Savings: US\$56 million
	-Credit: US\$27 million		-Credit: US\$37 million		-Credit: US\$54 million
Results to 31/5/05	34 training modules produced for 128 teaching hours				
Results to 31/3/05	Credit Union Indicators:				

WOCCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Results to 31/3/05	Net Income: 2.7%				
	Members: 249,724				
	Capital Reserves: 4.9%				
	Loan Loss Provisions: 100%				
	Savings: US\$101.5 million				
	Credit: US\$103 million				
Development Challenge	<b>ADAPTING MCUB TO CHALLENGING OPERATING ENVIRONMENTS</b>				
Objective	Support pilot program to create a sustainable group lending product so that credit unions can reach poor, disenfranchised women in remote areas for credit union replication in Ecuador and in other countries.				
Activities Planned	Contracting of a full-time WOCCU program trainer/ supervisor to conduct regular program trainings for credit union field agents and supervisors.	Assessment and documentation of the impact village banks have on the economic welfare of participating women			
	Specialized consultants to conduct trainings on key topics such as travel safety, fraud prevention, accounting and effective education				
Activities Completed	Contracting of a full-time WOCCU program trainer/ supervisor to conduct regular program trainings for credit union field agents and supervisors.				
	Documentation of the impact village banks have on the economic welfare of participating women				

WOCU CDP WORK PLAN					
B. ECUADOR CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Specialized consultants to conduct trainings on key topics such as travel safety, fraud prevention, accounting and effective education				
Risk Status	product is not profitable in rural areas, credit union cannot support product				
Planned Results	-Number of Poor Rural Women Served with Savings and Credit Services: 7,000	-Number of Poor Rural Women Served with Savings and Credit Services: 9,000			
Results to 31/3/05	Number of Poor Rural Women Served with Savings and Credit Services: 11,232				

WOCCU CDP WORK PLAN					
C. KENYA GDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>NATIONAL AND INTERNATIONAL COOPERATIVE BUSINESS NETWORKS</b>				
Objective	Initiate networking with a limited number of SACCOs to demonstrate, to other SACCOs, network based improvements in credit union financial performance and member service.				
Activities Planned		Expand Membership Bonds	Implement Network Common Physical Image	Network Rules, Protocol, Image Adjustments	
	WOCCU Consultation to set up Network	Design Marketing Campaign		Recruit, Consider New Network Entrants	
		Establish Network Rules			
		Initiate Manual / Telephone Transfers			
Activities Completed	WOCCU Consultation to set up Network				
Risk Status	HIV/AIDS impact, technology inadequacy, high investment costs, low profitability of services				
Planned Results	SACCO Indicators:	-Added National Shared Branch Manual Transaction Services	SACCO Indicators:		SACCO Indicators:
	-Net Income: 0%		-Net Income: -2%		-Net Income: 5%
	-Members: 104,146		-Members: 120,000		-Members: 150,000
	-Capital Reserves: 2.5%		-Capital Reserves: -2%		-Capital Reserves: 8%
	-Loan Loss Provisions: 0%		-Loan Loss Provisions: 60%		-Loan Loss Provisions: 100%
	-Savings: US\$119 million		-Savings: US\$144 million		-Savings: US\$175 million
-Credit: US\$93 million		-Credit: US\$112 million		-Credit: US\$136 million	
Results to 12/31/04	SACCO Indicators:				
	Net Income: 0.7%				
	Members: 106,155				
	Capital Reserves: 1.0%				
	Loan Loss Provisions: 100%				
	Savings: US\$139 million				

WOCCU CDP WORK PLAN					
C. KENYA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
	Credit: US\$161 million				
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Improve credit union safety and soundness through the establishment of credit union legislation, regulation and supervision				
Activities Planned	Finalize SACCO Draft Law	Achieve SACCO Law Parliament Approval	Advise SACCO Registration Process		
	Advocate for SACCO Law	Recommend SACCO Regulations	Provide Examination Training	Provide Examination Training	
	Roadmap for designing and establishment of a SACCO Regulatory Agency	Assist Supervisory Body Design & Financial Plan	Provide Workout Training	Provide Sanctions Training	
	Training and delivery of PEARLS to Supervisory body	Training and delivery of PEARLS to Supervisory body			
Activities Completed	Finalize SACCO Draft Law				
	Advocate for SACCO Law				
	Roadmap for designing and establishment of a SACCO Regulatory Agency				
Risk Status	Internal SACCO resistance, HIV/AIDS impact, government resistance, high minimum capital barriers to entry, regulations that restrict small savings or loans, lack of enforcement, inadequate resources for effective supervision				
Planned Results	-SACCO Law Approved by Stakeholders	SACCO Law Approved	-SACCOs Registered under Supervision		
	SACCO Indicators:	Supervisory Body Established	SACCO Indicators:		SACCO Indicators:
	-Capital Reserves: 2.5%		-Capital Reserves: -2%		-Capital Reserves: 6%
	-Delinquency: 18%		-Delinquency: 12%		-Delinquency: 8%
	-Non-earning Assets: 18%		-Non Earning Assets: 14%		-Non Earning Assets: 10%
	-Loan Loss Provisions: 0%		-Loan Loss Provisions: 60%		-Loan Loss Provisions: 100%
Results to 5/31/05	-SACCO Law Approved by Stakeholders				

WOCCU CDP WORK PLAN					
C. KENYA GDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Results to 12/31/04	SACCO Indicators:				
	Capital Reserves: 1%				
	Delinquency: 0%				
	Non-earning Assets: 10%				
	Loan Loss Provisions: 100%				
Development Challenge:	<b>BUILDING HUMAN CAPITAL</b>				
Objective	To improve credit union financial performance and regulatory compliance by improving the professional management and supervisory skills of managers and directors.				
Activities Planned	Curriculum Development & Marketing	Curriculum Development & Marketing	Curriculum Development & Marketing		
	-Promote Training Institute at SACCOs Africa Congress	Market Training Institute in East Africa	Market Training Institute in East and Southern Africa		
	LCUL, PCUA Volunteers Assist in Design & Teaching	LCUL, PCUA Volunteers Assist in Teaching	LCUL, PCUA Volunteers Assist in Teaching	LCUL, PCUA Volunteers Assist in Design & Teaching	LCUL, PCUA Volunteers Assist in Teaching
Activities Completed	Curriculum Development & Marketing				
	-Promote Training Institute at SACCOs Africa Congress				
	-Launch of Training Institute (SWAMI)				
	LCUL, PCUA Volunteers Assist in Design & Teaching				
Risk Status	Commercial sustainability of training program				
Planned Results	-Training Modules Produced	Training Modules Produced			
	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Net Income: 0%		-Net Income:-2%		-Net Income: 5%
	-Capital Reserves: 2.5%		-Capital Reserves: -2%		-Capital Reserves:8%

WOCCU CDP WORK PLAN					
C. KENYA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Planned Results	-Loan Loss Provisions: 0%		-Loan Loss Provisions: 60%		-Loan Loss Provisions: 100%
	-Savings: US\$119 million		-Savings: US\$144 million		-Savings: US\$175 million
	-Credit: US\$93 million		-Credit: US\$112 million		-Credit: US\$136 million
Results to 31/5/05	56 training modules produced for 120 hours of instruction				
	Strathmore WOCCU African Management Institute (SWAMI) launched				
	SWAMI Scholarship program implemented				
Results to 31/12/04	Credit Union Indicators:				
	Net Income: 0.7%				
	Capital Reserves: 1%				
	Loan Loss Provisions: 100%				
	Savings: US\$139 million Credit: US\$161 million				
Development Challenge	<b>ADAPTING MCUB TO CHALLENGING OPERATING ENVIRONMENTS</b>				
Objective	Provide technical assistance to Afya SACCO to build institutional capital, create loan loss provisions and introduce HIV/AIDS member education and referrals to health service providers to create a pilot for SACCO replication in Kenya and elsewhere in Africa				
	Diagnostic of Afya SACCO	Implementation, Training of Business Plan	Implementation, Training of Business Plan	Implementation, Training of Business Plan	Implementation, Training of Business Plan
	Training in Financial Management, PEARLS, Business Plan	Introduce new/refined savings/insurance products	Introduce New/refined Credit Products		
	Reorient Credit Administration Implementation of financial tools	Reorient Credit Administration Implementation of financial tools			

WOCCU CDP WORK PLAN					
C. KENYA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Planned Activities	Prepare, Acquire HIV/AIDS Education Materials	Prepare, Acquire HIV/AIDS Education Materials		Dissemination of Monograph based on year one and year three survey findings	
		Implement HIV/AIDS Information and Referral Services	Implement HIV/AIDS Information and Referral Services	Implement HIV/AIDS Information and Referral Services	Implement HIV/AIDS Information and Referral Services
	Establish Linkages with Local Health Service Providers	Establish Linkages with Local Health Service Providers		Briefing meeting in Nairobi highlighting Afya pilot program	
	HIV/AIDS Focus Group, Survey/Market Research		HIV/AIDS Focus Group Survey/Market Research		
Activites Completed	Diagnostic of Afya SACCO				
	Training in Financial Management, PEARLS, Business Plan				
	HIV/AIDS Focus Group Survey/Market Research				
Risk Status	Decreased membership and savings capacity of members due to illness, lack of resources in credit unions, cultural resistance				
Planned Results	Afya Indicators:	-New Savings Products Added	Afya Indicators:		Afya Indicators:
	-Net Income: 0%	-HIV/AIDS Information & Referral Services Added	-Net Income: 3%		-Net Income: 6%
	-Capital Reserves: 5%		-Capital Reserves: 5%		-Capital Reserves: 10%
	-Delinquency: 10%		-Delinquency: 7%		-Delinquency: 5%
	-Loan Loss Provisions: 0%		-Loan Loss Provisions: 80%		-Loan Loss Provisions: 100%
Results to 31/12/04	Afya Indicators:				
	Net Income: 0%				
	Capital Reserves: 0.9%				
	Delinquency: 0%				
	Loan Loss Provisions: 100%				

WOCCU CDP WORK PLAN					
D. NICARAGUA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>NATIONAL AND INTERNATIONAL COOPERATIVE BUSINESS NETWORKS</b>				
Objective	Graduate national credit union network from manual networking to expanded international remittance services and electronic national and international shared branching for improved credit union financial performance growth and member service.				
Planned Activities	Training for CSO staff on secure remittance operations, cash handling, payments, refunds and suspicious activities.	Training for credit union staff on remittance management, internal controls, cash management, risk management and liquidity management	Design of software interface so that network can interact directly with credit union software for remittances, shared branching and card service platforms	Negotiations vendors, including a local switch provider, the international switch provider, machine vendors and card makers.	Document and disseminate process of and lessons learned from network formation.
	Training for credit union staff on remittance management, internal controls, cash management, risk management and liquidity management	Market research to identify and review needs of Nicaraguan target markets of remittance senders in the United States	Cross-border remittance marketing in Nicaragua and United States	Experts from CUSC to visit Nicaragua to assist in operationalizing shared branching network	Create network branding for credit union-owned debit cards and ATMs and launch a nationwide marketing campaign to place brand in the market
	Create fully automated interface between IRnet payment transfer software and communication of transaction data to the credit union				Implement training program for credit union staff on the administration of debit cards
		Marketing campaign in Nicaragua to increase remittance outreach			
	Design of remittance-related savings and credit products				
	Training for CSO staff on secure remittance operations, cash handling, payments, refunds and suspicious activities.				

WOCU CDP WORK PLAN					
D. NICARAGUA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Training for credit union staff on remittance management, internal controls, cash management, risk management and liquidity management				
	Create fully automated interface between IRnet payment transfer software and communication of transaction data to the credit union				
	Design of remittance-related savings and credit products				
Risk Status	Lack of consensus, government policy restrictions, technology inadequacy, high investment costs, low profitability of services				
Planned Results	-Added Remittance Linked Savings Products	Launch of Remittance linked savings products	-Added Shared Branch Transaction Services	-Added Debit Card Services	
	-Added Remittance Linked Credit Products	Launch of Remittance linked credit products			
	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Net Income: -1.5%		-Net Income: 2%		-Net Income: 5%
	-Remittances: US\$1 million		-Remittances: US\$5 million		-Remittances: US\$20 million
	-Members: 30,377		-Members: 36,300		-Members: 43,900
	-Capital Reserves: 13%		-Capital Reserves: 12%		-Capital Reserves: 14%
	-Loss Provisions: 100%		-Loss Provisions: 100%		-Loss Provisions: 100%
	-Savings: US\$3.5 million		-Savings: US\$4.2 million		-Savings: US\$5 million
	-Credit: US\$3.8 million		-Credit: US\$4.6 million		-Credit: US\$5.6 million
Results to 31/5/05	Developed remittance linked savings products				
	Developed remittance linked credit products				
	Net Income: -0.5%				
	Remittances: US\$2.6 million				
	Members: 33,734				

WOCCU CDP WORK PLAN					
D. NICARAGUA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Results to 31/3/05	Capital Reserves: 7%				
	Loss Provisions: 100%				
	Savings: US\$5.8 million				
	Credit: US\$5.6 million				
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Improve credit union financial performance and governane through revision to the cooperative law and establishment of credit union law and or regulation and supervisory body.				
Planned Activities	Forums for discussion among credit unions, legislators, the Superintendency of Banks, the Central Bank and DIGECOOP	Local seminars so credit unions will understand the positive impact that regulation and supervision will have on their operations and on the sector as a whole	Experts to guide the creation of legislation and regulations (use CDO best principles for enabling environment as resource)	Experts to guide the creation of legislation and regulations (use CDO best principles for enabling environment as resource)	Technical assistance to a newly-formed cooperative insurance company on the validation of the technical notes, the registration process of the insurance products with the Superintendency of Banks and the setting of a standard for the accreditation of the insurance brokers
	Experts to guide the creation of legislation and regulations (use CDO best principles for enabling environment as resource)	Experts to guide the creation of legislation and regulations (use CDO best principles for enabling environment as		Drafting of effective legislation and regulation for cooperative insurance	
		Informational exchanges for legislators and executive branch officials to visit other countries to learn about best practices in credit union regulation and supervision		Conduct feasibility study for cooperative insurance company formation.	

WOCCU CDP WORK PLAN					
D. NICARAGUA CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Forums for discussion among credit unions, legislators, the Superintendency of Banks, the Central Bank and DIGECOOP				
	Experts to guide the creation of legislation and regulations (use CDO best principles for enabling environment as resource)				
Risk Status	Lack of credit union capacity, internal credit union sector resistance, other cooperative sector resistance, government resistance, high minimum capital barriers to entry, regulations that restrict small savings or loans, lack of enforcement, inadequate resources for effective supervision				
Planned Results		-Amended Coop Law Approved	-Credits Unions Registered under Supervision		
	Credit Union Indicators:	-Supervisory Body Established	Credit Union Indicators:		Credit Union Indicators:
	-Capital Reserves: 13%		-Capital Reserves: 12%		-Capital Reserves: 14%
	-Delinquency: 10%		-Delinquency: 7%		-Delinquency: 5%
	-Non-earning Assets: 16%		-Non-earning Assets: 12%		-Non-earning Assets: 10%
	-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%
Results to 31/3/05	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	Capital Reserves: 7.0%		-Capital Reserves: 12%		-Capital Reserves: 14%
	Delinquency: 8.6%		-Delinquency: 7%		-Delinquency: 5%
	Non-earning Assets: 13%		-Non-earning Assets: 12%		-Non-earning Assets: 10%
	Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%

WOCCU CDP WORK PLAN					
E-PHILIPPINES GDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>NATIONAL AND INTERNATIONAL COOPERATIVE BUSINESS NETWORKS</b>				
Objective	Establish cooperative banking system and international remittance services in credit unions				
Activities Planned	Conduct a remittance study	Draft a detailed business plan for establishing a central clearing house in the United States and connected to FedWire and Swift			
	Conduct a study on the clearing house system, process and procedures, costs	Conduct a study on the clearing house system, process and procedures, costs			
	Conduct a study on the use of wire transfers and correspondent banking				
	Pursue Credit Union access Financial Services from banks—ATMs, Housing Finance	Pursue Credit Union access Financial Services from banks—ATMs, Housing Finance			
Activities Completed	Remittance study conducted				
	Study on the use of wire-transfers and correspondent banking conducted				
Risk Status	Government policy restrictions, technology inadequacy, high investment costs, low profitability of services				
	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Net Income: 3%		-Net Income: 3.5%		-Net Income: 4%
	-Remittances: US\$0		Remittances: US\$10 million*		-Remittances: US\$25 million*
	-Members: 330,000		-Members: 345,100		-Members: 375,000
	-Capital Reserves: 7%		-Capital Reserves: 8%		-Capital Reserves: 9%
	-Loss Provisions: 100%		-Loss Provisions: 100%		-Loss Provisions: 100%
-Savings: US\$40 million		-Savings: US\$44 million		-Savings: US\$50 million	

	WOCCU CDP WORK PLAN				
	E. PHILIPPINES CDP WORK PLAN				
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Planned Results	-Credit: US\$35 million		-Credit: US\$39 million		-Credit: US\$44 million
			*Remittance distribution by Filipino credit unions is contingent on regulatory changes being made by the Philippines government so that credit unions have direct access to payment settlement and clearing systems.		*Remittance distribution by Filipino credit unions is contingent on regulatory changes being made by the Philippines government so that credit unions have direct access to payment settlement and clearing systems.
Results to 31/3/05	Credit Union Indicators:				
	Net Income: 3.5%				
	Remittances: US\$0				
	Members: 400,387				
	Capital Reserves: 6.8%				
	Loan Loss Provisions: 96.6%				
	Savings: US\$42 million Credit: US\$53.1 million				
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Gain access for credit unions to national payments system, establish credit union legislation and supervision system for improved credit union safety and soundness.				
Activities Planned	WOCCU and Washington league advocate for credit unions/credit union central to be a part of the national payment system	WOCCU and Washington league advocate for credit unions/credit union central to be a part of the national payment system	WOCCU and Washington league advocate for credit unions/credit union central to be a part of the national payment system		

WOCCU CDP WORK PLAN					
E. PHILIPPINES CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Washington CU League shares training materials on examination and supervision with Philippines; holds workshop in Davao on successful supervisory program				
Risk Status	Government policy restrictions, technology inadequacy, lack of capacity, resistance of formal financial sector				
Planned Results	Credit Union Indicators:		Credit Union Indicators:		Credit Union Indicators:
	-Capital Reserves: 7%		-Capital Reserves: 8%		-Capital Reserves: 9%
	-Delinquency: 12%		-Delinquency: 9%		-Delinquency: 7%
	-Non-earning Assets: 10%		-Non-earning Assets: 9%		-Non-earning Assets: 8%
	-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%		-Loan Loss Provisions: 100%
Results to 31/3/05	Credit Union Indicators:				
	Capital Reserves: 6.8%				
	Delinquency: 14%				
	Non-earning Assets: 7.8%				
	Loan Loss Provisions: 96.6%				

WOCCU CDP WORK PLAN					
F. AFGHANISTAN CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Development Challenge	<b>LEGISLATIVE &amp; REGULATORY DEVELOPMENT</b>				
Objective	Establish credit union legislation, regulation and supervisory capacity in the central bank of Afghanistan				
Activities Planned	Advise Central Bank on CU Regulation	Advise Central Bank on CU Regulation			
	Advocate for Passage of Credit Union Law	Advocate for Passage of Credit Union Law			
		Draft Credit Union Law			
		Draft Credit Union Regulations			
Activities Completed	Advise Central Bank on CU Regulation				
	Advocate for Passage of Credit Union Law				
Risk Status	Disruption because of conflict or violence, local unfamiliarity with credit unions, high minimum capital barriers to entry				
Planned Results	Three Credit Unions Established	Credit Union Law Approved	Credit Union Regulations Approved		
Results to 31/5/05	Two credit unions established				
Development Challenge	<b>ADAPTING MCUB TO CHALLENGING OPERATING ENVIRONMENTS</b>				
Objective	Establish credit unions and begin service provision for Afghan citizens, create a model that can be replicated for credit union establishment				
Activities Planned	Start-up CU Marketing Technical Assistance	Start-up CU Marketing Technical Assistance	Marketing Technical Assistance	Marketing Technical Assistance	Marketing Technical Assistance
	Promotional Advertising Material Development	Promotional Advertising Material Development	Promotional Advertising Material Development	Promotional Advertising Material Development	Promotional Advertising Material Development
Activities Completed	Start-up CU Marketing Technical Assistance				
	Promotional Advertising Material Development				
Risk Status	Disruption because of conflict or violence, local unfamiliarity with credit unions, high minimum capital barriers to entry				
		Number Credit Unions: 3			

WOCCU CDP WORK PLAN					
F: AFGHANISTAN CDP WORK PLAN					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Planned Results		Number Members: 3,000			
		Savings: 80,400			
		Credit: 369,720			
Results to 31/3/05	Number Credit Unions: 2				
	Number Members: 1,788				
	Savings: US\$12,480				
	Credit: US\$36,480				

WOCCU CDP WORK PLAN					
G. CDP MANAGEMENT					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
<b>MONITORING &amp; EVALUATION</b>					
Objective	Manage activities and interventions in an effective manner so that interim and final results are achieved and WOCCU and CDP strategic objectives are furthered				
Activities Planned	Baseline assessments in Kenya, Ecuador and Philippines	Baseline assessments in Nicaragua and Afghanistan		-Evaluations of CDP “meeting the challenge—seeking change” country program implementation in Afghanistan, Ecuador, Kenya, Nicaragua and Philippines	
	Quarterly tracking of PEARLS indicators in focus country credit union participants	Quarterly tracking of PEARLS indicators in focus country credit union participants	Quarterly tracking of PEARLS indicators in focus country credit union participants	Quarterly tracking of PEARLS indicators in focus country credit union participants	Quarterly tracking of PEARLS indicators in focus country credit union participants
		Governance assessment tool implemented in Ecuador, Kenya, Nicaragua and Philippines	Results of governance assessments in Ecuador, Kenya, Nicaragua and Philippines		
		Control assessments in Kenya for impact of SWAMI training program with building human capital	Results of building human capital training program in Kenya		
		Baseline control assessments in Peru and Panama			
Activities Completed	Baseline Assessment in Kenya, Ecuador, Philippines				

WOCCU CDP WORK PLAN					
G. CDP MANAGEMENT					
YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TERM	(6/04-5/05)	(6/05-5/06)	(6/06-5/07)	(6/07-5/08)	(6/08-5/09)
Activities Completed	Quarterly tracking of PEARLS indicators in focus country credit union participants				
Risk Status	Human resource capacity, risk management in five focus countries, change in technology				
Planned Results	Quarterly financial reports	Quarterly financial reports	Quarterly financial reports	Quarterly financial reports	Quarterly financial reports
	Annual work plan	Annual work plan	Annual work plan	Annual work plan	Annual work plan
	Semi-annual reports	Semi-annual reports	Semi-annual reports	Semi-annual reports	Semi-annual reports
		Baseline assessment reports for Kenya-Uganda, Ecuador-Peru, Nicaragua-Panama	Midterm assessment & evaluation		Final Evaluation
Results to 31/5/05	Quarterly financial reports				

## PEARLS SUMMARIES FOR CREDIT UNIONS IN CDP FOCUS COUNTRIES

Please see following pages.



## CONSOLIDADO ECUADOR II P-E-A-R-L-S RATIOS

Based on US\$

P-E-A-R-L-S RATIOS	Goals (Excellence)	Annual Goal % Complete						
		31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	30-Jun-05	01-Jan-06	30-Nov-04
Number of Credit Unions in this Report								
		10	10	10	10	10	9	
<b>P PROTECTION</b>								
1. Loan Loss Allowances / Delinq. >12 Mo.	100%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100%
2. Net Loan Loss Allow. / WOCCU Allow. Required for Delinq. 1-12 Mo.	35%	112.73%	52.96%	58.35%	80.57%	81.07%	125.47%	-59%
2U Net Loan Loss Allow. / User Allow. Required for Delinq. 1-12 Mo.	100%	130.56%	86.04%	103.58%	125.08%	128.09%	154.87%	760%
3. Complete Loan Charge-Off of Delinquency > 12 Mo.	Yes	No	No	No	No	No	No	NA
4. Annual Loan Charge-offs / Average Loan Portfolio	Minimized	0.00%	0.00%	0.01%	0.04%	-0.01%	0.40%	0%
5. Accum. Charge-Offs Recovered / Accum Charge-Offs	>75%	NA	4.12%	0.00%	0.37%	0.00%	45.97%	0%
6. Solvency	>=111%	110.15%	108.67%	109.65%	109.50%	110.24%	109.06%	51%
<b>E EFFECTIVE FINANCIAL STRUCTURE</b>								
1. Net Loans / Total Assets	70-80%	82.61%	81.13%	80.03%	78.16%	81.83%	81.54%	111%
2. Liquid Investments / Total Assets	<=16%	5.72%	5.37%	8.88%	13.01%	10.26%	12.85%	-1750%
3. Financial Investments / Total Assets	<=2%	0.12%	0.14%	0.15%	0.10%	0.16%	0.13%	143%
4. Non-Financial Investments / Total Assets	0%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	NA
5. Savings Deposits / Total Assets	70 - 80%	75.38%	76.23%	74.26%	78.13%	77.58%	78.78%	62%
6. External Credit / Total Assets	0-5%	2.69%	2.83%	3.82%	1.43%	1.88%	2.56%	55%
7. Member Share Capital / Total Assets	<=20%	10.38%	10.16%	10.85%	10.05%	9.98%	9.49%	81%
8. Institutional Capital / Total Assets	>=10%	3.77%	4.07%	4.29%	4.73%	5.31%	5.65%	75%
9. Net Institutional Capital / Total Assets	>=10%	5.21%	4.86%	5.57%	6.36%	6.95%	7.49%	51%
9U User-Defined Net Capital	>=10%	4.08%	3.42%	4.27%	5.30%	5.89%	6.53%	38%
<b>A ASSET QUALITY</b>								
1. Total Delinquency / Gross Loan Portfolio	<=5%	2.62%	6.61%	7.72%	5.10%	4.87%	2.53%	-26%
1U User-Defined Delinquency / Gross Loan Portfolio	<5%	5.08%	12.05%	18.61%	16.18%	12.93%	7.22%	44%
2. Non-Earning Assets / Total Assets	<=5%	11.54%	13.35%	10.93%	8.73%	7.74%	5.48%	24%
3. Net Zero Cost Funds / Non-earning. Assets	>=200%	102.73%	75.91%	101.17%	125.52%	143.83%	183.52%	-13%
<b>R RATES OF RETURN AND COSTS (Annualized)</b>								
1. Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	21.05%	20.42%	20.23%	18.75%	17.84%	15.63%	126%
2. Liquid Inv. Income / Avg. Liquid Investments	Market Rates	10.70%	8.40%	6.01%	3.66%	4.06%	3.91%	107%
3. Fin. Investment Income / Avg. Fin. Investments	Market Rates	17.16%	4.30%	0.00%	0.06%	2.79%	3.06%	91%
4. Non-Fin. Inv. Income / Avg. Non-Fin. Investments	>=R1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	NA
5. Fin Costs: Savings Deposits / Avg. Savings	Market Rates, > Inflation	6.13%	5.89%	5.66%	5.03%	4.82%	4.35%	117%
6. Fin Costs: External Credit / Avg. External Credit	Market Rates	6.42%	5.86%	7.71%	6.84%	3.68%	5.97%	0%
7. Fin Costs: Member Shares / Avg. Member Shares	Market Rates, > R5	3.97%	3.61%	2.80%	2.25%	2.39%	3.30%	58%
8. Gross Margin / Average Assets	^E9=10%	12.92%	12.66%	12.34%	11.83%	11.19%	9.57%	137%
9. Operating Expenses / Average Assets	<=5%	8.75%	8.11%	7.83%	7.53%	6.23%	5.93%	111%
10. Provisions for Risk Assets / Average Assets	^P1=100%, ^P2=35%	2.09%	2.15%	2.21%	1.45%	1.68%	0.88%	448%
11. Other Income or Expense / Average Assets	Minimized	-0.19%	0.30%	0.10%	0.10%	0.09%	0.13%	56%
12. Net Income / Average Assets (ROA)	^E9=10%	1.14%	2.03%	1.74%	2.27%	3.06%	1.73%	361%
13. Net Income / Avg. Inst. Cap (ROC)	>Inflation	12.11%	24.58%	21.20%	28.54%	37.70%	23.41%	263%
<b>L LIQUIDITY</b>								
1. Liquid Assets - ST Payables / Total Deposits	15-20%	12.43%	16.39%	18.79%	20.24%	16.23%	17.42%	148%
2. Liquidity Reserves / Total Savings Deposits	10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.13%	0%
3. Non-Earning Liquid Assets / Total Assets	<1%	4.84%	8.32%	5.69%	3.80%	3.28%	1.75%	11%
<b>S SIGNS OF GROWTH (Annualized Rates)</b>								
1. Net Loans	^E1=70-80%	71.51%	46.86%	38.12%	53.21%	59.44%	45.27%	111%
2. Liquid Investments	^E2<=16%	31.92%	40.44%	131.45%	129.84%	-4.96%	37.51%	59%
3. Financial Investments	^E3<=2%	-61.86%	68.65%	53.94%	3.63%	200.81%	74.18%	174%
4. Non-Financial Investments	^E4=0%	-98.84%	91.77%	103.47%	-97.97%	0.00%	-100.00%	1584%
5. Savings Deposits	^E5=70-80%	68.50%	51.23%	36.41%	65.06%	45.98%	40.39%	105%
6. External Credit	^E6=0-5%	70.60%	57.24%	88.85%	-41.07%	126.19%	148.71%	91%
7. Member Shares	^E7<=20%	84.34%	46.32%	49.51%	45.35%	45.85%	31.40%	113%
8. Institutional Capital	^E8>=10%	93.17%	61.45%	47.55%	72.86%	78.52%	66.42%	108%
9. Net Institutional Capital	^E9>=10%	99.45%	39.43%	60.56%	79.04%	70.73%	63.81%	105%
10. Membership	>=15%	21.52%	52.37%	22.39%	40.46%	15.98%	-62.11%	629%
11. Total Assets	>Inflation + 10%	64.98%	49.55%	40.01%	56.89%	47.73%	39.24%	107%
<b>Inflation Rate (Annualized)</b>		22.40%	9.40%	6.00%	3.00%	1.26		

# Consolidated Kenya CDP credit union

# P-E-A-R-L-S RATIOS

Based on US\$

## P-E-A-R-L-S RATIOS

Number of Credit Unions in this Report

### P PROTECTION

	Goals (Excellence)	31-Dec-02	31-Dec-03	31-Dec-04	Annual Goal	% Complete
1. Loan Loss Allowances / Delinq. >12 Mo.	100%	100.00%	100.00%	100.00%	0.00%	0.00%
2. Net Loan Loss Allow. / WOCCU Allow. Required for Delinq. 1-12 Mo.	35%	100.00%	100.00%	100.00%	0.00%	0.00%
2X Net Loan Loss Allow. / User Allow. Required for Delinq. 1-12 Mo.	100%	100.00%	100.00%	100.00%	0.00%	0.00%
3. Complete Loan Charge-Off of Delinquency > 12	Yes	Yes	Yes	Yes	0	0
4. Annual Loan Charge-offs / Average Loan	Minimized	0.00%	0.00%	0.00%	0.00%	0.00%
5. Accum. Charge-Offs Recovered / Accum	>75%	NA	NA	NA	0.00%	0.00%
6. Solvency	>=111%	103.49%	103.39%	103.13%	0.00%	0.00%

### E EFFECTIVE FINANCIAL STRUCTURE

1. Net Loans / Total Assets	70-80%	74.73%	79.68%	82.12%	0.00%	0.00%
2. Liquid Investments / Total Assets	<=16%	0.36%	1.30%	1.69%	0.00%	0.00%
3. Financial Investments / Total Assets	<=2%	3.07%	2.44%	1.78%	0.00%	0.00%
4. Non-Financial Investments / Total Assets	0%	6.44%	5.24%	4.37%	0.00%	0.00%
5. Savings Deposits / Total Assets	70 - 80%	72.06%	70.17%	70.81%	0.00%	0.00%
6. External Credit / Total Assets	0-5%	1.44%	5.41%	5.45%	0.00%	0.00%
7. Member Share Capital / Total Assets	<=20%	17.07%	15.86%	14.37%	0.00%	0.00%
8. Institutional Capital / Total Assets	>=10%	1.10%	1.06%	1.04%	0.00%	0.00%
9. Net Institutional Capital / Total Assets	>=10%	1.10%	1.04%	1.02%	0.00%	0.00%

### A ASSET QUALITY

1. Total Delinquency / Gross Loan Portfolio	<=5%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Non-Earning Assets / Total Assets	<=5%	15.40%	11.34%	10.03%	0.00%	0.00%
3. Net Zero Cost Funds / Non-earning. Assets	>=200%	61.22%	75.35%	93.18%	0.00%	0.00%

### R RATES OF RETURN AND COSTS (ANNUALIZED)

1. Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	11.53%	11.57%	11.55%	0.00%	0.00%
2. Liquid Inv. Income / Avg. Liquid Investments	Market Rates	122.51%	47.74%	39.60%	0.00%	0.00%
3. Fin. Investment Income / Avg. Fin. Investments	Market Rates	5.41%	3.44%	1.82%	0.00%	0.00%
4. Non-Fin. Inv. Income / Avg. Non-Fin.	>=R1	0.00%	0.00%	0.00%	0.00%	0.00%
5. Fin Costs: Savings Deposits / Avg. Savings	Market Rates, > Inflation	1.35%	1.46%	1.43%	0.00%	0.00%
6. Fin Costs: External Credit / Avg. External Credit	Market Rates	35.28%	8.59%	8.89%	0.00%	0.00%
7. Fin Costs: Member Shares / Avg. Member Shares	Market Rates, > R5	20.70%	23.70%	28.31%	0.00%	0.00%
8. Gross Margin / Average Assets	^E9=10%	4.24%	4.30%	4.44%	0.00%	0.00%
9. Operating Expenses / Average Assets	<=5%	3.68%	3.67%	3.65%	0.00%	0.00%
10. Provisions for Risk Assets / Average Assets	^P1=100%, ^P2=35%	0.00%	0.00%	0.00%	0.00%	0.00%
11. Other Income or Expense / Average Assets	Minimized	-0.07%	-0.02%	-0.07%	0.00%	0.00%
12. Net Income / Average Assets (ROA)	^E9=10%	0.49%	0.61%	0.72%	0.00%	0.00%
13. Net Income / Avg. Inst. Cap (ROC)	>Inflation	15.69%	20.20%	25.71%	0.00%	0.00%

### L LIQUIDITY

1. Liquid Assets - ST Payables / Total Deposits	15-20%	7.68%	7.02%	2.31%	0.00%	0.00%
2. Liquidity Reserves / Total Savings Deposits	10%	0.00%	0.00%	0.00%	0.00%	0.00%
3. Non-Earning Liquid Assets / Total Assets	<1%	6.71%	4.99%	1.72%	0.00%	0.00%

### S SIGNS OF GROWTH (Year-To-Date Growth Rates)

1. Net Loans	^E1=70-80%	NA	32.79%	23.20%	0.00%	0.00%
2. Liquid Investments	^E2<=16%	NA	355.08%	55.35%	0.00%	0.00%
3. Financial Investments	^E3<=2%	NA	-0.96%	-12.80%	0.00%	0.00%
4. Non-Financial Investments	^E4=0%	NA	1.18%	-0.15%	0.00%	0.00%
5. Savings Deposits	^E5=70-80%	NA	21.26%	20.63%	0.00%	0.00%
6. External Credit	^E6=0-5%	NA	367.77%	20.55%	0.00%	0.00%
7. Member Shares	^E7<=20%	NA	15.70%	8.32%	0.00%	0.00%
8. Institutional Capital	^E8>=10%	NA	20.85%	17.01%	0.00%	0.00%
9. Net Institutional Capital	^E9>=10%	NA	18.07%	17.41%	0.00%	0.00%
10. Membership	>=15%	NA	9.23%	71.83%	0.00%	0.00%
11. Total Assets	>Inflation + 10%	NA	24.53%	19.54%	0.00%	0.00%

= Equal To      > Greater Than  
< Less Than    ^ Amount Needed

### Inflation Rate (Annualized)

Expressed on US\$

P-E-A-R-L-S RATIOS

Number of Credit Unions in this Report

Goals (Excellence)	31-Mar-01	30-Jun-04	30-Sep-04	31-Dec-04	31-Mar-05	Annual Goal	% Complete
Number of Credit Unions in this Report	11	11	11	10	10	0	
<b><u>PROTECTION</u></b>							
Loan Loss Allowances / Delinq. >12 Mo.	100%	100.00%	100.00%	100.00%	100.00%	0.00%	NA
Net Loan Loss Allow. / WOCCU Allow. Required for Delinq. 1-12 Mo.	35%	33.91%	34.01%	32.13%	33.02%	30.86%	0.00%
Net Loan Loss Allow. / User Allow. Required for Delinq. 1-12 Mo.	100%	96.90%	97.17%	91.81%	94.36%	88.18%	0.00%
Complete Loan Charge-Off of Delinquency > 12	Yes	No	No	No	No	0	NA
Annual Loan Charge-offs / Average Loan Portfolio	Minimized	0.59%	1.09%	-2.40%	-3.67%	-2.47%	0.00%
Accum. Charge-Offs Recovered / Accum Solvency	>75%	26.83%	25.19%	45.13%	33.53%	39.94%	0.00%
	>=111%	114.26%	112.73%	112.01%	110.79%	110.69%	0.00%
<b><u>EFFECTIVE FINANCIAL STRUCTURE</u></b>							
Net Loans / Total Assets	70-80%	61.29%	58.77%	58.21%	63.67%	65.43%	0.00%
Liquid Investments / Total Assets	<=16%	22.53%	26.45%	25.75%	22.72%	20.13%	0.00%
Financial Investments / Total Assets	<=2%	0.28%	0.32%	0.31%	0.53%	0.55%	0.00%
Non-Financial Investments / Total Assets	0%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Savings Deposits / Total Assets	70 - 80%	66.23%	68.98%	68.36%	68.86%	67.68%	0.00%
External Credit / Total Assets	0-5%	12.92%	10.18%	12.04%	16.43%	13.79%	0.00%
Member Share Capital / Total Assets	<=20%	5.47%	5.07%	4.92%	3.65%	4.34%	0.00%
Institutional Capital / Total Assets	>=10%	9.83%	9.48%	8.46%	7.21%	7.05%	0.00%
Net Institutional Capital / Total Assets	>=10%	9.74%	9.42%	8.27%	7.10%	6.78%	0.00%
User-Defined Net Capital	>=10%	9.74%	9.42%	8.27%	7.10%	6.78%	0.00%
<b><u>ASSET QUALITY</u></b>							
Total Delinquency / Gross Loan Portfolio	<=5%	12.55%	9.67%	11.59%	8.57%	10.05%	0.00%
User-Defined Delinquency / Gross Loan Portfolio	<5%	12.55%	9.67%	11.59%	8.57%	10.05%	0.00%
Non-Earning Assets / Total Assets	<=5%	15.89%	14.46%	15.72%	13.08%	13.88%	0.00%
Net Zero Cost Funds / Non-earning. Assets	>=200%	96.27%	94.88%	78.94%	82.53%	90.86%	0.00%
<b><u>RATES OF RETURN AND COSTS (Annualized)</u></b>							
Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	40.07%	37.82%	37.67%	35.59%	35.61%	0.00%
Liquid Inv. Income / Avg. Liquid Investments	Market Rates	5.41%	7.03%	6.09%	6.10%	5.10%	0.00%
Fin. Investment Income / Avg. Fin. Investments	Market Rates	0.00%	1.78%	0.00%	0.93%	0.86%	0.00%
Non-Fin. Inv. Income / Avg. Non-Fin. Investments	>=R1	525.87%	0.00%	2052.38%	3181.78%	2521.96%	0.00%
Fin Costs: Savings Deposits / Avg. Savings Deposits	Market Rates, > Inflation	10.99%	10.42%	11.05%	10.72%	10.43%	0.00%
Fin Costs: External Credit / Avg. External Credit	Market Rates	7.56%	11.41%	10.11%	8.74%	10.02%	0.00%
Fin Costs: Member Shares / Avg. Member Shares	Market Rates, > R5	11.93%	12.13%	13.97%	10.92%	12.68%	0.00%
Gross Margin / Average Assets	^E9=10%	18.82%	17.57%	15.00%	15.03%	15.26%	0.00%
Operating Expenses / Average Assets	<=5%	16.83%	15.14%	14.15%	14.33%	13.88%	0.00%
Provisions for Risk Assets / Average Assets	^P1=100%, ^P2=35%	2.50%	1.57%	2.98%	1.50%	2.01%	0.00%
Other Income or Expense / Average Assets	Minimized	0.00%	0.00%	0.19%	0.12%	0.09%	0.00%
Net Income / Average Assets (ROA)	^E9=10%	-0.50%	0.85%	-1.95%	-0.68%	-0.54%	0.00%
Net Income / Avg. Inst. Cap (ROC)	>Inflation	-4.24%	7.36%	-20.64%	-7.72%	-6.19%	0.00%
<b><u>LIQUIDITY</u></b>							
Liquid Assets - ST Payables / Total Deposits	15-20%	37.85%	42.41%	41.72%	35.99%	32.60%	0.00%
Liquidity Reserves / Total Savings Deposits	10%	8.95%	10.25%	9.68%	9.53%	12.38%	0.00%
Non-Earning Liquid Assets / Total Assets	<1%	3.17%	3.34%	3.29%	2.65%	2.52%	0.00%
<b><u>SIGNS OF GROWTH (Annualized Rates)</u></b>							
Net Loans	^E1=70-80%	27.00%	29.94%	29.79%	56.71%	53.25%	0.00%
Liquid Investments	^E2<=16%	68.87%	100.78%	22.46%	3.88%	-5.75%	0.00%
Financial Investments	^E3<=2%	38.16%	66.03%	20.76%	192.51%	158.12%	0.00%
Non-Financial Investments	^E4=0%	-5.40%	-100.00%	100.00%	100.00%	100.00%	0.00%
Savings Deposits	^E5=70-80%	54.92%	65.83%	29.96%	36.65%	31.11%	0.00%
External Credit	^E6=0-5%	35.64%	12.52%	112.67%	181.70%	93.75%	0.00%
Member Shares	^E7<=20%	7.32%	10.17%	21.73%	-28.86%	10.28%	0.00%
Institutional Capital	^E8>=10%	-8.66%	1.49%	-12.09%	-19.24%	-8.58%	0.00%
Net Institutional Capital	^E9>=10%	-11.58%	-0.65%	-18.54%	-20.78%	-12.56%	0.00%
Membership	>=15%	7.18%	27.84%	32.28%	32.11%	19.43%	0.00%
Total Assets	>Inflation + 10%	39.08%	45.78%	33.85%	37.07%	34.26%	0.00%
	= Equal To	> Greater Than					
	< Less Than	^ Amount Needed					
Inflation Rate (Annualized)		10.00%	8.00%	10.00%	10.00%		

# CUES PROJECT

Annual Goal

Based on Local currency

% Complete

P-E-A-R-L-S RATIOS		Goals (Excellence)	31-Dec-04	31-Mar-05	1/1/2006	% Complete
<b>P</b>	<b>PROTECTION</b>					
1	Loan Loss Allowances / Delinq. >12 Mo.	100%	95.54%	96.60%	98.38%	98.19%
2	Net Loan Loss Allow. / WOCCU Allow. Required for Delinq. 1-12 Mo.	35%	21.83%	26.45%	38.40%	68.88%
2X.	Net Loan Loss Allow. / User Allow. Required for Delinq. 1-12 Mo.	100%	62.38%	75.58%	109.70%	68.90%
3	Complete Loan Charge-Off of Delinquency > 12 Mo.	Yes	No	No	No	NA
4	Annual Loan Charge-offs / Average Loan Portfolio	Minimized	1.84%	0.28%	-0.07%	-400.00%
5	Accum. Charge-Offs Recovered / Accum Charge-Offs	>75%	26.77%	28.31%	40.33%	70.20%
6	Solvency	>=111%	107.74%	109.07%	110.86%	98.39%

## E EFFECTIVE FINANCIAL STRUCTURE

1	Net Loans / Total Assets	70-80%	67.23%	66.37%	74.18%	89.47%
2	Liquid Investments / Total Assets	<=16%	19.82%	20.43%	15.15%	134.85%
3	Financial Investments / Total Assets	<=2%	3.16%	3.81%	3.11%	122.51%
4	Non-Financial Investments / Total Assets	0%	1.95%	1.57%	1.47%	106.80%
5	Savings Deposits / Total Assets	70 - 80%	54.67%	55.85%	57.84%	96.56%
6	External Credit / Total Assets	0-5%	1.18%	1.15%	0.89%	129.21%
7	Member Share Capital / Total Assets	<=20%	27.44%	27.39%	25.82%	106.08%
8	Institutional Capital / Total Assets	>=10%	6.68%	6.77%	7.11%	95.22%
9	Net Institutional Capital / Total Assets	>=10%	4.56%	5.11%	6.90%	74.06%

## A ASSET QUALITY

1	Total Delinquency / Gross Loan Portfolio	<=5%	13.92%	14.11%	8.88%	158.90%
2	Non-Earning Assets / Total Assets	<=5%	7.84%	7.82%	6.09%	128.41%
3	Net Zero Cost Funds / Non-earning. Assets	>=200%	186.26%	178.56%	250.28%	71.34%

## R RATES OF RETURN AND COSTS (ANNUALIZED)

1	Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	24.42%	23.26%	22.28%	104.40%
2	Liquid Inv. Income / Avg. Liquid Investments	Market Rates	3.41%	4.88%	2.72%	179.41%
3	Fin. Investment Income / Avg. Fin. Investments	Market Rates	2.50%	4.46%	5.12%	87.11%
4	Non-Fin. Inv. Income / Avg. Non-Fin. Investments	>=R1	12.83%	9.68%	10.27%	94.26%
5	Fin Costs: Savings Deposits / Avg. Savings Deposits	Market Rates, > Inflation	6.37%	6.48%	7.62%	85.04%
6	Fin Costs: External Credit / Avg. External Credit	Market Rates	11.93%	9.18%	9.98%	91.98%
7	Fin Costs: Member Shares / Avg. Member Shares	Market Rates, > R5	12.82%	9.60%	11.10%	86.49%
8	Gross Margin / Average Assets	^E9=10%	10.90%	11.17%	8.67%	128.84%
9	Operating Expenses / Average Assets	<=5%	6.30%	6.09%	5.64%	107.98%
10	Provisions for Risk Assets / Average Assets	^P1=100%, ^P2=35%	1.85%	1.52%	0.51%	298.04%
11	Other Income or Expense / Average Assets	Minimized	0.00%	0.00%	0.05%	0.00%
12	Net Income / Average Assets (ROA)	^E9=10%	2.74%	3.56%	2.56%	139.06%
13	Net Income / Avg. Inst. Cap (ROC)	>Inflation	31.42%	40.22%	28.70%	140.14%

## L LIQUIDITY

1	Liquid Assets - ST Payables / Total Deposits	15-20%	37.77%	37.08%	27.07%	136.98%
2	Liquidity Reserves / Total Savings Deposits	10%	4.37%	4.49%	3.92%	114.54%
3	Non-Earning Liquid Assets / Total Assets	<1%	1.39%	0.99%	1.09%	90.83%

## S SIGNS OF GROWTH (Annualized Rates)

1	Net Loans	^E1=70-80%	31.62%	19.15%	35.78%	53.52%
2	Liquid Investments	^E2<=16%	25.48%	37.79%	-5.94%	-636.20%
3	Financial Investments	^E3<=2%	54.97%	113.10%	21.05%	537.29%
4	Non-Financial Investments	^E4=0%	21.58%	-57.35%	-7.25%	791.03%
5	Savings Deposits	^E5=70-80%	34.18%	34.00%	30.20%	112.58%
6	External Credit	^E6=0-5%	-5.53%	12.75%	-7.30%	-174.66%
7	Member Shares	^E7<=20%	23.78%	23.90%	15.81%	151.17%
8	Institutional Capital	^E8>=10%	28.60%	30.33%	30.94%	98.03%
9	Net Institutional Capital	^E9>=10%	82.81%	76.85%	86.30%	89.05%
10	Membership	>=15%	33.30%	20.45%	29.50%	69.32%
11	Total Assets	>Inflation + 10%	29.27%	24.69%	23.06%	107.07%

#NAME?

> Greater Than

< Less Than

^ Amount Needed

**Inflation Rate (Annualized)**

2.60%

3.10%

7.90%

8.50%

## COST SHARE STATUS

WOCCU's five year cost share target is US\$736,400, 20% of the total USAID budget.

As of May 31, 2005, total cash contributions totaled US\$372,439.

The table below represents the distribution of funds to CDP activities and countries.

COST SHARE TO DATE (As of May 31, 2005)	
CDP ACTIVITY	Expensed
Kenya: CMG Grant Strathmore WOCCU Training Institute	US\$50,000
Kenya: SWAMI Scholarships received (LCUL, PCUA, AACUC, AHFCU, SRCUS)	US\$14,460
Kenya: WSG investment in SWAMI	US\$10,256
Afghanistan: Contributions from US credit unions to Afghanistan Credit Union Building	US\$44,615
Kenya: Uganda Baseline (self-funded by WOCCU)	US\$48,676
Control: Sri Lanka CU Reconstruction * (funds from US credit unions)	US\$204,432
<b>TOTAL</b>	<b>US\$372,439</b>

\*The Sri Lanka reconstruction funds were not reported in the June 30, 2005 Form 269 Financial Report but will be included in the September 30, 2005 report.

## SUMMARY OF PLANNED ACTIVITIES FOR JUNE – DECEMBER, 2005

This section reviews CDP activities planned for the next reporting period

WOCCU's global work plan will include the following:

- WOCCU will continue to collaborate on the OCDC technical working group in a review of past and ongoing efforts to facilitate the operation of credit unions and cooperatives through enabling legal environments
- Release PEARLS version, with the new business planning features
- The 2<sup>nd</sup> edition of the *Model Law for Credit Unions* in Spanish will be distributed
- The technical committee for the *Credit Union Regulation Content Guide* will continue to review the document for final review and approval before production and distribution
- Begin conversion of PEARLS monitoring system to web based program

In Ecuador, WOCCU will carry out the following activities:

- Expand the number of credit unions and points of service participating in the national shared branching network *redcoop*
- Document the processes and lessons learned in establishing the network
- Design remittance marketing campaign for Ecuadorians living in the United States
- Develop remittance related savings and credit products
- Advocate for regulatory permission to implement international shared branching to connect United States credit unions with credit unions in Ecuador, Nicaragua and Mexico

In Afghanistan, WOCCU will continue to:

- Advocate for legislation supporting credit unions from two angles: working in Kabul to push for specific credit union legislation and researching the possibility of credit unions gaining licensing through the current banking law
- Provide marketing technical assistance to Balkh Savings and Credit Union and the Jawzjan Savings and Credit Union to educate consumers about credit union services

In Kenya, CDP efforts will enable to WOCCU to achieve the following:

- Implementation of a cooperative SACCO joint venture to support remittance transaction services and evolution to a service network
- Parliament approval of the SACCO Draft Law
- Completion of the Regulatory Impact Assessment of Kenya SACCOs
- Presentation to the Ministry of Cooperative Development and Marketing of a proposed design and financial plan for the supervisory agency
- Continued intervention of HIV/AIDS sensitization training and peer education for members of Afya SACCO
- Graduation of the first class of Certified SACCO Professionals from SWAMI

In Nicaragua, CDP activities will include:

- Continued training of credit union staff on remittance management, internal controls, risk management, and liquidity management
- Expanding marketing of remittances in Nicaragua
- Advocacy for review of Nicaraguan cooperative law
- Organizing local seminars for credit unions to understand the positive impact that regulation and supervision will have on operations and the sector

In the Philippines, WOCCU will advocate and support the following:

- Fostering a dialogue between credit union stakeholders to address the need for a regulated credit union system
- Present research on remittance transfer services to credit unions

In the management of the program, WOCCU will continue to monitor, measure and evaluate the program impact through the following quantitative indicators:

- PEARLS financial performance information of CDP focus country credit unions
- Implementation of baseline country assessment in Peru
- Analysis of baseline results from Kenya and control comparison in Uganda

## ANNEXES

(Presented in order of mention in the report)

1. 2004 US Remittance Research
2. Assessment Report – Philippines IRnet report
3. *Model Law for Credit Unions, 2<sup>nd</sup> Edition*
4. SWAMI 2005 Brochure
5. JHPIEGO HIV/AIDS Intervention Report
6. WOCCU CREER Report
7. *A Technical Guide to Mainstreaming: The Credit Union Perspective*
8. *FOCUS Guatemala: Credit Unions Provide Unbanked Remittance Recipients with Access to Financial Services*
9. *Credit Union World*
10. *WOCCU 2003 Annual Report*