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PROJECT PAPER FACESHET

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(Enter 1, 2, 3 or 4)

A. FUNDING SOURCE	B. FY		C. TOTAL	D. LIFE OF PROJECT	
	1	2		1-2	3 TOTAL
AID APPROPRIATED TOTAL					
GRANTS	250	250	500	250	500
LOANS					
OTHER U.S.	1	2			
HOST COUNTRY	30	230	260	30	260
OTHER ECONOMIC					
TOTALS	280	480	760	280	760

11. PROPOSED BUDGET APPROPRIATED FUNDS \$1000

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. GENERAL TECH CODE	E. 1 ST FY 79		F. 2 ND FY		G. 3 RD FY	
			GRANT	LOAN	GRANT	LOAN	GRANT	LOAN
(1) FN	243	043	500					
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(3)								
(4)								
TOTALS			500					

A. APPROPRIATION	B. 1 ST FY	C. 2 ND FY	D. 3 RD FY
(1) FN		500	
(2)			
(3)			
(4)			
TOTALS		500	

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THE AFFILIATED SAVINGS AND
CREDIT SOCIETIES

PROJECT LOCATION: SIERRA LEONE

PVO NAME AND LOCATION: GLOBAL PROJECTS OFFICE
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WORLD COUNCIL OF CREDIT UNIONS
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Chester Aeschliman
Gordon Hurd

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A. PROJECT PURPOSE AND DESCRIPTION

The project proposed in this document focuses on the development of a strong cooperative savings and credit movement in Sierra Leone. The primary level organizations, termed savings and credit societies, are roughly equivalent to credit unions in the U.S. setting. To those familiar with credit unions, there is no need to recite their basic objectives, and the potential benefits that can be derived. There is also fairly wide recognition by those involved in development assistance programs of the role that credit unions have played as an effective vehicle for development. Many, however, are still unfamiliar with the credit union concept and quite naturally do not immediately see its relevance to development. We shall therefore, quite briefly, outline the basic purposes and structures of the credit union movement.

A credit union is a true cooperative organization, i.e., non-profit, democratically run, organized to serve the needs of its members. A credit union serves, among others, two basic needs: savings and credit. Groups with an identifiable "common bond," be it living in the same community, working in the same place of business, belonging to the same labor union, professional association, or church group, or any of a number of different associational ties, may join together to form a credit union. Any individual who falls within the group's common bond is free to join. The credit union encourages the discipline of regular savings by its members, and makes credit available to these members for provident and productive purposes at a relatively low cost. Each member has one

vote to elect individuals to leadership positions. The model credit union structure contains a Board of Directors, a Credit Committee, a Supervisory Committee, and an Education Committee. Those units, entirely composed of credit union members elected at annual meetings, assume responsibility for directing the activities of the organization. Ultimate authority rests with the entire membership. Any earnings, i.e., excess of revenues over expenses, are either retained by the society as reserves or distributed to the membership as dividends on savings and/or patronage refunds of interest paid.

Initially, credit unions were organized among groups who were denied access to credit through traditional financial institutions, i.e., the lower income groups who possessed insufficient collateral. In many Western countries the idea has now spread throughout all income groups. The focus, however, of the movement in most developing countries is still on the lower income groups.

To support and assist the existing credit unions, and to promote expansion to other groups, most national movements have established a national credit union association, usually termed a League or Federation. The specific activities of a League vary from country to country, but most assist the affiliated credit unions by providing training programs, offering technical assistance with specific problems, representing the movement before Governmental agencies and other related institutions, as well as providing risk management and numerous other services. The League, being a non-profit organization, directed by a Board of Directors elected by its member credit unions, has as its fundamental objective serving the affiliates in every way possible.

The model credit union structure described on the previous page is essentially the result intended by the proposed project. By creating this structure, CUNA believes that an effective vehicle for development will in turn have been established.

1. Project Purposes

As stated in the Logical Framework (Appendix III), the project has two principal purposes:

- a. The creation of a national cooperative savings and credit league that is increasingly self-sufficient, both financially and technically, able to provide all needed services to its affiliated societies.
- b. The creation of an expanding network of savings and credit societies that have, with the support of the League, the financial and technical capabilities sufficient to provide required savings, credit and other related services to its membership.

The project focus is obviously one of institutional development, or more accurately the development of a strong institutional system. Some definition of terms is perhaps in order to more adequately explain the stated purposes. By "financially self-sufficient" we denote that the League will generate sufficient revenues from its own sources to enable it to sustain the required level of program operation. External financial support would no longer be required. By "technically self-sufficient" we mean that the League will possess all technical skills and capabilities to perform all required organizational functions and

render all necessary services to its affiliates. When an institution is "technically self-sufficient", it would no longer require any external technical support. Of course, the League is not going to become self-sufficient overnight. In fact, it is unlikely that complete technical self-sufficiency will be achieved during the life of this three-year project.

Recognizing this fact, the project calls for the development of a comprehensive 5-Year League Institutional Development Plan during the first year of the project, based on a thorough analysis of present and potential member credit unions' needs. This plan will attempt to specify all technical assistance requirements, both from resident technicians and consultants, as well as financial resources, necessary to achieve technical self-sufficiency within 6 years and financial self-sufficiency within 10 years.

In any case, a second phase of technical assistance, for an additional three-year period, is contemplated to develop those League skills not developed during the first three years of the project, i.e., Phase I. Upon termination of technical assistance after 5-6 years, however, the League should have achieved total technical self-sufficiency. Financial self-sufficiency will take a few more years, implying some limited and decreasing amounts of post-project budget support to the League. Eventually, a permanent institution will have been established, one that can continue to grow as the movement expands. It will possess the capability to identify needed services, and develop and implement those services.

To complete the system, a network of strong primary societies is needed, in addition to the strong national association. The capabilities of local society leadership will be developed to adequately manage and direct society activities, which will enable it to more adequately serve the community. The societies will become vital community organizations, providing savings, credit and other financial services to a growing number of people.

2. End of Project Conditions

To better appreciate the conditions to be achieved by the end of the project, we should briefly note the current conditions. A national League is established and registered; however, it effectively has no source of funding, and therefore can provide no significant services to the primary societies. League staff consists solely of a Department-seconded manager and a fieldworker in Freetown. There are currently more than 700 registered savings and credit societies; however, it is estimated that only about half are really active. Those that are active operate at a very minimal level, with few members and a small capital base. Local leaders have received only sporadic training, and thus society affairs are managed with minimal effectiveness. The societies currently offer but little assistance to a limited number of people.

Without the project, assuming that present growth trends continue, total movement savings would increase about \$390,000 over the 3-year project life to about \$1,574,552, while membership would increase about 5,150 persons to a total of about 39,850 over the next three years. However, without external assistance of the type being proposed here, it is unlikely that these trends would even continue; in fact, there is a good chance that the whole movement would collapse from lack of support. With the project, however, the team estimates that total movement savings would increase by nearly \$1,275,000 to about \$2,600,000 while membership would increase by about 10,000 to about 45,000 persons. In other words, the project will result in at least an additional \$880,000 in savings being mobilized, more than twice the amount which would result assuming a continuation of past

growth trends, and nearly 5,000 more members would be receiving financial services than past growth trends would indicate.

In terms of League development, the League should become increasingly self-sufficient, both technically and financially, over the project life, and be able to cover at least 50% of its operating costs (other than training costs) by the end of Phase I, i.e., the first three years. The League will, in addition, possess demonstrated skills in a number of areas, including planning and evaluation, financial management, accounting, credit systems, risk management, and others.*

* For a more complete listing of End-Of-Project Conditions see the Logical Framework (Appendix II).

3. Target Group

About 90 percent of current society membership is located in rural areas. Most are either directly engaged in agricultural activities, principally rice farming, or in other related activities serving the agricultural sector, such as small merchants and craftsmen. Latest estimates of per capita income indicated an annual average of about \$130 for persons living in rural areas.

One of the limiting factors to development of the agricultural sector has been the limited availability of inexpensive credit. Without credit, the small farmer, merchant, artisan, and others cannot acquire the inputs to produce at an optimum level. Savings and credit societies, at least those that are active and effectively managed, can serve as the mechanism to provide the needed credit. By achieving the project purposes listed above (i.e., creating a League which is increasingly self-sufficient, as well as substantial numbers of well-managed credit unions), one can reasonably expect that the program goal itself (i.e., provision of increasing levels of financial services to an expanding membership) will be accomplished.

As noted, the project focus is on the rural poor, yet it does not exclude the urban sector. In fact, a special promotional effort will be made to organize societies among urban worker groups, since to date few of these groups have been touched. The benefits from this effort are two-fold. First, it makes the cooperative savings and credit structure available to urban groups currently not having such access. Secondly, since these groups normally possess a fairly regular

source of income, the potential for savings, particularly if payroll deduction is employed, is significant. Mobilization of urban savings is vital to the League, since this will become the financial base to eventually support a large proportion of the League's activities. These activities, though, will still be primarily directed at the rural societies.

4. Project Services

The recent field study which resulted in this proposal identified a number of specific needs existing at the primary society level to which the national League could respond. The primary need, and the one requiring greatest attention by the League, is training. The League will hire staff qualified in training activities and mount a training program at the national, regional, and local levels, covering all aspects of cooperative savings and credit development. By the end of the project, well in excess of 1,000 local leaders should have been trained to effectively carry out all processes required to manage primary societies. Special attention will be paid to train society secretaries in bookkeeping skills, to enable them to keep complete and accurate records and prepare the necessary financial statements. In addition to the regular League training courses, the League will provide itinerant bookkeepers to assist and train society secretaries on-site. More than 100 secretaries will be trained by end of project. As needed, the League may also provide some training to government cooperative inspectors. Other training areas that will be stressed include loan analysis procedures, credit policies, financial planning, savings promotion strategies, roles and responsibilities of society officials, and meeting procedures. These training needs were identified in part by a recent survey of member needs conducted by the Africa Cooperative Savings and Credit Association (ACOSCA) of five West African countries, which included Sierra Leone, and verified, in part, by the Global Projects team.

The League will also provide a number of other related services in response to identified needs. These include life savings and loan

protection insurance, provision of stationery supplies, standard policies and procedures guides, and national and regional promotional campaigns. Each of these services is detailed in subsequent sections. All serve to complement the training activity, and assist in the structural development of the primary-level societies.

In summary, the project proposes to develop an institutional system that will serve the savings and credit needs of the lower income groups, predominantly rural, of Sierra Leone. By meeting the needs of increasing numbers of members, the individual members will be assisted in increasing their productivity, income and net worth. Since the institutions, both national and local, established and strengthened by this project, and any extension of it (Phase II), will in all likelihood continue after end-of-project, the life of the project will mark only the initial phase of development of the Sierra Leone credit union movement. The greatest benefits of the project will accrue to future generations of Sierra Leonean thrift and credit society members.

B. PROJECT BACKGROUND

1. League History

The Cooperative Savings and Credit League of Sierra Leone was formed originally in March, 1970, and registered in July, 1972. A previous government-operated program designed to provide credit directly to small farmers had collapsed during the mid-1960's, due to large numbers of uncollectible loans. The League received extensive funding and support, principally from Konrad Adenauer Foundation (KAF) and the Catholic Relief Services (CRS) during its early formative period. The principal activities during the initial years focussed on training. A number of local training courses for committees of primary and secondary societies were held, as well as courses for secretaries and supervisors at both levels. Third country training, such as a seminar held in Ghana in July, 1970, was also sponsored by the League.

In addition to training, promotional and organizational activities received substantial attention. Under a system since discontinued, the local savings and credit societies were grouped into regional organizations termed credit unions, corresponding to chapters in the U.S. credit union movement. By 1971, there were 23 secondary societies (unions), comprising 425 primary societies. Total membership was estimated at 21,250, with total movement savings amounting to \$757,625. Total loans outstanding amounted to \$626,500. Evidently the League was, at that time, recognized by the society members as the national representational body, and was providing useful services to its members.

However, in September, 1971, KAF withdrew its funding support for the League. The League was left without any source of financial support for its programs and the Government was unable to provide any relief. Much attention was being given to the formation of the Cooperative Bank at this time. Some cooperative organizers believed the Bank would assume the activities and services provided by the League, thus seeing no vital need for the League. Since that time, the League has been essentially inactive, with the exception of providing some supplies to its societies, organizing some training activities, and participation at conferences sponsored by the Africa Cooperative Savings and Credit Association (ACOSCA). A national seminar, financed by ACOSCA, KAF, and the Department of Cooperatives was held in June, 1974. In September of that year, two League officials attended the ACOSCA conference held in Kabwe, Zambia. Subsequently, a team of four participated in ACOSCA's fourth biennial conference held in Monrovia, Liberia in August, 1976. At this conference, a five-year development plan for the League was presented to the ACOSCA Board of Directors.

The ACOSCA presentation was the result of efforts undertaken primarily by key staff members of the Department of Cooperatives to initiate revitalization of the League. In consultation with Mr. Barry Lennon, Africa Representative for the Volunteer Development Corps, arrangements were made to obtain short-term technical assistance for the purpose of identifying the existing status of the credit union movement, and providing some recommendations for initiating revitalization. Mr. Dominic Servillo, formerly a field representative with the Pennsylvania Credit Union League, was contacted to conduct the study. Mr. Servillo spent nearly eight weeks visiting numerous local societies in all regions of

Sierra Leone. The level of activity and development at the local level was detailed. A tentative budget and staffing pattern for the League over the succeeding five-year period was developed, and a series of recommendations and strategies were proposed to focus the League's activities during the initial phase. The plan served as the basis for the League's five-year development plan presented to the ACOSCA Monrovia conference mentioned above.

ACOSCA responded to the League's presentation by approving funding for the position of League manager for one year, starting January 1977 (since renewed). That same month, the first full meeting of the League's Board of Directors in more than five years was held. The meeting noted the support being provided by ACOSCA, and stimulated discussions on how best to proceed with the revitalization efforts. Candidates that had applied for the position of League manager were reviewed, and a tentative selection made, subject to approval by the Registrar of Cooperatives. The selection was subsequently disapproved, however, and a staff member from the Department of Cooperatives was appointed to serve as acting League manager until the matter was resolved.

Following this meeting, it was decided to request the services of the Credit Union National Association (CUNA) Global Projects Office to further detail the League's development plan. The plan prepared by Mr. Servillo describes the size and scope of projected League activities, but does not identify in sufficient detail the resource requirements, both financial and technical, the projected outputs, and the intended project objectives. Preparing the necessary detail, as required by

potential funding agencies, was the essential purpose of the field visit conducted by Global Projects in July and August, 1977, which resulted in this proposal. As stated in the letter, the Department of Cooperatives of the Sierra Leone Ministry of Trade and Industry, through USAID/Sierra Leone and ACOSCA, requested that CUNA Global Projects "provide a Specialist in project preparation and analysis to process the League's Five-Year Development Plan for eventual funding from a USAID Operational Program Grant."

2. Study Objectives

The field visit had the following objectives:

- a. Identify the current status of the movement at the primary society level, including the needs or problems to which the League would logically respond.
- b. Identify the current status of the League, including its activities, Board and management structure, staffing, resource availability, and principal objectives.
- c. Identify the impact on the movement resulting from other related agencies, including the Department of Cooperatives and the National Cooperative Development Bank.
- d. Identify, as a result of the analysis conducted for the first three objectives, a development program for the League.

To complete the first three objectives, information from all possible sources was required. Building upon this information, the team could

form a fairly clear idea of the League's current strengths, weaknesses and direction, the level of development and principal needs of primary level societies, and the role and activities of other institutions related to the movement. Within this framework, the role of the League could be identified, and a potential project for its development defined and submitted to appropriate funding agencies.

Field work for the study, based upon the foregoing methodology, was conducted between July 18 to August 4, 1977. In conjunction with ACOSCA, Global Projects specialists Chester Aeschliman and Gordon Hurd coordinated the field work, in close consultation with the Deputy Registrar of Cooperatives, Mr. S.M. D. Gabisi, and the Acting League Manager, Mr. F.E.S. Kpayagula. Discussions were held with numerous officials associated with the League, Department of Cooperatives, the National Cooperative Development Bank, USAID/Sierra Leone, U.S. Peace Corps/Sierra Leone, and other related organizations. In addition, a trip to the Bo area was undertaken, at which time interviews were conducted with regional staff of the Department of Cooperatives and visits were made to several local savings and credit societies. An additional visit was made to a society in the Port Loko area. Available documentation was gathered wherever possible, including manuals, model bye-laws, meeting minutes, financial statements, training materials, and statistics on movement growth. Analysis of the information thus obtained led to the development of a tentative League development project, which was used as the basis for discussions with the Department of Cooperatives staff, USAID/Sierra Leone, and USAID/Liberia. Observations made during those meetings have been fully considered during the preparation of this proposal.

3. CUNA Experience

The services requested of, and provided by, CUNA Global Projects result from the increased capabilities attained upon receiving a Development Program Grant (DPG) in January 1976. The grant allowed CUNA to add staff to bolster its project design, planning, evaluation, and technical assistance capabilities. Accordingly, the Washington-based staff now is in a position to more adequately respond to specific requests originating from credit union confederations, such as ACOSCA, the Confederation of Latin American Credit Unions (COLAC), and the Asian Confederation of Credit Unions (ACCU), as well as those originating from member federations or leagues. In addition, CUNA is now able to provide greater technical support to its field projects. Projects are currently in progress in Haiti, Paraguay, and the ACOSCA regional project, which includes country projects in Cameroon and Lesotho. All such projects concern development of viable savings and credit institutions, with an emphasis on meeting the credit needs of the small farmer.

This, of course, is not the initial involvement of CUNA in international development activities. In 1954, CUNA launched a program to spread the credit union idea to developing countries, using its own resources. In 1962, the first of many agreements was signed with AID to develop credit unions and national associations in the countries of Latin America. A decade of technical assistance resulted in the formation of the regional (continental) confederation, COLAC, and affiliated national federations in nearly all Latin American countries. Indicators of growth, e.g., membership, amount of savings, and amount of loans, were quite impressive. And, most importantly, in keeping with

CUNA's philosophy, when it became evident that full-time involvement was no longer necessary, CUNA withdrew, allowing the established indigenous organizations to assume these responsibilities. Similarly, in Africa, CUNA's involvement dates from 1964, when a grant from the Michigan Credit Union League Foundation provided technicians to organize the national leagues in Tanzania, Uganda, and Kenya. CUNA was also instrumental in the establishment of the regional confederation, ACOSCA, in 1968. Currently 21 national leagues* are affiliated to ACOSCA. In 1970, a Global Projects technician was provided to ACOSCA to assist with its development program. In 1974, Global Projects technicians were assigned to coordinate the small farmer production credit programs being undertaken in Cameroon and Lesotho. Using its new DPG capabilities, CUNA has recently completed project feasibility studies in Egypt, Ghana, Malawi, Swaziland, and Zambia, as well as this study in Sierra Leone. Finally, Global Projects has also played a major role in the design and conduct of recent ACOSCA training courses held for their affiliated members.

* In credit union circles, the term "League" is used interchangeably with "Federation" and "National Association!"

C. PROJECT ANALYSIS

In this section, we present the study findings following the format for the definition of study objectives described above. Following a brief description of general conditions in the country that are relevant to the proposed project, the study findings on: a) the status of the primary societies, b) the status of the League and c) the role of the Department of Cooperatives and the Cooperative Bank are presented and analyzed in Subsections 2, 3, and 4 respectively. In Subsection 5, the role of the League as envisioned by the project is defined, including the movement needs to which it will respond and the types of services it will provide to meet those needs. An analysis of the projected impact resulting from this project is presented in Subsection 6. Finally, in Subsection 7, a description is presented of the means by which the project results will be institutionalized following termination of the project.

1. General Country Conditions

The population of Sierra Leone is estimated at 2,905,000 (1974) with a growth rate of about 2.3 percent per year. With a total land area of 27,925 square miles, the population density is approximately 104 persons per square mile. The vast majority of the population, 86 percent, reside in the rural areas. It is significant to note that the distribution of savings and credit societies approximates the population distribution, since about 90 percent of the societies are also located in rural areas.

The total labor force is estimated at 1.6 million, 36 percent of whom are women. Currently less than two percent of the labor force are members of

savings and credit societies; the potential for expansion seems quite apparent. Most of the labor force is engaged in agriculture, and 80 percent of all farmers are involved in rice production. The economic well-being of most rural residents, and consequently savings and credit society members, is linked very closely with the adequacy of the rice crop. Good harvests will generate greater income, and most likely positive benefits for the savings and credit society. Poor harvests will tend to have the opposite effect. A recent government initiative to increase rice production, largely through the increased cultivation of swampland rice, may result in a more stable income for the rural population.

It appears that agricultural sector productivity could be expanded enormously, based on the fact that just nine percent of the cultivable land was actually cultivated in 1970/1971, and that average farm size is just 4.5 acres. Several factors obviously combine to limit production; one of the potential limiting factors - credit availability - may be somewhat ameliorated as a result of this project.

Sizeable portions of the labor force are also engaged in mining and manufacturing activities. Very few of these workers are currently members of savings and credit societies. It is among these groups that the greatest potential for expansion of both membership and movement savings exists.

The Government of Sierra Leone has strongly supported the development of cooperative organizations. Its most recent National Development

Plan notes that cooperatives, "...have an important contribution to make in the improvement of rural production, marketing, processing, credit, and input supplies, thereby enhancing fair returns to the producers and facilitating capital mobilization in the rural areas by strengthening the capacity of farmers to save." The Government, through the Department of Cooperatives, has been primarily responsible for maintaining the savings and credit societies during the period of the League's inactivity and has been instrumental in the attempt to revitalize it, including making the arrangements for CUNA's study.

In summary, it appears that the general climate is favorable to credit cooperative development. There are vast numbers of potential members not yet reached by the movement in both the rural and urban areas. Increases in productivity, particularly in the agricultural sector, resulting in part from increased availability of credit, seem very possible. Increased Government attention to agriculture, particularly to rice production, should benefit rural residents and subsequently their savings and credit societies. And finally, continued support by the Government for cooperative development, as demonstrated by the efforts of the Department of Cooperatives, indicates the type of assistance likely to be provided a project intended to develop the cooperative savings and credit movement.

2. Status of the Savings and Credit Societies

In this section, a brief description of the level of development of the primary societies is presented, along with identification of some

of the major problem areas.

a. Background and Statistical Data

As indicated earlier, savings and credit societies had been organized as far back as the mid-1960's. They experienced moderate growth until 1970, largely as a result of assistance from the Department of Cooperatives, at which time the national League was formed. The League was able to stimulate growth of membership and new societies during its two brief years of active existence. Following the collapse of League funding, however, movement growth may have slowed significantly, although membership, savings, and loan statistics are inconclusive. As of June, 1975, the last year that information was available, there were 754 savings and credit societies registered with the Department of Cooperatives. Of these, three were registered as societies with limited liability, i.e., societies organized among salaried groups such as the teachers. The remainder are registered as societies with unlimited liability.* The number of societies increased by 23 during 1974; however, membership decreased by 2,123 to 26,382, and savings and shares decreased by Le 20,730** to Le 961,206. Total loans outstanding amounted to Le 1,396,284, indicating that nearly all internal savings, plus reserves and

*The "unlimited liability" of most societies may pose a real problem if in fact the members' personal assets may be claimed to pay the debts of the society. Although most savings and credit societies do not have external debt at this time, this situation may change with expansion of the Cooperative Bank program (See Section Cb4). The possibility of a legal proceeding against a member's personal assets would severely weaken confidence in the organization. It is important to note that societies in most African nations are registered with limited liability. The League may wish to study this matter further once funding is received.

**One Leone = U.S.\$.98

undivided earnings, were loaned out.* The Cooperative Bank had also provided some Le 14,573 of external loans to the societies.

One difficulty in using the above information is the questionable reliability of the statistics. More importantly, these data reflect all societies in existence, both active and inactive. In discussions with officials of the Department of Cooperatives, it was estimated that only about half of the registered societies are either active or likely to be reactivated. Thus, from the current listing the number of potentially-active societies is about 375. Of these, 145 societies are currently affiliated to the League. Unfortunately, the League has no statistics on the membership, savings, and loans reflected by these affiliated societies. Using statistical estimating techniques, we have estimated membership and savings in League-affiliated societies at 21,106 and Le 768,965, respectively, as of June 30, 1977.

b. Size and Location of Societies

The large majority of registered societies, 75 percent, have less than 50 members; just 22 percent have between 50 and 100 members; and only three percent have more than 100 members. With such a large number of small societies, the problem of providing the required services to each is magnified. Consolidation has been

*These statistics are somewhat dubious, since the Department of Cooperatives, which collects these statistics, experiences substantial difficulties in getting all societies' statistics. It is likely that the reason key movement statistics declined is that a number of societies' statistics were omitted in the totals.

proposed, but its application may prove fairly difficult, given tribal, religious, and other differences that may exist among inhabitants of a given area. Interviews with society members indicated that most members prefer to maintain small societies, feeling that only in a close-knit group can significant confidence be generated regarding management of their financial affairs. They would likely be reluctant to affiliate to a larger group, where each member would not personally know the others.

The movement, as originally conceived, was designed to bring savings and credit institutions to the rural areas, where such institutions did not exist. As a result, more than 90 percent of the societies are located in the rural areas. Most of the members are either directly engaged in farming, or are small merchants selling principally to local farmers, and most of the societies' credit is for agricultural purposes. At this point, prosperity for the societies is closely tied to the state of the economy of the agricultural sector. Savings and credit societies can be an important factor for small farmers and farming communities, since making credit available leads to increases in production and income. Wise utilization of credit, combined with appropriate technical inputs, can have substantial impact; it is the essence of CUNA's small farmer production credit program, which has been proven effective in Latin America and in other countries of Africa. In time, it could eventually be introduced in Sierra Leone. At

this time, however, it is premature. The basic institutions, i.e., strong, viable thrift and credit societies, supported by an effective league, do not exist; thus, the team believes that a formal League production credit program would be unwise at this time.

The concentration of societies in the rural areas is an indication that societies in the urban areas have only been minimally developed. Great potential exists in the urban areas, particularly among the organized worker groups, to organize new societies. Discussions with officials of the Sierra Leone Labour Congress, which is the apex organization for 24 labor union groups, revealed that only three of those groups have savings and credit societies, and all of those formed within the past two years. The potential for increasing membership and the number of societies affiliated to the League is obviously large. More importantly, since these workers have more regular sources of income than rural workers, the potential for generating significantly greater savings within the movement is greatly enhanced. Payroll deduction can be used among these groups, thus assuring a steady flow of savings and, importantly, loan repayments. As detailed in Section 7a later, the potential savings generated among the urban worker groups is a critical factor for the eventual attainment of financial self-sufficiency by the League. Efforts to organize urban societies do not imply that the focus of the League would be shifted away from the rural sector. It is merely recognition of a reality, i.e., that only with societies developed in the urban areas can sufficient savings and resultant revenues be generated to support a national institution. The services provided,

i.e., training, inspection, auditing, promotion, etc., would still be directed principally toward the rural areas.

c. Society Structure and Activities

The current level of development of the societies, based upon information reported by Mr. Servillo, and confirmed by our own visits, is fairly low. Given the low rate of literacy, particularly in the rural areas, this finding is not surprising. The structure of the typical society consists of an executive committee that functions at the same time as the Board of Directors, Credit Committee, and as the Supervisory Committee. Usually, seven members comprise the committee. There is apparently little turnover in most committees. The persons recognized by the community as good leaders are selected for the committee and seldom replaced. This structure has its obvious shortcomings, e.g., vesting all administrative and policy-making decisions in a single, unchanging group can lead to favoritism, lack of imagination, and stagnation. In most situations, we feel that the model credit union structure of the U.S. provides the greatest degree of control and accountability. However, the existing cultural context must be considered. Most likely, the one-committee structure coincides best with the existing social-cultural patterns. Unless it proves severely detrimental to the establishment of strong local societies, we would not recommend its discontinuation. Some time later, when greater numbers of trained persons are available, it may be possible to introduce the model structure, or a variant of it which seems appropriate.

Most active societies hold regular meetings, usually once a month, at which time each member pays the minimum periodic amount of savings required by his particular society, normally between one and two Leones. For members failing to attend or to save, a nominal fine is levied. In addition, loan repayments are made, new loans are granted, and new members' applications are considered at these meetings.

One interesting feature in two of the societies visited was that informal plans for joint activities had been developed. For example, one society had purchased a rice huller with its retained earnings, to be used to process rice produced by society members. They were contemplating acquiring some land on which to construct a building for storage purposes. The rice would then be available for purchase by members, particularly to get them through the dry season. Another society intended to use its earnings to expand a plantation of cassava and establish a swamp-rice farm, both to be farmed in common by members of the society. These activities demonstrate some of the joint development efforts that a society can undertake; with increased strength, the society can undertake even more ambitious ventures.

d. Member Loans

In the rural areas, typical purposes for loans include rice farming, petty trading, artisan crafts, building construction, and school fees. In one all-women society visited, loans were principally used for the production of gara (i.e., "tie-dye") cloth. Societies located

in coffee and cocoa areas used loans for increasing the size of members' plantations. The societies visited indicated that nearly all loans are used for productive purposes; lesser amounts are for medical or educational purposes. Almost no loans are granted for consumer purposes.

Loans are normally not granted for periods of more than one year. Interest rates are set at 15 percent per annum by the Department of Cooperatives; however, in two of the societies visited, the members had decided to charge only 12 percent, feeling that 15 percent was too high. The shortage of available capital often requires the borrower to wait two to three months before actually receiving his/her loan. Alternatively, he may be obliged to accept less than what he/she requested. Consequently, members may occasionally have been forced to rely on informal credit facilities, e.g., local money lenders, who, members indicate, may charge up to a 300 percent annual interest rate. External funds provided by the National Cooperative Development Bank may help to alleviate this situation; however, the Bank does not currently have sufficient capital to meet even a small percentage of the existing loan demand. Thus, in the short run, the movement will likely suffer from a lack of loanable funds.

As a result of this shortage of loan capital, the average loan granted amounts to only 80 to 150 Leones per borrower. Internally-generated savings are, except for those few societies receiving loans from the Cooperative Bank, the only source of loan capital. The rate of savings growth for most societies, and for the movement as a whole, has been very modest. For example, in one society visited, total

savings had grown by just Le 7,000 during a ten year period, equivalent to about Le 3 per member per year.

Loans are usually guaranteed by the borrower's savings, plus the savings of additional members, if required, who act as sureties (co-makers) for the loan. In principle, then, 100 percent security is required for each loan. In case of non-payment, the sureties are contacted to arrange for payment. Cooperative law allows for court action to be taken on loans seriously overdue, and in fact has apparently been used on a number of occasions. Although the procedures may appear adequate in theory, in practice they have not been consistently applied, contributing to a serious delinquency problem.

Our discussions with cooperative officials verified this problem, recorded previously by Dominic Servillo. In fact, delinquency appears to have been a primary factor leading to society inactivity. With several delinquent loans outstanding, often outstanding to society officials, regular society meetings, including those of loan committees, were frequently postponed or poorly attended. With few repayments, cash available for new loans was obviously diminished, causing a lack of confidence in the societies on the part of the remaining members. Withdrawals by these members eventually resulted in a complete stagnation of some of the societies. This problem, of course, is not unique to Sierra Leone; most other movements in Africa and in other parts of the developing world have experienced

similar problems. However, this, more than any other single factor can paralyze development of the movement. Therefore, it must be addressed early on in the project to bring it under control.

e. Existing Needs

Review of the above will indicate that information about the primary societies is quite limited. Available statistics and descriptive information are most inadequate. No one is certain as to what really exists in the field. This dearth of information is detrimental to the societies themselves, since they are unaware of the size and scope of the movement, but more importantly to the League. Without good data, the League cannot adequately identify problems and develop an effective program. This area requires immediate attention by the League.

The information that was obtained demonstrates a relatively low level of development, an indicator of training deficiencies in nearly all areas, e.g., bookkeeping, loan analysis, financial statement preparation, planning, and meeting procedures. Present society secretaries can usually perform just the more elementary bookkeeping tasks; particular attention is required to develop their skills so that they can undertake a larger share of both the bookkeeping and financial statement preparation activities. A standardized system of bookkeeping for the societies has been devised and is in use, to varying degrees, by most societies. There are even bookkeeping

manuals in existence, but these were produced some years ago, and for a variety of reasons most society bookkeepers do not now have one. It is expected that under the project, the League will be able to make any modifications in the existing system to maximize its efficiency (which would have to be approved by the Registrar, according to law); rewrite and distribute an updated bookkeeping manual, once approved; and assure that sufficient bookkeeping forms and supplies are constantly available to affiliated societies at a reasonable price.

The problems cited above reflect a movement that has not progressed much beyond its initial stages. It has stagnated, due to a number of reasons, not excluding inadequate support from the national level. However, its principal failing appears to be the lack of trained leadership at the local level, leadership that has the technical capabilities to direct a local society's activities, recognize potential problems, and develop possible solutions. If these capabilities had been developed previously, there is no question that the movement would currently show greater vitality. This is the principal need to which the League must respond.

3. Status of the Cooperative Savings and Credit League

The League has only recently resumed activities, albeit on a very minimal basis, after more than four years of inactivity. The following describes its current status, and some of the immediate concerns.

a. League Board of Directors

The current policy-making body of the League is the Board of Directors, composed of 22 members elected by the membership. None of the Board members have been replaced since the inactive state began in 1972.

Most of the members have had little training in cooperative development, and therefore officials of the Department of Cooperatives often are quite influential in the decision-making process. However, with sufficient training, we would expect the Board to be able to exercise increasingly greater policy-making authority.

A recent change in the League's bye-laws has been made which will increase Board membership to 37, based upon the number of affiliated societies in a given geographical area. This change was done to encourage societies to re-affiliate to the League. Although this is a worthy objective, the study team pointed out that a Board of such an enormous size would likely be ineffective. Much meeting time would be lost in discussion; resolution of issues and the making of policy decisions would be prolonged and, importantly, Board expenses would be excessive. We proposed that an Executive Committee of no more than 8 members be established to serve as the effective Board for most routine matters.

At a reorganizational meeting of the Board in September, 1977, at which time new members were elected, the League established a four-member Executive Committee to carry out the Board's routine duties. Presumably, the expanded Board was established.

b. League Staff, Activities, and Finances

The League staff currently consists of just two persons - the acting manager, Mr. F. E. S. Kpayagula, seconded from the Department of Cooperatives, and Mr. George Mason, Freetown field organizer. These two positions are currently being supported by a short-term grant from ACOSCA which began in January, 1977 and which was renewed in January, 1978. At this time the League does not have sufficient revenues or external donor support to employ additional staff.

The Department of Cooperatives had indicated at the Board meeting in June, 1977 that it would also second both a senior cooperative inspector and a clerk to the League; however, at the time of the study, this had not yet been implemented.

The acting manager appears to have identified the immediate objectives leading to League revitalization. An active campaign has been mounted using Department of Cooperatives staff, to inform societies of the current efforts to re-establish the League, and to encourage them to re-affiliate. As noted, to date 145 societies have rejoined the League, and have paid their annual dues. In addition, efforts to revive the League Board of Directors are continuing, including the important reorganizational meeting scheduled for September. The basic components

of the revitalized League have been identified along with the strategies to implement it. To demonstrate its revival, the League has recently printed some stationary supplies for sale to its member societies.

Recent League financial statements are shown in the following tables. They reflect quite accurately the previous inactivity of the League, and the dearth of revenues. To be able to function, the League must expand its revenue base, principally member dues, far beyond what it is presently receiving. Although discussed in the financial self-sufficiency analysis presented below, it is worth noting here that the present dues structure, i.e., Le 6 per society, is clearly inadequate. The study team recognizes that only a nominal amount could be charged during this initial reorganization period, while the League attempts to demonstrate its value to societies. However, once the project is operational, and the League can demonstrate its utility, a change in the dues structure from the current flat-rate basis to one based upon the magnitude of a society's total savings is essential in order for the League to generate sufficient revenues to support its program.

The League's office is presently located in Bo, using space provided by the Principal Assistant Registrar. This space would be inadequate if additional staff, as envisioned by this project, is hired. Alternative facilities would be required. The Servillo report recommended transfer of the office to Freetown, although opposing arguments can be

made for retaining the office in Bo. This decision is best made by the League Board of Directors.

SIERRA LEONE COOPERATIVE SAVINGS AND CREDIT LEAGUE

Comparative Balance Sheets As of June 30, 1977 and March 1, 1978
(in Leones)

<u>Assets:</u>	June 30, 1977	March 1, 1978
<u>Current Assets:</u>		
Cash	.42	1.46
Standard Bank Savings	20.54	20.54
Coop. Bank-Current	127.46	127.46
Coop. Bank Savings	580.80	2,382.84
Stationeries Stocks	-0-	2,782.67
Coop Flags and Publications Stocks	<u>118.90</u>	<u>118.90</u>
Total Current Assets	848.12	5,433.87
 <u>Fixed Assets (Net):</u>		
Typewriter	15.60	15.60
Furniture & Fittings	<u>14.40</u>	<u>14.40</u>
Total Fixed Assets	<u>30.00</u>	<u>30.00</u>
Total Assets	<u>Le 878.12</u>	<u>Le 5,463.87</u>
 <u>Liabilities & Capital</u>		
<u>Liabilities:</u>		
Deposits	100.00	100.00
KAF Grant Balance	92.02	92.02
ACOSCA Grant Balance	854.70	5,200.50
Other Liabilities	<u>-0-</u>	<u>86.34</u>
Total Liabilities	Le 1,046.72	5,478.86
 <u>Capital:</u>		
Reserve Fund	285.78	285.78
Accumulated Surplus/ Deficit - Prior Years	90.16	<364.22>
Net Surplus/ Deficit - Year to Date	<544.54>	<u>63.45</u>
Total Capital	<168.60>	<14.99>
Total Liabilities & Capital	<u>Le 878.12</u>	<u>Le 5,463.87</u>

SIERRA LEONE COOPERATIVE SAVINGS AND CREDIT LEAGUE

Income and Expense Statement

Estimated* For 8-month Period Ending February 28, 1978

Revenues:

Sales	Le 246.50	
Less: Cost of Goods Sold	<u>164.33</u>	
Gross Profit of Sales		Le 82.17
Annual Subscriptions		<u>210.00</u>
Total Income		Le 292.17

Operating Expenses:

Salaries	Le 944.84	
Travel Allowances	132.90	
Stat. & Postage	2.85	
Entertainment	117.30	
Repairs & Replacements	21.00	
Photographs	6.00	
Board Expenses	81.57	
Total Expenses		Le <u>1,306.46</u>
Net Loss this Year		Le 1,014.29
Amount Written off Grants		<u>1.077.74</u>
Net Surplus		Le <u>63.45</u>

*Real accounting data, except for stocks and cost of goods sold, which were estimated

In summary, we may characterize the League's existence as extremely tenuous. Its Board of Directors has been inoperative, and will require substantial skill development to make it effective. The staff consists merely of an acting manager seconded from the Department of Cooperatives and one field organizer for the Freetown area. League efforts have, of necessity, been directed towards developing a strategy that would lead to its reactivation. Therefore, except for providing some stationery supplies, it has been unable to provide any substantial direct assistance to its affiliated societies. The current revenue base is most inadequate to support any major League activity or service, and must be revised. Finally, current office space provisions are barely adequate now, and would be very inadequate if new staff is hired. The present League is essentially a poor organization which, because of lack of funds, does not serve the primary-level societies in any meaningful way. The project proposed here attempts to rectify this depressing picture by developing the League into a strong, useful organization.

4. Role and Impact of Other Related Institutions

Although the League has been inactive, two other institutions have continued to play important roles vis-a-vis the savings and credit societies. The following describes the nature of their current involvement:

a. The Department of Cooperatives

The Department of Cooperatives has been the principal force in maintaining the societies during the period of the League's inactivity. Just as important, however, is the fact that the Department will continue to play a very significant role when the League is re-established.

There are approximately 200 staff members in the Department, of whom 76 are field officers. These individuals are responsible principally for providing technical assistance and monitoring support directly to the societies. Department policy indicates that each society should be visited by a field officer at least once a month; however, due to remoteness of many societies and the unavailability of transportation, up to three months may elapse before a society is visited. This is a critical problem, one that the League and Department will need to address immediately in order to ensure more frequent visits. Without the continuing follow-up, individual societies may find minor problems becoming increasingly critical.

At each visit, the field officer completes a form called a Visit Note in which he details the basic statistics of the society, i.e.,

membership, names of officers, volume of loans, amount of savings, and a trial balance. He examines the books kept by the society secretary for accuracy and completeness, prepares a trial balance, and records the amount of delinquent loans. His visits are usually scheduled to coincide with the regular monthly meeting of the society, to allow him to do some promotional and educational activities. Copies of the field officer's visit notes are sent to the Department headquarters in Freetown, to the appropriate area offices, and one retained by the society. According to Department officials these visit notes are used to spotlight weaknesses and contraventions of law, as well as to compile statistics. These same Department officials, however; admit that the visit notes have not proved of much use to the societies themselves, citing illiteracy as the main cause. It is hoped that during the project the system of using visit notes will be evaluated, and any improvements implemented which will make them more useful to all parties concerned.

The Department is organized by geographic areas, with the headquarters office located in Freetown, regional offices located in each of the four regions, and area offices in each of the 12 districts. The area officer is responsible for coordinating the technical assistance activities of the field officers, as well as compiling information about the societies as reported through the visit notes.

One might reasonably ask what a League would provide that is not, or could not, be provided by the Department of Cooperatives. As mentioned earlier, the principal weakness at the primary level is the lack of trained leadership. Departmental efforts have been focused elsewhere, principally on maintenance activities; thus they have not equipped local individuals with the skills to run their societies. The role of Departmental field officers is more one of an inspector or auditor than that of a trainer or promotor. This is the major weakness in the Department's scope of services, and the underlying force behind the League reactivation efforts. Other weaknesses also exist, e.g., in promotional activities, information systems, risk management, and development of adequate guides and manuals; all are services that the revitalized League would be better equipped to provide. The specialized, intensive training which develops effective local leaders has been the Department's chief weakness and is the basic function the proposed League is designed to undertake. Part of the proposed League's responsibility would in fact entail the development of certain training capabilities of the Departmental staff.

Beyond this it is important to recognize that the Department of Cooperatives, as a governmental agency, must pursue the objectives and policies established by the Government. The League, on the other hand, is an independent organization directly accountable to its member affiliates. The Department must respond to a set

of motivating forces that may occasionally limit its ability to effectively respond to primary society needs. Since the League would be relatively exempt from these forces, it could better respond to affiliate needs. In fact, if it does not adequately respond, its very existence is threatened.

Societies will choose not to affiliate to an organization that does not serve them. Obviously no similar pressure exists vis-à-vis the Department.

With or without the presence of the League, the Department will continue to exercise considerable influence over the movement. With its fairly large field staff, it is the only organization able to maintain close contact with the primary societies. Its activities, particularly in the areas of inspection and auditing, are vital to the prevention of problems that if left unchecked, could lead to failure and liquidations. The League, in order to carry out its program, will need to utilize the resources and services that can only be provided by the Department.

b. The National Cooperative Development Bank

The principal purpose of the National Cooperative Development Bank is to serve as the financial arm for the entire cooperative movement. All types of cooperative societies are encouraged to join the Bank, although at this point the majority of affiliated societies are savings and credit societies: over 200 of the approximately 350 affiliated societies are savings and credit societies. The Bank was established in 1971 with a very modest

capitalization of just Le 12,000. To join, each society must purchase share capital equivalent to Le 4 for each member in its society. This is a one-time fee, with no additional share purchases required as the member societies grow. Initial estimates projected approximately 60,000 members, resulting in a capital base of some Le 240,000. However, growth was much slower than anticipated, such that during its initial years the Cooperative Bank was severely undercapitalized and could do very little.

In early 1976, the British Overseas Development Ministry (ODM) provided Le 200,000 to the Cooperative Bank to be used for granting productive loans to affiliated societies. This amount enabled the Bank to greatly expand its operation, allowing it not only to increase the number and amount of loans extended to the societies, but also to become involved in produce marketing. As of July, 1977, the Bank had loans outstanding with 55 societies amounting to Le 87,720. Of these, 38, amounting to Le 34,800, were to savings and credit societies, an average of Le 918 per society.

The Cooperative Bank has a fairly rigorous loan analysis process, which includes a lengthy application, detailed financial information, purpose, and projected revenues to be derived from the loan. In addition, each society is personally visited by a Bank staff member before the loan is granted. Follow-up and supervision activities are fairly good, given the limited staff available. Most loans are granted for a 12-month period at a 12.5 percent

interest rate. No society may qualify if it has a delinquent loan outstanding under the former governmental loan program. As a result, the Bank has enjoyed an enviable record that is fairly unique in West Africa, i.e., to date they have experienced no loan default.

The Bank is heavily involved in marketing activities at this time. It has established a network of eight agencies in the principal agricultural areas to receive produce, as well as to transport and deliver it to the Sierra Leone Produce Marketing Board. The prices paid the producer are set by the Government, and the Bank receives a commission depending upon the type of commodity. Currently, the principal products marketed are cocoa, coffee, and ginger. In the agricultural year 1976-1977, 1,072 tons of produce, valued at Le 1.2 million, were marketed through the Bank.

To finance the marketing operation, the Bank has used part of the funds received from ODM, plus short-term loans from the commercial banks, to cover the peak marketing season requirements. Fairly rapid repayment (an average of 8 days from delivery to payment) is received from the Produce Marketing Board, such that the working capital requirements are somewhat lessened from what they otherwise would be. Additional capital is potentially forthcoming from both the National Development Bank and from the Government directly, each presumably for Le 200,000. The Bank's critical shortage of capital is reflected by the fact that it is normally

only able to grant about one third of the amount requested.

The Bank's Board of Directors includes representatives of various government agencies, as well as representatives of the affiliated societies. Plans are underway to increase membership to 16, to include representatives of the Ministry of Finance, the Bank of Sierra Leone, and the Sierra Leone Produce Marketing Board. The staff is comprised of eight persons located at the Bank headquarters in Freetown, plus a manager, watchman, and laborer located in each of eight agency offices. Initially, most of the personnel were seconded from the Government; over the years, however, more personnel have been directly hired. Currently about ten staff members, out of a total staff of 32, are civil servants.

In the team's discussions with the managing director and the chief financial officer of the Bank, the need for a national apex organization serving the savings and credit societies was well recognized. They view the Bank's role as purely financial; they have neither the resources nor the mandate to provide the services that a national savings and credit League would offer. Those statements served to dispel the study team's concern held prior to the visit that the Bank would, for reasons not entirely clear, oppose the reactivation of the League. The two institutions would be engaged in different, non-conflicting activities, serving the same target group and serving the same institutional objectives, i.e., maximum development of the primary level societies.

This study did not, of course, include a detailed examination of the Bank. Yet, during our cursory review, we found it to be well-managed, with a clear definition of its role and purpose. We would recommend that other donor agencies consider conducting a study on the possibility of providing additional capital to the Cooperative Bank. Not only would this be of immense value to the Bank, but to the cooperative movement as a whole, including the affiliated savings and credit societies. As noted, one of the principal problems of the movement is the shortage of capital. An infusion of external funds would certainly help alleviate this problem.

5. Project Objectives and Services

The preceding has briefly described the current status of the movement, with particular attention devoted to the existing problems and weaknesses. To recap our basic conclusions we find the primary societies in need of a number of services to enable them to become fully effective community development organizations. Structural weaknesses, and the lack of trained local leadership, have resulted in a stagnant movement, one that does not begin to provide the level of savings, credit, and other services that is needed. These conditions result, in part, from the absence of a viable League. The League, for all practical purposes, has no funding, no staff, and no program; as a result, it cannot fully respond to the needs of the primary societies. The Department of Cooperatives is currently the principal institution assisting the development of savings and credit societies, yet, for various reasons its efforts have not developed the societies to their full potential. Finally, the National Cooperative Development Bank, established as the financial arm for the entire cooperative movement, is not in a position, nor does it desire, to offer the full range of needed services to primary societies. In fact, because of its shortage of capital, the Bank is constrained from adequately performing even its financial function.

This last problem is beyond the scope of this proposal. The project does, however, attempt to address the other problems identified.

In response to the needs identified at both the primary and national levels, the project proposes that the League be developed to provide the following services: training, risk management services, stationery supplies, bookkeeping, standard policies and procedures

guides, promotion and information. As other needs develop, the League would expand to provide additional services. For the present, however, the study team believes the proposed list of services is both responsive to the existing needs, and feasible, given the projected availability of resources.

By developing the capability of the League to provide these services, two principal project objectives can be achieved. First, the League itself can, over time, acquire the financial and technical resources to enable it to become a self-sufficient organization, which in turn will allow it to effectively respond with the required services to meet members' needs. Second, the primary savings and credit societies will, as a result of the League services, increase their own capabilities, enabling them to better meet member savings, credit, and other needs. The achievement of these two objectives will not occur immediately; in fact, it is probably best viewed as a continuing activity that is never really completed. However, by the end of the 3 year project, we envision an active, competent, substantially self-supporting League serving an extensive network of active and growing savings and credit societies.

In the following subsections, each need is described and the corresponding League service detailed.

a. Training

Need:

The need for training at the local level is well recognized by all persons involved with the movement. Just a sample of the indicators

of that need include:

- 1) Lack of trained leadership to effectively direct society activities
- 2) Inadequacy of most societies to effectively perform critical activities, e.g. savings promotion, loan analysis, financial management, and bookkeeping
- 3) Existence of substantial loan delinquency
- 4) Improper calculation of interest on loans
- 5) Inability to calculate dividends on savings (where not proscribed by legal restrictions)
- 6) Existence of a large number of dormant societies
- 7) Slow growth in both membership and savings

The above are indicators of a movement that, once organized, did not develop the human resources to sustain itself. Without the trained leadership at the local level, these problems are inevitable, no matter what is happening at the national level. It is incumbent upon the League to develop the base of the movement, i.e. local leadership, in order for the movement to be able to sustain itself.

Before designing even the skeleton of a training program to develop local leadership, though, it was incumbent on the League to determine just what the critical training needs of the societies are. Fortunately, a joint study was recently undertaken by CUNA and ACOSCA to determine the training needs of ACOSCA's English-speaking West African affiliates. The study included a visit to Sierra Leone,

where discussions were held with various League, primary society, and government officials on training needs of Sierra Leonean savings and credit societies. Through a "brainstorming" approach, a list of training needs were identified. The Acting League Manager, with the assistance of the CUNA/ACOSCA team, prioritized these training needs according to perceived importance. The societies' training priorities, listed more or less in order of perceived importance, from highest to lowest, include training in:

- 1) Bookkeeping and financial statement preparation
- 2) Use of model office administration systems, especially filing, record keeping, funds handling, and communications
- 3) Credit policies, loan monitoring, and delinquency control
- 4) Meeting Management
- 5) Internal auditing (role of Supervisory Committee)
- 6) Budgeting, financial statement analysis, distribution of net income, and other aspects of financial management
- 7) Membership and savings promotion strategy development, including effective use of media
- 8) Operation of risk management program
- 9) Planning guidelines
- 10) Primary society organizational structures, including duties and responsibilities of officers and officials, as well as Board/Management relations
- 11) Relevant provisions of Cooperative Law, League by-laws, and model primary society bye-laws
- 12) Personnel management
- 13) Coordination with related organizations and institutions (primarily the

Cooperative Department and Cooperative Bank)

These are obviously not all of the societies' training needs, but in the team's judgement, do represent those areas where any training program should concentrate, at least initially, to have the highest impact on the health and dynamism of the movement.

Service:

The next question is how to best transfer these skills to the societies. Given the magnitude of the number of persons to be trained and the limited level of training expenditures which the League could hope to eventually sustain out of its own income, it was obvious to the team that the best approach was to hold a number of practical seminars and workshops, most for society officials, but a few for League officials. Although once the project is started, the number of courses, their duration and foci may (and should) continually change, it was necessary to make an initial estimate of the number of each different type of course to be held each year, and the related annual training costs. The proposed initial annual training program would consist of:

- 1) 25 local training workshops, of three days duration each, serving approximately 40 participants each, made up primarily of society committee members. The focus of the workshops would be in the areas of major weaknesses, e.g. basic understanding of bookkeeping and financial statement analysis, loan monitoring, and analysis, planning, promotion and internal auditing (Supervisory

Committee functions.) Ordinarily, longer, more intensive courses with fewer participants would be preferable for teaching difficult subjects like bookkeeping. Given the many demands on local leaders, though, the League has strongly recommended that most of its seminars be of short (3 days) duration. Most likely, also, the participants would be divided up into several groups, depending on their different levels of understanding, and taught by separate instructors.

- 2) Four regional seminars of one week duration each, involving about 40 participants, primarily society secretaries, committee members, and League Board of Directors. The focus would be on the financial and technical problems confronting societies, especially bookkeeping and use of League-prepared standard operating policy and procedures guidelines, as well as other resources available to resolve these problems.
- 3) One national seminar of three days duration, involving about 40 participants, composed of society representatives, plus staff and officials from the League, Department of Cooperatives, Cooperative Bank, and other related organizations and agencies. The focus would be on the resolution of problems and issues confronting the movement as a whole.
- 4) At least one workshop, of approximately one week duration, for the Board of Directors of the League. The workshop would stress training on the duties and responsibilities of each official, as well as effective planning and decision-making. Continuing follow-up will be made during regular Board meetings.

- 5) At least one workshop, of two weeks duration, to train itinerant secretaries (see bookkeeping section for full description) in fundamentals of bookkeeping, financial statement preparation, and financial analysis.

It is important to stress that this training will focus on practical, real-life situations, developing skills and abilities to effectively direct local-level development. Training programs in Sierra Leone, as in many other countries' movements, have unfortunately emphasized philosophical and theoretical aspects of cooperative development, such that little can be actually applied by the participants upon their return home. League staff will need to be selected with this in mind, i.e. demonstrated ability to communicate the 'nuts and bolts' of credit union operations.

The above program reflects the League training objectives as currently envisioned. A successful program continually attempts to identify training needs, and develop programs to meet these needs. Too often, training programs are developed without any correlation with existing needs, such that there is often a mismatch between participant needs and the materials presented. In addition, the existing skill level of the target group must be accurately assessed in order to design a program appropriate to that skill level. Accordingly, one of the principal components of a training program is that of continuing evaluation, upon which to design future programs. Bearing this in mind, the training may well evolve into something quite different

once the training program is beyond its initial phase. League staff and the technician will be best able to determine the most appropriate training approach to meet future needs. CUNA Global Projects has developed an approach to "training by objectives", which we assume would serve as the theoretical basis for the League training program.

In addition to the regularly organized training programs, League staff will be conducting informal training as part of their regular visits to the affiliated societies. Meetings with officials and members of individual societies, or groups of societies, will be conducted in which League staff make informal presentations on a wide variety of topics, and lead discussions about common problems facing the societies. These training visits will supplement, not replace, the regular inspection visits conducted by Department of Cooperatives personnel. In fact, both parties would likely find it useful to conduct their visits in tandem to complete both the inspection and training activities at the same time. We project that each society should receive these training visits at least twice a year, which together with the regular monthly visits by the Department of Cooperatives staff, will help promote general society health and activity.

It is a bit difficult to quantify the results of a training program, since it is difficult to measure when an individual becomes "trained". The activity is probably a longitudinal endeavor, i.e. in most cases a number of training activities must be applied before an adequate result is obtained. Therefore, statistics on the number of persons participating in a training program should not be unduly emphasized, for project evaluation purposes, since it provides no indication as

to the resultant effect upon the trainees. For those activities which should result in specific skills, though, a standard "training by objectives" approach will be used. The ultimate effect, however, can only be measured in terms of the impact upon the movement. If, following the specified training activities, the movement becomes stronger, as indicated by increases in membership, savings, loans, etc., than would have resulted if present trends continue, then we may assume the training was effective. Little or no change in the current trends would indicate the reverse, i.e., the training was ineffective. One more direct measure of training effectiveness is the number of participants still active in the movement after a given number of years. In this regard, we believe that if as many as 30 percent of all participants attending the organized training programs are still active in the movement after four years, then training has been effective, at least on one criterion. The League staff will keep records on participation and, at appropriate times, conduct sample surveys to determine the extent of continuing involvement of trainees in movement-related activities.

b. Risk Management Services

Need: The unexpected death of a society member often leaves financial burdens for the surviving family, the deceased friends or relatives, and the society itself. For a member with an outstanding loan, there is currently no alternative but to request payment from either the family or the sureties. As can be appreciated, the timing is most inopportune, since the presence of other financial obligations can severely burden the survivors. They are often forced to forfeit the member's accumulated savings and/or sell of other personal assets

in order to repay the loan. Or they may simply default on the loan, in which case the society suffers the financial loss. Given the relatively high death rate in rural Africa, this phenomenon is not uncommon.

Service: The proposed risk management program will not only reduce the financial burden on the deceased borrower's family and sureties, but will eliminate the possibility of default for the society. Through an insurance mechanism, the society will receive a check equal to the principal and interest due on the outstanding loan in the event of a society member's death. In addition, the deceased's beneficiaries will receive twice the amount in his/her savings account. The program will also develop measures to minimize losses in societies and improve internal control.

This program is offered by ACOSCA, the regional confederation, with the financial and technical backstopping of CUNA Mutual Insurance Society, Inc., the leading credit union insurance organization in the U.S. Each society has the choice of joining the program; the annual cost to a participating society amount to 0.78 percent of the sum of its savings and loans. Thus, for a typical society with Le 2,100 in savings and Le 1,900 in loans outstanding, the annual premium would be:

$$\text{Le } 4,000 \times .0078 = \text{Le } 31.20$$

The premiums collected are deposited in a special bank account. Claims are processed through the ACOSCA office in Nairobi, which holds the bank checkbook and sends a check drawn on the special account for each approved claim. The League receives an income of six percent of

premiums paid in. In the initial years, where premiums may not cover all claims, any operating deficits will be assumed by CUNA Mutual, according to their existing agreement with ACOSCA.

This is one service whose value society members can readily recognize. In other parts of Africa where the insurance program has been introduced, it has led to measurable increases in membership, savings, and loans, thus demonstrating the increased confidence that members place in their societies. We have projected that, in the initial years, only a small number of societies will be program participants. The League manager should be able to administer this program as part of his regular duties. In time, however, when the volume increases, the work requirements may require another clerk to handle the paperwork.

c. Stationery and Office Supplies

Need: Until late 1977, there were no standard printed bookkeeping journals and forms in use by primary level societies, although a standard bookkeeping systems has been designed. In the past, all societies purchased stationery supplies locally, using ruled exercise books or other account books not designed for savings and credit societies. With no standard, ready-to-use journals and forms, simple double-entry bookkeeping tasks become difficult. The lack of uniformity across societies makes the task of the Department field officer more complex, since different procedures are used by each society. Finally, by purchasing locally, in small quantities, the society is often required to pay an unnecessarily high price.

Service: This is a standard service of nearly all national associations throughout the world. To assure uniformity, and thus facilitate inspection, audit, comparisons of societies and transfer of field staff, it is essential that the same bookkeeping and records formats be used throughout the movement. By acquiring the supplies in bulk purchases, the League can almost always offer them to their affiliates at lower prices than commercial stores, although the resultant improvement in society accounting systems through the use of standard formats is justification alone for providing this service.

Among the supplies the League could provide are:

- visit notes
- journals
- passbooks
- individual ledgers
- general ledgers
- receipt books
- vouchers
- savings summary books
- loan registers
- loan agreement forms
- membership applications
- final accounts forms
- calculators
- cash boxes and safes

Other supplies may be added at a later date, depending on the demand from the societies. We have not included the provision of agricultural supplies as a League service at this time, although this item was identified by the societies as a useful potential service. This is because the Cooperative Bank should on an increasing scale be providing this service to primary societies.

d. Bookkeeping

Need: One of the principal weaknesses at the local level is the inability of most societies to properly maintain account books and to prepare the periodic financial statements. The secretary of each society may do some of the elementary bookkeeping activities, but more complex activities,

e.g. posting to the general ledgers; dividend calculation; subsidiary ledger, cash and bank account reconciliation; and preparing trial balances and final accounts, require external assistance. To date such assistance has often been provided by Department of Cooperatives field inspectors. However, as noted earlier, they are often unable to visit all the societies with sufficient frequency, particularly in the more remote areas. Further, their scope of work does not focus on training, i.e., enabling the society secretaries themselves to acquire greater bookkeeping skills.

Service: The League proposes to recruit, train, and place individuals in the more remote rural areas to serve as itinerant bookkeepers. Each would serve approximately 10 to 15 societies in a given geographic area. Their responsibilities would include assuring that all accounts are up-to-date, and that financial statements are properly prepared in a timely manner. In addition, they would provide training to society secretaries in all areas of bookkeeping and financial statement preparation. We would assume that over the course of three years, a substantial number of society secretaries would be able to take over most of the bookkeeping activities. Visits to these societies by the itinerant bookkeepers would be needed less frequently. The itinerant bookkeepers would not work themselves out of a job, however, since as new societies affiliate with the League, they too would require his services. The project proposes the employment of two such itinerant bookkeepers the first year as "pilot projects" and, if the program proves successful, addition of additional bookkeepers in years two and three. During the first year, the League will also determine whether it is feasible to charge member societies for this service.

e. Standard Policies and Procedures

Need: There is little printed material available to guide local societies on how to carry out their duties and activities. The Department of Cooperatives has published some materials, e.g., a handbook for cooperatives and model bye-laws, but not nearly enough to meet the needs of the societies.

A revised manual was prepared some years ago detailing proper procedures for a multitude of activities, but unfortunately it was never published. As a result, local societies do not have at their disposal reference material to guide their activities. Inevitably, some activities are inadequately performed.

Services: The League will review this entire area to determine the types of policies and procedures that are required. We would expect they could be prepared in a number of areas, e.g. bookkeeping, loan policies, loan analysis procedures, loan monitoring and collection procedures, risk management/loss prevention procedures, savings and dividend policies, and procedures for efficient conduction of society meetings.

In order that they have maximum effectiveness, the standard policies and procedures will be prepared as instructional guides. The conventional manual usually is written and presented in a style making it difficult for the local society official to comprehend.

The guides will be prepared as a training mechanism, allowing the local official to progressively increase his knowledge of a given subject area. The guides will also be used in the regular training programs and revised as necessary.

f. Promotion

Need: The key indicators of movement growth (membership, savings and loans outstanding) have not increased at a rate equal to the potential that exists within the country. After more than ten years the total number of members is only slightly above 25,000 with total savings now only about Le 1 million. In a country of about three million people, where less than one percent are members, it should be obvious that the movement's potential has barely been tapped.

Service: The League will direct campaigns to effect substantial increases in both membership and savings. Current projections call for a doubling of membership by 1983, with movement savings increasing by more than 200 percent over the same period. It should be pointed out that growth of these magnitudes is not only desirable to the movement as a whole, but absolutely essential to the eventual attainment of financial self-sufficiency by the League. Therefore, the League has a vital self-interest in seeing this objective realized.

The initial focus of the League's efforts will be organization of societies among the urban worker groups, particularly in Freetown. The League staff member stationed there will have this as his/her primary responsibility. Organizing campaigns among the trade unions,

factories, industries, and among professional groups will be emphasized. Many of these groups will be able to utilize payroll deduction, ensuring a substantial continuous growth in savings. It is among these groups that large increases have been registered in other African countries and it is the primary reason that rather substantial increases in membership and savings growth rates can be projected with a great deal of confidence.

In the rural areas, the focus will be one of consolidation rather than expansion. Those rural societies that cannot be revived will be liquidated. Members of those societies will be encouraged to join other societies in their area. The resultant effect may be one of initial decrease of the total number of societies in the rural areas, with some loss in total membership. However, subsequent gains in membership and savings should be substantial as the remaining societies demonstrate increased vigor and usefulness. Promotional campaigns mounted in the rural areas will normally be linked to the local training programs to demonstrate the movement's overall vitality and usefulness.

g. Information

Need: A principal difficulty that this study encountered was the lack of timely, reliable statistics, even on the more basic items such as the number of societies, membership, savings, loans, assets, delinquency rate, reserves, net income, etc. The Department of Cooperatives compiles some of this information, but it is quite

dated, its reliability is questionable, and it is not very amenable to analysis. The League itself has not compiled data on its affiliated societies, so that there is no precise count of the membership, savings, loans, etc., represented by the 145 affiliated societies. Without such basic data, growth projections become most difficult, and it is impossible to measure institutional progress.

Service: The League, as one of its primary responsibilities, will institute an information system that regularly collects and compiles all basic data. Headquarters staff will compile data from reports submitted by field staff and itinerant bookkeepers, as well as information that may be available through the Department of Cooperatives, the Cooperative Bank, or other sources. Statistical reports will be issued periodically, describing the current status of the movement and analyzing progress made during the previous period.

This service is partially intended to fulfill an educational and promotional purpose, informing the general public of the achievements of the movement. This statistical information, as well as other news of interest to the societies will be disseminated through a League newsletter. Beyond that, however, it is an essential service to League management, allowing them to identify potential problems, e.g., insufficient growth in savings, in order to allocate resources to achieve reasonable targets. It is also essential for the development of institutional objectives for the short term, e.g. the League's annual plan of activities, as well as determining the League's budget. Without such critical information, planning and management are inevitably haphazard and ineffective.

6. Projected Impact

a. Institutional Development

The principal impact of this project will be the establishment of a viable national savings and credit organization, and a network of viable local savings and credit societies, resulting in a strengthening of the entire cooperative sector. The focus, then, is one of institutional development, at both the national and local levels. CUNA's experience in the past has been concentrated in this area, and is one in which considerable success has been attained. Our institution-building efforts in Latin America and elsewhere are good examples of the approach employed, and of the types of results we desire for Sierra Leone. Strong, viable institutions, managed exclusively by host country nationals, are left behind afterwards. It is our contention that this approach has the greatest potential for long-term development success. For once the "project" terminates, if there is no institution to carry on, the project "benefits" are purely transitory and rather meaningless. If a substantially self-sufficient institution is established during the project period, the benefits produced during that period represent only the initial phase, which will be far surpassed by the benefits realized post-project.

Thus, the end-of-project conditions stated for this project are not the real indicators of project success or failure. That can only be recorded a number of years hence. If the movement is still strong, if the League is active, growing, and providing needed services, if the societies are expanding, the project could only then be viewed as having been a success. If, on the other hand, the movement

collapses after external support is terminated, the project must be deemed a failure, no matter what "benefits" were achieved during the course of the project.

All this should be fairly obvious and institutional development as an approach may need no defense. However, the recent emphases on small farmers, nutrition, the poorest majority, and other narrow foci seem to have obscured this basic tenet of development. CUNA's institutional development efforts do produce results that are compatible with the foci mentioned above; yet it must be recognized that the primary focus is the broader one of institutional development.

b. Productivity and Income

The aforesaid does not negate the substantial impact the project has upon the individual member. Credit union projects in the developing world have resulted in measurable increases in productivity and income for farmers, artisans, merchants, entrepreneurs, and others; mostly people of limited resources otherwise unable to qualify for assistance. The increases are not surprising, since unavailability of credit has long been recognized as a primary deterrent to development. By making the required capital available, the small farmer can obtain improved seed and fertilizer, the artisan can obtain improved tools, equipment and materials, the small merchant can obtain supplies in bulk quantities, and the entrepreneur can initiate a small-scale industry. Obviously, increased credit is not the only factor; other resources and en-

hanced skills are required. Nonetheless, at least part of the resultant increases in productivity and income must be attributed to the credit factor.

Very often the credit aspect is stressed in projects of this nature, and are so labeled, e.g., country agricultural credit projects. We believe that a most important benefit of projects such as this, developed by CUNA, and one that is often overlooked is the opportunity for regular savings provided to groups long denied that opportunity. In remote rural areas, and among the urban poor, conventional savings facilities are often not available. Denied the mechanism for saving, they naturally are unable to save. Cooperative savings and credit societies, operated by persons they know and trust in their own community, are the mechanism that can facilitate savings, even among the lowest income groups. The ability of those groups to save, once the mechanism is established, is very striking. For example, in Cameroon, with the technical assistance of U.S. Peace Corps Volunteers, a CUNA technician, and others, a credit union movement composed largely of small farmers, merchants, and salary earners, has resulted in savings increasing from \$140,000 to over \$4 million over the past 6.5 years, a compound annual growth rate of nearly 70 percent per annum. Although economic conditions are not the same in Sierra Leone, we project that, with technical assistance and appropriate promotional campaigns, similarly-dramatic increases in savings can also be recorded.

If, as we suggest, savings growth is perhaps the single most meaningful measure of overall project impact, it is useful to note a finding of an analysis conducted of CUNA's development program in Latin America. During that period, for every dollar spent on technical assistance, a \$30 increase in savings was recorded. Obviously, that increase is not solely due to the technical assistance provided; other factors were involved, and some growth would have occurred even without the external assistance. Still, we submit, it is a fairly useful indicator of the returns to be realized. A similar impact is projected for Sierra Leone.

c. Appropriate Technology

If this term is defined narrowly, i.e., use of appropriate tools, implements, machines, and other tangible assets, then it has very little to do with this project. Although in other countries, local credit unions have been extensively used to introduce such production techniques suited to the existing environment, this project is not focussed on this area. However, if the term is defined more broadly, in an institutional sense, this project is a good example of appropriate technology. The institutional structures of cooperatives, particularly credit unions, represent a means to development that is compatible with the social, cultural, and political environments of most developing countries.

Cooperatives and credit unions are, by definition, democratic, non-profit organizations, created to serve the specific needs of their members. The famous credit union common bond allows individuals with similar interests and objectives to unite. All individuals

who fall within that common bond are free to join. Officials of the organization are democratically-elected by the membership under the one man, one vote mechanism. The membership is the ultimate authority for the direction and policies of the organization. Specific services are provided to the membership at the lowest possible cost. Any earnings are either retained in the organization, or returned to the members in the form of dividends or patronage refunds.

These basic tenets of cooperatives result in an ability to adopt the structure to its environment. There are large cooperatives, with thousands of members, that are as efficient as any large-scale corporate enterprise. However, in most cases, cooperatives, and particularly credit unions, are relatively small. As noted in Sierra Leone, most societies have less than 50 members. This smallness is an important feature, particularly in the rural areas, where individuals are reluctant to entrust their money to an anonymous institution. They will be less reluctant to deposit it in a society composed of people they know and trust, a society in which they have a voice*

This form of organization allows many persons, primarily those elected to leadership positions, to exercise managerial and executive abilities, often for the first time. Persons in rural communities, who have never demonstrated any such talents, develop into truly effective

* This does not contradict the previous discussion noting the large number of small societies as a "problem". From the League's perspective it is very uneconomical to service a movement composed primarily of 30- to 50- member societies. For extremely small societies there will usually be insufficient savings to meet loan demand. Thus, societies should have the potential to reach a specified minimum number of members, e.g., 60, in order to be considered a potentially-viable unit.

leaders. Some acquire additional training in the cooperative movement, and develop skills that are applicable both to the movement and to their personal endeavors. Numerous examples can be cited of how the cooperative structure discovered talented individuals; we will note just one. The current COLAC* advisor to the Federation in Colombia, responsible for the design and implementation of an agricultural production credit program, was a small sheep farmer in Ecuador 15 years ago. He was discovered and trained by the CUNA/AID credit union project there, worked as a field agent for the Federation, was a major force in the development of the initial agricultural production credit program, and subsequently was CUNA's senior technician for a credit union project in Paraguay. Such a talented individual would likely have been successful in almost any context; yet the credit union structure was the vehicle that recognized and capitalized on those talents.

Institutional structures that place responsibility to control their own destiny directly in the hands of individuals are inherently appropriate to development particularly when, as in this project, the emphasis is on developing the necessary skills to handle that responsibility adequately. The utilization of cooperative institutions as the vehicle for development, as illustrated by this project, represents a technology proven appropriate throughout the world.

*Latin American Confederation of Credit Unions, headquartered in Panama; the South American equivalent of ACOSCA.

d. Women in Development

The most revealing indicator of how this project will affect women is derived from the latest Cooperative Department membership statistics. Of the recorded membership of 26,382, 11,727 or 44.5 percent, are women. Quite obviously, women have been as eager to join the local societies as men. One important factor is that a considerable number of societies are entirely comprised of women. They organized the societies and have sole responsibility for their activities. Most often the women work as small traders and artisans; the making of gara cloth is quite common. The society savings are received from the women's income-producing activities, and loans used exclusively to increase their production. Husbands of the women members are not involved in any aspect of the society's activities. There is great pride by the women that the society is their own organization, for which they have complete responsibility. (The tables on the following page show financial statements of one all-women's credit union visited during the study.)

In other credit unions, women are able to participate on a more or less equal basis with men. They are able to save and receive loans. Election to the Executive Committee is not uncommon, although most officials appear to be male. The local societies apparently have recognized an important reality, i.e., that many women, particularly in developing nations like Sierra Leone, are of necessity full

RAHMATULAI WOMEN'S THRIFT AND CREDIT SOCIETY

Balance Sheet

As of July 1, 1977

<u>Assets:</u>		<u>Liabilities and Capital:</u>	
Cash	700.79	Members' Savings	2,899.20
Cooperative Bank Shares	720.00	Cooperative Bank Loan	1,000.00
Loans to Members	,400.00	Shares Contribution	146.00
Fixed Assets (Net)	10.00	Reserve Fund	363.64
		Previous Years' Undivided Earnings	1,924.39
		Net Income To Date This Year	<u>497.66</u>
Total Assets	<u>Le 6,830.89</u>		<u>Le 6,830.89</u>

(Abbreviated) Income and Expense Statement

For Fiscal Year Ending June 30, 1977

Total Income (Primarily Interest on Loans)	Le 542.81
<u>Expenses:</u>	
League Dues	Le 6.00
Other Expenses	<u>39.15</u>
Total Expenses	<u>45.15</u>
Net Income For Year	Le 497.66

participants in the economic system. They are independently engaged in income-producing activities, and thus have similar savings and credit needs. Without disturbing the prevailing social setting, women are able to participate in, and receive the benefits from an institution that serves their distinct economic needs.

3. Poorest Majority

Savings and credit societies may be organized among any group or for any community. Professionals, civil servants, teachers, factory workers, dock workers, construction workers, church groups, artisans, farm workers, etc., may form their own savings and credit society. The institution is available to persons at all economic levels. Its basic foundation, though, in the U.S. and elsewhere, was formed among the lower income groups, people who were unable to qualify for credit elsewhere. This has been and continues to be the basic focus of the worldwide credit union movement, and is an integral part of CUNA's development efforts abroad.

The distribution of wealth and income in Sierra Leone is fairly typical of a developing nation. A small percentage of the population, comprised primarily of salaried workers and wage earners, constitutes a middle income class. The largest proportion of the population, however, particularly in the rural areas, belong to the lower income group.

It is among the rural poor that the societies have principally been established, i.e., 90 percent of the societies are located in the rural areas. Poverty is not a requirement for membership, yet few, if any of the rural membership could be classified in any other way. They are, of course, in the monetized economy and have some means of producing income. Persons outside the monetized economy would, by definition, not be members of a savings and credit society, and thus not directly affected by this project. Of course, those currently outside would be potential new members once they enter the monetized economy. Credit unions thus require this initial basic step towards development before they can be instituted.

Even in a rural community where "everyone is poor", there are gradations of poverty. Some have a few more assets, and receive more income than others. Credit unions encourage all to join, those with very little as well as those with more significant resources. In credit union development, one sure way of failing is to organize a society composed exclusively of the extremely poor. Their cumulative savings can never begin to equal their cumulative loan demands. There must be some members with sufficient means, who are able to save at a slightly higher rate, to enable the society to meet its loan demand. U.S. credit unions have found their membership composed of two distinct groups; those that join principally to save, and those that join to obtain loans. A similar mix of savers and borrowers is a key ingredient for successful societies in Sierra Leone.

We may conclude that the target group for this project may be classified well within the sector termed the "poorest majority". The members are poor, primarily rural poor, but not all on the very bottom rung of the economic ladder. All have entered the monetized economy, and nearly all have income-producing means. All of this poorest majority are potential project participants.

f. Increased Employment

This project obviously provides employment for those hired to staff the League, which will include the manager, education specialist, four field training specialists, one clerk, and one driver for a total of eight people. In addition, two or more itinerant bookkeepers will be contracted. It is at the local level, however, where most of the employment increases resulting from this project will be registered.

Once societies reach a certain size, in terms of savings and loan volume, the use of volunteer staff is no longer adequate. A manager must be employed, perhaps part-time initially, and subsequently full-time, to handle receipts and expenditures, process loan applications, keep the books, prepare periodic financial statements, etc. Later, additional staff may be required, e.g., loan officers, clerks, and bookkeepers. Still later, if the society expands its activities, it may require persons with specialized skills in promotion, marketing, accounting, or other areas.

Very few of the societies, even in the urban areas, are in a position to employ even a part-time manager at this point. But with the projected growth in savings and membership, a substantial number of societies, mostly within the urban areas, will require at least part-time paid staff within two to three years.

At that point, the training provided by the League will have developed some skilled manpower capable of filling those positions. Within four to five years, societies in the rural areas will have similar staffing needs, as they consolidate and expand. Rural employment will accordingly experience a small boost. CUNA estimates that at least 10 full-time, and 30 part-time managers will be employed at the local level by the end of the project.

In addition to the direct employment offered by the movement, we should note at least two other project outcomes affecting employment. The training provided by the League will equip participants to obtain jobs within the private or public sector for which they otherwise could not have been qualified. Perhaps more significant than any effect mentioned so far, though, is the increased employment opportunities resulting from the increased availability of credit. Credit used for productive purposes will, when successful, provide increased returns, resulting in an increase in available capital. Increased capital formation is, as indicated by economic theory, a necessary condition for development. It is particularly essential for increasing employment, creating a multiplier effect throughout the economy. The capital formed by the

savings and credit societies can likewise have a multiplier effect on employment.

7. Institutionalization of Project

To a certain extent, the cooperative savings and credit movement of Sierra Leone is already "institutionalized." About 375 societies are operating, though at varying levels of size and sophistication. The Government of Sierra Leone has and continues to provide certain inputs to the movement, primarily through periodic visits to primary societies by cooperative inspectors, through organization of management-training seminars, and by promotion of new societies. The Cooperative Bank provides additional, though limited, loan capital to primary societies. Presumably, these parts of the system will continue to function at at least current levels. The government and the Bank are not going to cease operations overnight, assuming no disasters occur. Even the primary societies and the League would perhaps continue to operate, at least at some modest level of operations, if the project were not implemented, though one can say with certainty that the movement's full potential would not be achieved.

What is lacking is a strong national League to provide primary societies with certain services that would otherwise not be provided them through the existing system, e.g. standardized forms and procedures, a risk management program, specialized training, and representation at national and international forums. Development of a League which is increasingly self-sufficient, both financially and technically, is the primary purpose of this project proposal. Assuming, then, that the government and the Bank will continue to provide at least the current levels of support to the movement, the main "institutionalization" issue with respect to this project is when the League itself will likely be both financially and technically self-sufficient. The two aspects of the issue are delineated in the following two subsections:

a. Financial Self-Sufficiency

Introduction

First of all, it may be appropriate to define just what one means by financial self-sufficiency. As used in this document, with respect to the Sierra Leone League, it is defined as the ability of the League to generate sufficient earned income (as contrasted with unearned income , such as donations and grants) to cover all the "real" costs entailed in servicing, strengthening, and expanding the Sierra Leone savings and credit movement. Achievement of financial self-sufficiency by the Sierra Leone League within a relatively short time frame will not be easy. It will entail some difficult decisions and sacrifice on the part of the League Board of Directors, eloquence in the articulation to affiliates of the reasons for taking these decisions, and the fortitude to persevere in the implementation of the tentative self-sufficiency strategy described below, or any alternative strategy subsequently developed. The project design team, which collaborated with appropriate Sierra Leonean officials in the formulation of a tentative self-sufficiency strategy, believes that achievement of financial self-sufficiency within a reasonable time frame is quite possible and is a reasonable goal, subject to several assumptions discussed below.

While it is customary for donor agencies such as AID to expect to see financial self-sufficiency of recipient institutions within the life of a 3 to 5 year project, CUNA does not believe this is reasonable. In this regard, it should be noted that the cooperative movement in the United States, which has accomplished a great deal in its years of existence, was subsidized to a significant extent during its first three decades of development. To anticipate that African credit

union national associations can achieve self-sufficiency in a matter of a few years is probably unreasonable if, at the same time, it is expected that they play a lead role in the development of a credit union movement.

In the case of Sierra Leone, the League is essentially starting from the very beginning, with only two "employees", a government-seconded acting manager and a grant-funded field organizer. CUNA believes projection of complete self-sufficiency within less than about 10 years, at the minimum, is not realistic. Nonetheless, the leaders of the movement, as well as government, recognize the desirability of financial self-sufficiency, and can be expected to work as hard as possible to attain it with all deliberate speed. The self-sufficiency strategy tentatively approved by the acting manager and Cooperative Department (but not by the Board or Annual General Meeting, the ultimate policy-setting bodies), basically calls for achieving financial self-sufficiency over a ten-year period in three continuous phases.

Phase I corresponds to the 3-year project life being proposed here, by the end of which the League should be able to cover from its own earned income about 50% of its personnel, transportation, office operation, and overhead costs, which in turn amount to nearly 2/3 of projected total costs in 1981, the last year of this project proposal. Phase II corresponds to the 3-year period immediately following completion of the first three years of development. During this second 3-year period, the League's revenues will rise to a level high enough to cover all costs except seminar-related training costs, while external budget support continues to decline. Phase III represents another 3 or 4-year period after the end of Phase II, during which complete financial self-sufficiency

should be achieved. Technical support, in the form of a resident technician, will most likely be required during both Phase I and Phase II, although the scope of work for Phase II cannot be delineated at this time.

This would require that AID or another donor pick up, on a declining basis, some portion of operating and training costs for another 6 or 7 years after this initial project. In CUNA's judgement, to repeat, attainment of financial self-sufficiency is a long-term undertaking, and about 10 years is the minimum period in which to realistically hope to accomplish it.

The Strategy

Total savings in the thrift and credit society movement of Sierra Leone, which is almost entirely in rural areas, has been growing by about Le 100,000 a year during recent years and, if the current growth trend continues, total movement-wide savings would reach about Le 1.8 million by end-of-project. Total League revenues, which are largely a function of the level of total movement savings, would be insufficient to cover even the above mentioned 50% of total costs by end-of-project if the current growth trend continues. Thus a basic feature (and assumption) of the proposed project is that the League will be able to effect an increase in the current savings growth rate, primarily through organization of a number of worker societies, in cooperation with the Sierra Leone Labour Congress, and through consolidation of rural societies. As experience in other African countries shows, once a number of these societies are organized and payroll deduction systems implemented, huge amounts of savings can be generated. The design

team estimated that, at a minimum, the organization of these workplace societies would lead to total movement savings of approximately Le 2.7 million by end of project, nearly Le 1 million higher than would be the case if current trends continue. This type of growth does not appear to be unreasonable in light of similar experiences with worker societies in other African countries. This Le 2.7 million savings level would, if proper policies are adopted and implemented, be sufficient to generate enough League revenues to cover more than $\frac{1}{2}$ of total costs by the end of this 3-year project. Should this higher level of savings not materialize, however, (i.e., promotion of worker societies is unsuccessful), the chances of eventually achieving self-sufficiency are substantially diminished.

Revenues

In addition to a strong focus on development of worker societies, the League must, to achieve self-sufficiency within a reasonable period of time, officially adopt and implement another critical policy - a change in the dues formula. Currently, the dues are Le 6 per affiliated society. In order to assure that dues revenues-and hence total revenues, since dues income is the largest revenue item-increase faster than costs, the dues formula must be linked to the level of total movement savings. The formula tentatively adopted by the Acting League Manager and the Deputy Registrar, which should lead to complete self-sufficiency within nine to ten years, is two percent of each affiliate's total savings. The strategy furthermore assumes that 90 percent of dues billed are actually collected. This dues formula, which is somewhat higher than

some other African Leagues', is critical to attainment of self-sufficiency within a reasonable time frame (say eight to ten years). The design team was assured by government officials and the League Acting Manager that, with proper education and promotion, the affiliates would approve and comply with it. It is assumed, for projection purposes, though, that this new dues formula would not be adopted until the annual general meeting in Year Two of the project, and not go into effect until Year Three. Hopefully, two years will be sufficient to demonstrate to the concerned societies the value of the services (i.e. the quid pro quo) they receive from the League. Should this critical assumption prove invalid, though, the projected break-even date would be more remote. On the other hand, it may be possible to adopt the dues formula even faster than presently scheduled; if so, so much the better.

The League also projects other types of revenues - sales of supplies to member societies, some interest on investments and, hopefully, commissions from the risk management program - but these items are minor in nature. Dues must pay for the lion's share of the League's costs. For details on all projected revenues, see Schedules A - C of Appendix I.

Costs

The largest single operating cost category of the League, as in Leagues elsewhere, will be personnel costs, which includes salaries and contributions to a pension fund (five percent of salaries). All projected salaries and increments were set slightly higher than current rates for similar work in the Civil Service, as indicated in the Sierra Leone Labour Code. Proposed staffing of the League over the three initial years of the project includes a general manager, an education officer, four field trainers,

two or more itinerant bookkeepers, a clerk/typist, and a driver. It should be pointed out that, since the League is just starting, it was difficult to forecast with any great accuracy the League's personnel needs some years hence. The proposed staffing pattern represents the collective judgement of all parties concerned. However, the need for additional types and numbers of staff not included in the above list may eventually become apparent. If so, to the extent that total personnel costs substantially exceed those projected for the above staff (see details in Schedule D-1 of Appendix I), attainment of self-sufficiency would in turn be substantially delayed.

The cost of training seminars, one of the League's major activities, and hence a major cost item, is projected at about Le 17,000 the first year and Le 34,000 per year thereafter. Most of these costs will be incurred as a result of conducting a number of seminars of various types to be held throughout the country. Although the number and content of each type of seminar is still tentative, so that the cost projections in Schedule E of Appendix I are essentially for illustration only, it is hoped that the total annual cost of these seminars will in any case not exceed the projected Le 34,000. To the extent that they do, as in the case of unforeseen personnel costs, attainment of self-sufficiency would be delayed.

The next largest projected cost is "travel and transportation." This involves the cost of operating a Volkswagen Bus and travel allowances for travelling staff. For details, see Schedule D-2 of Appendix I.

All other costs are of minor nature in comparison to personnel, training, and travel and transportation costs, and hence unforeseen changes in these costs would not likely substantially affect the attainment of self-sufficiency. For details on their estimation, though, refer to Schedules D-3 through D-5 of Appendix I.

Summary of Projected Income and Expenses

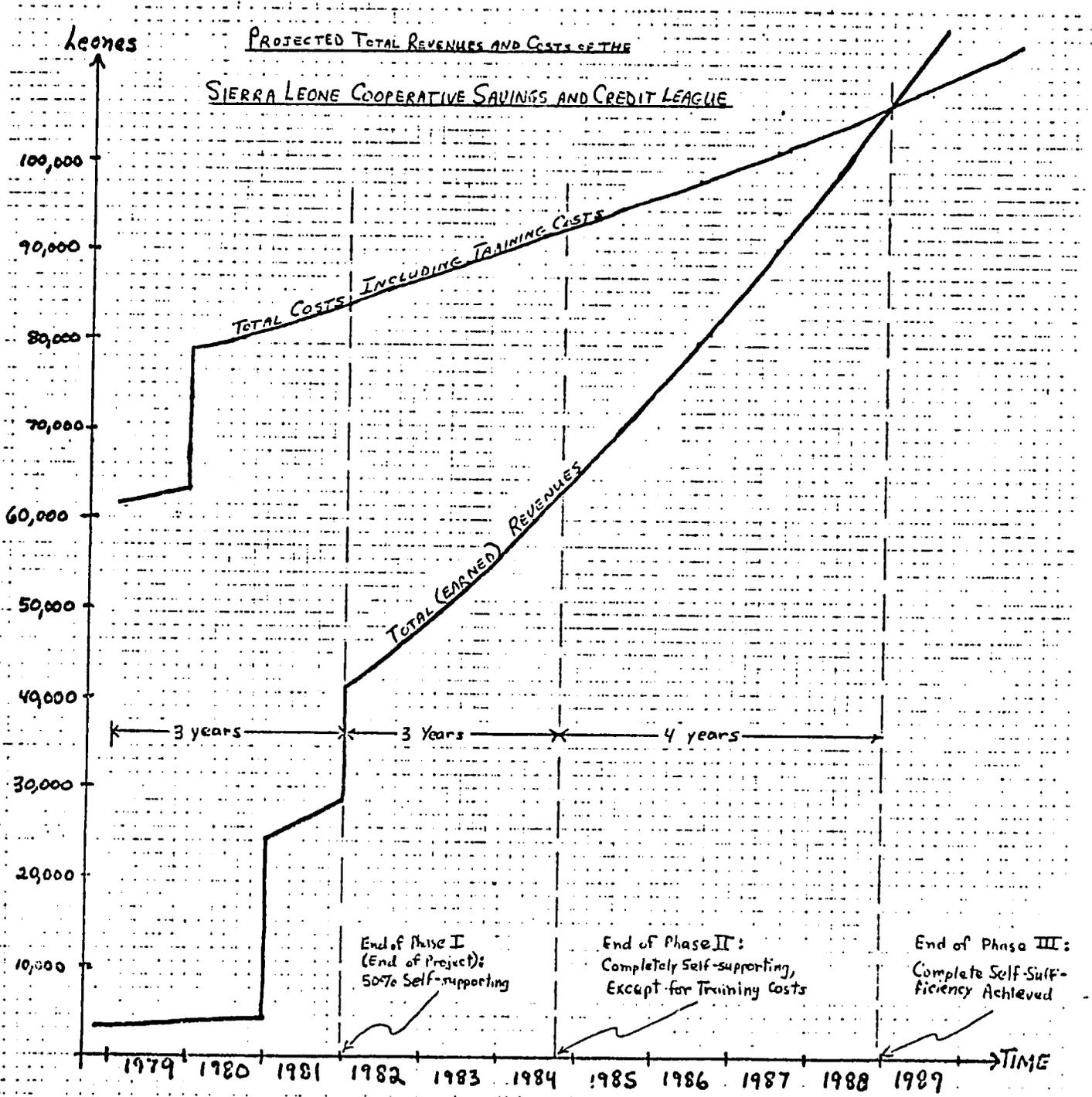
Projected League revenues, expenses, and required budget support (grants and donations) over the life of the project, given the assumptions noted above, are summarized on the following page. For details, see the indicated schedules of Appendix I.

PROJECTED LEAGUE INCOME, EXPENSES, AND DEFICITS

SCHEDULE	INCOME/EXPENSE ITEM/CATEGORY	Year 1 (1979)	Year 2 (1980)	Year 3 (1981)	3-Year Totals
<u>I. INCOME</u>					
I-A	a. Gross margin on sales	Le 2,125	2,250	2,375	6,750
I-B	b. Annual Dues of Affiliates	1,015	1,561	23,834	26,410
I-C	c. Risk Management Programme Commissions	34	85	293	412
	TOTAL INCOME	Le 3,174	3,896	26,502	33,572
<u>II. COSTS OTHER THAN TRAINING</u>					
I-D-1	a. Personnel Costs	15,963	21,635	22,356	59,954
I-D-2	b. Travel and Transportation Costs	11,325	15,590	16,579	43,494
I-D-3	c. Office Expenses	4,633	4,768	5,109	14,510
I-D-4	d. ACOSCA Dues	546	691	1,192	2,429
I-D-5	e. Outside Service Costs	450	495	545	1,490
I-D-5	f. League Govt. and Representation Costs	2,000	1,435	1,606	5,041
I-D-5	g. Promotion and Public Relations Costs	986	1,085	1,196	3,267
	TOTAL COSTS OTHER THAN TRAINING	35,903	45,699	48,583	130,185
III.	<u>OPERATING DEFICITS ASIDE FROM TRAINING COSTS</u>	32,729	41,803	22,081	96,613
IV.	<u>TRAINING COSTS</u>	17,000	32,000	32,000	81,000
V.	<u>OVERALL OPERATING DEFICITS</u>	Le 49,729	73,803	54,081	177,613
VI.	<u>AMOUNTS COVERED BY AID SUB-GRANT</u>	49,054	73,559	54,323	176,936
VII.	<u>FINAL SURPLUS (Deficit) *</u>	Le (675)	(244)	242	<677>

* The small projected 3-year deficit will be made up from the GOSL Contribution and funds provided from depreciation. On the other hand, should a small surplus occur, it will be added to reserves to build up the League's working capital.

The basic relationships involved can perhaps be best visualized graphically, as in the following chart:



Summary

As pointed out earlier on, the League should under the recommended, and tentatively adopted, self-sufficiency strategy, be able to cover all costs except training by 1984 and be completely self-sufficient by around 1989, provided the following five major assumptions hold true:

1. That the tentatively agreed-upon new dues formula (i.e., two percent of affiliates' total savings) is formally adopted and that at least 90 percent of affiliates actually pay their dues.
2. That by the end of the initial three years, 95 percent or more of all societies affiliate to the League.
3. That the total movement savings growth rate substantially increases, mainly as a result of the organization of worker societies, and that total movement savings reaches around Le 2.7 million by end-of-project (nearly Le 1 million higher than would be the case if current trends continue).
4. That the magnitude of personnel needs and associated costs have been fairly accurately forecasted.
5. That the annual cost of an adequate training program does not substantially exceed the projected Le 34,000.

b. Technical Self-Sufficiency

Adequate financial resources alone do not ensure an institution's viability. It must, in addition, have the technical capabilities to adequately perform all functions and provide all services required of the institution. For a national League, it must be able to adequately perform the institutional maintenance functions (e.g., planning, budgeting, financial management, and office management), but also provide the needed services to the affiliates (e.g., training accounting assistance, risk management, legal services, and representation.

Global Projects has developed a methodology to assess institutional performance at both the national association level and the society level. Briefly, this methodology has identified all "processes" that are performed by most national associations and affiliated credit unions, and has specified those that are considered critical or "core". For all processes, a statement of minimally acceptable outcome has been prepared which attempts to specify precisely what outcome should occur if the process is being done in an adequate fashion. Using pre-prepared process outcome statements for each process, an institutional analysis can be performed to identify the strengths and weaknesses of the institution at a given time. For those processes identified as deficient, the precise cause of the deficiency is also identified, i.e., whether the process has not been adequately defined and documented, the required skills are not present, attitudes that value adequate performance of the process are not present, or the

necessary resources are lacking. By specifying the institutional weaknesses, and the causes for each weakness, the institution possesses a guide for strengthening its technical capabilities. For all "weak" processes, management will focus special attention and allocate necessary resources to strengthen them to a minimally-acceptable level.

The institutional analysis described above would normally have been completed as part of this study, except for the fact that there was essentially no League to analyze. At this point, the League must be assumed to be deficient in nearly all processes. During the first year of the project, the technician, in concert with League staff, will conduct a complete survey of all present and potential member credit unions. Once all data has been compiled, personnel from CUNA Global Projects Office in Washington will be called in to assist the League to put together, using CUNA's methodology, comprehensive 5-Year Institutional Development Plan. CUNA staff will assist the League to define its institutional goal and objectives, further define project objectives, as well as propose ongoing planning and evaluation methodologies. This plan will be the League's primary guide during the remainder of Phase I of the project and, together with this project proposal, be the basis on which progress toward achieving project and institutional objectives will be measured.

Eventually, when technical self-sufficiency has been attained, the League will be able to perform all "core" processes at a minimally acceptable level with staff resources then available. Further, it

would continue to sustain technical self-sufficiency even with a change in personnel. At the society level, the term is somewhat modified to state that all core processes can be performed at a minimally-acceptable level by society leadership with the technical support of the League. Few societies will be entirely self-sufficient technically, particularly during the course of the project. That is not the pertinent factor, however, since the raison d 'être of the League is to provide continuing services to its affiliated societies. The technical support of the League, plus the capabilities of society leadership, enables the institutional system at the local level to be self-sufficient, even though the local institution is not.

If these conditions exist by the end of the project, it would signify that a strong base of savings and credit societies and a similarly strong national association has been created that no longer need external technical support to sustain themselves.

D. PROJECT DESIGN AND IMPLEMENTATION

1. Responsibility of Each Party

This project will include the participation of the Government of Sierra Leone, primarily involving the Department of Cooperatives of the Ministry of Trade and Industry, the United States Agency for International Development, the Sierra Leone Cooperative Savings and Credit League, and CUNA Global Projects. Also related to project activities, but not directly involved in the execution of the project are the National Cooperative Development Bank, and the Africa Cooperative Savings and Credit Association (ACOSCA).

a. Responsibility of League

Responsibility for the implementation of the project resides with the Sierra Leone Cooperative Savings and Credit League. Administrative backstopping and program support will be provided by the Department of Cooperatives. Technical support will be provided by CUNA Global Projects and, to a lesser extent, by ACOSCA. Financial support will be provided by AID.

As noted previously, the project objectives call for the development of a technically and financially viable national League with similarly-developed local societies able to provide effective savings, credit and other services to its membership, primarily comprised of rural poor.

To achieve these objectives, the League will develop a number of services to affiliates, the principal ones being training, a risk management program, standardized stationery supplies,

bookkeeping, standard policies and procedures guides, promotion, and information.

The provision of these services requires, quite obviously, a League staff with appropriate qualifications. The size and composition of the staff is determined not only by the type of program the League will undertake to respond to affiliates' needs, but also by the magnitude of resources that can be realistically projected.

A number of different staffing patterns could be developed, given the existing conditions. Additionally, staffing requirements may change over time, such that the staff proposed now may differ markedly from that required some years hence. However, after considering a number of alternatives, the study team feels the following initial staffing plan to be most appropriate:

- 1 League Manager
- 1 Clerk/Typist
- 1 Education Specialist
- 1 Driver
- 4 Field Training Specialists/Fieldworkers
- 2 Itinerant Bookkeepers (more later if appropriate)

The League Manager will have responsibility for overall direction of the League's programs. He will have principal responsibility for setting up and administering the insurance program, as well as promotion, information, and stationery and supplies provision services. In addition, he will be principally responsible for developing the League's organizational maintenance functions

and processes to an adequate level, including planning and evaluation, budgeting, personnel policies, internal accounting systems, and office management procedures.

The Education Specialist will direct the League's training program, including developing appropriate strategies and materials to meet identified needs, as well as evaluate training programs. He will also be chiefly responsible for the development of standard policies and procedures guides, and will be a major participant in the League promotional program.

The Field Training Specialists will be principally involved in implementing the League's training program on a regional basis, through the various seminars and workshops, and also participate in nation-wide training efforts. They will be chiefly responsible for identification of training needs, and their reports will be used to maintain the League's information system. One Specialist will be assigned to each of the four government administrative regions; the Specialist located in Freetown will also have principal responsibility for implementing the promotional program among the worker groups. Those in the three other regions will be responsible for consolidation of the existing rural societies.

The clerk will assume all secretarial and clerical duties of the headquarters office. In addition, he/she will maintain all appropriate records pertaining to the League's stationery supplies and also be responsible for filing. The driver will handle various office maintenance and support activities in addition to his driving responsibility.

The itinerant bookkeepers will implement the League bookkeeping service to the primary societies as well as provide on-the-job training in this area. In addition, their reports will be used to support the League's information system.

The first three categories will be filled by persons with formal training in cooperative development and extensive field experience. Individuals from the Department of Cooperatives and other public sector agencies, as well as from related private organizations will be recruited, both from the larger cities as well as the smaller rural communities. Particular care will be taken to ensure that the individuals selected have effective skills in training, promotion, and communications. Individual motivation will be another important criterion for selection. Naturally, it is not assumed that the staff selected will enter with all required skills; therefore, a training program to upgrade skills via participation in local and third-country training programs, such as those sponsored by ACOSCA, is planned.

The itinerant bookkeepers, individuals who should have some experience with savings and credit societies, basic literacy and computational skills, and if possible, some previous bookkeeping experience, will be recruited from rural communities. They will be trained by the League and returned to their community to serve the societies in that geographic area. Continuing training will be provided for the bookkeepers, to enable them to become more competent in this activity, as well as be qualified for eventual promotion to higher-level positions.

b. Responsibilities of the Department

The Department of Cooperatives will assist the League during the initial "staffing-up" period in the identification and recruitment of potential candidates. The Department will also assist the League to obtain suitable office space, in addition to facilitating the acquisition of the equipment and other commodities provided in the project design (see Financial Plan for detail on equipment and commodities). Throughout the life of the project, the Department will also continue to provide inspection and audit services to the primary societies from its field inspectors. In addition, the Department will perform an annual audit of the League, and provide some inputs to the League's training program, including the services of some of its staff as guest lecturers and an annual cash contribution of approximately Le 3,000 towards covering part of the cost of holding seminars and workshops.

c. Responsibility of CUNA Global Projects

The primary responsibility of CUNA will be to supply and support a resident technician for a period of three or more years, as well as recruit consultants as needed. Given the fact that the League is essentially starting without experienced, qualified staff, and is attempting to achieve technical, as well as financial, self-sufficiency within a relatively short period of time, the need for sustained technical assistance is critical for at least a six-year period (i.e., during Phases I and II). This technician would have as primary duties, more or less in order of priority, assisting the League:

1) To design training materials and methodologies, as well as standard operating procedures guidelines.

(a) Develop training methodologies, including (1) needs identification and (2) preparation and use of standardized training materials, including training evaluation techniques.

(b) Design standard policies and procedures guidelines, especially in areas of bookkeeping, budgeting, credit, filing and recordkeeping, and other administrative systems.

2) To design Affiliate Analysis Systems.

(a) Design base-line data collection and analysis system for initial affiliate survey.

(b) Develop analytical methodologies to identify primary society needs, problem areas, and viable solutions.

(c) Develop ongoing system of affiliate monitoring

3) In Planning and Evaluation.

- (a) Assist League and Global Projects office staff to develop League 5-Year Development Plan.
- (b) Prepare annual and monthly action plans and reviews
- (c) Assist in preparation of annual budget projections and reviews, as well as in other areas of financial management.
- (d) Assist Global Projects Office and AID in conduction of year three evaluation
- (e) Monitoring progress toward League and project objectives
- (f) Develop recruiting and staff performance appraisal guidelines

4) Promotion.

- (a) Develop approaches to promotion and organization of new societies, primarily among worker groups.
- (b) Develop model membership and savings promotion strategies for primary societies, as well as at regional and national levels through effective use of media at these levels.
- (c) Develop methods of combining or merging societies to allow more effective services and promotion.

5) Coordinate External Support.

- (a) Facilitate research and analysis of consultants in areas of
 - (i) Refinement of League and primary society accounting systems
 - (ii) Development of model credit policies, including loan monitoring and delinquency control guidelines.
 - (iii) Development of a mechanism to adequately capitalize the League.
 - (iv) Any other areas subsequently determined

- (b) Assist ACOSCA to implement the risk management program and other activities sponsored by ACOSCA for Sierra Leone.
- (c) Institute an effective system of coordination between the League and related institutions, principally government departments, the Cooperative Bank, the Trade Unions, and donor agencies.
- (d) Assist in preparation of revisions, as become necessary, in the League's and primary society model bye-laws, as well as in seeking favorable interpretation of laws relating to the cooperative savings and credit movement.

6. Preparation of Informational Materials for Affiliates.

The CUNA advisor will in addition be responsible for promoting a favorable attitude on the part of League staff and others towards the League and their role in its operation.

CUNA Global Projects office will recruit, select, and post the technician within three months of project approval. CUNA will also provide any administrative backstopping required to support the technician during the course of the project, including recruitment of consultants when needed. Additional technical support to the technician and the project will be available from the staff employed in the Global Projects headquarters office in Washington. Staff with specialized skills in planning, project design and evaluation, financial management, accounting, training, and other areas will provide this expertise to the project

either through the regular project monitoring and evaluation system (see below) or through on-site technical assistance visits. Still additional technical support will be provided by ACOSCA staff, by means of their regular training programs, as well as through specific technical assistance visits.

The responsibilities of CUNA and the technician in the second three-year period (Phase II) would have to be elaborated during year 3's evaluation, but the duties would most likely remain approximately the same, although certain one-time activities, such as base-line data collection, would not be repeated.

d. Responsibility of AID.

AID's contribution to the project would be limited strictly to financial support of the League and technical advisor, on a declining basis, over the three year life of the project.

e. Responsibility of ACOSCA.

The primary responsibility of ACOSCA under this project will be the training of League staff by means of regional (West African or continental) and in-country seminars and workshops, as well as through provision of on-site technical assistance with respect to implementing the risk management program and perhaps other areas. ACOSCA will, in addition, act as a channel through which financial and technical assistance will be delivered to the Sierra Leone movement, and perform any other functions

for the League which are normally provided by confederations. To partially offset the cost of providing its several services to the Sierra Leone movement, ACOSCA will receive a token reimbursement of \$2500 per year during the life of the project.

2. Implementation Plan

Once the League staff, external technical assistance, and commodities have been assembled and the new staff given initial orientation, the project can proceed to develop and implement League services. One of the first requirements is information-gathering; currently, there are only estimates of the number of societies which are currently or potentially active, and what this represents in terms of membership, savings, loans, etc. A complete canvassing of all rural societies will be undertaken by League staff during months 4 to 6 of the first year. All basic data will be compiled, societies requiring formal liquidation or merger will be identified, and promotion of the League and its new capabilities will be undertaken during the visits. The League training programs will be particularly stressed, and potential trainees will be identified. In addition, the feasibility of using itinerant bookkeepers will be studied during this research period. The 3-month study will be designed by the technician and League manager; data will actually be collected by the technician, League Manager and Education Officer, and the four regional field trainers, as part of their orientation.

When all the base-line data on the movement has been collected and compiled, hopefully around month 6 of the first year, staff of the Global Projects Office in Washington will be called in to assist the League to develop a 5-Year Institutional Development Program Plan. Among other things, this 5-Year Plan and related

activities will include further definition of League staffing requirements and an objectives-based League planning methodology, reassessment of training needs and appropriate methodologies, design of an affiliate monitoring and data collection system, propose guidelines on consolidation of rural societies, and estimate the amount and type of additional consultancies required. Further detailing of the League 5-Year Plan may continue for several months.

During this same initial period, the efforts to organize societies among the worker and other groups in the urban societies will be initiated by the Freetown-area field trainer/organizer. These efforts will be concentrated in Freetown, particularly among the labor groups represented by the Sierra Leone Labour Congress. Also included will be efforts to increase membership and savings growth among those worker societies already organized. This will be a continuing activity throughout the project, but special emphasis will be placed during the first year in order to attain the necessary growth in savings in subsequent years.

During the last 2-3 months of the first year, the League should be in a position to initiate its training program. At least four regional seminars, the national seminar, and perhaps a few local seminars will be held, the actual number and type depending on how rapidly the League can put together training materials. The problems and weaknesses identified during the initial field visits will be a key ingredient in the design of the training program. This information will also be used to assist with the eventual development of standard policies and procedures guidelines. Once currently-recognized weakness is the current bookkeeping systems used by the societies and by the League. A consultant will be employed

early on in the project to study and recommend any required revisions in this system, in order to provide all required information as efficiently as possible. Other consultant services will likely be required during the course of the project, although the exact type of consultants employed will depend on the problems then confronting the societies or the League. Development of model loan policy and monitoring systems for use by primary societies, as well as design of a League capitalization system, however, are likely candidates for consultancy requests.

By the middle of the first year, the League's central office staff, as well as the four regional trainers, will have been employed. The status of the societies will have been fully identified, along with their specific needs. The annual meeting at the end of the first year will recognize this new phase of savings and credit development and review the strategy for development contained in this document and in the League 5-Year Development Plan. One crucial item requiring the approval and commitment of the membership is the proposed strategy for achieving financial self-sufficiency. The membership must be fully informed of the cooperation required by them in order to achieve self-sufficiency, particularly with respect to the proposed new dues formula based on the level of individual societies' savings. This is crucial, since dues will have to be the League's primary revenue source. It will mean a substantial increase for most societies over what they are paying now. Although the League will be in a position to demonstrate that it is providing valuable services, as contrasted with the present inactivity,

there is likely to be some member resistance.

We therefore have projected that the new dues structure be introduced at the annual meeting to be held in the second year of the project, and (assuming approval) implemented at the beginning of the third year of the project, in order to give the League time to demonstrate the value of association and the benefits derived by dues-paying members.

Around the middle of year one, two itinerant bookkeepers will be selected, receive initial orientation and training, and sent to their posts. As indicated earlier in this proposal, the use of itinerant bookkeepers will start on a pilot project basis. If, after say a year's time, the approach proves to be sound, the number of itinerant bookkeepers will be increased.

By the beginning of year one, the League should have also modestly begun implementing the risk management program. The ACOSCA risk management technician should have completed the arrangement for setting up the program by that time. The League will advise the societies of this service through the media and regular visits of the field trainers and will provide the agreements by which to join, as well as the required premium and claim forms. All societies will be personally contacted and advised of the insurance program during the first six months of the first year as part of the survey.

In years two and three, a number of continuing activities to be provided by the League are projected. These constitute the basic package of

services of the League. Other services or activities, which cannot be projected at this time, may be developed in response to specific needs as they arise. The ability of an institution to identify these needs, and prepare the appropriate response, is, of course, an indicator of increasing management competence, leading to technical self-sufficiency.

The basic package of services includes:

1. Training (annual program)
 - 25 local workshops
 - 4 regional seminars
 - 1 itinerant bookkeepers workshop
 - 1 national seminar
2. Promotion Campaigns
 - to increase number of affiliated societies
 - to increase amount of savings
 - to increase total membership
3. Provision of Stationery Supplies
4. Bookkeeping
5. Standard Policies and Procedures Guides
6. Risk Management
7. Information

While providing these services, the League will also be making continuing progress towards achieving the objectives set forth in the strategies to achieve financial and technical self-sufficiency. The CUNA technician will assist the League Manager in monitoring the progress made in each of these areas, and to assist with the development of alternatives to resolve potential difficulties, e.g., if actual income is less than projected or key skills are not being developed adequately.

Some time during the first half of the year three, CUNA Global Projects' Washington staff will undertake jointly with AID an evaluation of the project's progress to date and a project design will be put together for the second three-year portion (i.e. Phase II) of the project, subject to approval by the League, AID, GOSL, and other project participants.

In the table on the following page, we have scheduled each of the major activities to take place during the course of the project.

3. Project Monitoring

Project monitoring will be carried out by the Global Projects staff in Washington. Using a project monitoring system already in place, Global Projects staff will receive all information necessary to assess project performance. One of the basic requirements for effective monitoring is a good project design, one that spells out the exact outcomes to be produced at any given time. Another is the work plan submitted periodically by the project technician. If these two basic documents are well prepared, it is a fairly straight-forward task to chart progress, by simply comparing what actually took place with what was projected. The project monitor notes any shortcomings and, if appropriate, may suggest alternative strategies in his response to the technician. For more serious problems, implying inability to achieve stated objectives, the project monitor will prepare a paper outlining the problem, and propose possible solutions for Global Projects management review. Management and the project monitor will then decide upon an appropriate course of action, to be communicated to the technician. In rare instances, on-site visit by one or more Global Projects staff members may be required.

The project technician will receive full briefing on the substance and format of the monitoring reports, as part of his initial orientation. The current system is based upon Global Projects' project design system, which uses an interrelated series of objectives as the basic design principle. The technician will be fully briefed on this design system, particularly as it applies to development of the League 5-Year Institutional Development Plan and the preparation of his periodic work plans.

We recommend that work plans be submitted quarterly, and that monitoring reports be submitted monthly, at least during the initial phase. Subsequently, if no serious difficulties arise, the latter will also be submitted quarterly.

4. Evaluation Plan

In Appendix III, the project logical framework is presented. This will be utilized as the basic means of project evaluation, by which we may determine if the proposed outputs have been achieved, if progress has been made towards the achievement of the stated purposes, and if it has an impact upon the stated goal.

In the project monitoring and evaluation system used by CUNA/Global Projects, there are three distinct elements: monitoring, assessment, and evaluation. The monitoring system described above constitutes the means for continuing control over project implementation. The reports submitted by the technician may propose changes in project implementation, subject to approval by Global Projects management, but the basic design remains unchanged. A comprehensive report analyzing project progress is prepared by Global Projects and submitted to the donor agency annually.

It is conceivable that the technician monitoring reports will signal shortcomings, resulting in significant difficulties in achieving the intended objectives. In such cases, Global Projects will initiate proceedings to conduct a full field "assessment" of the project. Such an assessment, though, is unlikely, since the project calls for a joint CUNA/AID evaluation during the third year, which will, in addition to measuring progress to date, specify project objectives for Phase II and the remainder of Phase I.

Assessments and evaluations are viewed as joint undertakings of all principal project participants, in this case to include the League, Department of Cooperatives, USAID, CUNA Global Projects, and ACOSCA. Using the project design documentation and other materials prepared during the course of the project, an assessment or evaluation design is prepared. Global Projects has for past project assessments and evaluations prepared a draft design for review and comment by the other participants before preparing a final assessment/evaluation design. The design identifies the substantive elements to measure, the project issues that need clarification, and the field methodology to be followed. All would jointly participate in obtaining the necessary information, clarifying the issues, and preparing the analysis. The assessment/evaluation report itself is usually prepared by the Global Projects office, again with an opportunity for review and comment by the other participants before final preparation and submission. The assessment is indeed a joint effort, and no attempt is made to limit warranted criticism, since only by jointly exploring project shortcomings can they be resolved to everyone's satisfaction. Using this approach, Global Projects has successfully completed assessments/evaluations of projects in Cameroon, Lesotho, ACOSCA headquarters, Haiti and Paraguay. In every case the host country nationals with whom we worked indicated that both the methodology used and the findings obtained were most informative and useful.

Assessment or evaluation findings may result in either:

- a. changes in project implementation strategies with no modification of project design, or
- b. modification of project design, or
- c. no changes in either design or implementation.

Changes in implementation strategies would require consultation among all active project participants. Modification of the design would, in addition, likely require the consent of the donor agency resulting in an amendment to the grant agreement.

Assessments and evaluations focus on the purpose and goal-level objectives of the project, attempting to identify not only the degree to which they were achieved but also the causal factors involved. All unexpected outcomes and their causal factors are also recorded. The strength of the linkages from inputs to outputs to purposes to goal is evaluated along with the validity of the assumptions. Evaluation of this project will be particularly concerned with the linkages between the purpose-level institutional development objectives and the goal-level impact on membership, savings, and loan volume growth.

The assessments and evaluations described above assume the continued existence of the expanded capabilities available to Global Projects from the Development Program Grant. If changes in present funding

occur, resulting in a decrease in headquarters staff size and capabilities, this office would not be able to play a lead role in these studies. Provision would need to be made for the contracting of an independent consultant firm, or some other alternative arrangement to carry out the studies.

E. FINANCIAL PLAN

The total estimated cost of this 3-year project is \$759,265. Of this amount, \$32,960 or 4.3 percent, would be paid by the League out of its own earned revenues, and \$226,957, or 29.9 percent, would be contributed by the Government of Sierra Leone, adding up to a total local contribution of about \$259,917, or 34.2 percent of total project costs. The balance, \$499,348 would be paid by AID. Of this amount, \$309,359 represents the cost of supporting a technician, including consultants, and the balance, \$189,989 represents direct budget support to the League (termed "League Sub-Grant" below). Some details on each of the cost items are shown on following pages, categorized by source of funding. For complete details on the technician's budget, See Appendix II. The sub-grant to the League, as shown below, is set up on a declining basis, so that each succeeding year, the League picks up more and more of its costs from its own revenues. By end of project, the League should be able to cover a little more than 50% of its operating costs from its own resources. Complete self-sufficiency is not projected until about 1939. The contribution of the Sierra Leone Government takes the form of continuing audit and inspection of primary societies, participation in paying for the cost of the League training program, provision of four field offices, and the provision of an annual audit of the League.

For details on the contributions of each party, see the following pages:

GLOBAL SUMMARY OF PROJECTED CONTRIBUTIONS TO PROJECT

BY ALL PARTIES

	<u>Yr. 1</u> <u>(1979)</u>	<u>Yr. 2</u> <u>(1980)</u>	<u>Yr. 3</u> <u>(1981)</u>	<u>3-Year</u> <u>Totals</u>	<u>% of</u> <u>Total</u>
1. PERSONNEL COSTS:					
<u>Borne By AID:</u>					
CUNA Technician Support Grant	\$ 57,162	\$ 48,542	\$ 70,096	\$175,800	23.2
League Sub-Grant	15,644	21,202	8,195	45,041	5.9
Sub-Totals (AID Contribution)	72,806	69,744	78,291	220,841	29.1
<u>Locally-Provided Funds</u>					
League-Borne Costs	-0-	-0-	15,360	15,360	2.0
GOSL-Borne Costs	70,756	70,756	70,756	212,268	28.0
Sub-Totals (Local Contribution)	70,756	70,756	86,116	227,628	30.0
TOTAL PERSONNEL COSTS	\$143,562	\$140,500	\$164,407	\$448,469	59.1
2. TRAINING COSTS:					
<u>Borne By AID:</u>					
CUNA Technician Support Grant	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.0
League Sub-Grant	16,660	31,360	31,360	79,380	10.5
Sub-Totals (AID Contribution)	16,660	31,360	31,360	79,380	10.5
<u>Locally-Provided Funds</u>					
League-Borne Costs	-0-	-0-	-0-	-0-	0.0
GOSL-Borne Costs	3,396	3,396	3,396	10,188	1.3
Sub-Totals (Local Contribution)	3,396	3,396	3,396	10,188	1.3
TOTAL TRAINING COSTS	\$ 20,056	\$ 34,756	\$ 34,756	\$ 89,568	11.8
3. COMMODITY COSTS:					
<u>Borne By AID:</u>					
CUNA Technician Support Grant	\$ 15,750	\$ 500	\$ 500	\$ 16,750	2.2
League Sub-Grant	16,591	-0-	-0-	16,591	2.2
Sub-Totals (AID Contribution)	32,341	500	500	33,341	4.4
<u>Locally-Provided Funds</u>					
League Borne Costs	-0-	-0-	-0-	-0-	0.0
GOSL-Borne Costs	-0-	-0-	-0-	-0-	0.0
Sub-Totals (Local Contribution)	-0-	-0-	-0-	-0-	0.0
TOTAL COMMODITY COSTS	\$ 32,341	\$ 500	\$ 500	\$ 33,341	4.4
4. OTHER COSTS:					
<u>Borne By AID:</u>					
CUNA Technician Support Grant	\$ 40,482	\$ 36,591	\$ 39,736	\$116,809	15.4
League Sub-Grant	15,769	19,526	13,682	48,977	6.5
Sub-Total (AID Contribution)	56,251	56,117	53,418	\$165,786	21.8
<u>Locally-Provided Funds</u>					
League Borne Costs	3,073	3,308	11,219	17,600	2.3
GOSL-Borne Costs	1,470	1,499	1,532	4,501	0.6
Sub-Totals (Local Contribution)	4,543	4,807	12,751	22,101	2.9
TOTAL "OTHER COSTS"	\$ 60,794	\$ 60,924	\$ 66,169	\$187,887	24.7
GRAND TOTALS					
<u>AID Contribution:</u>					
CUNA Technician Support Grant	\$113,394	\$ 85,633	\$110,332	\$309,359	40.7
League Sub-Grant	64,664	72,088	53,237	189,989	25.0
Total AID Contribution	178,058	157,721	163,569	499,348	65.8
<u>Locally-Provided Funds</u>					
League Borne Costs	3,073	3,308	26,579	32,960	4.3
GOSL-Borne Costs	75,622	75,651	75,684	226,957	29.9
Total Local Contribution	78,695	78,959	102,263	259,917	34.2
TOTAL PROJECT COST	\$256,753	\$236,680	\$265,832	\$759,265	100.0

SUMMARY OF PROJECTED CONTRIBUTION TO PROJECT

BY

AID: TECHNICIAN SUPPORT BUDGET*

	<u>Yr. 1</u> <u>(1979)</u>	<u>Yr. 2</u> <u>(1980)</u>	<u>Yr. 3</u> <u>(1981)</u>	<u>3-Year</u> <u>Totals</u>
1. <u>PERSONNEL COSTS:</u>				
Technician's Salary	\$ 23,625	\$ 25,987	\$ 28,587	\$ 78,199
Fringe Benefits	6,577	7,093	7,763	21,433
Allowances	10,710	11,182	11,702	33,594
R & R	-0-	4,280	4,494	8,774
Relocation	16,250	-0-	17,550	33,800
TOTAL PERSONNEL COSTS	<u>\$ 57,162</u>	<u>\$ 48,542</u>	<u>\$ 70,096</u>	<u>\$175,800</u>
2. <u>TRAINING COSTS:</u>				
See Sub-Grant				
3. <u>COMMODITIES:</u>				
(See details in technician's budget, Appendix II.)	\$ 15,750	\$ 500	\$ 500	\$ 16,750
4. <u>OTHER COSTS:</u>				
In-Country Travel	\$ 7,880	\$ 8,449	\$ 9,231	\$ 25,560
Annual ACOSCA Consultation	1,000	1,050	1,103	3,153
Textbooks and Training Materials	1,000	500	500	2,000
Stationery and Supplies	500	500	500	1,500
Consultants	12,218	6,720	7,392	26,330
Other Direct Costs	3,000	3,000	3,000	9,000
Indirect Costs (Overhead)	14,884	16,372	18,010	49,266
TOTAL "OTHER COSTS"	<u>\$ 40,482</u>	<u>\$ 36,591</u>	<u>\$ 39,736</u>	<u>\$116,809</u>
 TOTAL TECHNICIAN BUDGET Contribution to Project	 <u>\$113,394</u>	 <u>\$ 85,633</u>	 <u>\$110,332</u>	 <u>\$309,359</u>

* See details in "Technician Support Budget," Appendix II.

SUMMARY OF PROJECTED CONTRIBUTION TO PROJECT

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BY
AID SUB-GRANT TO LEAGUE

	<u>Yr. 1</u> <u>(1979)</u>	<u>Yr. 2</u> <u>(1980)</u>	<u>Yr. 3</u> <u>(1981)</u>	<u>3-Year</u> <u>Totals</u>
1. PERSONNEL COSTS:				
<u>Salaries:</u>				
<u>Manager</u>	Le 2,790	3,168	-0-	5,958
Education Officer	2,087	2,599	-0-	4,686
Fieldworker - East	1,730	2,167	-0-	3,897
Fieldworker - West	1,729	2,167	-0-	3,896
Fieldworker - North	1,729	2,167	-0-	3,896
Fieldworker - South	1,729	2,167	-0-	3,896
Itinerant Bookkeepers (2-4-6)	800	3,264	4,995	9,059
Driver	1,369	1,525	1,558	4,452
Clerk/Typist	1,240	1,381	1,411	4,032
Total Salaries	Le 15,203	20,605	7,964	43,772
Benefits (5%)	760	1,030	398	2,188
TOTAL PERSONNEL COSTS	Le 15,963	21,635	8,362	45,960
	= \$ 15,644	21,202	8,195	45,041
2. TRAINING COSTS:				
<u>In-Country Seminars</u>	Le 17,000	32,000	32,000	81,000
	= \$ 16,660	31,360	31,360	79,380
3. COMMODITY COSTS:*				
1 VW "Kombi" Bus	Le 7,101	-0-	-0-	7,101
4 Honda 150's @ Le 675	2,700	-0-	-0-	2,700
Furn., Fixt., and Equip.	3,395	-0-	-0-	3,395
Audio-Visual Equipment	2,195	-0-	-0-	2,195
Sub-Total	15,391	-0-	-0-	15,391
Plus 10% for Inflation/ Currency Fluctuations	1,539	-0-	-0-	1,539
Totals	Le 16,930	-0-	-0-	16,930
	= \$ 16,591	-0-	-0-	16,591
4. OTHER COSTS:				
<u>Travel and Transportation:</u>				
Car Operation	Le 6,224	6,727	-0-	12,951
Staff Travel Allowances:				
Manager	880	1,058	1,111	3,049
Education Officer	735	926	972	2,633
Fieldworkers	2,520	3,175	3,334	9,029
Itinerant Bookkeepers (2-4-6)	504	3,175	3,334	7,013
Driver	462	529	556	1,547
Total Travel and Transportation	11,325	15,590	9,307	36,222
<u>Office Expense:</u>				
Rent	Le 2,400	2,400	2,600	7,400
Utilities	360	378	397	1,135
Stationery and Supplies	500	550	605	1,655
Communications	360	378	397	1,135
Maintenance and Repairs	100	105	110	315
Bank Charges	50	50	50	150
Miscellaneous	450	473	495	1,418
Total Office Costs	4,220	4,334	4,654	13,208
ACOSCA Dues	Le 546	-0-	-0-	546
TOTAL "OTHER COSTS"	Le 16,091	19,924	13,961	49,976
	= \$ 15,769	19,526	13,682	48,977
TOTAL PROPOSED AID CON- TRIBUTION TO LEAGUE	Le 65,984	73,559	54,323	193,866
	= \$ 64,664	72,088	53,237	189,989

*See details in Appendicies D-2, D-3, and D-4.

SUMMARY OF PROJECTED CONTRIBUTION TO PROJECT
BY
THE SIERRA LEONE COOPERATIVE SAVINGS AND CREDIT LEAGUE

		<u>Yr. 1 (1979)</u>		<u>Yr.2 (1980)</u>		<u>Yr.3(1981)</u>		<u>3Yr. TOTALS</u>
1. <u>PERSONNEL COSTS:</u>								
<u>Salaries:</u>								
Manager	Le	---		---		3,290		3,290
Educational Officer		---		---		2,645		2,645
Fieldworker - East		---		---		2,248		2,248
Fieldworker - West		---		---		2,248		2,248
Fieldworker - North		---		---		2,248		2,248
Fieldworker - South		---		---		2,248		2,248
TOTAL SALARIES		---		---		14,927		14,927
Benefits (5%)		---		---		746		746
TOTAL LEAGUE CONTRIBUTION TO PERSONNEL COSTS	Le	---		---	Le	15,673	Le	15,673
	= \$	---		---		15,360		15,360
2. <u>TRAINING COSTS</u>								
No League Financial Contribution		---		---		---		---
3. <u>COMMODITY COSTS</u>								
No League Financial Contribution		---		---		---		---
4. <u>OTHER COSTS</u>								
<u>Travel and Transport:</u>								
VW Bus Operating Costs	Le	---		---	Le	7,272	Le	7,272
5. <u>OUTSIDE SERVICES COSTS:</u>								
Legal Fees		100		110		121		331
Miscellaneous		50		55		61		166
TOTAL OUTSIDE SERVICES COSTS CONTRIBUTION	Le	150	Le	165	Le	182	Le	497
6. <u>LEAGUE GOVT. AND REPRESENTATION COSTS:</u>								
Board Expenses	Le	1,000		600		700		2,300
Annual Meeting		400		440		484		1,324
ACOSCA Conferences		200		220		242		662
Miscellaneous		400		175		180		755
TOTAL LEAGUE GOVT./REPRESENTATION COSTS CONTRIBUTION	Le	2,000	Le	1,435	Le	1,606	Le	5,041
<u>ACOSCA Dues</u>		---		691		1,192		1,883
TOTAL "OTHER COSTS", C/F	Le	2,150	Le	2,291	Le	10,252	Le	14,693

SUMMARY OF PROJECTED CONTRIBUTION TO PROJECT
BY
THE SIERRA LEONE COOPERATIVE SAVINGS AND CREDIT LEAGUE
(cont.)

		<u>Yr. 1 (1979)</u>	<u>Yr.2 (1980)</u>	<u>Yr.3 (1981)</u>	<u>3Yr. TOTALS</u>
<u>"OTHER COSTS," B/F</u>	Le	2,150	2,291	10,252	Le 14,693
<u>PROMOTION/PUBLIC RELATIONS COSTS:</u>					
Promotion		50	55	61	166
Public Relations		50	55	61	166
Newsletter Publication		300	330	363	993
Entertainment		50	55	61	166
Audio-Visual Equipment Depreciation		336	370	407	1,113
Audio-Visual Equipment Operation		150	165	182	497
Miscellaneous		50	55	61	166
<hr/>					
TOTAL PROMOTION/PUBLIC RELATIONS COSTS CONTRIBUTION	Le	986	1,085	1,196	Le 3,267
TOTAL "OTHER COSTS" CONTRIBUTION	Le	3,136	3,376	11,448	Le 17,960
= \$		3,073	3,308	11,219	\$ 17,600
<u>TOTAL LEAGUE CONTRIBUTION</u>	Le	3,136	3,376	27,121	Le 33,633
= \$		3,073	3,308	26,579	\$ 32,960

SUMMARY OF PROJECTED CONTRIBUTION TO PROJECT
BY
GOVERNMENT OF SIERRA LEONE

		<u>Yr.1 (1979)</u>	<u>Yr.2 (1980)</u>	<u>Yr.3 (1981)</u>	<u>3Yr (TOTALS)</u>
1. <u>PERSONNEL COSTS:</u>					
Value of approximately 76 Cooperative Inspectors involved in Promotion and Supervision of Thrift and Credit Societies,					
76 x Le 1,900 x 1/2 time =	= Le	72,200	72,200	72,200	216,600
	= \$	70,756	70,756	70,756	212,268
2. <u>TRAINING COSTS:</u>					
Cash Contribution to In-Country Seminars	Le	3,000	3,000	3,000	9,000
Provision of Guest Lecturers		465	465	465	1,395
	Le	3,465	3,465	3,465	10,395
	= \$	3,396	3,396	3,396	10,188
3. <u>COMMODITY COSTS</u>					
None, except duty-free privileges					
		---	---	---	---
4. <u>OTHER COSTS</u>					
Use of Four Field Offices at Le 25/room/month	Le	1,200	1,200	1,200	3,600
League Audit		300	330	363	993
TOTAL CONTRIBUTION TO "OTHER COSTS"	Le	1,550	1,530	1,563	4,593
	= \$	1,470	1,499	1,532	4,501
TOTAL GOSL CONTRIBUTION TO PROJECT	Le	77,165	77,195	77,228	231,588
	= \$	75,622	75,651	75,684	226,957

APPENDIX I

SCHEDULE A

INCOME FROM SALES

The league plans to be selling (at least) the following supplies

Visit notebooks	Savings Summary Books
Journals	Loan Registers
Passbooks	Loan Agreement Forms
Individual ledgers	Membership Applications
General ledgers	Final Accounts Forms
Receipt Books	Bye-laws
Vouchers	

The League's acting manager estimated that sales will be about Le 4,000 in 1978, and will increase by about Le 250 per year, resulting in annual sales projections as follows:

<u>YEAR</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Total Sales	Le 4,000	4,250	4,250	4,750

Due to the scarcity and resulting high price of stationeries and supplies in the country, the acting manager believes, with good reason, that if the League produces these stationeries in large quantities, it can make an average 50 percent Gross Profit on sales. If so, gross margin income over the next few years would be as follows:

<u>FISCAL YEAR</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Gross Margin on Sales	Le 2,000	2,125	2,250	2,375

APPENDIX I

SCHEDULE B

ANNUAL DUES OF AFFILIATES

The Formulas

Through analysis of long-term projected total costs of the League and discussions with League and Department officials, it was decided that the League should, in Year Two or Three of the project, change its dues formula from its totally inadequate current rate of Le 6 per society. The formula recommended and accepted by the League's Acting Manager and the Department is two percent of affiliates' total savings and shares at the end of the fiscal year. While resulting in somewhat higher dues per society than in other African countries, it was felt that this formula would not be too much of a burden to societies because (1) Sierra Leonean societies charge higher interest rates on loans to members than other African countries (15 percent, versus 12 percent elsewhere), leading to relatively higher income; and (2) most societies' operating expenses are very low (due in turn to the fact that most societies have neither employees nor offices).

It was decided to push for this increase in dues in Year Two of the project, instead of at the beginning. This is because the League, as a new organization, should first demonstrate its value to societies, so that they can see what they are getting for their money. Specifically, it is assumed that the new formula will be adopted in Year Two's annual meeting, and will go into effect the following year.

Savings Projections

In order to project dues revenues, it is first necessary to estimate future

savings growth. Past years' savings growth should be a reasonable basis on which to make savings projections. The following limited total movement-wide savings statistics were gathered:

<u>Date</u>	<u>Total Movement Savings</u>	<u>Data Source</u>
January 31, 1970	Le 729,000	Report to ACOSCA
July 1, 1971	Le 792,649	Report of the Registrar, Mr. Fofana
July 1, 1975	Le 961,206	GOSL Statistics
July 1, 1976	Le 1,101,801	Servillo VDC Report

Projected total movement savings and annual growth (end of calendar year data), according to an extrapolation of this trend*, are as follows:

<u>TOTAL MOVEMENT SAVINGS</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>ACCORDING TO CURRENT TREND:</u>				
Projected Total Savings	Le 1,363,981	1,500,781	1,651,113	1,814,978
Projected Annual Growth	Le 123,269	136,800	150,332	163,865

Through the project, it is assumed that by development of a number of large worker societies and strengthening of the rural societies, the above rather slow growth in savings can be stimulated.

Specifically, it was assumed that the annual compound growth rate would increase from about ten percent (the current rate) to about 25 percent. Experience in other African countries indicates that if the organization of these worker societies is successful, then the projected growth is not at all

*A regression of the historical data resulted in the following least-squares projection equation:

$$Y = 741,701 + 8,249.426X + 6,765.852X^2,$$

$$(r^2 = 97.6\%)$$

where Y symbolizes total savings and X the point in time, with X = 0 at January 1, 1970.

unreasonable. In fact, it may be too pessimistic. On the other hand, if organization of these societies is delayed for some reason, then the savings growth will be correspondingly lower. Thus the projections for savings based on a higher growth rate seem "safe". In any case, the projected total movement savings and annual growth assuming the higher growth rate, are shown below (end of calendar year data), followed by calculation of estimated levels of affiliates' shares and savings:

<u>TOTAL MOVEMENT SAVINGS</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>ASSUMING HIGHER GROWTH RATE*:</u>				
Projected Total Movement Savings*	Le 1,363,981	1,727,989	2,128,044	2,664,025
Projected Annual Growth	Le 122,221	364,008	400,015	436,021
<u>SAVINGS OF AFFILIATES:</u>				
Projected percentage of societies affiliated to the League	50%	50%	70%	90%
Savings of Affiliates	Le 681,991	863,995	1,489,603	2,397,623

*The equation approximately representing a 25% compound growth rate is

$$Y = 291,822.8 + 21,950.65X + 18,003.055X^2.$$

Dues Projections

Projected dues income, based on Le 6 per society the first two years, and on two percent of affiliates' year-end shares and savings the last year of the project is estimated as follows:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Projected Total No. of Societies	375	385	395
Estimated % of Affiliated to the League	50%	75%	90%
Estimated No. of Affiliated Societies	188	289	356
Projected Savings of Affiliates (See schedule of previous page)	Le 681,991	863,995	1,489,603
Estimated Dues Billing	Le 1,128	1,734	29,792
Estimated % Collection	90%	90%	80%
Estimated Dues Income	Le 1,015	1,561	23,834

It should be stressed that if problems develop either in adoption or implementation of the new dues formula, and annual dues income turns out to be substantially less than that projected above, then self-sufficiency, in turn, is delayed. Although Cooperative Department officials and the Acting League Manager were confident that, if properly explained, the societies would go along with the new dues formula, the only way to find out is to try. If projections of dues income, which represent nearly 100 percent of the League's total projected earned revenues, are in error, then the League may require several years' additional budget support after the eight to ten years projected in this proposal.

APPENDIX I

SCHEDULE C

INCOME FROM RISK MANAGEMENT PROGRAMME

The projections assume that the League will begin implementing the ACOSCA Risk Management Programme in Year Two of the project. The programme would include both Life Savings and Loan Protection insurance. Premiums are paid monthly by participating societies based on Le 65 per month for each Le 100,000 in covered Savings and Loans. This works out to an annual premium rate of 0.78 percent. The projections assume that societies will be rather slow to join the programme, so that by the end of the project, only 20 percent of the affiliates will be participating. Income to the League from the programme would consist of a six percent Commission from ACOSCA on total premiums paid in. Given these assumptions, income to the League from the programme would be approximately as determined below:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
1. <u>Potential Premium Base</u>			
a. Affiliates' Savings (See Schedule B)	Le 681,991	863,995	1,489,603
b. Affiliates' Loans at 110% of savings	Le 750,190	950,395	1,638,563
Total Potential Premium Base	Le 1,432,181	1,814,390	3,128,166
2. Est. % of Total Savings and Loan covered	5%	10%	20%
3. Est. Actual Premium Base	Le 71,609	181,439	625,633
4. Est. Premiums at 0.78%	Le 559	1,415	4,880
5. Est. Commissions (6%)	Le 34	85	293

APPENDIX I

SCHEDULE D

SUMMARY OF PROJECTED LEAGUE ADMINISTRATIVE AND OPERATING COSTS

The following is a summary of all projected League administrative and operating costs, by category. For details on a particular cost category, see the indicated Schedule on the following pages.

<u>Schedule</u>	<u>Cost Category</u>	<u>YR. 1 (1979)</u>	<u>YR. 2 (1980)</u>	<u>YR. 3 (1981)</u>	<u>3-YR. TOTALS</u>
D - 1	Personnel Costs	Le 15,963	21,635	22,356	59,954
D - 2	Travel and Transportation Costs	Le 11,325	15,590	16,579	43,494
D - 3	Office Expenses	Le 4,633	4,768	5,109	14,510
D - 4	ACOSCA Dues	Le 546	691	1,192	2,429
D - 5	Outside Service Costs	Le 450	495	545	1,490
D - 5	League Government and Representation Costs	Le 2,000	1,435	1,606	5,041
D - 5	Promotion and Public Relations Costs	Le <u>986</u>	<u>1,085</u>	<u>1,196</u>	<u>3,267</u>
Total Administrative and Operating Costs		Le <u><u>35,903</u></u>	<u><u>45,699</u></u>	<u><u>48,583</u></u>	<u><u>130,185</u></u>

APPENDIX I

SCHEDULE D-1

PROJECTED PERSONNEL COSTS

The League's projected staff over the life of the project includes a general manager, an education officer, four field staff, six itinerant bookkeepers, a driver, and a clerk/typist. Projected salary levels and increments are slightly above salary progressions shown in the Labour Code for civil servants doing similar work. This is to ensure that the League will be able to attract high-calibre staff. Although Sierra Leone has no mandatory social insurance, it was decided that the League and employees would both contribute five percent of salaries to a voluntary pension plan. All staff are assumed to be employed during the entire life of the project, once employed. The projections of personnel costs assume that the manager, driver and clerk will be hired the second month into the project, the itinerant bookkeepers* in the seventh month, and the remaining staff in the third month. Given these assumptions, the League's personnel costs over the next three years would be as follows:

<u>Positions:</u>	<u>Initial Salary Level</u>	<u>Yr. 1 (1979)</u>	<u>Yr. 2 (1980)</u>	<u>Yr. 3 (1981)</u>	<u>3-Year Totals</u>
Manager	Le 3,044	Le 2,790	3,168	3,290	Le 9,248
Education Officer	2,504	2,087	2,599	2,645	7,331
Field Staff (4)	2,075 ea.	6,917	8,668	8,992	24,577
Itinerant Bookkeepers (Additional 2 each yr.)	800 ea.	800	3,264	4,995	9,059
Driver	1,494 ea.	1,369	1,525	1,558	4,452
Clerk/Typist	1,353 ea.	<u>1,240</u>	<u>1,381</u>	<u>1,411</u>	<u>4,032</u>
Total Salaries	xxxxx	Le 15,203	20,605	22,891	Le 58,699
Benefits (5%)	xxxxx	<u>760</u>	<u>1,030</u>	<u>1,145</u>	<u>2,935</u>
Total Personnel Costs	xxxxx	Le 15,963	21,635	24,036	Le 61,634

* Two additional itinerant bookkeepers per year, for a total of 6 by year 3.

SCHEDULE D-2

PROJECTED TRAVEL AND TRANSPORTATION COSTS

Projected travel and transportation costs of the League would consist of basically two elements: (1) Costs associated with operation of the League car, a VW Kombi, and (2) travel allowances of League staff. The League car would be at the disposal of the manager and education officer only, except for such other temporary use as from time to time may arise. The four fieldworkers, each of which would be sold motorcycles, would receive Le 63 monthly travel allowances, and eventual replacement of the motorcycles would be provided for by monthly deductions from the field staff's salaries. Other staff would also receive travel allowances. Operating costs of various vehicles in Sierra Leone are estimated on following pages. Following is a summary of projected travel and transportation costs:

<u>ITEMS</u>	<u>Yr. 1</u> <u>(1979)</u>	<u>Yr. 2</u> <u>(1980)</u>	<u>Yr. 3</u> <u>(1981)</u>	<u>3-Year</u> <u>Totals</u>
VW Bus (Kombi) Operating Costs (See next page for details)	Le 6,224	6,727	7,272	20,223
<u>Travel Allowances</u>				
Manager at Le 80/mo initially	880	1,058	1,111	3,049
Educ. Officer at Le 73.50 mo. ini.	735	926	972	2,633
Field Staff (4) at Le 63/mo each initially	2,520	3,175	3,334	9,029
Itin. Bookkeepers (2 in yr. 1) at Le 42/mo. initially	504	3,175	3,334	7,013
Driver at Le 42/mo. initially	462	529	556	1,547
TOTAL TRAVEL ALLOWANCES	5,101	8,863	9,307	23,271
Total Travel and Transpor- tation Costs	Le <u>11,325</u>	<u>15,590</u>	<u>16,579</u>	<u>43,494</u>

WORKSHEET FOR

PROJECTING OPERATING COSTS OF VARIOUS TYPES OF VEHICLES

I. SPECIFICATIONS

- A. Type of Vehicle: VW Bus (1584 cc)
- B. Mid. 1978 - Purchase Price Bus Le 7,101
- C. Estimated annual miles/kilometres travelled: 20,000 mi.
- D. Estimated gas mileage 32 mi. per gal.
- E. Current price of gasoline: Le. 1.51 per gal. increasing at 8% annual rate
- F. Current cost of oil: Le 10.50 per change 7 times a year increasing at 8% annually
- G. Insurance: Le 774 per year increasing by 5% per year
- H. Tires: Le 45.75 per set of 4 replaced every 8 mos. increasing by 10 % annually
- I. Annual Depreciation: 25 % of replacement cost increasing by 8% annually
- J. Annual License Cost: 40 , increasing by 5% per annum
- K. Maintenance and Repairs: Le 1,100 per year, increasing by 10% per annum

II. PROJECTION OF ESTIMATED COSTS

Currency: Leone 1 Leone = U.S. \$0.98

<u>COST ITEM</u>	<u>Year</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Gasoline	Le	944	1,019	1,101	1,189	1,284
Oil		74	79	86	93	100
Maintenance and Repairs		1,100	1,210	1,331	1,464	1,611
Tires		183	201	221	244	268
Insurance		774	813	853	896	941
Depreciation		2,219	2,396	2,588	2,795	3,019
Licence		40	42	44	46	49
TOTALS	Le	<u>5,334</u>	<u>5,760</u>	<u>6,224</u>	<u>6,727</u>	<u>7,272</u>
	= \$	5,227	5,645	6,100	6,592	7,127

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WORKSHEET FOR

PROJECTING OPERATING COSTS OF VARIOUS TYPES OF VEHICLES

I. SPECIFICATIONS

- A. Type of Vehicle: Honda 150
- B. Mid. 1978 - Purchase Price Le 675
- C. Estimated annual miles/kilometres travelled: 4,000 mi.
- D. Estimated gas mileage 80 mi. per gal.
- E. Current price of gasoline: Le 1.51 per gal increasing at 8% annual rate
- F. Current cost of oil: Le. 3.50 per change 12 times a year increasing at 8% annually
- G. Insurance: Le 110 per year increasing by 5% per year
- H. Tires: Le 18 per each replaced every year increasing by 10% annually
- I. Annual Depreciation: 33 1/3 % of replacement cost increasing by 8% annually
- J. Annual License Cost: Le. 12.50 increasing by 5% per annum
- K. Maintenance and Repairs: Le 150 per year, increasing by 10% per annum

II. PROJECTION OF ESTIMATED COSTS

Currency: Leone 1 Leone = U.S. \$0.98

<u>COST ITEM</u>	<u>Year</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Gasoline		76	82	88	95	103
Oil		42	45	49	53	57
Maintenance and Repairs		150	165	182	200	220
Tires		36	40	44	48	53
Insurance		110	116	121	127	134
Depreciation		208	225	243	262	283
Licence		<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
TOTALS		<u>634</u>	<u>686</u>	<u>741</u>	<u>800</u>	<u>866</u>
	= \$	621	672	726	784	849

WORKSHEET FOR

PROJECTING OPERATING COSTS OF VARIOUS TYPES OF VEHICLES

I. SPECIFICATIONS

- A. Type of Vehicle: LandRover Hardtop Long wheel Base
- B. Mid. 1978 - Purchase Price Le 16,902(w. discount and duty free Le 12,960)
- C. Estimated annual miles/kilometres travelled: 20,000 mi.
- D. Estimated gas mileage 15 mi. per gal.
- E. Current price of gasoline: Le 1.51 per gal. increasing at 8% annual rate
- F. Current cost of oil: Le 10.50 per change 7 times a year increasing at 8% annually
- G. Insurance: Le 986 per year increasing by 5% per year
- H. Tires: Le 507.80 per set of 4 replaced every year increasing by 8% 15% annually
- I. Annual Depreciation: 20 % of replacement cost increasing by 8% annually
- J. Annual License Cost: Le 65.50 increasing by 5% per annum
- K. Maintenance and Repairs: Le 1,200 per year, increasing by 10% per annum

II. PROJECTION OF ESTIMATED COSTS

Currency: Leone 1 Leone = U.S. \$0.98

<u>COST ITEM</u>	<u>Year</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Gasoline	Le	2,013	2,174	2,348	2,536	2,739
Oil		74	79	86	93	100
Maintenance and Repairs		1,200	1,320	1,452	1,597	1,933
Tires		508	559	614	676	743
Insurance		986	1,035	1,087	1,141	1,198
Depreciation		2,400	2,592	2,799	3,023	3,266
Licence		66	69	72	76	80
TOTALS	Le	7,247	7,828	8,458	9,142	10,059
	= \$	7,102	7,671	8,289	8,959	9,858

WORKSHEET FOR

PROJECTING OPERATING COSTS OF VARIOUS TYPES OF VEHICLES

I. SPECIFICATIONS

- A. Type of Vehicle: Volkswagon Beetle
- B. Mid. 1978 - Purchase Price Le 4,158
- C. Estimated annual miles/kilometres travelled: 20,000 mi.
- D. Estimated gas mileage 35 mi. per gal.
- E. Current price of gasoline: Le 1.51 per gal. increasing at 8% annual rate
- F. Current cost of oil: Le 7 per change 6 times a year increasing at 8% annually
- G. Insurance: Le 446 per year increasing by 5% per year
- H. Tires: Le 40.70 per set of 4 replaced every year increasing by 10% annually
- I. Annual Depreciation: 28.57 % of replacement cost increasing by 8% annually
- J. Annual License Cost: Le 34, increasing by 5% per annum
- K. Maintenance and Repairs: Le 800 per year, increasing by 100% per annum

II. PROJECTION OF ESTIMATED COSTS

Currency: Leone 1 Leone = U.S. \$0.98

<u>COST ITEM</u>	<u>Year</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Gasoline	Le	857	926	1,000	1,080	1,166
Oil		42	45	49	53	57
Maintenance and Repairs		800	880	968	1,065	1,171
Tires		163	179	197	217	238
Insurance		446	468	491	516	542
Depreciation		1,100	1,188	1,283	1,386	1,497
Licence		<u>34</u>	<u>37</u>	<u>40</u>	<u>43</u>	<u>46</u>
TOTALS	Le	<u>3,442</u>	<u>3,723</u>	<u>4,028</u>	<u>4,360</u>	<u>4,717</u>
	= \$	<u>3,373</u>	<u>3,649</u>	<u>3,947</u>	<u>4,373</u>	<u>4,623</u>

SCHEDULE D-3

PROJECTED OFFICE EXPENSES

All of these costs were based on the Acting Manager's estimates and the team's judgment based on experience in other African Leagues. The specific costs are projected as follows:

		<u>Yr 1 (1979)</u>	<u>Yr 2 (1980)</u>	<u>Yr 3 (1981)</u>
Rent (Headquarters)	Le	2,400	2,400	2,600
Stationeries and Supplies (Used by League itself)		500	550	605
Communications (Tel., Tel ., and postage)		360	378	397
Maint. and Repairs of office, furniture, and equipment		100	105	110
Deprn. of office furniture and equipment		413	434	455
Bank charges		50	50	50
Utilities (water and elec- tricity)		360	378	397
Misc. Labor (yardwork, etc.)		300	315	330
Miscellaneous		<u>150</u>	<u>158</u>	<u>165</u>
TOTAL office operations and occupancy costs	Le	4,633	4,768	5,109

SCHEDULE D-4

PROJECTION OF ACOSCA DUES EXPENSE

African Leagues pay dues to ACOSCA at the rate of 8/100 of 1% of affiliate societies' total shares and savings based on year-end statistics. Projected total shares and savings of affiliates is, as shown in Schedule B:

	<u>END OF</u>		
	<u>1978</u>	<u>1979</u>	<u>1980</u>
Affiliates' Savings	681,991	863,995	1,489,603

Dues to be paid to ACOSCA, then would be 8/100 of 1% of the above amounts:

Fiscal Year	<u>1979</u>	<u>1980</u>	<u>1981</u>
Projected Dues Expense	Le 546	691	1,192

SCHEDULE D-5

Overhead costs, including Outside Services Costs, League Government and Representation Costs, and Promotion and Public Relations Costs, were projected primarily on the CUNA team's experience in other African Leagues, modified where necessary by the Acting League Manager. These costs are summarized as follows:

	<u>Yr 1 (1979)</u>	<u>Yr 2 (1980)</u>	<u>Yr 3 (1981)</u>
<u>OUTSIDE SERVICES COSTS</u>			
Audit fees	Le 300	330	363
Legal fees	Le 100	110	121
Miscellaneous	Le <u>50</u>	<u>55</u>	<u>61</u>
Total Outside Services Costs	Le 450	495	545
<u>League Government and Representation costs</u>			
Board Expenses	Le 1,000	600	700
Annual General Meeting	400	440	484
ACOSCA Conferences/Seminars	200	220	242
Misc. (Purchase of publications, etc.)	<u>400</u>	<u>175</u>	<u>180</u>
Total League GOVT. and Repr. Costs	Le 2,000	1,435	1,606
<u>PROMOTION AND PUBLIC RELATIONS COSTS</u>			
Promotion	Le 50	55	61
Public Relations	50	55	61
Newsletter Publication	300	330	363
Entertainment	50	55	61
Audivisual Equipment: Depreciation*	336	370	407
Audivisual Equipment: Operating costs (batteries and fuel)	150	165	182
Miscellaneous	<u>50</u>	<u>55</u>	<u>61</u>
TOTAL PROMOTION AND PUBLIC RELATIONS COSTS	Le 986	1,085	Le 1,196

* Depreciation expense with respect to audio-visual equipment is estimated as follows:

	<u>COST</u>	<u>EST. LIFE</u>	<u>1st YEAR's DEPRN.</u>
1. 16 mm Film Projector and Screen	Le 700	6 yrs.	Le 117
2. Slide Camera	120	8 yrs.	15
3. 4 small slide projectors at Le 50	200	5 yrs.	40
4. Cassette Tape Recorder	225	5 yrs.	45
5. 2.5 HP Generator	<u>950</u>	8 yrs.	<u>119</u>
TOTALS	Le 2,195		Le 336

Estimated cost of batteries and fuel to run above equipment: Le 150/year

SCHEDULE E: COST OF SEMINARS

1. ESTIMATED COST OF "ONGOING" SEMINARS IN FISCAL YEARS 2 - 3

N. held per year	Type (length) of course	1		2		3		4		5		6		7		8		9	
		AVE. NO. OF PARTICIPANTS	FEEDING & LODGING COSTS PER PERSON PER DAY	AVE. TRANSPORT. COSTS PER PERSON	TOTAL FEEDING/LODGING COSTS PER SEMINAR	TOTAL TRANSP. COSTS PER SEMINAR	PREPARATION/ REALIZATION COSTS	OUTSIDE LOC- THURS COSTS	TOTAL COST PER SEMINAR	TOTAL COST FOR ALL SUCH SEMINARS									
First Year Seminars:																			
1	1 week League Board Seminar	22	Le 5	Le 6	770	132	120	50	1072	1072									
4	2-week Regional seminars	40	Le 5	Le 6	2800	240	120	35	3195	12780									
1	2-week Itin. Bookkeepers Seminar	10	Le 5	Le 6	700	60	150	25	935	935									
1	1-week National Seminar	40	Le 5	Le 6	1400	240	150	50	1840	1840									
Total estimated cost of 1978-79 seminars....																			16,627
YEARS TWO AND THREE SEMINARS																			
25	3-day local courses	40	Le 5	Le 6	Le 600	Le 240	Le 40	Le 25	Le 905	22,625									
4	6-day regional courses	40	5	6	1200	240	120	35	1595	6380									
1	3-Day National Courses	40	5	6	600	240	150	50	1040	1040									
1	2-week itinerant book keepers course	10	5	6	700	60	150	25	935	935									
1	League Board Seminar (6-day)	22	5	6	660	132	120	50	962	962									
Total annual cost of "Ongoing" seminars ...																			31942

SCHEDULE F

SUMMARY OF PURCHASE COST OF LEAGUE FIXED ASSETS TO BE PURCHASED IN YEAR ON OF PROJECT

1. <u>Vehicles:</u>	1978 <u>Purchase Price</u>
1 Volkswagen Bus	Le 7,101 (Duty Free)
4 Honda 150's at Le 675	<u>2,700</u>
	Le 9,801
2. <u>Office Furniture and Fixtures:</u>	
1 Writing desk	Le 200
6 Wooden chairs at Le 20 each	120
2 Work tables at Le 50 each	100
2 Steel cupboards at Le 95 each	190
2 Table Fans at Le 125 each	250
1 Ceiling Fan	<u>150</u>
Sub-Total	Le 1,010
3. <u>Office equipment:</u>	
1 Filing Cabinet	Le 250
1 Duplicating Machine	950
1 Typewriter	585
1 Electric Tape Calculator	300
1 Safe	<u>300</u>
Sub-Total	<u>Le 2,385</u>
Total carried forward	<u>Le 13,196</u>

Total Brought Forward Le 13,196

4. Audio-Visual Equipment:

16 mm Film Projector and Screen Le 700

Slide Camera 120

4 Small Slide Projectors at Le 50 each 200

Cassette Tape Recorded 225

2.5 HP Generator 950

Le 2,195

GRAND TOTAL Le 15,391

Plus 10% Inflation/Currency Fluctuation Factor 1,539

Estimated Total Year 1 Fixed Asset Purchase Costs Le 16,930

= \$ 16,591

APPENDIX IITECHNICIAN SUPPORT BUDGET
(CUNA GRANT)FISCAL YEARS BEGINNING JAN. 1 EACH YEAR

	<u>YR 1 (1979)</u>	<u>YR 2 (1980)</u>	<u>YR 3 (1981)</u>	<u>3-YEAR</u>	<u>TOTALS</u>
1. <u>Technician's Salary:</u>	\$ 23,625	25,987	28,587		78,199
2. <u>Fringe Benefits</u>					
a. Social Security	1,274	1,437	1,620	4,311	
b. Retirement Savings Plan	1,181	1,299	1,429	3,909	
c. Hospitalization Ins.	958	1,006	1,056	3,020	
d. Group-Life Ins. - Cont.	14	14	14	42	
e. Group Life Ins. - Non-Cont.	12	12	12	36	
f. Salary Continuance	108	119	131	358	
g. Travel Accident Insurance	94	94	94	282	
h. CUNA Pension	1,181	1,299	1,429	3,909	
i. Workman's Compensation Insurance	72	78	87	237	
j. Unemployment Ins.	265	176	176	617	
k. Defense Base Act Coverage	1,418	1,559	1,715	4,692	
TOTAL FRINGE BENEFITS	<u>6,577</u>	<u>7,093</u>	<u>7,763</u>		21,433
3. <u>Consultants:</u>					
a. Project Support	12,218	6,720	7,392		26,330
4. <u>Allowances:</u>					
a. Post Allowance	685	685	685	2,055	
b. Housing	4,800	4,800	4,800	14,400	
c. Education	500	500	500	1,500	
d. Differential	4,725	5,197	5,717	15,639	
TOTAL ALLOWANCES	<u>10,710</u>	<u>11,182</u>	<u>11,702</u>		33,594
5. <u>Travel:</u>					
a. Relocation	16,250		17,550	33,800	
b. In-Country Travel:					
- Operation of Tech. Veh.	5,545	5,977	6,657	18,199	
- Other	2,335	2,452	2,574	7,361	
c. Annual ACOSCA Consul. (Nairobi)	1,000	1,050	1,103	3,153	
d. R & R	---	4,280	4,494	8,774	
TOTAL TRAVEL COSTS	<u>25,130</u>	<u>13,779</u>	<u>32,378</u>		71,287
6. <u>Other Direct Costs:</u>					
a. Textbooks and Train. Mat.	1,000	500	500	2,000	
b. Stationaries and Supp.	500	500	500	1,500	
c. Misc. (comm., etc.)	500	500	500	1,500	
d. ACOSCA Support	2,500	2,500	2,500	7,500	
TOTAL " OTHER DIRECT COSTS"	<u>4,500</u>	<u>4,000</u>	<u>4,000</u>		12,500
7. <u>Indirect Costs (Overhead):</u>	14,884	16,372	18,010		49,266
8. <u>Equipment:</u>	<u>15,750</u>	<u>500</u>	<u>500</u>		<u>16,750</u>
TOTAL TECHNICIAN SUPPORT COST	\$ <u>113,394</u>	<u>85,633</u>	<u>110,332</u>		\$ <u>309,359</u>

NOTES TO TECHNICIAN'S BUDGET

1. Salary: Assumes approximate 10% increment every January 1 and that project starts on January 1, 1978
2. Fringe Benefits: (These Costs may fluctuate up to 5% depending on the date the project gets under way)
 - a. Social Security: Approximate 6% rate with annually-increasing ceiling (law still unclear)
 - b. Retirement Savings: 5% of salaries
 - c. Hospitalization: \$79.85/mo. in 1979 and 5% Annual increases thereafter
 - d. Group Life - Contributory: \$0.60/mo. per \$1,000 in monthly salary
 - e. Group Life - Non-Contributory: \$12/yr.
 - f. Salary Continuance: \$0.48 per \$100 of monthly salary
 - g. Travel Accident Insurance: \$94/year
 - h. CUNA Pension: 5% of salaries
 - i. Workmen's Compensation: \$3 per \$1,000 in annual salary
 - j. Defense Base Act Coverage: 6% of salaries
3. Consultants: Two first year, and 1 per year last two years.

Year 1 Costs Per consultant:

Salary:	22 days x \$150 / day	=	\$3,300	
Per Diems:	23 days x \$43 / day (Sierra Leone)		989	
	7 days x \$35 / day (Washington)		245	
Air Fare:	1 round-trip ticket US-Freetown		1,500	
Local Transportation and Materials			75	
Total First Year per consultant				\$ 6,109

Assumes 10% annual inflation

4. Allowances:
 - a. Post Allowance: per AID Chart for Sierra Leone
 - b. Housing: per AID Chart for Sierra Leone
 - c. Education: 2 children x \$250 each
 - d. Differential: 20% of salary

5. Travel:
 - a. Annual Consultation Trip to ACOSCA-Nairobi Headquarters

Per Diems:	5 days x \$49 / day	=	245	
Air Fare:	1 round-trip ticket to Nairobi		755	
Total				\$ 1,000

Assumes 5% annual inflation

b. Rest & Relaxation (Years 2 and 3)

Assumes family of four:
4 round-trip tickets = \$ 4,280
Freetown/London

Assumes 5% annual Inflation

c. In-Country Travel:

Land Rover operating costs: See Schedule D-2
Others: 45 days of per diem = 45 x \$43 = \$ 1,935
4 round trips by air annually
from Freetown to Bo, 400

TOTAL \$ 2,335

Also assumes 10% annual inflation

d. Third-Country Participant Training

Provided by ACOSCA through CIDA/NACCU project

e. Relocation (Years One and Three)

Air Fares: four one-way trips L.A.-Freetown \$ 3,260
Temporary lodging in Freetown, 21 days x \$72/day = 1,512
Shipping of Household goods, 7500 lbs x 97.853¢/lb. 7,339
Shipping of Personal car 2,000
Unacc. baggage 700 lbs x \$214/lb. 1,498
Acc. baggage, 22 lbs/person x \$2.73/lb. 240
Crating 400
\$ 16,249

6. Other Direct Costs:

ACOSCA Support Reimbursement, \$2,500/year, for technical support, external training, etc.

7. Indirect costs (overhead) are provisionally estimated at 63% of total salaries.

8. Equipment

First-Year Acquisitions: 1 Land Rover 12,900
1 Typewriter 600
1 Calculator 350
1 Filing Cabinet 350
1 Desk and Chairs 350
Miscellaneous 1,200
TOTAL 15,750

As additional \$500 is shown for both years 2 and 3 to purchase small, unanticipated items.

APPENDIX III

LOGICAL FRAMEWORK *

PROGRAM GOAL

To increase the rate of growth of total membership, savings, and volume of credit and other financial services within the rural and urban sectors of the cooperative savings and credit movement of Sierra Leone.

Measures of Goal Achievement:

By end of project,

1. Total membership of affiliated societies will be approximately 40,500, increasing by about 3,100 a year.
2. Total savings of affiliated societies will be about \$2,350,000 increasing by about \$590,000 a year.
3. The total amount of loans outstanding in affiliated societies will be about \$2,600,000, increasing by about \$650,000 a year.
4. At least 20% of all affiliated societies' savings and loans will be insured.

Means of Verification of Goal Achievement:

Periodic League and government statistical and financial reports and tabulations.

Basic Assumptions Related to Goal Achievement:

1. Continuing favorable support of and legislation with respect to the cooperative savings and credit movement of Sierra Leone by G.O.S.L.

* For first 3 years only.

2. The Sierra Leone Labour Congress will continue to support and promote organization of savings and credit societies among affiliated worker groups.
3. Sufficient competent League personnel can be obtained and adequately trained in promotion and technical activities to meet the needs of affiliated societies.
4. National and local leadership of the League and primary societies will value and participate in activities promoted through the project.
5. A significant increase in the savings and membership growth rates can be effected through League promotional activities.
6. The Sierra Leonean economy in general will not seriously deteriorate over the life of the project.

PROJECT PURPOSES

1. Create a national cooperative savings and credit league that is increasingly self-sufficient, both financially and technically, able to provide all needed services to its affiliated societies.
2. Create an expanding network of savings and credit societies that have, with the support of the League, the financial and technical capabilities sufficient to provide required savings, credit, and other related services to an increasing membership.

End-of-Project Status:

1. a. The League will generate sufficient revenues from its own sources to cover more than 50% of its operating costs (complete financial self-sufficiency is projected to occur around 1988).
- b. The League will periodically prepare comprehensive plans detailing services and activities to be pursued; most importantly, a 5-Year Institutional Development Plan. Such plans will be based upon systematic identification of the needs of affiliated societies.
- c. The League will possess demonstrated technical capabilities in at least each of the following areas; (See Appendix IV for sample minimal outcome statements to be used to assess technical capability.)
 - 1) planning and evaluation
 - 2) financial management
 - 3) personnel management
 - 4) administrative systems and procedures
 - 5) accounting and bookkeeping
 - 6) credit systems
 - 7) risk management
 - 8) promotion

- 9) institutional development
 - 10) training
 - 11) supplies management
 - 12) information systems
 - 13) legal services
 - 14) budgeting
-
2. a. Membership in affiliated societies will be at least 40,500
 - b. Savings in affiliated societies will be at least \$2,350,000
 - c. Loans outstanding in affiliated societies will be at least \$2,600,000
 - d. 50 percent of affiliated societies will be able to generate income sufficient to pay five percent dividends on their members' savings
 - e. 30 percent of affiliated societies will be able to independently maintain accurate bookkeeping records and prepare financial statements
 - f. 90 percent of affiliated societies will have loan repayment rates in excess of 90 percent

Means of Verification:

1. League financial statements and records
2. Statistics and projections on membership, savings, and loans growth
3. League planning documents
4. Measures of League processes (using methodology prepared by Global Projects)
5. Reports of field training officers and itinerant bookkeepers

Assumptions:

1. Significant increase in savings growth rate can be effected through League promotion activities
2. Large untapped potential for new members and increased savings exists among the urban worker groups
3. Qualified and committed individuals can be recruited for League staff and Board positions
4. CUNA/ACOSCA technical support compatible with League objectives, and adequate to develop required skills in all technical areas
5. Current educational base of society leadership and membership is at level adequate for proposed training programs to achieve desired results

PROJECT OUTPUTS

OUTPUTS	MAGNITUDE AS OF:	Dec. 1979	Dec. 1980	Dec. 1981	TOTALS
1. League Board of Directors trained to effectively execute policy-making responsibilities		22	15	15	52 (30)*
2. Society committee members trained to effectively direct society management, including planning, promotion, loan analysis, and other key areas		360	800	800	1,960 (1,000)*
3. Society secretaries trained to maintain accurate and complete financial records and prepare financial statements		30	60	90	180 (90)*
4. New societies organized		10	10	10	30
5. Societies affiliated to League		188	289	356	356
6. Societies receiving stationary supplies from League		150	250	300	300
7. Sales volume from stationary supplies		\$ 3,920	\$ 4,165	\$ 4,410	\$ 12,495
8. Societies participating in insurance program		10	30	70	70
9. Savings insured		\$ 33,418	\$ 84,672	\$ 291,962	\$ 291,962
10. Loans insured		\$ 36,759	\$ 93,139	\$ 321,158	\$ 321,158
11. % of Total League Operating Costs paid from earned income		8.8%	8.5%	54.5%	25.8%
12. % of Total League Costs (Operating & Training) paid from earned income		6.0%	5.0%	32.9%	14.8%
13. Financial/Statistical reports on societies and League prepared quarterly		4	4	4	12
14. Standard policies and procedures guides prepared and disseminated (updated every three years)		1	3	4	8
15. Societies receiving bookkeeping assistance (from itinerant bookkeepers)		30	60	90	180
16. League 5-Year Institutional Development Plan Completed		1	--	--	1

*Number in parentheses represent unduplicated count of persons trained in societies receiving bookkeeping assistance.

Means of Verification:

1. Reports on training programs filed by field training officers
2. Evaluation reports on training programs
3. Reports of itinerant bookkeepers
4. Observation of training programs
5. Statistical reports compiled on societies by League
6. Detailed League and society financial reports
7. Insurance program records and reports
8. Copies of publications and communications

Assumptions:

Re Outputs 1, 2, 3

League training program is sufficiently intensive, i.e., members can be persuaded to participate in a required number of training sessions to attain a specified skill level, such that the proposed number of "trained" individuals can be attained.

Re Outputs 4, 5, 11, 12

Demonstrated vitality of the League will persuade societies to affiliate and pay assessed dues.

Re Outputs 6, 7

Commercial stationery suppliers will not reduce prices below League costs.

Re Outputs 8, 9, 10

League staff is able to present the insurance program in a manner that will enable society members, particularly in the rural areas, to value the benefits offered by the program.

Re Output 13

Postal services will not cause inordinate delay in the receipt of statistical and financial reports on societies from League field staff.

Re Output 15

Adequate local transportation can be arranged for itinerant bookkeepers to visit each of their societies.

Re Output 16

CUNA Global Projects office staff capability will continue.

INPUTS

1. Government of Sierra Leone (Department of Cooperatives)	
a. In-Kind Staff Contribution	\$ 212,268
b. Use of Department Field Offices	3,528
c. League Audits	973
d. Lecturers at League Seminars	<u>1,367</u>
Total In-Kind Contribution	218,136
e. Cash Contribution to League Seminars	<u>8,821</u>
TOTAL GOSL CONTRIBUTION	\$ 226,957
2. Cooperative Savings and Credit League	
a. Salaries and Benefits of League Staff	\$ 15,360
b. League Staff Travel and Transportation Costs	7,127
c. League Government and Representation Costs	4,940
d. ACOSCA Dues	1,845
e. Miscellaneous League Overhead Costs	<u>3,688</u>
TOTAL LEAGUE CONTRIBUTION	\$ 32,960
3. AID	
a. Budget Support for League Administrative and Operating Costs	\$ 110,609
b. Training Costs	79,380
c. CUNA Global Projects Technicians Support	<u>309,359</u>
TOTAL AID CONTRIBUTION	\$ 499,348
TOTAL PROJECT COST	<u><u>\$ 759,265</u></u>

Means of Verification:

1. Sample of time records of Department of Cooperatives field staff
2. Field Offices established
3. Audit reports
4. Records of League Training
5. League financial records
6. AID disbursement records
7. CUNA staff records and reports

Assumptions:

1. League revenue projections are realistic, in particular that the proposed dues structure based on affiliated societies' savings can be successfully implemented.
2. The program support provided by the Department of Cooperatives, including field worker assistance and support for League training programs, will be received as scheduled and that no unplanned emergency will require re-allocation of GOSL resources elsewhere.
3. All external funding and other support will be received at the time and in the amount scheduled.

APPENDIX IV

INSTITUTIONAL ANALYSIS METHODOLOGY

I. INTRODUCTION

CUNA Global Projects, in association with ACOSCA, has developed an institutional analysis methodology to assess the status of Leagues and primary societies, which is briefly outlined below:

The methodology assumes that an institution can be described in terms of the organizational functions and processes necessary to achieve the Goal and objectives of that institution. That is, an organization and its personnel must be able to plan, organize, carry out and coordinate a finite number of tasks at a minimal level if it is to achieve the results it desires. In relation to a National Association of credit unions, such as the Sierra Leone League, a basic inventory including 25 Functional areas and approximately 150 Processes has been identified. For each Process, a statement of minimal outcome has been developed. By "minimal outcome" is meant a quantitative and/or qualitative description of the result of operating the Process. Similarly, for credit unions, 20 Functions and 110 Processes with minimal outcomes have been specified.

The Institutional Analysis procedure involves assessing the performance of the national association or credit union against the minimal outcome statement for each Process. Performance is rated as "Adequate" or better; "Partial", i.e., operational but not completely satisfying the minimal outcome criteria; or as "Unsatisfactory or Non-Existent." In the case of "Partial" or "Unsatisfactory" processes, an attempt is made to identify factors that represent obstacles to "Adequate" performance. These factors have been categorized

as: (1) "Definition", that is the absence of adequately documented step-by-step descriptions of how to carry out the Process; (2) "Skill", or the inability of personnel to operate the Process as defined; (3) "Attitude", which means an affective problem that inhibits effective conduct of the Process; and (4) "Resources", which is defined as the lack of the finances, resources, materials, or personnel necessary to operation of the Process.

Each process would be assessed with respect to the minimal outcome, and the reasons for any deficiencies noted. These deficiencies form the basic data base upon which subsequent development plans and project designs are prepared.

II. EXAMPLE

To illustrate a typical process, its minimal outcome, and methods of measurement, the following process should suffice:

PROCESS NUMBER: 5.112

PROCESS: Accounting System Design

MINIMAL OUTCOME

Results in written, easily-updatable documentation (operating manuals) of all procedures, documents, journals, accounts, equipment and financial reports required by an Accounting System consistent with the following criteria:

- a. General ledger balance sheet and profit and loss accounts provide all financial data at the time and in the format required for management control and decision-making
- b. General ledger flexibly-organized in such a manner as to allow for the periodic insertion of new accounts in the appropriate places as needed, in order to facilitate the incorporation of new types of activities and services as they may occur
- c. Operates within constraints of available personnel abilities and time, as well as operating budget limitations
- d. Meets all financial reporting requirements
- e. Permits periodic adjustment of asset accounts to reflect changing monetary values, specifically revaluation of fixed assets, accrued receivables and payables, and periodic revision of bad debt provisions
- f. Requires (at least) monthly balancing of subsidiary ledgers with general ledger control accounts
- g. Incorporates daily reconciliation of physical cash with cash control account(s)

- h. Is consistent with budgeting, internal control, and audit (internal and external) systems, and
- i. Is adaptable to all existing/projected variations in operating conditions (e.g. hand posting, machine accounting, EDP, etc.)

MEASURES OF OUTCOME

- 1. Are there written, easily-updatable operating manuals of the following required by an accounting system:
 - a. procedures
 - b. documents
 - c. journals
 - d. accounts
 - e. equipment
 - f. financial reports
- 2. Are "a" through "i" above consistent with the following criteria:
 - a. General ledger balance sheet and profit and loss accounts provide all financial data at the time and in the format required for management control and decision-making
 - b. General ledger flexibly-organized in such a manner as to allow for the periodic insertion of new accounts in the appropriate places as needed, in order to facilitate the incorporation of new types of activities and services as they may occur
 - c. Operates within constraints of available personnel abilities and time, as well as operating budget limitations
 - d. Meets all financial reporting requirements
 - e. Permits periodic adjustment of asset accounts to reflect changing monetary values, specifically revaluation of fixed assets, accrued receivables and payables, and periodic revision of bad debt provisions
 - f. Requires (at least) monthly balancing of subsidiary ledgers with general ledger control accounts
 - g. Incorporates daily reconciliation of physical cash with cash control account(s)
 - h. Is consistent with budgeting, internal control, and audit (internal and external) systems, and
 - i. Is adaptable to all existing/projected variations in operating conditions (e.g. hand posting, machine accounting, EDP, etc.)

SOURCES

Bookkeeping Manuals
Credit Union Managers
Credit Union Bookkeepers
Field workers and other League staff

III. THE COMPLETE PROCESS LIST

The following is a list of all functions and processes assessed during League institutional analysis. A similar list exists for primary-level societies.

<u>NUMBER</u>	<u>DESCRIPTION</u>
1.0	<u>ORGANIZATIONAL GOAL STATEMENT</u>
1.10	Organizational Goal Statement
1.20	Organizational Policy Statement
2.0	<u>INSTITUTIONAL DEVELOPMENT</u>
2.10	Environmental Analysis
2.20	Institutional Analysis
2.30	Institutional Development Planning
2.31	Institutional Development Monitoring
2.32	Institutional Development Assessment
3.0	<u>ORGANIZATIONAL MANAGEMENT, PLANNING, AND BUDGETING</u>
3.10	Program Planning
3.11	Action Planning
3.12	Program Monitoring
3.13	Program Assessment
3.21	Self-Sufficiency Strategy Formulation
4.0	<u>ORGANIZATIONAL FUNCTIONS</u>
4.10	<u>PERSONNEL</u>
4.11	<u>ORGANIZATIONAL FUNCTIONAL ANALYSIS</u>
4.111	Function Identification
4.112	Process Identification/Definition
4.113	Position Identification
4.114	Job Description-Task Analysis
4.12	<u>SKILL LEVEL ASSESSMENT</u>
4.121	Position Recruitment
4.122	Personnel Selection
4.123	Training Needs Identification
4.124	Training Strategy Development
4.125	Training Materials Development
4.126	Training Implementation
4.127	Training Evaluation/Redesign
4.13	<u>PERSONNEL COMPENSATION AND EVALUATION</u>
4.131	Position Grading
4.132	Salary Schedule Establishment
4.133	Benefits Identification
4.134	Personnel Evaluation
4.30	<u>FINANCIAL MANAGEMENT</u>
4.31	<u>ACCOUNTING SYSTEMS DEVELOPMENT</u>
4.311	Data Requirements Identification
4.312	Accounting System Design
4.313	Bookkeeping
4.314	Financial Statement Preparation/Presentation

- 4.32 BUDGET SYSTEMS DEVELOPMENT
- 4.321 Systems Design
- 4.3211 Operations Budget
- 4.3212 Cash Budget
- 4.3213 Capital Budget
- 4.3214 Program Budget
- 4.322 Budget Preparation
- 4.3221 Forecasting
- 4.3222 Breakeven Analysis
- 4.3223 Self-Sufficiency Strategy Formulation-Modification
- 4.3224 Pricing of Services
- 4.3225 Maintenance of Value
- 4.323 Data Development (Budget Reports)
- 4.324 Data (Variance) Analysis

- 4.33 RESOURCE MOBILIZATION
- 4.3311 Identification of Sources
- 4.3312 Optimal Capitalization Method
- 4.3313 Capitalization Method Review
- 4.3314 Grant Application/Negotiation
- 4.3315 Grant Conditions Compliance
- 4.3321 Debt Instrument Establishment
- 4.3322 Identification/Selection External Sources
- 4.3323 Loan Application/Negotiation
- 4.3324 Loan Repayment Planning
- 4.3325 Loan Conditions Compliance
- 4.33 Central Liquidity Pool Promotion

- 4.34 INVESTMENT MANAGEMENT/PORTFOLIO PLANNING
- 4.3411 Loan Portfolio Planning
- 4.3412 Loan Policies/Procedures
- 4.3413 Loan Analysis
- 4.3421 Investment Policy Formulation

- 4.35 AUDITING
- 4.351 Internal Auditing System Design
- 4.352 Internal Auditing Data Collection
- 4.353 Independent Auditor Selection

- 4.40 ADMINISTRATIVE SYSTEMS AND PROCEDURES DESIGN
- 4.411 Procedural Manuals/Instructions Preparation
- 4.412 Office Systems/Procedures Coordination
- 4.413 Support Services Coordination
- 4.414 Receipt/Disbursement of Funds
- 4.421 External Communications Coordination
- 4.422 Internal Communications System Design
- 4.4221 MIS Design and Maintenance
- 4.4222 Files/Records System Design/Maintenance
- 4.431 Physical Plant Location/Layout
- 4.432 Purchase of Equipment/Supplies
- 4.433 Inventorying Equipment/Supplies
- 4.434 Maintenance of Equipment
- 4.435 Equipment/Supplies Security Management
- 4.436 Plant/Equipment Insurance

- 4.50 DUES ASSESSMENT AND COLLECTION
- 5.0 SERVICE FUNCTIONS
- 5.10 FINANCIAL SERVICES
- 5.11 PRIMARY INSTITUTION ACCOUNTING/BUDGETING SYSTEMS DEVELOPMENT
- 5.111 CU Data Requirements Identification
- 5.112 CU Accounting System Design
- 5.113 CU Financial Planning Guidelines
- 5.13 MODEL CREDIT POLICY DEVELOPMENT
- 5.131 Credit Policy Development
- 5.1311 Model Loan Portfolio Planning/Review
- 5.1312 Model Loan Policies/Procedures
- 5.14 INSURANCE AND RISK MANAGEMENT
- 5.141 Insurance Market Assessment
- 5.142 Insurance Program Development
- 5.143 Insurance Sales Strategy Development
- 5.144 Premium Collection Mechanism Design
- 5.145 Claims Payment Mechanism Design
- 5.146 Risk Management Methods Development
- 5.147 Stabilization Fund/Share Insurance
- 5.20 NON-FINANCIAL SERVICES
- 5.21 PRIMARY SOCIETY DEVELOPMENT
- 5.211 CU Promotion
- 5.212 CU Organization and Registration
- 5.213 CU Merger
- 5.22 INTERMEDIATE INSTITUTION DEVELOPMENT
- 5.221 Chapter Organization and Coordination
- 5.222 Service Center Organization/Management
- 5.23 PRIMARY SOCIETY INSTITUTIONAL DEVELOPMENT
- 5.231 CU Process Identification/Definition
- 5.232 CU Institutional Analysis
- 5.233 CU Development Program Design
- 5.2331 Training Design, Conduct, Evaluation
- 5.23311 Training Needs Identification
- 5.23312 Training Strategy/Program Design
- 5.23313 Training Materials Development
- 5.23314 Training Implementation
- 5.23315 Training Evaluation/Redesign
- 5.2332 Resource Identification/Mobilization
- 5.24 INSPECTION AND AUDIT SYSTEMS DEVELOPMENT
- 5.241 Inspection System Design
- 5.242 Inspection
- 5.243 Audit System Design
- 5.244 Audit Data Collection Analysis/Report

5.25 PUBLIC RELATIONS, PROMOTION AND REPRESENTATION
5.251 Promotion Strategy Development
5.2511 Promotion Objectives Establishment
5.2512 Promotion Target Identification
5.2513 Media Choice
5.2514 Message Development/Communication
5.252 Government Support Coordination
5.253 Related Organization Support Coordination
5.254 Member Communications Coordination
5.255 Information Cataloging/Dissemination

5.26 LEGAL SERVICES
5.261 CU Law Development/Revision/Promotion
5.262 Model Bye-Law Development/Revision
5.263 CU Law Interpretation
5.264 Legal Action Systems (Collection) Development
5.265 Contracts/Forms Preparation/Revision

5.27 NEW SERVICES DEVELOPMENT
5.271 Service/Product Development/Delivery
5.2711 Service/Product Needs Identification
5.2712 Feasibility Determination
5.2713 Service/Product Design
5.2714 Resources Identification/Mobilization/Application
5.2715 Service/Product Delivery System Development
5.2716 Service/Product Evaluation/Redesign

5.28 SUPPLY
5.281 Product Requirements Identification
5.282 Product Design
5.283 Product Production/Purchase
5.284 Product Inventory Maintenance
5.285 Product Pricing
5.286 Product Marketing
5.287 Product Transportation/Delivery

5.29 PRODUCTION CREDIT
5.291 Production Credit-Input Supply
5.292 Production Credit-Extension Coordination
5.293 Production Credit-Marketing Coordination

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