

# MetaMetrics Inc.

EVALUATION OF THE  
NATIONAL COOPERATIVE BUSINESS  
ASSOCIATION (NCBA)  
INSTITUTIONAL SUPPORT GRANT

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Data provided by others, reports, interviews, and discussions constitute the information base for the evaluation. MetaMetrics assumes full responsibility for the content, findings, and conclusions of this report.

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## EXECUTIVE SUMMARY

Since the early 1960's, the National Cooperative Business Association (NCBA) and other cooperative development organizations (CDO's) have received U.S. Agency for International Development grants to maintain a headquarters staff for developing and supporting international cooperative projects. These grants have been referred to as special support grants, core grants, or institutional support grants.

In June of 1986, The Bureau for Private Enterprise of the Agency for International Development contracted with MetaMetrics Inc. to conduct an evaluation of the NCBA Institutional Support Grant (Core Grant). The primary purpose was to evaluate the effectiveness of the International Development Division of NCBA in meeting the core service function objectives for the three year grant period from January 1, 1983 through December 31, 1985. The secondary purpose was to provide AID and NCBA decision-makers with information concerning the potential and possible alternative methods for NCBA to achieve increased financial self-reliance, and, thus, decrease the organization's dependency on core grant support as the primary basis for supplying the core service functions.

### NCBA OVERVIEW

In 1916 the National Cooperative Business Association (formerly the Cooperative League of the USA) was founded as a national membership and trade association. NCBA's membership is largely made up of agricultural cooperatives, and also includes insurance, credit union, banking, housing, health care, consumer, and utility cooperatives. Key member organizations of NCBA have representatives who sit as members of the Board of Directors.

NCBA has three organizational components and a total headquarters and field staff of 70 persons as of June, 1986. Management and administration includes the Office of the President and Vice President and the Division of Administration and Finance. Domestic activities includes a Division of Government, Public and Member Relations, and a housing program. International activities consist of the International Development Division and the Cooperative Business International Division (CBI).

### International Development Division

The NCBA International Development Division has a headquarters staff of 9 persons and a field staff of 21 persons. NCBA has worked in over forty countries and has provided technical assistance to cooperative organizations, host governments, and donor agencies. NCBA's technical assistance is directed at strengthening cooperative business, providing members with increased services, making cooperative business profitable,

strengthening regional and national cooperative organizations to improve the efficiency of cooperative enterprises, and promoting the privatization of cooperatives. NCBA efforts overseas presently address agricultural production, distribution, and marketing in 13 countries and a regional cooperative insurance project for Latin America.

### Financial

NCBA International Division activities are largely financed by AID through AID/W and USAID mission grants, contracts and cooperative agreements. Core grant funds are used to support the nine headquarters staff in initiating projects in support of cooperative development in AID assisted countries. Actual project activities are funded by donor agencies, largely by AID missions in project countries. International development activities constitute the major portion of NCBA program efforts. Approximately 80% of annual NCBA revenue is from international grants and contracts.

The core grant amount to NCBA is being decreased over time as per agreement with the AID Bureau for Private Enterprise (PRE). Over the three year period through calendar year 1988 the amount will decrease each year by 5%, 8%, and 12% of the grant amount for 1985.

### MANAGEMENT APPROACH

The NCBA Board of Directors and Executive Officers, in the 1980's, have chosen to identify and recruit personnel with experience in dealing with the objectives and issues of AID efforts in developing countries. Accordingly, NCBA and the staff supported by the Core Grant are directly and consciously engaged in addressing AID technical assistance requirements in developing host country cooperatives and related agriculture projects. In 1984 a major management change took place in the international Programs Division. The former Vice President in charge of International Programs took the position of Senior Vice President and then retired in mid-1986. A former AID Mission director was hired as Vice President of International Development. The reorganization included retargeting of international program operations and the initiation of trade development activities through the establishment of CLI.

### STRATEGY AND OPERATIONS

The goals of the three year NCBA core grant ending December 1985, according to the grant application, included "To improve the living standards of low income people and to expand their participatory access to material and social benefits." The purpose of the core grant was to:

"Assist and advise the establishment and operation of integrated cooperative systems which provide producers with more adequate incentives to increase production. Develop input, supplies, credit, grading, packing, storage, marketing, processing, and distribution at all levels of agricultural production and related systems."

The activities of the core grant, as presented in the grant application, addressed ten categories. These core service functions and their key outputs for the three year grant period are presented below:

- o Project Identification: Field exploration and project identification was a major focus for the Core Grant staff. A total of 40 feasibility studies were conducted and 111 site visits were made to approximately 30 countries.
- o Project Design: A total of 32 AID proposals were developed in connection with the project identification efforts. Of those proposals, 23 were awarded as contracts or grants to NCBA.
- o Project Implementation: Projects were implemented in 14 countries. The involvement of Core Grant supported staff in project backstopping activities was reduced according to AID recommendations and NCBA plans.
- o Procurement Assistance: Over \$500,000 of commodities were procured in support of field projects.
- o Project Evaluation and Monitoring: A total of 15 evaluations were conducted of NCBA projects.
- o Coordinate Cooperative Initiatives: The major accomplishment in this area was the development of Cooperative Business International (CBI) which was funded through an AID/W grant in 1985. Through the Core Grant and CBI, 14 initiatives and joint ventures were explored.
- o Assistance to National Cooperative Organizations: A total of 26 individuals received training and two special studies were conducted for host country governments.
- o Collaboration with CDOs and Other Organizations: Over the three year period, NCBA collaborated with CDO's and other organizations on 9 joint studies and project designs.

- o PL 480 Project Development: PL 480 project development is a high priority for NCBA and the India Oilseed Project, based on Pl 480, has been an important and successful NCBA enterprise. Two proposals were funded during the Core Grant period.
- o Cooperative Clearing House: NCBA responded to over 200 requests for information on cooperative development.

#### REVIEW OF NCBA PROJECT EVALUATIONS

According to several AID personnel, the value of the core grant is directly related to the impact of the cooperative approach on the achievement of AID development objectives in the field. Some AID personnel, from their direct project experience, feel that the cooperative concept is aiding in achieving AID objectives in the agricultural sector. Others would prefer to have tangible evidence as indicated through project evaluations.

A related issue is the contention that the level of project success for cooperative development can be affected by the conditions surrounding the project. An argument could be made for developing cooperative projects in those settings where the basic infrastructure and political commitment are present. An AID official stated, however, that cooperative projects should not be developed only where there is a high probability of success.

MetaMetrics reviewed the evaluation reports for seven NCBA overseas projects. The evaluations were conducted by individuals and teams made up of project staff, NCBA personnel, AID staff, and third party evaluators. Two evaluations were conducted by project staff alone, and two were conducted in conjunction with third party evaluation consultants. The composition of evaluation teams depended on AID Mission decisions, as evaluations by third party consultants can require additional funding.

The reviewed evaluations generally indicated that some level of success was being achieved by all of the projects. Success was expressed in terms of project outputs and not as impact on objectives. These evaluations were basically designed to identify problems or conditions which, if addressed, could increase project effectiveness.

While many of the NCBA project evaluations reviewed contain information that could be useful to project planning and management, evaluation is seen at NCBA as being primarily a summarization and review of project activities and outputs. This perspective is not conducive to optimum utilization of existing evaluations, and can result in evaluation designs which do not address key issues or perform analyses for project planning and implementation.

## FINANCIAL ANALYSIS, REQUIREMENTS, AND FUTURE PLANS

During the period 1978 through 1985, NCBA has been in a high growth mode as indicated by total revenues. Revenues increased from \$1.7 million in 1978 to \$7.2 million in 1985. This growth has been accompanied by an NCBA focus on international development. In 1984 a target of \$6.5 million in revenues from international grants and contracts was set for 1986. In 1985, international revenues were \$5.7 million and the target for 1986 has already been exceeded with the level of contracts and grants currently awarded to NCBA.

AID mission contracts and the core grants have been the primary growth area for NCBA over the past five years, constituting 80% of NCBA's income. Size of membership and membership revenues increased in recent years. The average dues paid by members declined. Contracts and grants more than doubled from 1982 to 1985, and membership revenues increased by 50%.

During the period from 1982 to 1985, NCBA Contract and Support Grant revenues went from \$3.0 million to \$5.7 million. From 1966 to 1979 the average annual growth rate was 1.2%. From 1980 to 1985 the average annual growth rate accelerated to 45%.

In terms of costing, the Core Grant is treated in the same way as all ongoing NCBA projects for AID. Combined indirect costs of 42.94% are charged to cover Overhead and General and Administrative functions. An overhead rate of 39.99% is charged on all direct costs except equipment, overseas procurements, subcontracts of over \$25,000, and in-country training. A General and Administrative rate of 2.95% is charged on all direct costs.

The major expenditures of the Core Grant are for development of new projects for the AID missions, quality control or "backstopping" of field projects, training, and consulting with foreign visitors interested in establishing co-operatives. Of these functions, Core Grant resources are primarily dedicated to the development of new business. Development of new business is generally classified as marketing, bidding and proposals. These are primarily overhead functions for other conventional contracting organizations. In such organizations, the functions of the Core Grant would be covered under indirect costs.

Total Contract and Grant revenue as an average percentage of Total NCBA Revenue was 80% over the period 1978 to 1985. There has been little variance from this average percentage during the last seven year period. All other NCBA activities constituted 20% of total revenue. The core grant declined as a percentage of NCBA revenue over the same period of time. In 1978 the core grant was 38.8% of Total Revenue. In 1985 the core grant was 12.3% of Total Revenue.

## FINDINGS

The core grants awarded to CDO's are unique within the Agency for International Development. Private voluntary organizations (PVO's), and some university-based projects do receive grants which, to some extent, support some service functions similar to those of the CDO core grants. The activities supported by the core grant are perceived by some AID personnel as being overhead or general and administrative expense activities which could more appropriately be charged to projects in cooperative development funded by USAID country missions. Personnel at NCBA see the core grant as an expression of special support from the U.S. Congress and the Agency for International Development.

### NCBA Management Approach and Staffing

In recent years, NCBA has focussed on international trade opportunities beyond AID project specific efforts as summarized below:

- o Cooperative Business International: This effort, initiated in 1984, seeks to develop international trade commercial opportunities for U.S. cooperatives and cooperatives in other countries.
- o Legislative Support: NCBA provides support to efforts in Washington to maintain and possibly increase the level of program funding for LDC agricultural development.
- o Food Policy: In 1985, NCBA established a position entitled Vice President, Food Policy and Market Development for PL 480 and associated agricultural program development legislation.

NCBA provides substantive support to the International Development Division through policy directives, allocation of financial support, personnel decisions and general management. The NCBA Board of Directors and Executive Officers are cognizant of the importance of international development activities to the overall organization. This is evidenced by management, organizational, and personnel decisions made since early 1980. NCBA reorganization and ancillary actions, including changing the name of the organization, reflect an attention to the requirements of NCBA's clients. The international focus of the organization is seen by NCBA personnel as consistent with NCBA's responsibilities to the membership and the nation's agri-business community.

The NCBA organizational structure within which the Core Grant (International Development Division) operates is supportive of AID funded efforts. This is evident in the establishment of CBI and the position of Vice President for Food Policy.

The shift in NCBA management approach as indicated by key personnel decisions have affected the policy and program direction of the organization. These changes have coincided with a dramatic increase in NCBA revenues and AID project involvement. The dollar volume of NCBA international activities doubled from 1983 to 1985.

### Staffing

NCBA staff has demonstrated a sensitivity and awareness of client requirements for international development. NCBA staff hired in recent years have appropriate international development and/or cooperative experience. Many of the field staff have Peace Corps experience which is applicable to understanding cultural and institutional issues in developing nations. Ex-AID personnel who held senior positions have been hired to serve NCBA in key positions. The staff supported by the Core Grant is managing the field and headquarters activities in an effective fashion and are generating a higher level of international projects.

### Operations

There was an increase in the productivity of the Core Grant in the area of producing feasibility studies and proposals for host country cooperative development. The number of host country site visits for project identification increased dramatically in the final year of the three year project period.

Several areas, however, showed no or little growth and one, project implementation (backstopping), declined in accordance with Division plans. Collaboration with other CDOs or organizations averaged three per year and remained constant over the three year period. Training constituted a relatively minor portion of the effort of the Core Grant staff.

The NCBA approach for design, monitoring, evaluating, and revising of field projects is based on the requirements of each project. No specific NCBA standards for planning, for example, have been promulgated. It is contended that each project is sufficiently different that a tailored program is required. The background of the Core Grant staff members is utilized and their experience in project design, development and monitoring is generally relevant. The formal evaluations conducted on some projects have, according to some NCBA staff, identified project operating issues that were known to field staff and had been previously communicated to NCBA headquarters. Some issues and constraints identified by the evaluations were known to the NCBA headquarters staff through their contacts with the projects.

Interviews with personnel involved in the India, Equatorial Guinea and Niger projects indicated that excellent support was provided by the International Development Division staff. Some of the support was provided under Core Grant funding.

The NCBA International Development Division staff supported by the Core Grant demonstrated a dedication and commitment to achieving the objectives of the grant. The overall financial health of NCBA, expanding project base, and core service function outputs (e.g. project design) reflect this dedication. In addition, core staff were responsive to AID requests to de-emphasize project backstopping and charge projects directly for such activities. The NCBA strategy for the 1980's reflects the AID emphasis on private sector initiatives through establishment of CBI, project focus on involving private individuals, and conscious attention to the appropriate role and structure for host country government involvement.

## CONCLUSIONS AND RECOMMENDATIONS

The NCBA Core Grant has been effective in increasing the production of cooperative project designs and, as a result, the level of AID funded grants, contracts, and cooperative agreements has increased for NCBA. The prospect of decreased available funding after Fiscal Year 1987, however, may affect the size and nature of the core grant after the completion of the current grant which ends on December 31, 1988. To maintain an active cadre for project design, supplemental sources of funds may be necessary and/or additional support may have to come from the USAID missions. NCBA decisions will be affected by AID, and MetaMetrics recommends that the continuing NCBA/AID dialogue focus on several areas as follows.

### AID Alternatives to the Core Grant

Three alternatives for AID consideration were reviewed. They included a formula approach for grant reduction, indefinite quantity contracts, and the assigning of costs associated with core service functions to the NCBA indirect costs pool.

A negotiated reduction plan is presently in place for the current grant which ends on December 31, 1988. A similar plan can be instituted for the subsequent period and can include performance incentives as negotiated between AID and NCBA.

Indefinite quantity contracts have been awarded to CDOs. A major drawback, according to AID contracts personnel, is the delay that can occur for processing each work order.

The third alternative, assignment of expenses for core service functions to indirect costs, could result in shifting the costs to current grants and contracts with a renegotiation of indirect cost rates. The actual amount of costs for core service

functions would depend upon NCBA decisions associated with the acceptable size of indirect costs. Of the three alternatives, NCBA and AID may find this the most palatable. Possible ramifications include:

- o No actual reduction in core service functions depending upon the negotiated indirect cost rates.
- o Loss of "special relationship" indicated by the core grant and an effect on the perceived legitimacy of the cooperative approach to LDC development.
- o A more accurate picture of indirect costs associated with AID funded projects.

### Alternative Funding Sources and Findings

Three alternatives for funding to replace or supplement the Core Grant are presented below:

- o Fundraising: Fundraising is generally perceived as a "good idea" within NCBA and AID. However, NCBA is reluctant to make the necessary investment, given that there is little expectation of an appropriate return. There may be little interest among the cooperative memberships to give to foreign projects which could have little impact or direct value to their own individual members. Limited fundraising for directly identified project centered work may be possible although contributions may not be sufficient to replace core grant revenues.
- o Other International Development Agencies: NCBA has developed two small contracts with CARE and the World Bank. NCBA personnel perceive this market as difficult to enter and NCBA has no competitive advantage over other cooperative organizations in other nations. The development of work for development organizations other than AID would require an initial investment in terms of qualified and experienced personnel for a period of one to two years.
- o New Services: The interviews consistently revealed that training is an important activity for NCBA. Another key function is informal coaching with host country nationals to increase cooperative business development. NCBA is conducting relatively few formal training workshops, with only one to four workshops presented annually. Technical assistance to host country delegations is an unlikely area for NCBA revenue since charges for this service would be generally inappropriate. Another possibility in the product/services area is publishing.

## Relative Risk

NCBA would clearly have low relative risks in continuing to develop AID funded projects. The staff experience and organizational history are consistent with the placing of resources in this area. Moderate to high risk is evident in the development of new customers using current NCBA technology and the development of the current customer base using a new technology. The high risk area for NCBA would be to develop a new customer base with a new, to be developed, technology.

## NCBA Development Potential

International Development Division staff are structurally placed within NCBA to draw from other key personnel in support of Core Grant activities and related AID objectives. The following are key areas for consideration for future or continuing NCBA emphasis.

- o Food Policy: The NCBA expertise in PL 480 and Section 108, key agriculture legislation dealing with Food for Peace and purchase of domestic agricultural production for international purposes, can be used to develop additional AID related projects.
- o Cooperative Business International Division: CBI is generally recognized as an important resource for the Division. CBI is utilizing the established presence of NCBA in India and Indonesia to explore commodities sales opportunities. The same approach and technology may be appropriate for other developing countries where the Division and AID are exploring possibilities. The possibility of CBI generating revenues that can be used to support core service functions does exist, depending upon the number and size of CBI developed projects. At present CBI depends upon an AID grant and is not yet self-supporting. MetaMetrics recommends that NCBA review the two year experience to identify the potential for excess revenues to support core service functions.
- o Cooperative Coordination: There may be opportunities to work with other cooperatives to cosponsor international development efforts. The NCBA Board of Directors is a resource for similar projects. NCBA news releases and newsletters could be used for "networking" cooperative-to-cooperative opportunities.

## Core Grant and Field Project Evaluation

In the conduct of this evaluation, the exercise of requesting data of NCBA to determine outputs of the core service functions indicated that such information was not being collected and maintained in a systematic fashion. Such data can be used as

benchmarks and for the establishing of activity standards. For example, the 51 site visits conducted in 1985 could constitute a benchmark. A target (standard) could be set, for example, for a 10% or other appropriate increase per year.

The evaluations of specific field cooperatives development projects were not designed to specifically address the Core Grant service functions. Information relevant to the core service functions was, however, presented within the context of overall project activities and observations are summarized below:

- o Some evaluations presented information pertinent to project implementation and identification; such information could be of use in the project identification process.
- o Several evaluations addressed the adequacy or insufficiency of project design.
- o No explicit information was provided on NCBA's role in project implementation, backstopping, personnel recruitment and orientation or monitoring. Such information could provide insights into factors influencing project success.
- o According to NCBA personnel the usefulness of evaluations themselves has been limited, since they generally present information which was already known through the monitoring process.
- o Lessons on the design and implementation of cooperatives projects could be derived during the evaluation process and through reviewing the findings of evaluation reports.

The development of an NCBA evaluation structure which reflects an awareness of the purpose and utility of evaluation practice would result in improved evaluations and increased use of evaluation results by both NCBA staff and AID personnel. Such a structure could be used to identify projects for evaluation; design evaluations; select appropriate USAID Mission staff, project staff, or third party contractors to conduct the evaluations; develop evaluation review procedures; disseminate evaluation findings; and apply findings to future project design, implementation, and refinement.

MetaMetrics recommends that NCBA institute such a formal structure and process for the design and utilization of evaluations. The evaluations reviewed by the MetaMetrics team showed deficiencies in design which could have been addressed by such a procedure or process. These evaluations were not used to aid in subsequent project design although the derived lessons may have been incorporated into the knowledge base of core grant personnel.

## SECTION 1

### INTRODUCTION

The National Cooperative Business Association (NCBA), founded in 1916 as the Cooperative League of the USA (CLUSA) represents a membership of U.S. cooperative business organizations. NCBA provides technical assistance to other countries for cooperatives development. This assistance is conducted under grants, contracts and cooperative agreements funded primarily by the United States Agency for International Development. Other organizations which have funded NCBA international development efforts include the World Bank, the Inter-American Development Bank, the United Nations Development Program and the Ford Foundation.

Since the early 1960's, NCBA and other cooperative development organizations (CDO's) have received grants to maintain a headquarters staff for developing and supporting international cooperative projects. These grants have been referred to as special support grants, core grants, or institutional support grants. In this report reference will be made to "core grants." For NCBA, the total amount granted by the Agency for International Development for core grants over the 20 year period ending in calendar year 1985 was over \$9,000,000.

In June of 1986, The Bureau for Private Enterprise of the Agency for International Development contracted with MetaMetrics Inc. in association with Adkins and Associates to conduct an evaluation of the NCBA Institutional Support Grant (Core Grant). The primary purpose of the evaluation was to evaluate the effectiveness of the International Development Division of NCBA in meeting the core service function objectives for the three year grant period from January 1, 1983 through December 31, 1985. The secondary purpose was to provide AID and NCBA decision-makers with information concerning the potential and possible alternative methods for NCBA to achieve increased financial self-reliance, and, thus, decrease the organization's dependency on core grant support as the primary basis for supplying the core service functions.

## 1.1 COOPERATIVES AND ECONOMIC DEVELOPMENT

Cooperatives are member organizations established to provide goods and services. In the United States, historically, these organizations were instituted by private individuals primarily in the agricultural sector. Cooperatives are now established in many other areas of business endeavor.

A distinction can be made between producer-owned cooperatives such as agricultural cooperatives and consumer-owned cooperatives such as mutual insurance companies and credit unions. The major sectors in which cooperatives are involved include agriculture, utilities (primarily rural electric cooperatives), credit unions, mutual insurance companies, health maintenance organizations (HMO's), housing, and consumer goods cooperatives.

The Foreign Assistance Act of 1961, as amended, addresses "Private and Voluntary Organizations and Cooperatives in Overseas Development" in Section 123. Section 123(a) is reproduced below:

**Sec. 123.69 Private and Voluntary Organizations and Cooperatives in Overseas Development.-** (a) "The Congress finds that the participation of rural and urban poor people in their countries' development can be assisted and accelerated in an effective manner through an increase in activities planned and carried out by private and voluntary organizations and cooperatives. Such organizations and cooperatives, embodying the American spirit of self-help and assistance to others to improve their lives and incomes, constitute an important means of mobilizing private American financial and human resources to benefit poor people in developing countries. The Congress declares that it is in the interest of the United States that such organizations and cooperatives expand their overseas development efforts without compromising their private and independent nature. The Congress further declares that the financial resources of such organizations and cooperatives should be supplemented by the contribution of public funds for the purpose of undertaking development activities in accordance with the principles set forth in section 102 and, if necessary and determined on a case-by-case basis, for the purpose of sharing the cost of developing programs related to such activities. The Congress urges the Administrator of the agency primarily responsible for administering this part, in implementing programs authorized under this part, to draw on the resource of private and voluntary organizations and cooperatives to plan and carry out development activities and to establish simplified procedures for

the development and approval of programs to be carried out by such private and voluntary organizations and cooperatives as have demonstrated a capacity to undertake effective development activities."

Cooperatives are differentiated from private and voluntary organizations (PVO's) in Sections 123(f) and 123(g) of the Act. Section 123(f) states the overall proportion of funds to be provided to PVO's. Section 123(g) requires that PVO's obtain 20% of their total annual support for international activities from sources other than the U.S. Government after December 31, 1984.

Since 1961, the Agency for International Development has included cooperative development as one of its approaches for the promotion of growth and development. Cooperative Development Organizations (CDO's) in addition to NCEA that receive core grants include:

- o National Rural Electric Cooperative Association (NRECA)
- o Agricultural Cooperative Development International (ACDI)
- o World Council of Credit Unions (WOCCU) through  
Credit Union National Association (CUNA)
- o Cooperative Housing Foundation (CHF)
- o Volunteers in Overseas Cooperative Assistance (VOCA)

## 1.2 COOPERATIVE DEVELOPMENT STRATEGY

Increases in production of goods and services is generally equivalent to the increasing of national per capita income. AID personnel have identified agriculture as a key sector for increased productivity, distribution, processing, storage, and related activities necessary for delivering agricultural produce to consumers.

The mobilization of a country's private individuals, motivated through a sense of self improvement, is a key component in the AID strategic plan for development.<sup>1</sup> Cooperatives are membership organizations formed by private individuals to conduct

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<sup>1</sup> Bureau for Program Policy and Coordination, Agency for International Development, "Blueprint for Development", the Strategic Plan of the Agency for International Development, Washington, D.C., June 1985.

business. Profits that can be generated by cooperatives are used to expand the capital base of the organization or are distributed to members as rebates or as reductions of dues and fees.

Proponents of fostering cooperatives in developing countries perceive such organizations as aiding in institution building and as encouraging the involvement of private individuals in the economy. In some developing countries, governments have played a role in establishing and encouraging cooperatives. In some instances, government involvement has been counter productive to objectives of encouraging individual initiative. The Cooperative Resources Committee, composed of the international directors of U.S. cooperative development organizations, recommends autonomy from government but with appropriate liaison and collaboration. The Committee recommends that cooperative boards of directors, for example, be composed of members and should not include governmental appointees.<sup>1</sup>

Within The Agency for International Development, cooperatives, primarily those that are agriculturally oriented, are seen as contributing to the accomplishment of AID development goals. Several officials see the core grant as having successfully established CDO's for supporting USAID objectives abroad and as having aided in the establishment of cooperative projects in many countries. These projects are generally seen by AID personnel as having been successful.

### 1.3 ISSUES SURROUNDING THE CORE GRANT

In the face of the Gramm-Rudman-Hollings bill, all federal agencies are expecting some reduction in available program funding. To the extent that CDO programs may obtain funding from sources other than AID, cooperative development efforts may continue at pre-budget reduction levels. The current three year grant to NCBA is on a schedule of reduction. In 1986, the grant will be at 5% lower than the funding level of 1985; in 1987, 8% lower; and in 1988, 12% lower. At issue is the ability of NCBA

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<sup>1</sup> Cooperative Resources Committee, Why Cooperative Development? Views of Some of the World's Leading Practitioners, Washington, D.C. 1985, p.3.

to identify other sources of financial support, within AID and elsewhere, should the core grant program be reduced or eliminated after 1988.

The core grants awarded to CDO's are seen as unique within the Agency for International Development. Private voluntary organizations (PVO's), and some university-based projects do receive grants which, to some extent, support some service functions similar to those of the CDO core grants. The CDO grants, however, have been in place since the early 1960's and have basically supported administrative, project backstopping, and project design activities. Matching funds are not required of the CDO's.

Within the Agency for International Development, the activities supported by the core grant are perceived by some as being overhead or general and administrative expense activities which could more appropriately be charged to projects in cooperative development funded by USAID country missions. If core grant activities are shown as indirect costs, it is said, the real cost for individual projects would be explicit and could be compared with the rates of other organizations providing technical assistance services to AID.

Personnel at NCBA see the core grant as an expression of special support from the U.S. Congress and the Agency for International Development. That is, the core grant provides a recognition of the special relationship of cooperative development to the Agency for the stimulation of cooperatives in other countries. In effect, the core grant provides legitimacy and facilitates NCBA contacts with AID missions.

One concern expressed by AID personnel is the extent to which cooperative development projects are being effective and are contributing to accomplishment of AID objectives in the field. It was contended that if such projects are not achieving AID development objectives at some satisfactory level, core grants should not be awarded to support project design activities.

The resolution of these issues may be accomplished through a continuing dialogue between NCBA and the Agency for International Development. This report provides information and analysis pertinent to these discussions.

## 1.4 EVALUATION PROCEDURES

Supporting information for the evaluation was drawn from interviews, review of NCBA materials, evaluation reports on NCBA field projects, and data provided by NCBA staff. The evaluation addressed NCBA Core Grant results, outputs, and effectiveness in terms of three categories provided in the evaluation scope of work:

- o Organizational Review: Descriptive and analytic material on structure, staffing and responsibilities, organizational relationships, and management approach. See Section 2.
- o Strategy and Operations: Descriptive and analytic material on strategy and operations related to the core service functions. See Section 3.
- o Future Plans and Financial Requirements: Descriptive and analytic material on plans, workload capacity, financial status, acquisition of needed funds, alternative funding sources, and potential for financial self-reliance through alternatives to the core grant. See Section 4.

Cross-Cutting Issues as required by AID evaluation guidelines were addressed. Women in development is presented in Section 3. Project sustainability is presented in Section 4. Environmental impact was not an applicable issue for the NCBA Core Grant.

To review the results of AID mission funded projects for cooperative development and identify report findings appropriate to core service functions, the MetaMetrics team analyzed seven completed evaluations. Section 5 presents the evaluations review.

The final report also includes Section 6, Findings and Recommendations, which summarizes the evaluation analyses of Sections 2 through 5. An Executive Summary presents the program descriptions and evaluation recommendations.

## SECTION 2

### ORGANIZATIONAL REVIEW, MANAGEMENT APPROACH, AND STAFFING

In 1916 the National Cooperative Business Association (formerly the Cooperative League of the USA) was founded as a national membership and trade association. NCBA's membership is largely made up of agricultural cooperatives, and includes insurance, credit union, banking, housing, health care, utility, and consumer cooperatives. According to NCBA program materials, the organization:

- o Represents the cooperative business community in the United States,
- o Represents U.S. cooperative concerns to the international cooperative community,
- o Provides training and services to cooperative business in the U.S.,
- o Promotes business and trade among cooperatives in the U.S. and overseas,
- o Provides development assistance overseas in the strengthening of cooperative business enterprise.

#### 2.1 NCBA ORGANIZATIONAL OVERVIEW

Over the seventy year period that NCBA has operated it has been responsive to the changing U.S. and international economic and political environment. NCBA headquarters in Washington, D.C. is responsible for domestic and international operations. An Ann Arbor, Michigan office operates the NCBA Rochdale Institute and on-site field personnel presently operate in nine developing nations. In support of these diverse interests NCBA has developed four subsidiary entities which operate in close coordination with NCBA. These are:

- o National Cooperative Business Institute (NCBI): Incorporated in 1938 as the Rochdale Institute, this institution conducts research, presents lectures, and conducts field work for cooperative business executives and leaders.

- o National Cooperative Business Foundation (NCBF): This nonprofit foundation, supporting cooperative education and development in the U.S. and abroad, was established in the late 1950's.
- o National Cooperative Business Political Action Committee (NCBPAC): A political action committee promoting cooperatives as a way of doing business, established in the late 1970's.
- o Cooperative Business International (CBI): A profit-making, international business services company which promotes commercial trade opportunities for cooperatives around the world, established in 1984.

Key member organizations of NCBA have representatives who sit as members of the Board of Directors. In 1986, there were 39 members of the Board. The Board meets twice annually and provides overall policy direction for the organization.

NCBA has three organizational components and a total headquarters and field staff of 72 persons as of June, 1986. Management and administration includes the Office of the President and Vice President and the Division of Administration and Finance. Domestic activities include a Division of Government, Public and Member Relations, and a housing program. International activities consists of the International Development Division and the Cooperative Business International Division (CBI).

NCBA conducted a national search in 1980 for a President and Chief Executive Officer. In late 1980, E. Morgan Williams, a former aide to Sen. Robert Dole (R. Kan.), assumed those responsibilities.

In 1984 a major management change took place for NCBA international programs. The former Vice President in Charge of International Programs took the position of Senior Vice President and retired in mid-1986. Lawrence Harrison, a former AID Mission Director, was hired as Vice President, International Development. The reorganization included retargeting of international program operations and the initiation of private sector international trade development activities through the establishment of CBI.

## 2.2 INTERNATIONAL DEVELOPMENT DIVISION

The International Development Division has a headquarters staff of 9 persons and a field staff of 21 persons. The Division has worked in over forty countries with cooperative organizations, host governments, and donor agencies. NCBA's technical assistance is directed at strengthening cooperative business, providing members with increased services, making cooperative business profitable, strengthening regional and national cooperative organizations to improve the efficiency of cooperative enterprises, and promoting the privatization of cooperatives. NCBA efforts overseas have primarily addressed agricultural production, distribution, and marketing.

### 2.2.1 International Development Activities

International development has focused primarily on projects located in developing countries. In many of these projects full-time, on-site personnel are used. In other cases, technical assistance is provided through consultants and staff located outside of the country. Current projects include:

- o Equatorial Guinea Cooperative Development
- o Niger Agricultural Production
- o Indonesia PL-480 Agribusiness
- o Rwanda Training & Research Center
- o Guatemala Cooperative Marketing
- o India
  - Local Support
  - PL 480 Oilseed Cooperatives
  - NCBF Grant
- o Jamaica Training
- o Rwanda Local Crop Storage
- o Haiti Coffee
- o West Bank Cooperative Development
- o Latin America Cooperative Insurance Assistance
- o Costa Rica Training
- o El Salvador Agrarian Reform
- o Egypt Marketing Study

### 2.2.2 Sources of Funding

The International Division activities are largely financed by AID. NCBA has been receiving funding from AID for core services since 1963. These core grant funds are now used to operate the International Development Division. Headquarters staff initiate projects in support of cooperative development in AID-assisted countries. Actual project activities are funded by donor agencies, largely by AID missions in project countries, though funding from CARE, the World Bank, and other sources has also been obtained.

The core grant amount to NCBA is being decreased over time as per agreement with the AID Bureau for Private Enterprise (PRE). Over the current three year period through calendar year 1988 the amount will decrease each year by 5%, 8%, and 12% of the grant amount for 1985.

### 2.2.3 Related NCBA Roles

In recent years, NCBA has focused on international trade opportunities beyond AID field project specific efforts. The Washington headquarters also provides support for international development activities in addition to the Core Grant funded activities. These are summarized below:

- o Cooperative Business International: This effort, initiated in 1984, seeks to develop international trade commercial opportunities for U.S. cooperative and cooperatives in other countries. The explicit emphasis is on private initiative and the generating of profits.
- o Legislative Support: NCBA provides support to efforts in Washington to maintain and possibly increase the level of resources available for accomplishing economic development objectives. Various sectors of the agri-business cooperatives community, for example, are interested in the level of PL 480 funding. NCBA has substantial linkages into this community and elicits support for these efforts through its membership.
- o Food Policy: In 1985, NCBA established the position of Vice President, Food Policy and Market Development. The staff person responsible for the area is knowledgeable in PL 480 and associated agricultural legislation. This available technical expertise is supportive of International Development Division efforts to institute PL 480 related projects.

#### 2.2.4 Core Grant Staffing Summary

The Core Grant for the three year period ending December 1985 supported the headquarters staff which currently numbers 9 persons. These staff are presently funded under the Core Grant for the three year period ending calendar year 1988. The positions are listed below:<sup>1</sup>

- o Senior Vice President
- o Vice President, International Development
- o Director, Latin America
- o Director, Africa
- o Director, Asia
- o Director, Program Support and Evaluation
- o Program Officer
- o Director, Operations
- o Executive Assistant

#### 2.3 NCBA MANAGEMENT APPROACH

International development activities constitute the major portion of NCBA program efforts. Approximately 80% of annual NCBA revenue comes from international grants and contracts with AID and USAID missions. The Core Grant is integral to NCBA international cooperative development efforts.

The NCBA Board of Directors and Executive Officers, in the 1980's, have chosen to recruit personnel having experience with the objectives and issues of AID-assisted efforts in developing countries. Three ex-AID personnel have been hired for senior NCBA positions in Washington. Similarly, ex-Peace Corps personnel have been hired for field positions. Accordingly, NCBA staff bring appropriate experience in addressing AID technical assistance requirements in developing host country cooperatives and related agriculture projects.

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<sup>1</sup> NCBA, Cooperative Development Institutional Support Grant Calendar Year 1985, Washington, D.C., Submitted Feb. 28, 1986

The major focus of the Core Grant is on project identification and development of grant and contract proposals. NCBA utilizes a participatory approach to the management of the Core Grant. Separate Regional Directors are responsible for Africa, Latin America (including the Caribbean), and Asia. The Core Grant staffing also includes Directors of Program Support and Evaluation and Development Resources.

The interviews indicated that the Regional Directors and the Directors for Program Support and Evaluation and for Development Resources operate under the general guidance of the Vice President of the International Development Division. They exercise responsibility for their areas and confer with their associates as necessary for support in the conduct of their activities.

The management approach for the conduct of the Core Grant is task oriented and teams are assembled as appropriate for tasks. Accordingly, development of specific host country project proposals is conducted by the team of staff which is appropriate for that particular task; e.g., the Regional Director for Africa would be responsible as the key person for developing proposals for Africa and would utilize support as required. Similarly, the Vice President of the International Development Division can be relied upon to provide his expertise relative to Latin America.

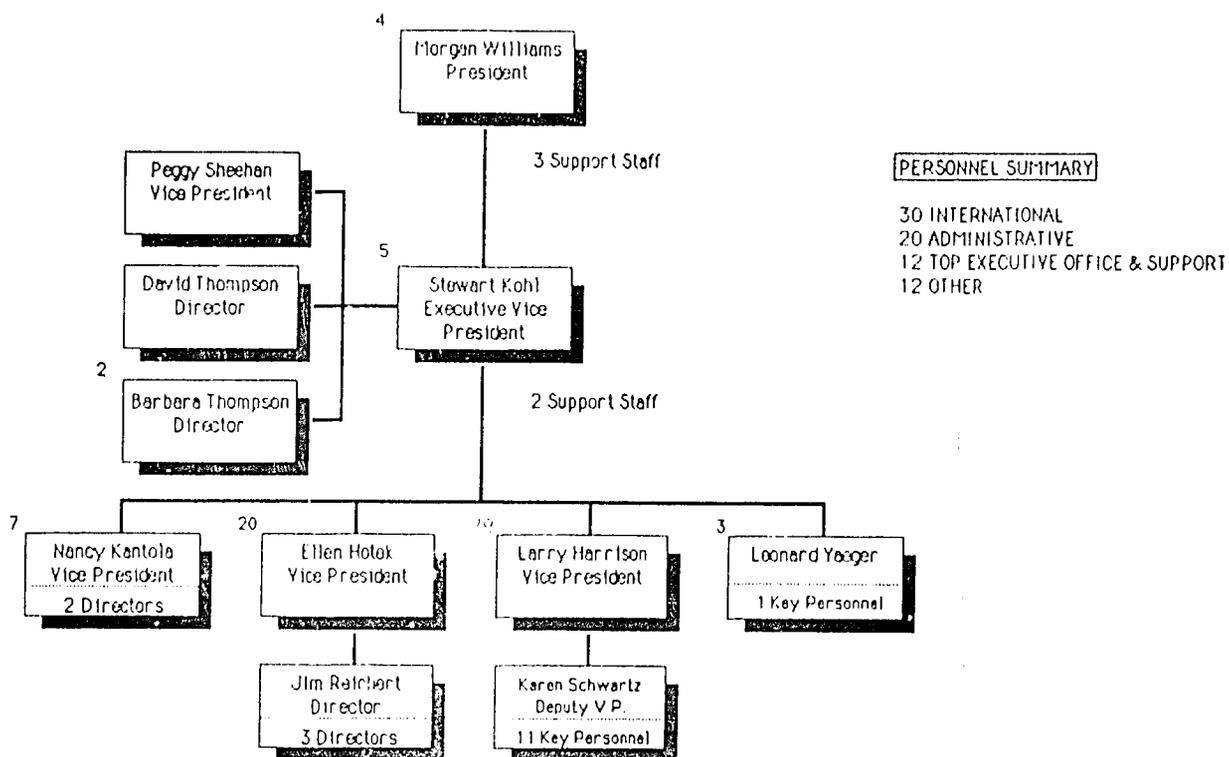
The NCBA Executive Vice President is knowledgeable concerning the objectives and issues surrounding AID funded projects. He participates regularly in review and decision making on NCBA international development strategy that affects the Core Grant and projects.

## 2.4 NCBA ORGANIZATION AND STAFFING

Figure 2-1 is the NCBA organizational chart, constructed by MetaMetrics from NCBA descriptive organizational materials. The numbers on the upper left hand corner of each block show the total number of professional staff members, and the number in the lower right shows the number of support staff personnel. As of June, 1986 NCBA had a staff of 70 persons. Fifty were domestic staff and twenty were on-site personnel in developing nations.

Figure 2-1

NCBA Organization and Staffing



The shift in NCBA management approach as indicated by key personnel decisions has positively affected the policy and program direction of the organization. Key personnel changes and the creation of new positions after the new NCBA President took office include the following, which took effect in 1984 and 1985:

- o Larry Harrison, Vice President, International Division
- o Leonard Yaeger, Vice President, CBI
- o Karen Schwartz, Deputy Vice President, International Division
- o Peggy Sheehan, Vice President, Food Policy

These changes have coincided with a dramatic increase in NCBA revenues and AID project involvement. The dollar volume of NCBA international activities doubled from 1983 to 1985.

NCBA staff has demonstrated a sensitivity to and awareness of AID requirements for international development. The recently retired Senior Vice President for International Development served NCBA for over 20 years. He was a participant in the development of early cooperative-supported efforts such as C.A.R.E. and NCBA initiatives including the India Oilseed Project.

NCBA staff have appropriate international development and cooperative experience. Most of the field staff have direct Peace Corps experience which is applicable to understanding cultural and institutional issues in developing nations. Senior ex-AID personnel were hired to serve NCBA in key positions.

Overall, few of the International Development Division staff have extensive cooperative experience. This has apparently not adversely affected programmatic and project-specific efforts. The staff has the expertise to perform their job responsibilities well.

A functional organizational model is shown in Figure 2-2. Titles for each of the functional areas are shown across the top of the chart and key personnel are listed on the left side. Correlating box descriptions show the functional responsibility for each individual under each functional area. The descriptions in standard type are currently listed in NCBA's listing of sectoral responsibilities. Those in italic print are recommended and added. In some cases the italicized responsibilities were obvious and not included in the NCBA list. Others were added as "possibilities" for AID and NCBA to review and expand as appropriate.

## 2.5 FINDINGS AND RECOMMENDATIONS

Key to the success of any organization is the hiring of individuals with a successful contribution record in their areas of expertise. Desirable qualities include the ability to attract contract business and to manage and contribute to the quality of the work. The Office of the President and the International Division should be searching for such individuals to increase the contract base. This type of proactive approach to hiring, to a large extent, has been responsible for the rapid growth in NCBA contract base over the past several years.

**Figure 2-2**  
**Functional Organizational Model**  
*(Italics Indicate Proposed Responsibilities)*

NCBA KEY PERSONNEL RESPONSIBILITIES	OVERALL MANAGEMENT RESPONSIBILITY	BOARD OF DIRECTORS RESPONSIBILITY	INTERNATIONAL ACTIVITIES & RELATIONS	RELATED CO-OP ENTITIES	ADMINISTRATIVE & FINANCIAL SERVICES & MEETINGS	INTERNATIONAL TRADE	MEMBERSHIP	OTHER
<b>E. MORGAN WILLIAMS</b> PRESIDENT, EXECUTIVE OFFICER	• NCBA vision	• Correspondence • President's letter	• ACVFA, CARE • ICA, interaction • OCCC, VOCA	• CO-OP • Hall of Fame • Historical Society	• Board functions	• <i>Legislative Issues</i>	• <i>Speaking Requirements</i> • <i>Key Cooperative Recruitments</i>	
<b>STEWART KOHL</b> EXECUTIVE VICE PRESIDENT	• Overall Coordination of All Sectors & Departments • Legal Issues	• Agendas • Board Policy Manual • By-laws & Resolutions • Meeting Preparation	• <i>Vision &amp; Direction</i>	• CO-OP Business International	• Board Functions • <i>Financial &amp; Operational Review</i>	• <i>Legislative Issues</i>	• <i>Speaking Requirements</i> • <i>Key Cooperative Recruitments</i>	• New Tax Laws • Sublet space
<b>PEGGY SHEEHAN</b> VICE PRESIDENT FOOD, POLICY & MARKET DEVELOPMENT	• <i>Management Responsible for Expanding NCBA into Sect. 103 Market</i>	• <i>Report on New Market Possibilities for NCBA in Section 103</i>	• <i>Projects with Peace Corps &amp; CARE</i> • ACVFA, interaction • <i>1974-2002 Sec. 103</i>			• Trade Shows • Food Programs • Legislation & Trade		
<b>NANCY KANTOLA</b> VICE PRESIDENT, GOVERNMENT, PUBLIC & MEMBER RELATIONS	• Overall Management Member Relations	• <i>Working with Board Members to Expand Membership via Networking</i>	• <i>Inclusion of International Projects in Newsletters and Mailings</i> • <i>Assist in Identifying Co-ops interested in international work</i>	• National Co-op Business Foundation • National Co-op Business Institutions • NCBA Political Action Committee • Annual Meetings	• <i>Operational Plans and Budgets</i>		• Communications, Marketing and Public Relations • Individual Members • Consumer Co-op Credit • Credit Union • Health Care Co-ops • Insurance Co-ops • Liaison with Alaska & Puerto Rico Co-ops	• Cooperative Month • New Tax Law
<b>FLLYN HOTEK</b> VICE PRESIDENT ADMINISTRATION & FINANCE	• Overall Management Finance & Administration	• Board Policy Manual • <i>Preparation of Financial &amp; Planning Reports for Board</i>			• Finance & Accounting • Budget, Fin. Statements • International Management Reports • Investments • Monitoring Budget Performance • Taxes		• <i>Dues and Membership Budgets, Expenditures and Accounting</i>	• Sub-let Space
<b>LARRY HARRISON</b> VICE PRESIDENT INTERNATIONAL DEVELOPMENT DIVISION	• Overall Management International Projects	• <i>Preparation of Management Reports for Board</i>	• International Co-op Contract Projects & Project Development • Fund Raising • Projects w/Peace Corps & CARE • CRC, International VOCA	• <i>Liaison with PVCs and International &amp; Development Banks</i>	• <i>Operational Plans &amp; Budgets</i> • <i>Project Financial Reviews</i>		• <i>Work w/ Co-op Membership to be involved in International Development</i>	
<b>KAREN SCHWARTZ</b> DEPUTY V.P. INTER- NATIONAL DEVELOPMENT	• <i>Assistance in Management of International Projects</i>	• <i>Preparation of Management Reports for Board</i>	• Asia Program • Health • PL450 • Project Operations • International Information Requests	• Country Files	• <i>Preparation of Plans and Budgets</i>		• <i>Work w/ Co-op Membership to be involved in International Markets</i>	
<b>LEONARD YAEGER</b> VICE PRESIDENT, INTERNATIONAL BUSINESS & COOP - COOP BUSINESS INTERNATIONAL	• Overall Management CBI		• <i>Development of Cooperative Trade Agreements</i>		• <i>Allocation and Budgeting of Start-up grant &amp; Progress Reports</i>	• Co-op Business International • Trade Show		

NOTE: ITALICS INDICATE PROPOSED RESPONSIBILITIES.

### 2.5.1 Senior Management and Administration

The Office of the President consists of Morgan Williams as President and three support staff personnel. This is a substantial support staff compared to those of consulting organizations and other trade associations. A review of the support staff functions in this office is recommended to determine whether the staff is being used optimally.

In addition to Morgan Williams' key functions, additional responsibilities could be taken on which could enhance the organization. These include direct involvement in initiating and supporting legislative actions and budgets affecting international cooperative development, and active engagement in speaking to the domestic cooperative membership in supporting international development projects and developing potential markets.

NCBA's Administrative Division is headed by Elyn Hotek, Vice President for Administration and Finance. She is currently responsible for overseeing the development of a computerized accounting and financial system. At present, Core Grant and international project financed information is sufficient to assure satisfactory management, although the recent increase in contract level is placing new burdens on the existing system. Financial reporting improvements are necessary. The improvements recommended here do not imply current report inaccuracies or lateness.

Information on current and projected project status is critical to program management. By the time reporting is complete, data is usually two weeks old in most organizations. Accounting and reporting usually add another two weeks and most project managers make future decisions on information which is one month old or older.

NCBA's operations would be enhanced by an integrated project reporting and accounting system or the integration of project reporting into their current system, along with a management decision support software package. International Business Systems of San Diego produces a package tailored for prime computers. Other systems include Delttek, Vienna, Virginia; I&L, McLean, Virginia; and Jamis, a subsidiary of S<sup>3</sup> of San Diego, California.

The Mobley Matrix management decision support system is the most sophisticated and easy to use. Javlin for the PC environment and Encore in the Macintosh environment can be used to develop these models. However a significant amount of work has to be done by the user to develop the algorithms for these systems. We recommend the Mobley Matrix since it solves over seventy-two preprogrammed equations simultaneously and produces ROI and cash sustainability graphs automatically.

Another area of possible increased responsibility involves Nancy Kantola, the Vice President for Public Relations. Although she is not funded from the core grant or International Division, an opportunity exists to give the International Division more exposure to the NCBA membership via news releases and newsletters. She could also be a good source for "networking" cooperative-to-cooperative opportunities since she is in contact with the member organizations and their constituencies.

The NCBA Board of Directors is also a resource for development projects and can be used more extensively in that capacity.

### 2.5.2 International Division

Larry Harrison, as Vice President of the International Division, is responsible for the largest operating division within NCBA. The International Division employs 42% of the staff and accounts for 80% of NCBA revenues. With the core grant being reduced over the next two years and possible further reduction of the core grant after that period, the organizational challenge is to recover the loss of this revenue. Organizational alternatives include increasing the current AID contract base and developing additional similar contracts with new clients. Since the future of AID mission budgets is unclear, MetaMetrics recommends that NCBA continue to expand the AID client base and explore the possibilities of hiring key persons capable of generating new AID mission contracts in countries where NCBA projects are not currently being performed; and hiring a key person capable of generating contracts with the World Bank, the IMF, and other international development organizations.

### 2.5.3 Related NCBA Entities

Conscious attention to communications between key personnel and teamwork among NCBA departments and entities would result in an enhanced Core Grant effort and support the achievement of AID development objectives. Specific areas for attention include Cooperative Business International, food policy (PL 480 and Section 108), and cooperative-to-cooperative ventures.

#### Food Policy

Peggy Sheehan stands out as a potential key contributor to the International Division. Her expertise in PL 480 and Section 108, key agricultural legislation dealing with Food for Peace, and purchase of domestic agricultural production for international purposes would aid in developing sources of funding. We recommend an expansion of her involvement with the International Development Division.

#### Cooperative Business International

Cooperative Business International (CBI), headed by Leonard Yaeger, is an important resource for the International Division and NCBA. CBI is utilizing the established presence of NCBA in India and Indonesia to explore commodities sales opportunities. The same approach and technology may be appropriate for other developing countries where the International Division and AID are exploring contract possibilities.

There is an opportunity to increase the velocity in identifying contract possibilities in this area. CBI is clearly in a critical start-up phase and could increase staffing to generate as many opportunities as possible in the shortest period of time. We recommend that NCBA look at the possibility of hiring one or two senior staff people for CBI to more rapidly develop the potential business base.

## Cooperative-to-Cooperative Initiatives

There are opportunities to work with other cooperatives, in the manner of a current "Land o' Lakes" cooperative partnership, to co-sponsor international development work. A current Dairy Cooperative Development project is being implemented in Guatemala with NCBA as the prime and Land o' Lakes as the subcontractor. The relationship is reversed in the conduct of the World Wide Dairy Development Project in which Land o' Lakes is the prime. Other prospective projects include joint efforts of NCBA with their own membership or with the World Council of Credit Unions in Honduras and with Agricultural Cooperative Development International in Guatemala.

To the extent that domestic cooperatives perceive such opportunities as supporting the objectives of their membership, additional cooperative-to-cooperative projects can be developed. Cooperative-to-cooperative alternatives may, in addition to increasing the current AID contract base, be useful as primary ways of reducing operational dependency on the AID Bureau for Private Enterprise.

### 2.6 ORGANIZATIONAL SUMMARY

In essence, NCBA has become an efficiently run organization over the past five years. Its staff is energetic and committed to its international development projects. Within the organization we see eight areas for recommended changes and improvements. These are:

- o A review of the appropriateness of the support staff for the Office of the President of NCBA which may be overstaffed for the task requirements.
- o An increased involvement by both the NCBA President and Executive Vice President in initiating and supporting legislative actions supporting international cooperative development; enrolling member cooperatives in international projects and markets; and recruiting additional key individuals capable of bringing business into CBI and the International Division via other development banks and funding institutions.

- o An increased involvement by the Vice President for Food Policy, in the International Division.
- o Hiring of one or two senior cooperative development "champions" to develop contacts in the World Bank, IMF, and AID missions in geographical areas currently not covered by NCBA. This may require some NCBA staff restructuring and organizational tightening to accomodate the talent needed to generate new revenue streams.
- o Adding one additional senior level person to CBI to accelerate the number of trade contracts acquired.
- o Enhancing the current financial system with an integrated project reporting system and a management decision support model.
- o Involvement of the Vice President for Public Relations, to increase exposure of the International Division to the Association membership.
- o Working with the NCBA Board to develop cooperative partnerships in cosponsoring international development such as the "Land o Lakes" and other projects.

## SECTION 3

### STRATEGY AND OPERATIONS

International development is the major focus of the National Cooperative Business Association. The major international development client is the United States Agency for International Development. Corporate strategy for NCBA has been developed in response to AID requirements for technical assistance in cooperative development. Core grant operations through the core grant activities have been developed to support AID client requirements.

#### 3.1 CORE GRANT OVERVIEW

The goals of the three year NCBA grant ending December 1985, according to the grant application, included "To improve the living standards of low income people and to expand their participatory access to material and social benefits."<sup>1</sup> The purpose of the core grant is to:

"Assist and advise the establishment and operation of integrated cooperative systems which provide producers with more adequate incentives to increase production. Develop input, supplies, credit, grading, packing, storage, marketing, processing, and distribution at all levels of agricultural production and related systems."

##### 3.1.1 Activities

The activities of the core grant, as presented in the grant application, addressed ten categories. These are generally referred to as the core service functions and are listed below:

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<sup>1</sup> Evaluation scope of work. See Appendix A.

CORE SERVICE

FUNCTIONS

ACTIVITIES

- 1) Project Identification: Field exploration.
- 2) Project Design: Proposal development, funding resource identification.
- 3) Project Implementation: Backstopping, personnel recruitment and orientation.
- 4) Procurement Assistance: Coordination.
- 5) Project Evaluation and Monitoring: Administration of projects involving matching fund grants, IQC work orders, and collaborative assistance agreements.
- 6) Coordinate Cooperative Initiatives: Cooperative-to-cooperative efforts involving international trade development and joint ventures.
- 7) Assistance to National Cooperative Organizations: Analysis of development potential for host governments in specific activity areas.
- 8) Collaboration with Other CDO's: Joint studies, evaluations, and design of development projects.
- 9) PL-430 Project Development: Proposals for expanded utilization of commodities and/or related surplus currency accumulations in development programs of cooperative food production and related supplies, marketing, and processing infrastructures.
- 10) Cooperative Clearing House: Resource information for developing country cooperatives and cooperative trades including technical assistance, training, and technical delegation visits to U.S. cooperative facilities.

### 3.1.2 Current Core Grant Strategy

For the current grant for the 3 year period ending December 1988, there have been some key changes in programmatic strategy. Core Service Functions 3 and 4 (Project Implementation and Procurement Assistance; see Section 3.3.2) are no longer activities funded under the new core grant. These activities are now being charged against specific grants and contracts conducted by NCBA for AID missions. In the NCBA grant application for the current grant through 1988 the goal is to "strengthen and expand the role of private cooperative businesses in the lesser developed countries as a vehicle for their achieving increased growth, equality and participation." The purpose of the new core grant is:

"To assist the USAID missions to identify and analyze/develop opportunities to strengthen and expand private cooperative businesses in sectors which are central to AID development strategies. NCBA will also furnish technical assistance and arrange training programs to carry out cooperative development programs with USAID and other donor financing. Core grant resources will be focused on project identification, analysis, and design."

### 3.2 CORE GRANT OPERATIONS/LOGICAL FRAMEWORK

The logical framework (log frame) is primarily a tool for project planning which is in general use within the Agency for International Development. Other log frame objectives include evaluation and monitoring, and program refinement or development. Conceptually, the log frame presents a series of inputs which are to be used to conduct project activities and result in outputs which are structured to achieve the purpose of the project. Achievement of the purpose combined with the achievement of purpose of other related projects is expected to have an impact on achievement of the overall goal. Appendix B, Evaluation Methodology, presents additional information on the logical framework approach.

The goal and purpose structure of the Core Grant was superimposed onto the logical framework, as shown in Table 3-1. The basic inputs, primarily staff supported by the core grant, were engaged in the activities (10 core service functions). The generating of activity outputs was apparently designed to affect the attainment of Core Grant purpose.

Table 3-1

Log Frame Narrative

Goal

Improve living standards of low income people and expand their participatory access to material and social benefits.

Purpose

Assist and advise in the establishment and operation of integrated cooperative systems which provide producers with more adequate incentives to increase production. Develop input, supplies, credit, grading, packing, storage, marketing, processing, and distribution at all levels of agricultural production and related systems.

Activities (Outputs)

1. Project Identification
2. Project Design
3. Project Implementation
4. Procurement Assistance
5. Project Evaluation and Monitoring
6. Coordinate Cooperative Initiatives
7. Assistance to National Cooperative Organizations
8. Collaboration With Other CDOs
9. PL-480 Project Development
10. Cooperative Clearing House

Inputs

NCBA Member Cooperatives  
Core Grant Staff  
NCBA Support (Overhead, G & A)

Tables 3-2 and 3-3 present the log frame and the log frame detail necessary for assessing the effectiveness of the core service activities. In Table 3-3, for example, the assessment of Activity (Core Service Function) 7, Assistance to National Cooperative Organizations, would require the review of objectively identifiable indicators such as amount of technical assistance provided and number of studies conducted for such organizations.

TABLE 3-2  
Log Frame Summary

<u>Goal</u>	<u>Narrative</u>	<u>Objectively Identifiable Indicators</u>	<u>Means of Verification</u>	<u>Assumptions</u>
	Improve living standards of low income people and expand their participatory access to material and social benefits.	Increase in real per capita income of low income people. Increase in education, health levels.	Census Agencies, Related Ministries with Economic and Social data.	No unusual climate or environmental changes political stability.
<u>Purpose</u>	Assist and advise establishment and operation of integrated cooperative systems which provide producers with more adequate incentives to increase production. Develop input, supplies, credit, grading, packing, storage, marketing, processing, and distribution at all levels of agricultural production and related systems.	Number of developing country cooperative projects; Size of membership of new cooperatives; Level of cooperative production (increase over previous agricultural structure) and results of related agricultural systems (e.g. product distribution).	NCBA Records, Project Evaluations In-House and External)	Cooperation from Host Country Governments and participating institutions.
<u>Activities (Outputs)</u>				
	<ol style="list-style-type: none"> <li>1. Project Identification</li> <li>2. Project Design</li> <li>3. Project Implementation</li> <li>4. Procurement Assistance</li> <li>5. Project Evaluation and Monitoring</li> <li>6. Coordinate Cooperative Initiatives</li> <li>7. Assistance to Ntl Coop Organizations</li> <li>8. Collaboration With Other CDOs</li> <li>9. PL 480 Project Development</li> <li>10. Cooperative Clearing House</li> </ol>	See Table 3-3	NCBA Records, Interviews	See Table 3-3
<u>Inputs</u>				
	NCBA Member Cooperatives Core Grant Staff NCBA Support (Overhead, G & A) Grants & Contract Amounts Other NCBA Revenues	Participation by member cooperatives Size and qualifications of staff NCBA support, organization, management approach, facilities, overhead, general and administrative	NCBA Records, Interviews	Continuity of contract level to encourage career development. Availability of qualified personnel.

Table 3-3  
Log Frame Detail  
Core Service Functions

<u>Narrative</u>	<u>Objectively Identifiable Indicators</u>	<u>Assumptions</u>
1. <u>Project Identification:</u> Field exploration.	1. Number of PID's, pre-feasibility studies, site visits for project identification.	Requests for PID's, IP's, proposals from USAID Missions of US cooperatives that are interested in joint ventures and other international development projects.
2. <u>Project Design:</u> Finding resource identification.	2. Number of project papers, proportion funded, number of project proposals.	
3. <u>Project Implementation:</u> Incestopping, personnel recruitment and orientation.	3. Number of new cooperative projects funded, achievement of project milestones and purpose, level of personnel recruitment.	
4. <u>Procurement Assistance:</u> Coordination.	4. Amount of equipment, supplies, project related commodity procurement.	
5. <u>Project Evaluation and Monitoring:</u> Administration of projects involving matching fund grants, IQC, and collaborative assistance agreements.	5. Number of project evaluations. Defined objectives and associated outputs, standards, and targets.	
6. <u>Coordinate Cooperative Initiatives:</u> Cooperative-to-cooperative efforts involving international trade development and joint ventures.	6. Number of cooperative-to-cooperative initiatives, joint ventures.	Requests for technical assistance from host countries
7. <u>Assistance to National Cooperative Organizations:</u> Analysis of development potential for host governments in specific activity areas.	7. Amount of technical assistance provided and number of studies conducted for national cooperative organizations.	
8. <u>Collaboration With Other CIO's:</u> Joint studies, evaluations, and design of development projects.	8. Number of collaborative joint studies, evaluations, and project designs.	Cooperation and interests of other CIO's for collaborative efforts
9. <u>PL 480 Project Development:</u> Proposals for expanded utilization of commodities and/or related surplus currency accumulations in development programs of cooperatives food production and related supplies, marketing, and processing infrastructures.	9. Number of proposals for PL 480 project development.	PL 480 legislation and guidelines appropriate for project development.
10. <u>Cooperative Clearing House:</u> Resource information for developing country cooperatives and cooperative trades including technical assistance, training, and technical delegation visits to U.S. cooperative facilities.	10. Requests and responses to developing country cooperatives' requirements for technical assistance, training and technical delegation visits.	Requests for resource information, TA, training, and orientation visits.

### 3.3 OPERATIONS RESULTS

The log frame presents a view of the core service functions in terms of outputs. Overall, these indicators show an increase in outputs for most of the 10 core service functions over the three year grant period. An exception is backstopping activities. In recent years, AID has encouraged increased reliance on mission funded project resources rather than on core grant resources. Training and technical assistance to host governments were core service functions that were at a relatively low level in comparison with other core functions.

To summarize operations, the ten core service functions were divided into seven major categories. These include the following:

- o Project Identification and Design: This category combines Core Service Functions 1 and 2.
- o Project Implementation: This category combines Core Service Functions 3 and 4.
- o Project Evaluation: This category includes Core Service Function 5.
- o Coordination of Cooperative Initiatives: This category includes Core Service Function 6.
- o Assistance to National Cooperative Organizations/Clearing House: This category includes Core Service Functions 7 and 10.
- o Collaboration with CDOs: This category includes Core Service Function 8.
- o PL-480 Development: This category includes Core Service Function 9.

#### 3.3.1 Project Identification and Design

Project identification consisted of reviewing opportunities for cooperative development on-site and preparing reports or less formal memoranda to indicate potential and feasibility. As shown in Table 3-4, the number of project feasibility studies increased over the three year period, and in 1985, 23 studies were accomplished. Site visits also increased substantially according to available data provided by NCBA, and 29 were conducted in 1985.

Table 3-4

1. Project Identification Outputs

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
Feasibility Studies	7	10	23	40
Site Visits	12	48	51	111
Countries Visited		20	29	

Project design for NCBA cooperative development projects entails the development of detailed project proposals. These proposals are reviewed by AID mission and AID/W personnel for possible funding to NCBA for project implementation.

Table 3-5 shows the number of proposals for each of the three years and their status. The number of proposals increased from 1983 to 1985. Overall, approximately 3 of every 4 proposals were funded and awarded to NCBA. Table 3-6 shows the proposals by form of funding.

Table 3-5

2. Project Design

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
AID Proposals Developed	9	11	12	32
Awarded to NCBA	6	9	8	23
Awarded to Others	1	1	2	4
Pending	0	0	2	2
Cancelled	2	1	0	3

Table 3-6

## 2. Project Design Outputs, Forms of Funding

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
<u>Matching Grants</u>				
Proposed	0	1	0	1
Funded	0	1	0	1
<u>PL-480 Programs</u>				
Proposed	1	1	1	3
Funded	0	0	2	2
<u>OPG's</u>				
Proposed	2	1	1	4
Funded	1	2	3	6
<u>Coop. Agreements</u>				
Proposed	1	3	0	4
Funded	1	0	2	3
<u>Submitted With Others</u>				
Proposed	1	2	0	3
Funded	0	2	0	2
<u>Non-AID Donor Profiles</u>				
Proposed	3	0	5	8
Funded	2	1	2	5
<u>Training Programs</u> (Not-Including CLUSA Project Funded Training Programs)				
Proposed	0	0	3	3
Funded	0	0	2	2
<u>PD&amp;S (From Mission)</u>				
Proposed	0	0	1	1
Funded	0	0	1	1
<u>Project Amendments</u>				
Proposed	4	1	1	6
Funded	4	1	1	6
<u>Totals</u>				
Proposed	9	11	12	32
Funded	7	10	10	27

### 3.3.2 Project Implementation and Procurement Assistance

NCBA increased the number of countries in which cooperative development projects were being implemented. Number of projects, staff and consultants also increased, as shown in Table 3-7.

Table 3-7

#### 3./4. Project Implementation /Procurement Assistance

	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>3. Project Implementation</u>			
Number of Countries <sup>1</sup>	7	7	14
Number of Projects	9	9	18
Project Personnel	21	22	35
Long-term Personnel	4	6	9
Consultants	17	16	26
Backstop Activities			
Overall (Person Years)	3.5	2.5	2.5
Backstopping, Core Grant (Person Years)	3.5	1.7	.5
International Division	14	15	13
Core Grant	14	13	9
<u>4. Procurement Assistance (\$000)</u>			
Level of Commodity Procurement <sup>2</sup>	\$130	\$170	\$210

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<sup>1</sup> Includes one regional grant each year.

<sup>2</sup> Data for 1983 and 1984 was combined in some instances.

The level of project backstop activities declined overall. The involvement of International Development Division staff in this activity was reduced in accordance with NCBA plans. The amount of time dedicated to backstopping by Core Grant staff (in terms of charging against the Core Grant budget) was reduced substantially. This activity was subsequently charged against specific projects for USAID missions.

### 3.3.3 Evaluation and Monitoring

A total of 15 evaluations have been conducted of NCBA projects as shown in Table 3-8. Seven of the reports on evaluations conducted in 1984 and 1985 were reviewed for this evaluation. These evaluations were conducted by individuals and teams made up of project staff, NCBA personnel, AID staff, and third party evaluators. Two evaluations were conducted by project staff alone, and two were conducted in conjunction with third party evaluation consultants. Results and findings are presented in Section 6.

Table 3-8

#### 5. Project Evaluation and Monitoring, Evaluations Conducted

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
OPGs	2	7	1	10
Cooperative Agreements	0	0	1	1
Matching Grants	0	1	0	1
PL-480 Programs	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
Total	3	9	3	15

### 3.3.4 Coordinate Cooperative Initiatives

The major accomplishment in this area was the development of Cooperative Business International (CBI) which was funded through an AID/W cooperative agreement in 1985. Table 3-9 presents information on all cooperative initiatives. Cooperative-to-cooperative initiatives were handled by CBI after 1984.

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Table 3-9

6.Coordinate Cooperative Initiatives

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
Cooperative-to-Coopera- tive Initiatives	0	1	0	1
Joint Ventures Researched	2	1	0	3
CBI (pre-feasibility/ proposal)	1	1	(1)	1
CBI-related	<u>3</u>	<u>4</u>	<u>3</u>	<u>10</u>
Total	6	7	3	15

3.3.5 Assistance to National Cooperative Organizations/  
Cooperative Clearing House

NCBA responds to a large number of requests for information on cooperative development. No formal tabulations are kept on the telephone and mail requests. Table 3-10 shows the available data in assistance provided.

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(1) The CBI proposal was funded and the effort initiated in 1985.

Table 3-10

7./10. Assistance to National Cooperative  
Organizations/Cooperative Clearing House

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
7. Assistance to National Cooperative Organizations				
Amount of Technical Assist- ance/Studies Provided for Host Governments	0	2	0	2
Training in U.S. (Individuals)	0	8	17	25
Training in Host Countries	1	0	0	1
10. Cooperative Clearing House				
Information Requests Received <sup>1</sup>	40	100	90	230
Requests From Cooperatives For:				
Technical Assistance	2	2	1	
Short-term Training in U.S.	0	8	17	25
Study Tours in U.S.	61	44	53	158
Delegation Visits	0	58	118	176

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<sup>1</sup> Estimates

There were 25 requests for training in the U.S. and all 25 were honored. Technical assistance provided directly to host country government, apart from ongoing NCBA projects, was minimal.

### 3.3.6 Collaboration with CDOs and Other Organizations

Over the three year period, NCBA collaborated with other CDOs and organizations on joint studies and project designs as shown in Table 3-11. This activity was relatively constant, averaging 3 collaborations per year. Among the collaborative efforts were studies and designs produced with the World Council Unions, Agriculture Cooperative Development International, CARE, Transcentury, Land o' Lakes, and Group Health Association.

Table 3-11

#### 8. Collaboration with Cooperative Development Organizations/Other Organizations

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
<u>With Other CDOs</u>				
Joint Studies	2	0	2	4
Project Designs	0	2	0	2
<u>With Other Organizations</u>				
Project Designs	<u>1</u>	<u>2</u>	<u>0</u>	<u>3</u>
Total	3	4	2	9

### 3.3.7 PL 480 Project Development

PL 480 project development is a high priority for NCBA. Table 3-12 presents some available data. The India Oilseed Project based on PL 480 has been an important and successful enterprise. The two funded proposals were for India and Indonesia.

Table 3-12

9. PL-480 Project Development

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total</u>
Projects Implemented	2	3	2	7
Projects Proposed	3	1	0	4
Proposals Funded	0	1	1	2
Monitoring Time (Person Years)	2	1.5	.5	4.0

3.4 WOMEN IN DEVELOPMENT

NCBA is sensitive to women and development as a topic of importance to AID in achieving its overall development objectives. NCBA personnel acknowledge that women in developing countries make major contributions in agriculture. Project design for field projects, the major core service function, must consider the role of women.

3.4.1 Design and Appraisal

The Core Grant application did not explicitly address interests of women in connection with the goal, project purpose, and core service functions. For the grant awarded for the three year period ending December 1988, there was no specific discussion of the topic.

Women staff members participate in the design and implementation of the Core Grant. Of the seven non-clerical positions funded by the Core Grant, two are staffed by women. The Deputy Vice President of the International Development Division is a woman.

3.4.2 Core Grant Gender-Specific Data

Gender-specific data, in terms of staff, is available on the Core Grant. There is an overall policy of equal employment opportunity for NCBA and women are in key management and

technical specialty position. Of the thirty NCBA headquarters non-clerical positions, eighteen are staffed by women. In the management structure, including the President, Vice Presidents, and Deputy Vice President, four of the seven positions are staffed by women. The top two NCBA positions, President and Executive Vice President, are staffed by men.

### 3.4.3 Field Projects

Of the seven evaluation reports on field projects reviewed for the Core Grant evaluation, one addressed issues of women and development. The Haiti Poultry Project evaluation report stated that there was a slight impact on women's welfare through market sales, production increase, and employment in slaughtering facilities. According to information provided by the evaluation, women participated in the various components of the project.

### 3.4.4 Lessons for Future Efforts

The staff funded by the Core Grant is responsible for project design. Attention to the issues of women and development could have an effect on future field project design and collection of gender-specific data.

## 3.5 FINDINGS AND RECOMMENDATIONS

The staff supported by the Core Grant are managing the field and headquarters activities in an effective fashion. The related NCBA strategy is generating a higher level of international projects as reflected in the increase from \$3.0 million in 1982 to \$5.7 million in 1985.

There was an increase in the productivity of the Core Grant in the area of producing feasibility studies and proposals for host country cooperatives development projects. The number of host country site visits for project identification increased dramatically in the final year of the three year grant period.

### 3.5.1 Operations Effectiveness

Core service functions 1 and 2 which deal with project and program planning and the generating of proposals, showed a substantial increase over the three year period of the grant. To the extent that successful program planning and proposal preparation is reflected in the overall program of the International Development Division (e.g. the financial data showing the number of new grants and contracts awarded to NCBA), the three year Core Grant effort has been highly effective.

Several areas, however, showed no or little growth and one, project implementation (backstopping), declined in accordance with Division plans. Collaboration with other CDOs or organizations was at a comparatively low level and constant over the three years. Formal training, while acknowledged as important to cooperative development, was a small portion of the effort of the Core Grant staff.

### 3.5.2 Impact and Field Operations Potential

The NCBA International Development Division effort is having a substantial impact as indicated by the increased level of grants and contracts over the three year period of the grant. This expansion has been accomplished without any apparent dislocations or bottlenecks within the organization. NCBA has demonstrated the overall capability and flexibility to support increased field operations.

It is possible that with increased reliance on project-specific grants and contracts to provide the resources for project backstopping (administration), the Core Grant can actually be maintained at the present level or reduced and still provide resources for responding to AID mission requests for project design technical assistance. An increased demand from missions for technical assistance in developing cooperative projects might provide a reason to expand the core grant or core service functions.

### 3.5.3 Standards for Operations

The NCBA approach on standards for design, monitoring, evaluating, and revising field projects is based on the requirements of the specific projects. Each project is seen as sufficiently different that a tailored program is required. The background of the Core Grant staff members, therefore, is utilized and their experience in project development and implementation is generally relevant. No specific NCBA operations standards have been stated. Project design, for example, is a collaborative effort and is ordinarily accomplished with the close coordination of AID mission personnel.

Monitoring of field projects is basically conducted on the "squeaking wheel system." That is, projects are not fixed unless something indicates that they are not running right. The formal evaluations conducted on some projects have, according to some NCBA staff, identified project operating issues that were known to field staff and had been previously communicated to NCBA headquarters. Some issues and constraints identified by the evaluations were known to the NCBA headquarters staff through their contacts with the projects.

While there were no indications that field projects suffered from the lack of operations standards, MetaMetrics recommends that NCBA consider instituting guidelines for design, monitoring, evaluation, and project revision. An evaluation strategy can be used as the foundation for developing guidelines and some operations standards. At a minimum, MetaMetrics recommends that NCBA collect and maintain information on core service function outputs. The exercise of requesting data of NCBA to determine activity outputs for this evaluation indicated that such information was not being collected and maintained in a systematic fashion. Such data can be used as benchmarks and for the establishing of activity standards. For example, the 51 field site visits conducted in 1985 contribute a benchmark. A target (standard) could be set, for example, for a 10% increase per year.

#### 3.5.4 Relationship Between Washington and Field Offices

Interviews with personnel involved in the India and Indonesia projects indicated that excellent support was provided by the International Division staff. Some of the support was provided by personnel funded under the Core Grant.

The traditional dichotomy of head office and field office is not strongly evident at NCBA. That is, there appears to be no serious friction between the field and Washington.

#### 3.5.5 Staff Effectiveness and NCBA Strategy

The NCBA International Development Division staff supported by the Core Grant demonstrated a dedication and commitment to achieving the objectives of the grant. The overall financial health of NCBA, expanding project base, and core service function outputs (e.g. project design) reflect this dedication. In addition, core staff were responsive to AID requests to de-emphasize project backstopping and charge projects directly for such activities. The NCBA strategy for the 1980's reflects the AID emphasis on private sector initiatives through establishment of CBI, project focus on involving private individuals through non-government cooperatives and organizations, and conscious attention to the appropriate role and structure for host country government involvement.

## SECTION 4

### FINANCIAL ANALYSIS, REQUIREMENTS, AND FUTURE PLANS

Three major areas are addressed in this section. The first is an analysis of the sources of NCBA revenues, categories of expenditures, and the relationship of revenues to the Core Grant. The International Development Division contract base is analyzed and funding alternatives are examined. Finally, market and funding alternatives are presented, with relative market entry risks, to reveal organizational strategies which could be used to replace all or part of the Core Grant.

#### 4.1 FUNDING SOURCES

During the period 1978 through 1985 NCBA has been in a high growth mode. Revenues increased from \$1.7 million in 1978 to \$7.2 million in 1985.<sup>1</sup> This growth has been accompanied by an NCBA focus on future plans for international development. In 1984 a target of \$6.5 million in revenues from international grants and contracts was set for 1986. In 1985 international revenues were \$5.7 million and the target for 1986 will be exceeded with contracts and grants currently awarded to NCBA.

Figure 4-1 shows the comparative revenue streams for Fiscal Years 1983, 1984, and 1985 by revenue source. On this chart, unrestricted funds are those revenues from cooperative membership fees. These are designated unrestricted because no policy restrictions exist limiting the type of expenditures. This area constituted approximately 20% of the total revenue base.

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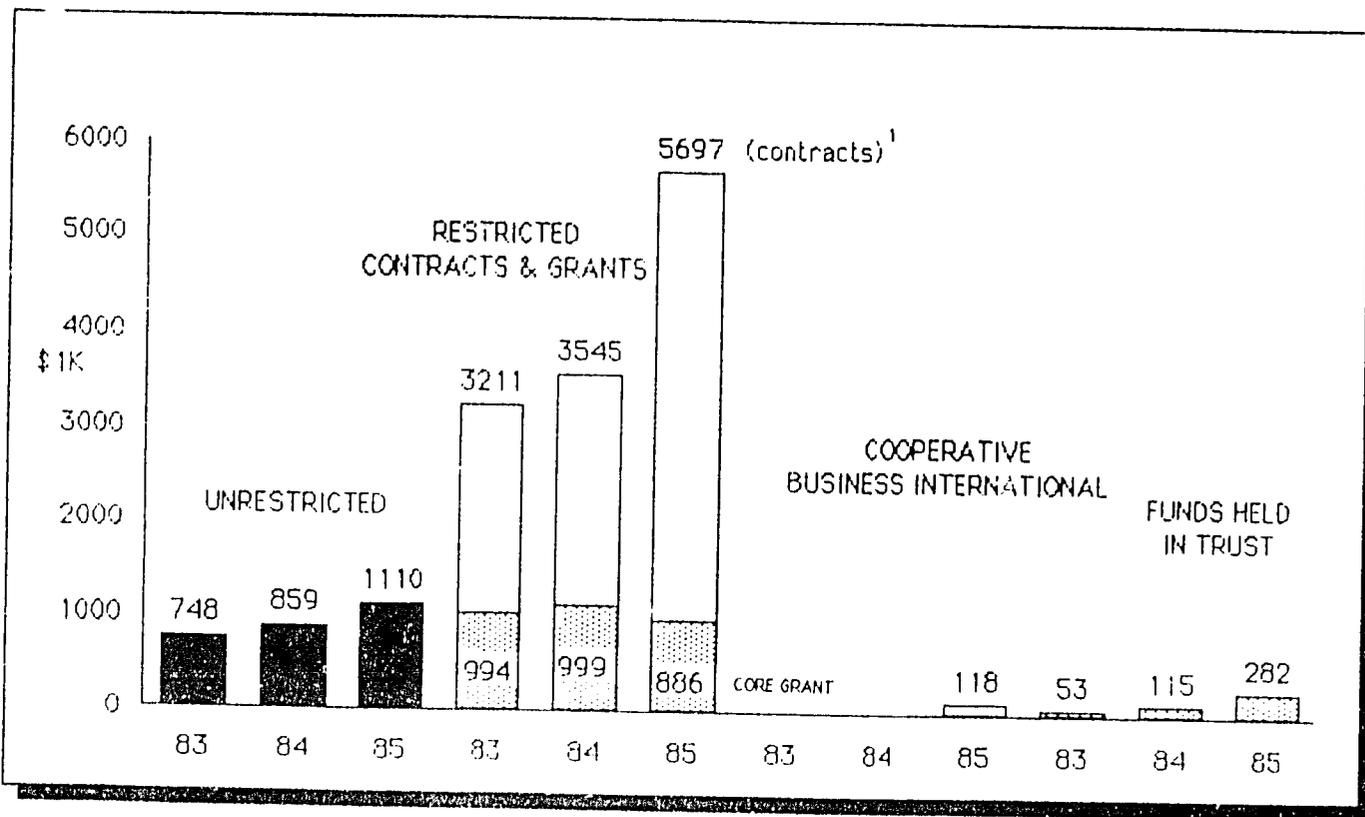
<sup>1</sup> All financial data is for the NCBA Fiscal Year, which is identical to the calendar year.

The restricted contracts and grants categories consisted

The restricted contracts and grants categories consisted almost exclusively of AID mission contracts and the core grants. This has been the primary growth area for NCBA over the past five years, constituting 80% of NCBA's income. Cooperative Business International (CBI), also funded by AID, did not exist until 1985. Therefore revenues are only shown for FY-85 in the amount of \$118,000. Remaining revenues consisted of a trust fund which increased from \$53,000 to \$282,000 during the 1983-1985 time period.

Figure 4-1

Revenue by Category



<sup>1</sup> Includes grants and cooperative agreements.

Table 4-1 shows the size of revenue from the membership, which is one of the components of other NCBA revenue. Size of membership and membership revenues have increased in recent years. The average dues paid by members has declined. Contracts and Grants more than doubled from 1983 to 1985. Membership revenues increased by 50%.

**Table 4-1**  
**NCBA Membership Revenues**

	<u>Revenues</u>	<u>Average Dues</u>	<u>Members Paid Up</u>
1982	\$385,000	\$3,600	108
1983	485,000	2,500	195
1984	539,000	2,500	218
1985	577,000	2,200	266

Table 4-2 shows NCBA revenue sources by percentage from 1982 to 1985, Contracts and Grants, as a percentage of total revenue, has stabilized. Membership dues has declined slightly as a percentage of total revenues.

**Table 4-2**  
**Distribution of**  
**NCBA Revenues**  
**(Percentages)**

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Contracts and Grants	80.2	80.0	78.4	79.0
Membership Dues	10.5	12.1	11.9	8.0
Contribution, Fees, and Reimbursements	6.2	4.6	8.6	8.5
Registration Fees	1.7	1.4	.4	.8
Other Income - Net	<u>1.4</u>	<u>1.9</u>	<u>.6</u>	<u>3.6</u>
Total	100.0	100.0	100.0	100.0

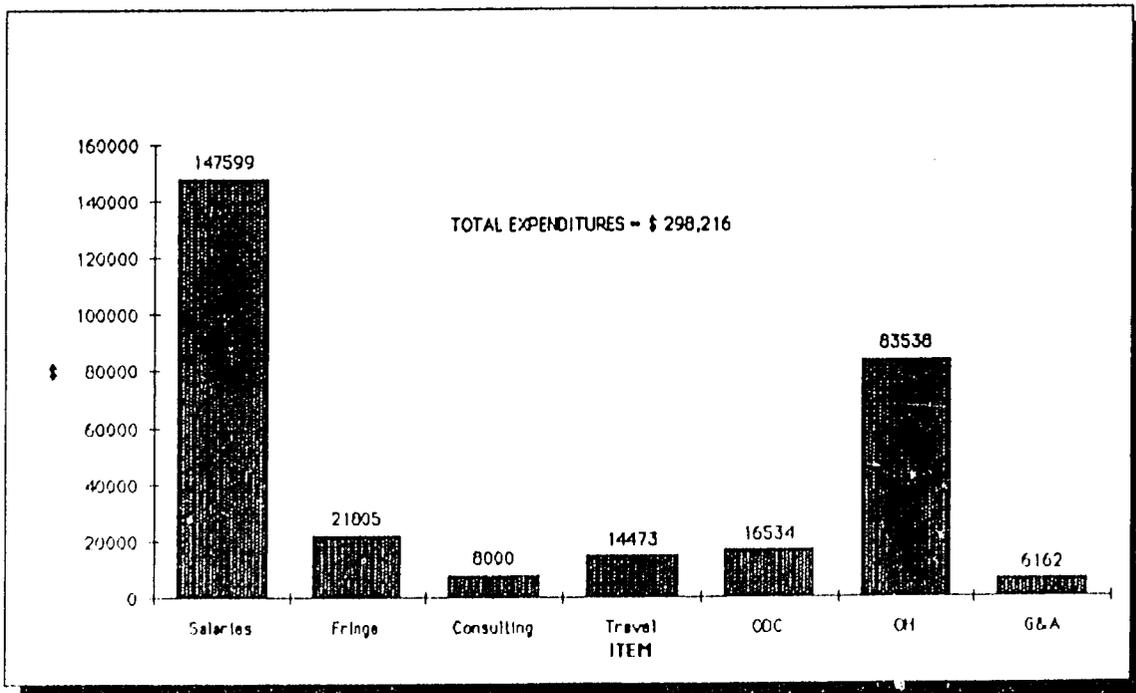
#### 4.2 CORE GRANT EXPENDITURES

As can be seen from Figure 4-2 (Support Grant Expenditures), NCBA has expended \$298,216 during the first five months of the calendar year. This is an expenditure rate average of \$59,643 per month or \$715,718 on an annualized basis for 1986. Salaries and related overhead expenses constitute 77% of total Core Grant expenditures. Consulting Services and G&A for the Core Grant during the first five months of 1986 were a relatively small portion of total expenditures. Figure 4-3 presents this same

data as a pie chart and by percentage distribution. Travel expenses at 5% of the total contracts were perceived by the evaluation team as low given that one of the primary grant purposes is international project development. Much of the foreign travel is shared under mission contracts. The only portion charged to the Core Grant is the amount required for additional travel to identify projects and develop projects. An industry "rule of thumb" for ODC expenditures on service contracts is to not exceed 10% of total contract revenue. NCBA's ODC expenditures are well below that average at 6%, as presented in the pie chart.

Figure 4-2

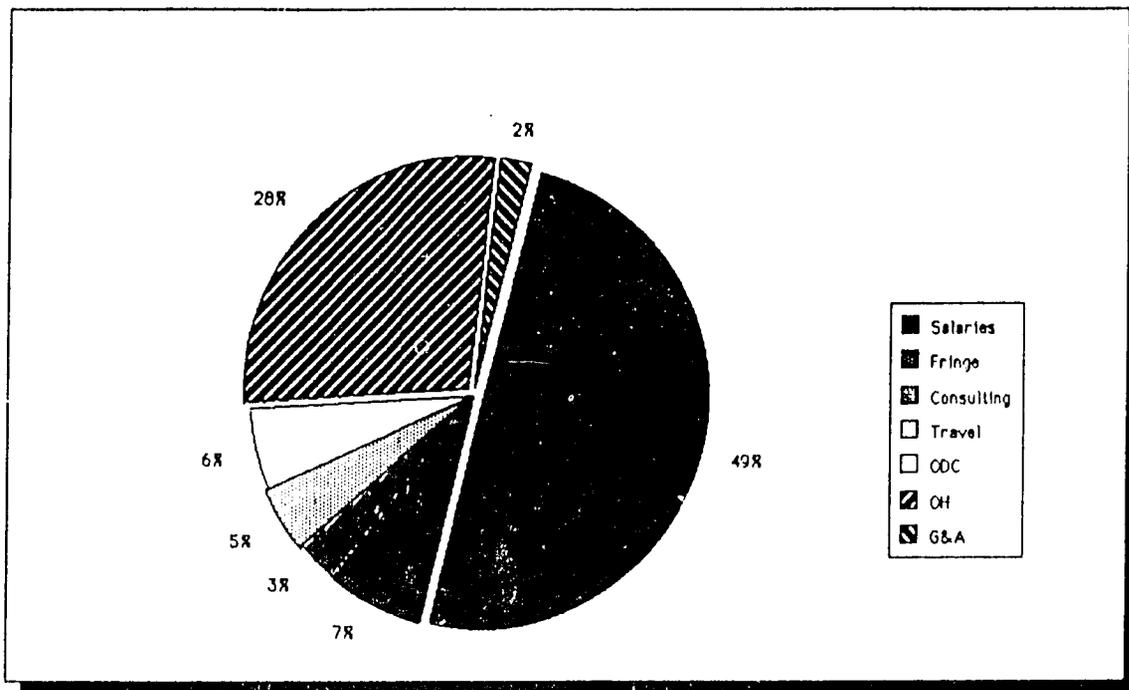
Support Grant \$ Expenditures  
January - May 1986



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Figure 4-3

Distribution of  
Support Grant \$ Expenditures  
January - May 1986



### 4.3 FINANCIAL ANALYSIS

Revenue per employee is currently \$102,000 per employee (\$7.2 million/70 employees). This number is a rough measurement of the productivity health in an organization. When compared with similar service-based firms this number is high, which generally reflects a highly productive staff. Productivity for employee-based service industries in the \$80,000 per employee range is considered good. NCBA has substantially exceeded that.

During the period from 1978 to 1985, NCBA Contract and Support Grant revenues went from \$1.3 million to \$5.7 million. From 1966-1979 the Average Annual Growth Rate was 1.2%. From 1980 to 1985 the Average Annual Growth Rate accelerated to 45%.

Table 4-3 shows both total contract and grant volume from 1966-1985 in dollars and as a percentage of total revenue. Total Contract and Grant revenue as an average percentage of Total Revenue is 80% over the period 1978 to 1985. There has been little variance from this average percentage during the last seven year period. NCBA is clearly an organization based on contracts and grants from AID. Without AID business, NCBA would be a \$1.5 million cooperative association, a size considered to be small by national association standards. NCBA is more of an international business cooperative development association than a domestic association of cooperative organizations.

Table 4-3

Revenue by Major Source

<u>Year</u>	<u>Total Revenue</u>	<u>Membership Dues</u>	<u>Total Contract &amp; Grant Volume</u>	<u>Percent of Total Revenue</u>	<u>Core Grant</u>	<u>Percent of Total Contract Volume</u>
1985	\$7,208,307	\$576,708	\$5,697,085	79.0	\$886,498	15.6
1984	4,519,314	539,313	3,545,048	78.4	999,063	28.2
1983	4,012,373	484,964	3,211,095	80.0	933,844	29.1
1982	3,679,618	385,389	2,952,315	80.2	566,583	19.2
1981	2,829,773	291,006	2,363,344	83.5	666,030	28.2
1979 <sup>1</sup>	2,219,622	242,738	1,835,318	82.7	613,631	33.4
1978	1,665,578	226,213	1,294,617	77.7	645,751	49.9
1976 <sup>2</sup>	1,429,760	270,109	824,941	57.7	331,451	40.2
1975	1,122,474	265,004	646,791	57.6	325,919	50.3
1974	849,790	262,042	568,109	66.9	271,192	47.7
1973	915,741	263,390	664,362	70.4	274,398	42.6
1972	1,101,349	262,316	768,402	69.8	335,422	42.7
1971	996,359	267,941	731,429	73.4	317,719	43.4
1970	993,604	268,464	734,331	73.9	367,953	50.1
1968 <sup>3</sup>	952,919	255,337	555,006	58.2	421,575	76.0
1967	1,340,936	232,997	946,606	70.6	562,431	59.4
1966	<u>1,918,047</u>	<u>235,589</u>	<u>1,558,624</u>	81.3	<u>175,069</u>	11.2
Total	\$37,755,564	\$5,329,520	\$28,897,423		\$8,694,529	

Notes:

- 1 1980 audit report not available
- 2 1977 " " " "
- 3 1969 " " " "

A major activity under the Core Grant is the development of new projects with AID missions. One measure of how effectively the grant money is being used for this objective is percentage of grant revenue to Total Contract Volume over time. From 1981 to 1985 the average percentage was 24%; during 1985 the percentage dropped to 15.6%. From data available from the previous twelve years, the average was 45.6%. In essence, during the past five years, NCBA has used the core grant very effectively to develop new projects and expand the use of cooperatives in developing countries.

Figure 4-4 displays the contracts (including project grants and cooperative agreements) as a percentage of total revenue and the core grant as a percentage of total contract volume taken from Table 4-3. The shift from 1978-1985 was dramatic, as shown. Based on NCBA projections for 1986 within committed contract volume of over \$6.0 million and a modest decrease in the Core Grant, a favorable Core Grant to contract ratio will continue.

Figure 4-4

Core Grant/Volume to Total Revenue  
1966 - 1985

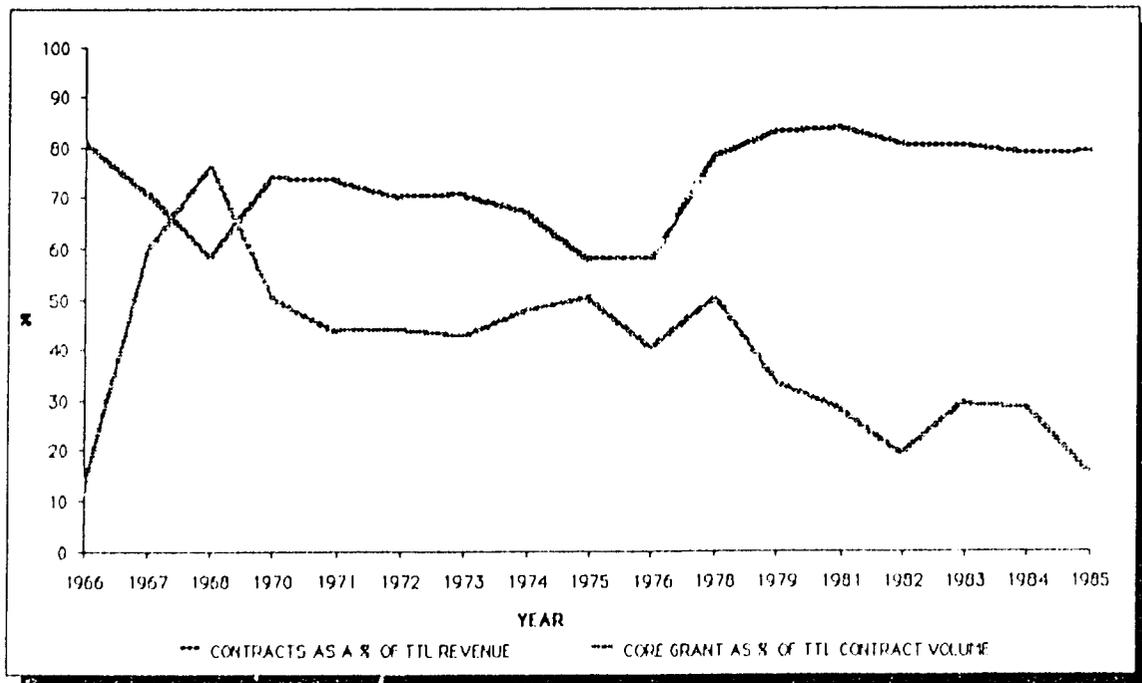
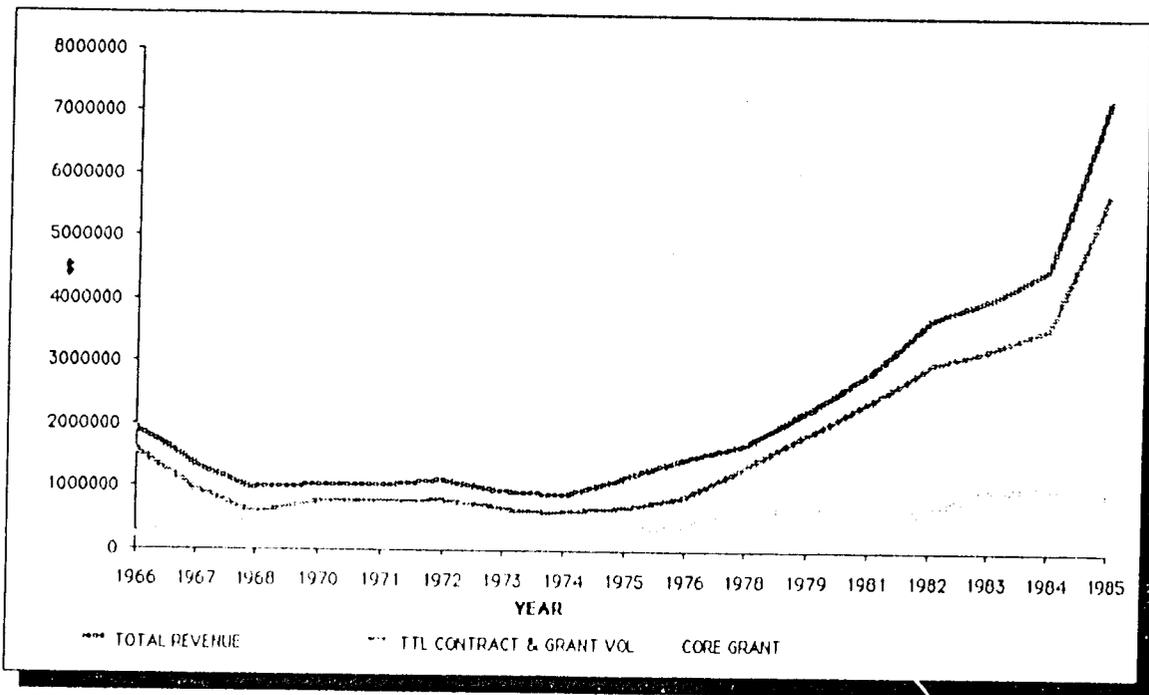


Figure 4-5 shows the NCBA Total Revenue, Contract Volume, and Core Grant dollar amounts by years. Significant in this chart on the ratio of contract work and other revenue sources is the difference between Total Revenue and Total Contract and Grant Revenue.

Figure 4-5

Contract/Volume to Total Revenue  
1966 - 1985



NCBA currently has a substantial high growth in AID mission and AID/W business base and has traditionally demonstrated little income potential from other revenue streams. Assuming the Core Grant were eliminated or reduced drastically, the major effect would be on NCBA's ability to generate new business.

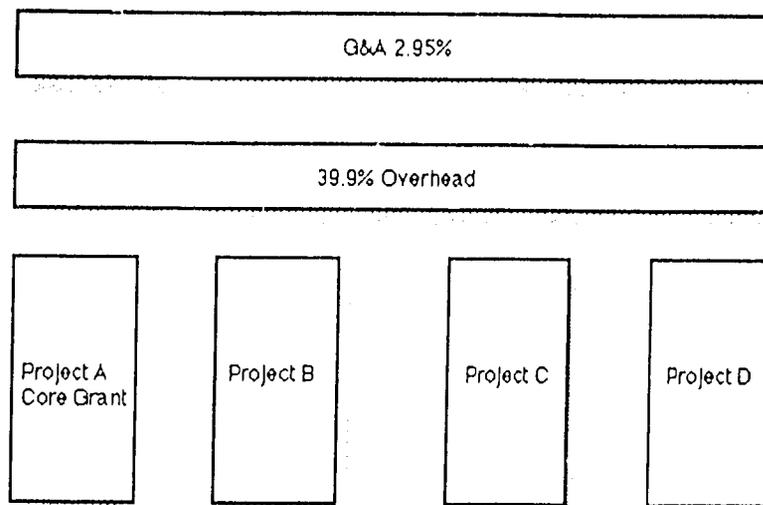
6.4

#### 4.4 ALLOCATION OF COSTS

In terms of costing, the Core Grant is treated in the same way as all ongoing NCBA projects for AID. Combined indirect costs of 42.94% are charged to cover Overhead and General and Administrative functions. An overhead rate of 39.99% is charged on all direct costs except equipment, overseas procurements, subcontracts of over \$25,000, and in-country training. A General and Administrative rate of 2.95% is charged on all direct costs. Figure 4-6 below shows this relationship.

Figure 4-6

#### Current Cost Structure



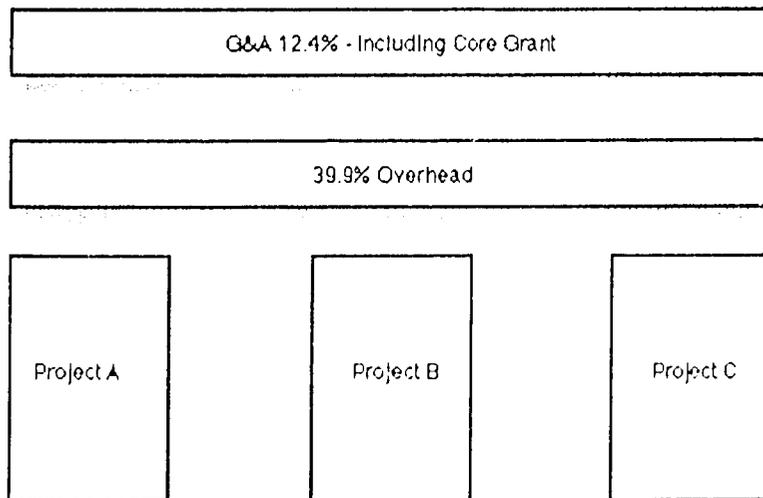
The major expenditures of the Core Grant are for development of new projects for the AID missions, quality control or "back-stopping" of field projects, training, and consulting with foreign visitors interested in establishing co-operatives. Of these functions, Core Grant resources are primarily dedicated to the development of new business. Development of new business is generally classified as marketing and proposals preparation,

which are overhead functions in other conventional contracting organizations. In such organizations, the functions of the Core Grant would be classified as indirect costs. In lieu of the Core Grant, the 42.94% Overhead and G&A could be increased accordingly and charged against other contracts and grants.

Figure 4-7 shows an alternative to this method of accounting for projects. The Core Grant amount is included as part of the G&A since it supports development and is not an actual project. The G&A was increased from 2.95% to 12.4%, which would cover the Core Grant if it were charged directly to projects. One alternative is for the Core Grant to be an overhead/G&A supplement and have indirect rates increase over time as the Core Grant is reduced. The G&A figure of 12.4% was calculated using the Mobley Matrix, an analysis tool (see Appendix B, Evaluation Methodology). The assumptions are based on \$8.5 million in total revenue.

**Figure 4-7**

**Cost Structure with  
Core Grant as Indirect Cost**



#### 4.5 NCBA CURRENT INTERNATIONAL CONTRACT BASE AND PROJECTED BUSINESS VOLUME

The core grant amount to NCBA is being decreased over time as per agreement with the AID Bureau for Private Enterprise (PRE). Over three years the dollar level of the grant will decrease each year by 5%, 8%, and 12% of the grant amount for the year 1985.

NCBA has been receiving funding from AID for core service functions since 1963. Currently awarded projects of NCBA are presented in Figure 4-8, which shows the time line for each project together with the cumulative business volume.

Figure 4-8  
Current AID-Funded NCBA Projects

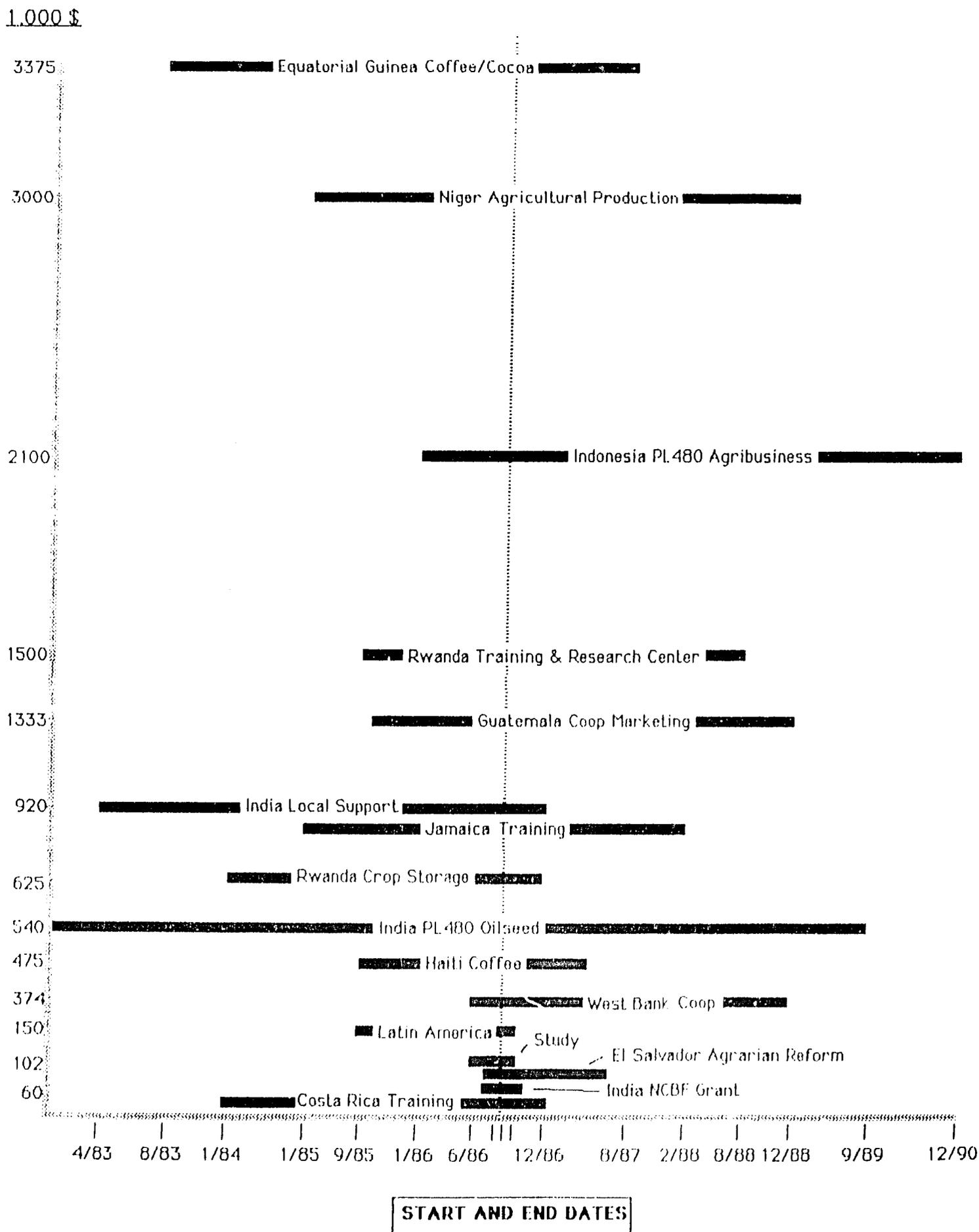
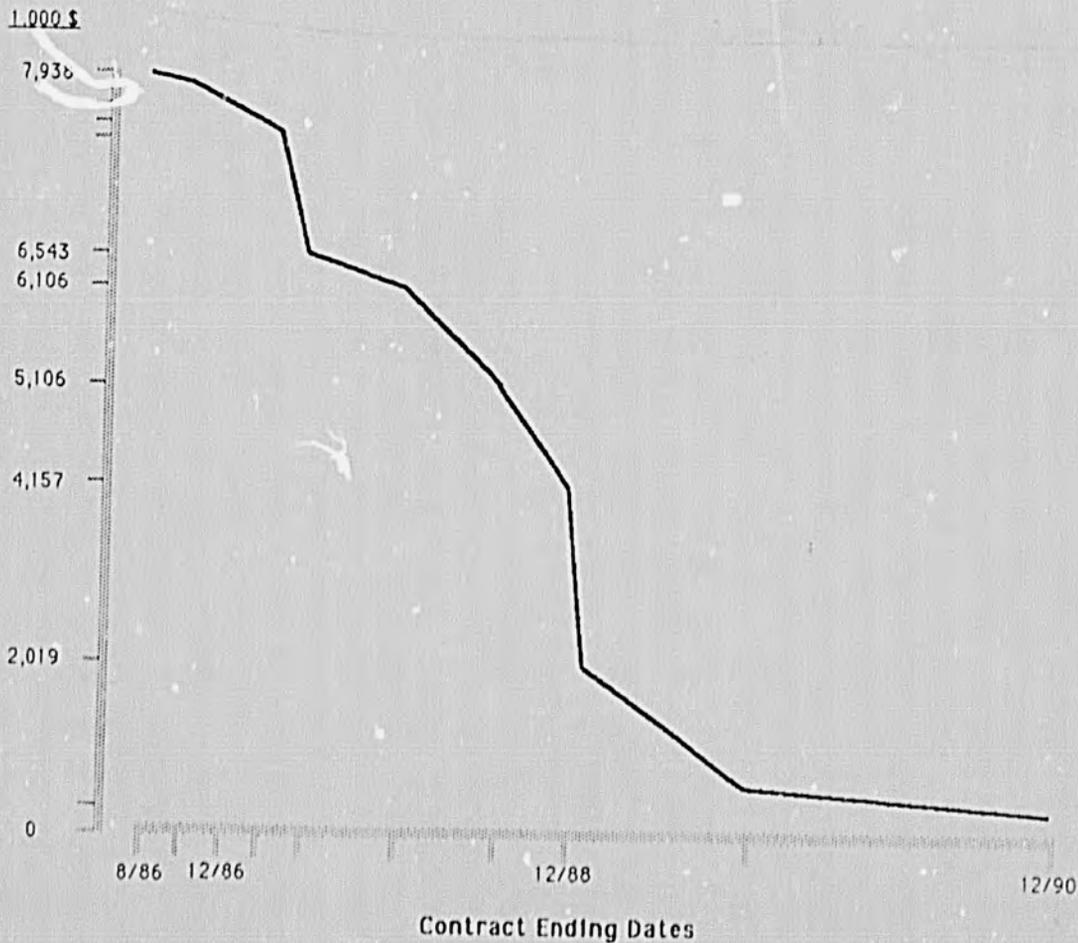


Figure 4-9 depicts NCBA's contract balance by dollar volume and year. This is referred to as a "going out of business curve" which shows how long an entity can survive, if no new business is generated. If, due to lack of core grant funding, NCBA were unable to generate new business in approximately eighteen months (by 1988), NCBA would essentially be out of the international development business in 1989 unless other major replacement revenue streams were developed. In essence, the most important purpose of the core grant monies is to sustain and increase the missions contract base; e.g. spread the use of cooperative technologies in developing countries.

Figure 4-9

NCBA Contract Balance through Time  
(Current AID-Funded Projects)

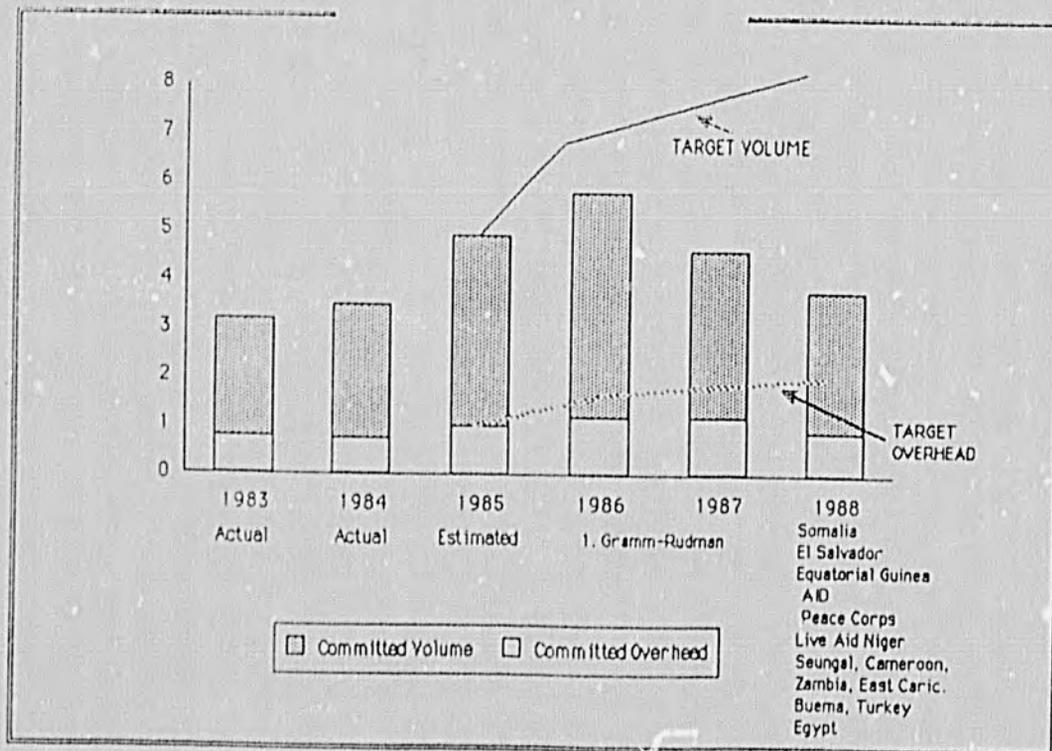


69

Presented in Figure 4-10 are the NCBA international projections of 1984. As business volume decreases, NCBA estimated a requirement of an additional \$1 million in new revenue in 1987 and nearly \$2 million by 1988 to sustain the 1985 level of activity. The current target volume was \$8 million in contracts by 1988. This means \$2.5 million in new revenue by 1987, and \$3 million in new work by 1988 to meet this projected growth. Overhead is projected to increase to \$2 million on the projected gross revenue by that time, or 20% of total revenue which is lower than current percentage of overhead load. However, cutting the core grant funded activities and not having a replacement for the Overhead/G&A revenue stream could curtail NCBA's ability to generate new business.

Figure 4-10

NCBA Actual and Estimated  
International Division Volume and Overhead  
1983 - 1988



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#### 4.6 SUSTAINABILITY

AID guidelines on cross-cutting issues to be addressed by evaluations include sustainability. Project designs are ordinarily assumed to assure that projects will function effectively when donor support ends. Of the seven questions provided by the guideline, the following are appropriate for the core grant evaluation:

- o What project benefits (or outputs) are (or were) to be sustained after donor funding ends?

The major project benefits or outputs to be sustained, should the AID Core Grant be terminated or substantially decreased, are project identification, project design, and proposal preparation. These outputs are used by AID missions and host country cooperatives.

- o What host country constituencies will benefit from project/programme success? How and to what extent has a constituency been built through project implementation? (Active beneficiary participation often helps to ensure the relevance and sustainability of development projects.)

In each country in which cooperative projects are implemented, there is a constituency which can assure continuity of the program. The development of new projects in other host countries, an objective of the core grant, has no ready constituency. Some initiative on the part of AID missions and NCBA is required in each country case.

- o Do projected benefits justify the continued investment of resources in the light of alternative opportunity cost and constraints?

The AID experience with NCBA in terms of project development would indicate that the projected benefits from core grant activities justify continued AID investment. At issue, however, is the form and extent of specific Core Grant support.

#### 4.7 CORE GRANT ALTERNATIVES

Three grant reduction alternatives are presented. These show a range of possibilities that address several areas and are presented for review and discussion purposes.

##### 4.7.1 Formula Based on Previous Years

A negotiated formula could be used in which a fixed percentage of the contract level for the previous three years determined the core grant for the upcoming year. Hence the total contract revenue in thousands of dollars less the core grant would be:

	<u>1983</u> (\$000)	<u>1984</u> (\$000)	<u>1985</u> (\$000)
Contract Level	\$3,211	\$3,545	\$5,697
Core Grant	934	993	886
Total	<u>\$2,227</u>	<u>\$2,546</u>	<u>\$4,811</u>

The core grant for 1986, for example, would be calculated as follows:

<u>Average Contract Amount (\$000)</u>		<u>Alternative Rates</u>		<u>Subsequent Core Grant (\$000)</u>
\$3,211	x	20%	=	\$642
\$3,211	x	25%	=	\$802

The primary advantage of this method is that if contract funding in any one year drops off significantly, the core grant reduction would not significantly impair NCBA ability to generate new field projects. It would also maintain the "special relationship" existing between NCBA and AID. Should NCBA be unable to obtain project work over several years, due to funding cut-backs or ineffective project work, the core grant would be reduced accordingly. The Core Grant basis showing the effect if there is a major reduction in contract funding in a single year would be as follows:

Total Contract Revenue less Core Grant  
Assuming 40% Reduction in Contract Base for FY 1985

	<u>1983</u> (\$000)	<u>1984</u> (\$000)	<u>1985</u> (\$000)
Contract Level	\$3,211	\$3,545	\$2,887
Core Grant	934	999	886
Total	<u>\$2,227</u>	<u>\$2,546</u>	<u>\$2,001</u>

<u>Average Contract Amount (\$000)</u>		<u>Alternative Rates</u>		<u>Subsequent Core Grant (\$000)</u>
\$2,275	x	20%	=	\$455
\$2,275	x	25%	=	\$569

#### 4.7.2 Assigning Core Grant to Indirect Costs

A second alternative is for NCBA to increase the total indirect costs. An estimated increase to 12.4% for G&A or an equivalent increase to overhead is based on the current contract volume and would generate funds sufficient to replace the current Core Grant. The increase would be passed directly to other AID missions and AID/W projects. A sample calculation case on \$1 million in sales showing this alternative follows:

Increase Total Indirect Cost to 12.4%

	<u>Proposed Alternative (\$000)</u>	<u>Current Method (\$000)</u>
Direct Project Costs	\$1,000	\$1,000
Overhead	399	399
G&A	124 (12.4%)	30 (2.95%)
Cost to Projects	<u>\$1,523</u>	<u>\$1,429</u>
Difference per \$1,000 Direct Project Costs	<u>\$1,523</u>	<u>+ 90</u> <u>\$1,523</u>

The direct impact to the missions would be \$90,000 in additional cost per \$1,000,000 in contract expenditures. It should be noted that a 12.4% G&A charge is within industry rates of 10-16%. Conversely, if the difference of current to proposed G&A (9.45%) is added to the overhead it would be 49.35%. This is still very competitive with commercial contracting service firms operating with 80-110% overhead rates.

#### 4.7.3 Indefinite Quantity Contract

The third alternative would be to replace the support grant with an indefinite quantity contract (IQC) at an estimated \$700,000 per year for defined activities (project identification, project design, training). All work orders would be requested and funded by missions.

NCBA has previously had IQCs. A drawback of an IQC, according to AID contracts personnel, is the processing effort and time required for relatively small work orders. Serious delays can occur and affect the timing of project identification and funding. In essence, using this method could be financially disruptive to NCBA in handling a number of simultaneous, small, short-term task assignments. It would also require an increase in AID personnel time to monitor the task assignments.

### 4.8 ALTERNATIVE FUNDING SOURCES AND FINDINGS

Three basic alternatives for funding to replace the Core Grant are presented. Composite information derived from our interviews show the relative commitments and possibilities for each alternative.

#### 4.8.1 Fundraising

Fundraising is generally perceived as a "good idea" within NCBA and AID. However, NCBA is reluctant to make the necessary investment, given that there is little expectation of an appropriate return. NCBA member cooperatives are structured to return excess operating revenues to their membership. There is little interest among these cooperative memberships to give to foreign projects which may have little impact or direct value to their own individual members.

It may be possible to have some limited fundraising for directly identified project centered work. This alternative is perceived as viable for generating contributions for specific projects in the \$50,000-\$100,000 range.

#### 4.8.2 Other International Development Agencies

Performing contract work for organizations active in developing countries is another alternative. This includes organizations such as:

- o World Bank
- o International Monetary Fund
- o Inter-American Development Bank
- o African Development Bank
- o United Nations Agencies
- o CARE & Other PVOs
- o Asian Development Bank

NCBA has had some success in developing business in this area with two small contracts; one with CARE and one with the World Bank. NCBA personnel have marketed to these organizations and perceive the market as hard to enter.

NCBA has no competitive advantage over other national cooperative organizations, such as those in Sweden. The development of work for development organizations other than AID would require a high initial investment in terms of qualified and experienced personnel. One to two years of sustained project development work would be required to produce results. It usually takes three to six months to develop business opportunities, three to six months for proposal submittal and award, and another 30-90 days before the first cash income is received.

Funds for developing the new international business base beyond AID could not come out of currently committed indirect cost funds if NCBA estimates prove realistic. Resources for such marketing could be generated by increasing revenues from the membership, increasing the burden rate on existing contracts and grants over what has been presented, or a reduction in planned indirect costs and a reallocation of those funds for marketing.

### 4.8.3 New Services and Productivity

The interviews consistently revealed that training is considered an important activity for NCBA. The selling of products and standard services such as training is another funding alternative.

One of the key functions of the Core Grant is to facilitate informal coaching with host country nationals, with the intent of increasing cooperative business development. Delegations have visited NCBA and met with one or more NCBA staff to explore how cooperatives can be of use in their situations. While this function can have an impact in fostering cooperative development, it is an unlikely area for a major NCBA revenue stream since charges for this service would be generally inappropriate.

NCBA is conducting relatively few formal training workshops, with only one to four workshops presented annually. Annual training income has been in the \$50,000 to \$100,000 range. While the current costs are high and the technology is still not fully developed, training courses using interactive video technology may be a possibility over the next several years; again a high front end investment would be required.

Another possibility in the product service area is publishing. While NCBA does have some published materials it is basically a technical assistance organization and is not geared to producing and selling products. Publications may, however, offer a viable opportunity. Employing a "desk top publishing" approach, publishing on a limited basis could be used to generate texts and workbooks and enhance NCBA international exposure. Publishing in this manner would not necessarily be expensive and could produce high margins. While NCBA would be operating in a limited and specialized market and total revenue may be modest, the excess revenue above "cost of goods sold" could be generated.

## 4.9 FINDINGS AND RECOMMENDATIONS

NCBA is currently operating at \$7.2 million up from \$1.7 million just seven years ago. NCBA's revenue generated per employee at \$102,000 per employee generally reflects a highly productive staff compared to the average in employee based service industries.

The financial data from 1978-1985 shows a major decrease in the core grant percentage of total contract revenue. The NCBA management controls the financials and uses planning tools well in controlling and implementing growth. This is demonstrated by their planning documents and management reports.

Currently AID related contract and grant revenues constitute 80% of the NCBA business base. Without the AID contract base NCBA would be a \$1.5 million cooperative, a size considered small by national association standards.

If the core grant revenue stream decreases and is not replaced, NCBA would be unable to generate new business and would essentially be out of the international development business by 1989. Essentially, three ways exist to generate revenue to supplement the core grant:

- o Pass through increased burden rate costs to missions on contracts,
- o Alter the method under which the core grant is formulated,
- o Expand NCBA into new markets.

One way to reduce NCBA core grant dependency is to increase the indirect burden rate on mission work. A G&A increase from 2.95% to 12.4% on \$8.5 million in revenues would generate income sufficient to replace the core grant.

By altering the method of grant award a formula could be used which is a fixed percentage of the contract level. As the contract base increased so would the core grant. Should NCBA be unable to generate new mission contracts the core grant would be reduced accordingly.

Figure 4-11 graphically depicts the relative risk of expanding into new markets. NCBA would clearly have low relative risks in continuing to develop AID funded projects. The staff experience and organizational history are consistent with the placing of resources in this area.

Figure 4-11

Relative Risk of  
Developing Funding Sources

<p>CURRENT CUSTOMER BASE CURRENT TECHNOLOGY</p> <ul style="list-style-type: none"> <li>• Core Grant</li> <li>• AID Mission</li> <li>• Coop with Coop</li> <li>• PL 480 - Section 108</li> <li>• Coaching - Informal Training</li> </ul> <p>LOW RISK</p>	<p>NEW CUSTOMER BASE CURRENT TECHNOLOGY</p> <ul style="list-style-type: none"> <li>• Other International Agencies</li> <li>• Training Programs</li> <li>• PL 480</li> <li>• AID Mission Contracts</li> </ul> <p>MODERATE TO HIGH RISK</p>
<p>CURRENT TECHNOLOGY BASE NEW TECHNOLOGY</p> <ul style="list-style-type: none"> <li>• Fundraising</li> </ul> <p>MODERATE TO HIGH RISK</p>	<p>NEW CUSTOMER BASE NEW TECHNOLOGY</p> <ul style="list-style-type: none"> <li>• Products and Services</li> <li>- Publications</li> <li>- Formal &amp; Packaged Training Programs</li> </ul> <p>HIGH RISK</p>

Moderate to high risk is evident in the development of new customers using current NCBA technology and the development of the current customer base using a new technology. The high risk area for NCBA would be to develop a new customer base with a new, to be developed, technology.

The figure shows a shade curve with arrows pointing outward. This represents the market/technology edge which NCBA needs to develop. The lowest risk alternative should be thoroughly developed; e.g. initiating more cooperative to cooperative projects and generating new contract revenue through PL 480 and Section 108 funds.

Some portion of time and resources should be spent in developing contracts with new AID missions, and possibly adding an additional high level staff member capable of this task, and of determining "what it would take" to develop contracts with other international development agencies.

Publications are perceived as a high risk area. The market is limited and publication capabilities would have to be developed. One possibility is to expand the government, public, and membership relations division to include international publications.

## SECTION 5

### REVIEW OF NCBA PROJECT EVALUATIONS

MetaMetrics reviewed the evaluation reports for seven NCBA overseas projects. The evaluations were conducted by individuals and teams made up of project staff, NCBA personnel, AID staff, and third party evaluators. Two evaluations were conducted by project staff alone, and two were conducted in conjunction with third party evaluation consultants. The composition of evaluation teams depended, to a large extent, on the judgement of the AID Mission, as evaluations by third party consultants can require additional funding, to be paid by either NCBA or the AID Mission. The evaluations are listed below (the bibliography is presented in Section 5.6).

- o Equatorial Guinea: Equatorial Guinea Cooperative Development Project: Mid-term Evaluation, 1985, Hal Frantz and Bob Freitas, Project Staff, and Don Kennedy and Bill Schillinger, AID Staff.
- o The Gambia: The Gambia's Cooperative Education Multi-Media Campaign: Final Report, 1984, Martha Cashman, Project Staff.
- o Haiti: Evaluation, COOPEP/CLUSA Haiti Poultry Project, 1984, n.n., Project Staff and NCBA Personnel.
- o India: Management Assessment of the Oilseed Growers Cooperative Project (OGCP): Final Report, 1985, Norman Smallwood and Ron Hankins, Evaluation Consultants.
- o Latin American Region: Cooperative Insurance Assistance Project Evaluation Report, 1984, Larry Collins, Project Staff, and Paul Prentice, Evaluation Consultant.
- o Rwanda: Update of 1983 Evaluation of the Local Crop Storage Project, 1984, W.E. Garvey and Jim Alrutz, NCBA Personnel.
- o Rwanda: Rwanda Cooperative Training and Research Center, 1984, W.E. Garvey, Jim Alrutz, and Lyle Brennehan, NCBA Personnel, and Dianne Blane, AID Staff.

There is in addition to the October 1985 India Oilseed Project report, a report on the project dated June 1983. The 1985 report was concise and omitted much relevant information that was contained in the 1983 report, such as project setting, cost, impact, and other information, as is shown in the review of evaluation content in Section 5.1. The 1985 report, however, being the Final Report, was used in this review.

Preliminary analysis has been performed on information derived from the evaluations in order to indicate areas which may be appropriate for review by NCBA and AID personnel. The analysis has taken into account only information which was presented in the evaluations, and is not intended to be exhaustive.

MetaMetrics reviewed the evaluations with respect to their relevance to the ten functions of the AID core service grant. The conduct of project evaluations is directly related to core service function #5. Insight into the administration of this and other core service functions can be gained by an analysis of the evaluation findings.

The evaluation findings for each project have been organized into three categories:

- o Achievements (Areas Mastered): Project components, project activities, or other project-related areas which were working effectively and which supported other project activities and achievement of goals.
- o Opportunities (Conditions): Circumstances, or project outputs which had not yet been accomplished, which were seen as being areas in which the project could and should focus attention.
- o Constraints: Circumstances which were obstacles to the accomplishment of project goals, and which were seen as being beyond the influence of project personnel.

A profile of each project, as summarized by these categories, is presented in Section 5.2.

The service functions of the NCBA core grant were examined in light of this summarized information. An overall summary is presented in Section 5.3 listing the specific types of achievements, opportunities, and constraints of the seven evaluated projects.

## 5.1 EVALUATION METHODOLOGIES

To the extent that project evaluations are summarizations of project activities or reveal only what was discovered through informal monitoring processes, the evaluations may be of little value in assessing core grant activities or identifying relevant lessons for cooperative development. The evaluation process should, ideally, provide more than a summary of events or a justification of project performance. Evaluation can be conducted to understand elements and phenomena in project design and implementation, reveal relationships and linkages among them, and explore the significance of these factors and activities to project effectiveness.

The quantitative measurement of relevant indicators, such as the achievement of project targets, the accomplishment of activities beyond stated project objectives, and measurement of project impact, is pertinent to project evaluation. Quantitative data can be used in conjunction with qualitative information in fulfilling the purpose of evaluation in providing insight and direction.

Project evaluation as a management and decision-making tool has become important for policy formulation, program development, and project implementation. The basic components and procedures of evaluation are defined in the literature and through actual practice. AID has pioneered the logical framework which assists in approaching an evaluation as a complete and coherent effort.

The following are components or sections which can be included in an evaluation report:

## Executive Summary

### Introduction

- o Evaluation Purpose
- o Programmatic Issues
- o Evaluation Methodology

### Project Description

- o Setting
- o Objectives
- o Activities
- o Organization
- o Staffing
- o Assumptions/Constraints
- o Costs

### Project Results

- o Outputs
- o Project Impact
- o Cost Effectiveness
- o Logical Framework Analysis

### Findings and Recommendations

The one major component addressed by all seven evaluations was Findings and Recommendations. Portions of the Introduction, Project Description, and Project Results that were included by all of the evaluations were Programmatic Issues, Objectives, Activities, Assumptions/Constraints, Activities, and Outputs. None of the evaluations addressed all of the above major categories. The list below presents the components and subheadings and the evaluations which addressed them. Table 5-1 presents this information in matrix form. The more comprehensive India Oilseed Project 1983 Report is included in this list in parentheses to distinguish it from the 1985 Final Report.

- o Executive Summary
  - Equatorial Guinea
  - Cooperative Insurance Assistance Project (CIAP)
- o Introduction
  - Evaluation Purpose
    - (India 1983 Report)
    - Rwanda Local Crop Storage (Rwanda LCS)
    - Rwanda Cooperative Training Center (Rwanda CTCR)

### Programmatic Issues

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

### Evaluation Methodology

- (India 1983 Report)
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda CTRC

## o Project Description

### Setting

- Gambia
- (India 1983 Report)
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

### Objectives

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

### Activities

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

### Organization

- Only as discussed under Activities

### Staffing

- none

#### Assumptions/Constraints

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

#### Costs

- (India 1983 Report)
- Rwanda LCS
- Rwanda CTRC

#### o Project Results

##### Outputs

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

##### Project Impact

- Haiti

##### Cost Effectiveness

- none

##### Logical Framework Analysis

- Equatorial Guinea

#### o Findings and Recommendations

- Gambia
- (India 1983 Report)
- India
- CIAP
- Equatorial Guinea
- Haiti
- Rwanda LCS
- Rwanda CTRC

Table 5-1

## Summary of Evaluation Reports Content

	Gambia	India (1983)	India	CIAP	Equat. Guinea	Haiti	Rwanda LCS	Rwanda CTRC
Executive Summary				o	o			
Introduction								
Eval. Purpose		o					o	o
Program Issues	o	o	o	o	o	o	o	o
Methodology		o		o	o	o		o
Project Description								
Setting	o	o		o	o	o	o	o
Objectives	o	o	o	o	o	o	o	o
Activities	o	o	o	o	o	o	o	o
Organization								
Staffing								
Assump./Constraints	o	o	o	o	o	o	o	o
Costs		o					o	o
Project Results								
Outputs	o	o	o	o	o	o	o	o
Impact						o		
Cost Effectiveness								
Log Frame					o			
Findings/Recommend.	o	o	o	o	o		o	o

While project outputs were discussed by the evaluations, there was little quantitative data or analysis of data presented in the reports. This lack makes it difficult to judge projects on the basis of their targets, milestones, and actual accomplishments. Some evaluations conveyed impressions of project success which may have masked an actual lack of success in achieving fundamental project objectives. On the other hand, the omission of quantitative information for a project which was achieving its objectives, such as the India Oilseed Project, could tend to understate project accomplishments.

The collection of quantitative evaluation data does entail costs. Depending on the area being reviewed, e.g. impact on women, data may have been difficult to obtain. In some cases, however, basic relevant quantitative data may have existed. The value for project management decision-making and overall project assessment may justify the costs of additional data collection.

## 5.2 FINDINGS OF THE EVALUATIONS

Findings of the evaluations are organized here into three categories: achievements, opportunities, and constraints. Findings are presented for each of the projects on the following pages. A summary of findings by category is presented in Section 5.3.

All of the evaluated projects were reported as being successful. Several projects apparently had not or had yet to achieve significant elements of the project objectives. The remaining projects had accomplished most or all of the project goals.

One observation that can be made on review of the project profiles is that the fewer the achievements, the greater the number of obstacles identified and vice versa. Those projects which were accomplishing most of their project objectives treated potential obstacles as opportunities or areas on which to focus attention, rather than as problems or constraints. These observations, while self-evident, indicate a relationship among these categories. Examining the extent to which these combinations reflect actual project conditions or the approach of the project team may be useful for understanding project dynamics.

Modest levels of accomplishment are not necessarily equivalent to unsuccessful project implementation. The Haiti Poultry Project, for instance, was behind schedule and experiencing moderate success. The project was, however, still engaged in the accomplishment of project objectives. The circumstances were being addressed in a fashion which indicated the likelihood of eventual project success.

## 5.2.1 The Gambia Cooperative Education Multi-Media Campaign

Final Report, 1984, Martha Cashman, Project Staff

**Achieved:** A recording studio was established and counterparts were trained in producing radio spots. Promotional materials (posters, flag, stickers, etc.) for use by cooperatives were developed.

**Not achieved:** Several components of the project had to be dropped. Various training manuals, member education materials, cooperative education film, and a cooperative education course for primary school were not produced. There was no campaign as such.

Achievements	Opportunities	Constraints
Many elements of the multi-media packages were produced by the consultant.	Improve communication among staff, allocate responsibility, monitor production progress.	Lack of counterpart commitment and unwillingness to take advice from advisor.
Enthusiasm and initiative were present at the local level.	Collaboration between NCBA Member Education Program and other organizations for production of materials.	Plan was not approved till late. Shipment of overseas goods took time.
	Training for materials development staff.	Local artists/entrepreneurs missed deadlines.
	Develop a resource center/library, with reference materials.	Civil servants on leave/holidays. Electricity and water cutoffs affected production.
		Radio & production equipment not fully or properly utilized.
		Local staff needed to be trained by advisor in non-media campaign matters.

## 5.2.2 Cooperative Insurance Assistance Project Evaluation

Latin American/Caribbean Region, 1984 Report, Larry Collins, Project Staff, and Paul Prentice, Evaluation Consultant

**Achieved:** Understanding of the role of cooperative insurance programs within the context of development in the LAC countries. These studies also contribute to bringing the cooperative insurance programs in LAC countries to a more solid and viable base.

**Not achieved:** Little direct technical assistance, which was to be given on a country-specific basis, was provided. Fewer technical seminars than planned were conducted. Specific country strategies for actions towards achievement of country goals for cooperative insurance programs were not developed from the assessments and feasibility studies.

Achievements	Opportunities	Constraints
Several feasibility studies and assessments were conducted.	Modest accomplishments within the scope of original project goals can be achieved with continued funding and a time frame of 5 rather than 2 years.	Other contractor activities during the initial phase of the project interfered with and delayed first year project activities.
Several multi-country seminars were conducted.	Subregional strategies should be defined.	Planning documents were not specific enough and expected accomplishments were overstated.
	Project planning documents should be made more specific and more realistic in terms of what can be accomplished.	Cooperation would be required from many U.S. organizations, and this would be/ has been difficult to achieve.
		There was no full-time project manager dedicated to the project.
		Time frame of 5 rather than 2 years was required.

### 5.2.3 Rwanda Local Crop Storage Project

Update of 1983 Evaluation, 1984, W.E. Garvey and Jim Alrutz, NCBA Personnel

**Achieved:** The construction of cooperative warehouses has been accomplished according to schedule. Many achievements towards the project goal of developing cooperative unions have been made.

**Not achieved:** The goal of development of viable and effective cooperatives has not been completed.

Achievements	Opportunities	Constraints
The LCS team is collaborating with other entities.	Training for management should include vision of coops as business enterprises for the benefit of members; also grain storage technology, credit.	Travel is restricted by government policies and per diem -- cooperatives are not visited enough.
LCS staff, cooperative staff, and collaborating entities have shown commitment and have expended much effort towards encouraging and developing regional cooperative unions.	Need for training not only at cooperative training center but at the cooperative level - extensive field work is needed to design appropriate training and follow-up, particularly re: accounting system.	Due to hurriedness of visits and emphasis on auditing, cooperatives tend to view visits as police actions rather than for support and training.
Needed personnel have been hired.	Member education, while it is going on, is not reaching enough members.	There is a lack of initiative and imagination on the part of cooperative staff.
Non-LCS-project cooperatives can participate in LCS training and are eligible for project loans.		Government personnel are often transferred to other areas after return from cooperative training.
Six one-week trainings have been held and cooperative managers and other staff have participated in the trainings.	There is a low level of commercial activity at silos (grain buying and selling, use of available loan money).	
LCS staff have been trained in Rwanda and out of country.		

## Rwanda Local Crop Storage Project (cont.)

### Achievements

Simplified, uniform accounting systems have been developed along with training materials, and have been incorporated into training programs.

Policies and regulations for revolving funds have been developed, monies for loans have been received, and availability has been announced.

Construction is completed on schedule for the first set of warehouses, and is to begin on the second set. An open rather than a silo design has been chosen as more appropriate to cooperatives' needs.

### Opportunities

In-country storage training needs to be developed in Kinyarwanda.

Effort needs to be focused on effective functioning of cooperatives, which can work simultaneously towards the development of regional unions.

Effective collaboration between LCS project and GREENARWA (national grainery) needs to be developed re: grain marketing - yet to occur despite desire on the part of both.

There is a role for PCV contribution to the project.

Should engage the interest and participation of coop members in LCS services and activities.

### Constraints

#### 5.2.4 Haiti Poultry Project

Evaluation COOPEP/CLUSA Haiti Poultry Project, 1984, Project Staff and NCBA Personnel

**Achieved:** Through successful management extension, the project decreased the poultry feed conversion ratio and reduced the mortality rate, thereby increasing the efficiency of production. Small farmers were obtaining the majority of the benefits of the project.

**Not achieved:** Project implementation was delayed, and the achievement of increased efficiency had resulted in limited financial impact at the time of the evaluation. There has been limited impact on COOPEP's (Poultry Raisers Cooperative) financial condition and performance. The project has had slight impact on women.

Achievements	Opportunities	Constraints
Successful poultry management training for members resulted in increased efficiency of production and profitability.	Financial condition of COOPEP to be strengthened through investment plan and development strategy.	Financial constraints were experienced.
Services such as free transportation of goods, credit, and advice was being provided primarily to small producers.	Profitable new activities should be established as capital sources for the credit fund.	Two of the largest members refused to work with the cooperative in a group purchasing activity, which led to financial setbacks.
	Increase membership by 100% is projected to be accomplished by end of project.	There was delay in hiring the technical advisor.
	Technical and financial assistance to small producers should be expanded.	Bulk purchasing changes took up much staff time.
	Feed mill should be established.	Delays occurred in training new staff, receiving commodities through customs, and attempting to implement a feed mill plan.
	Marketing should be pursued.	

Haiti  
Poultry Project (cont.)

Achievements

Opportunities

Constraints

Impact on women  
should be tracked  
and assessed.

The CLUSA advisor  
spent most of his  
time on administra-  
tive and financial  
matters rather than  
on providing manage-  
ment and business  
advice.

Marketing objectives  
have not been met  
due to constraints  
including financial  
constraints on the  
project and members'  
success in  
individual marketing.

### 5.2.5 Rwanda Cooperative Training Research Center

Formative Evaluation, 1984, W.E. Garvey, Jim Alrutz, and Lyle Brenneman, NCBA Personnel, and Dianne Blane, AID Staff

**Achieved:** The cooperative training research center (CTRC) has been established, and provides training, research and documentation, and support and advice. Training for staff was being held. The major Rwandan cooperative organizations were utilizing the CTRC facility on a regular basis. The cooperative library and Research and Documentation Unit has been established.

**Not achieved:** Due to delays in construction the actual number of student-days of training at the CTRC was expected to fall short of the target; from 70-94% of the training days were expected to be given over the three year period.

Achievements	Opportunities	Constraints
Physical CTRC facilities have been established and are excellent.	More on-job training is needed.	The development of a national federation of cooperatives is a long-term process and is beyond the current project time-frame and inputs (this goal was not a specified project output).
Revenues are being received through renting facilities to other, non-cooperative organizations.	More field follow-up to training is needed.	Delays in construction were experienced.
Trainings have been held for board of directors members, cooperative managers, and others.	The development of short-term courses which are responsive to the needs of the cooperative community needs to be done.	
Targets for training top staff are being achieved.	Additional manuals need to be published in Kinyarwanda.	
The Research and Documentation Unit has been established.	There is opportunity for a PCV to work in support of CTRC activities.	
	A strategy to promote active member participation needs to be developed.	

Rwanda  
Cooperative Training Research Center (cont.)

Achievements	Opportunities	Constraints
Some training manuals in accountancy in the Kinyarwanda language have been published.	The Research and Documentation unit will be collaborating with other similar African R/Doc organizations.	
The Unit has undertaken several assignments in support of training, education, production, and coop management.		
Historical research is being conducted, a library of relevant materials has been established.		

## 5.2.6 India Oilseed Growers Cooperative Project

Management Assessment and Final Report, 1985, Norman Smallwood and Ron Hankins, Evaluation Consultants

The evaluation places the project in a favorable light; however, explicit statements were not made regarding the achievement or non-achievement of project objectives, which were an increase in productive capacity and economic strength of oilseed farmers and improved oilseed products delivery, quality, cost, and quality.

Achievements	Opportunities	Constraints
The expansion strategy is sound.	Sufficient amounts of quality seed and implements are needed.	The Indian Government oil pricing and import policy is counterproductive to the OGCP and consumers.
Management of the OGCP is sound and technical resources are adequate.	The development of other oil seeds is in the interest of India and the U.S.	Edible oil quantity in the marketplace is low due to low consumer confidence.
The support and monitoring by CIUSA is sound.	The state governments are supportive of the OGCP.	
Farmer confidence and support is good and should lead to expansion.	The potential benefits of the approach merit attention re: reapplication.	
The state governments are supportive of the OGCP.	Continuity and expertise among involved AID personnel is needed.	
The dynamics of the OGCP in terms of modern management techniques, close-knit teams, and motivation bring out the best in the people involved.	Working capital is required.	
	Limiting procurement to member farmers may not be productive	

## 5.2.7 Equatorial Guinea Cooperative Development Project

Mid-term Evaluation, 1985, Hal Prantz and Bob Freitas, Project Staff, and Don Kennedy and Bill Schillinger, AID Staff

**Achieved:** The major goals of Part 1 of the project, i.e. establishing the Cooperative Service Centers, retrieving and renovating vehicles, and establishing and operating the transport system, have been accomplished.

**Not achieved:** As above, the goals of Part 1 have all been achieved. The evaluation team stated, however, that the establishment of an institutional framework that will assure the small farmer of a market and access to technical and capital inputs, inputs will be needed beyond those called for in Part 2 of the project.

Achievements	Opportunities	Constraints
Accomplished major goals of Part 1.	Continue strengthening transportation system.	None identified.
Established a productive relationship with the Ministry of Agriculture.	Develop marketing component.	
Established a productive relationship with cooperative members.	Train cooperative and administrative principals to extension agents and others.	
Inputs needed, as per project paper (staffing, facilities, funding) were obtained and applied.	Continue to develop small projects and secondary activities.	
	Revise the plan of action.	
	Develop cacao production.	
	Agricultural inputs (cooperative stores) are needed.	
	Work-study program in the U.S. for Equatorial Guineans should be implemented.	

Equatorial Guinea  
Cooperative Development Project (cont.)

Achievements

Opportunities

Constraints

A Peace Corps  
Volunteer could be  
involved.

A relationship with  
the World Bank re:  
transport should be  
explored.

Delays in funding  
occur due to 4-way  
communication with  
involved funding  
parties.

### 5.3 LESSONS FOR INTERNATIONAL COOPERATIVE DEVELOPMENT

According to the evaluations, there were a number of types of achievements, opportunities, and obstacles in common among the seven projects. A summary of these types, by the three categories, is presented below. This information is also presented in Table 5-2.

#### Achievements

- o Production of Project Outputs (Including Training)
  - Gambia
  - Cooperative Insurance Assistance Project (CIAP)
  - Equatorial Guinea
  - Haiti
  - Rwanda Local Crop Storage (Rwanda LCS)
  - Rwanda Cooperative Training Center (Rwanda CTC)
- o Collaboration/Relationship with Government/Other Entities
  - Gambia
  - India
  - Equatorial Guinea
- o Inputs Obtained (Including Funds, Personnel)
  - Equatorial Guinea
  - Rwanda LCS
  - Rwanda CTC
- o Initiative/Commitment of Beneficiaries
  - Gambia
  - India
- o Project Output Supporting Other Project Activities
  - India
  - Rwanda LCS
- o Commitment from Staff
  - Rwanda LCS

## Opportunities

- o Produce Expanded Project Outputs
  - India
  - Equatorial Guinea
  - Haiti
  - Rwanda LCS
  - Rwanda CTC
  
- o Collaboration/Relationship with Other Entities
  - Gambia
  - Equatorial Guinea
  - Rwanda LCS
  - Rwanda CTRC
  
- o Staff Training
  - Gambia
  - Equatorial Guinea
  - Rwanda LCS
  - Rwanda CTRC
  
- o Project Planning
  - CIAP
  - India
  - Equatorial Guinea
  - Rwanda LCS
  
- o Improve Participation/Input by Beneficiaries
  - Rwanda LCS
  - Haiti
  - Rwanda CTRC
  - India
  
- o Produce Original Project Outputs
  - Gambia
  - Haiti
  - CIAP
  - Equatorial Guinea
  
- o Training for Beneficiaries
  - Haiti
  - Rwanda LCS
  - Rwanda CTRC

- o Use a Peace Corps Volunteer
  - Rwanda LCS
  - Rwanda CTRC
  - Equatorial Guinea
- o Improve Staff Dynamics
  - Gambia
  - India
- o Receive Inputs
  - India
  - Equatorial Guinea
- o Assess Impact
  - Haiti

### Obstacles

- o Staff Attended Matters Not Specified in Project Design
  - Gambia
  - CIAP
  - Haiti
- o Lack of Initiative/Trust by Beneficiaries
  - Rwanda LCS
  - Haiti
  - India
- o Delays in Project Start-up
  - Gambia
  - CIAP
  - Rwanda CTRC
- o Inputs Late
  - Gambia
  - Haiti
- o Lack of Skilled Host-Country Staff
  - Gambia
  - Haiti

- o Planning Documents Overambitious
  - Gambia
  - CIAP
- o Lack/Delay of Staff Assignments
  - CIAP
  - Haiti
- o Government Policies (Travel, Personnel Transfers)
  - Rwanda LCS
  - India
- o Lack of Commitment from Staff
  - Gambia
- o Lack of Coordination with Other Organizations
  - CIAP
- o Financial Constraints
  - Haiti

The above summary of findings of the evaluations is useful for understanding the types of activities, opportunities, and obstacles which are important to project development and implementation. These findings, while generally known to senior staff, can assist in the training of new core and project staff.

Staff and beneficiary initiative and commitment were categories of achievements which were seen as being supportive of project objectives. Collaboration and relationships with the host country government and other participating entities can clearly have an effect on cooperative development projects.

The listed opportunities indicated areas which other projects may consider using as inputs and as considerations for project development and redesign. Similarly, the listed obstacles such as lack of initiative or trust on the part of beneficiaries and staff can clearly be constraints to project implementation.

Table 5-2

## Summary of Project Achievements, Opportunities, and Obstacles

	Gambia	India	CIAP	Equat. Guinea	Haiti	Rwanda LCS	Rwanda C/RC
<b>Achievements</b>							
Production Outputs	o		o	o	o	o	o
Collaboration	o	o		o			
Inputs Obtained				o		o	o
Commitment Beneficiaries	o	o					
Outputs Supporting Project		o				o	
Commitment from Staff						o	
<b>Opportunities</b>							
Expanded Outputs		o		o	o	o	o
Collaboration	o			o		o	o
Staff Training	o			o		o	o
Project Planning		o	o	o		o	
Beneficiary Participation		o			o	o	o
Original Outputs	o		o	o	o		
Beneficiary Training					o	o	o
Peace Corps Volunteer				o		o	o
Staff Dynamics	o	o					
Receive Inputs		o		o			
Assess Impact					o		
<b>Obstacles</b>							
Non-Project Activities	o		o		o		
Beneficiary Initiative			o		o	o	
Delays in Start-up	o		o				o
Inputs Late	o					o	
Lack Skilled Staff	o				o		
Design Overambitious	o		o				
Lack Staff Assignments			o		o		
Government Policies		o				o	
Lack Staff Commitment	o						
Collaboration			o				
Financial Constraints					o		

## 5.4 CORE SERVICE FUNCTIONS

Many of the evaluations discussed, to some extent, areas which were relevant to NCBA provision of core services. However, some core service function areas which were directly relevant to the project were not addressed. For instance, core service function #3, project implementation and backstopping, is one area in which the NCBA home office is directly involved with the projects in the field. None of the evaluations addressed the role of NCBA in providing these services. It was clear, however, from MetaMetrics' interviews of key project personnel, that the implementation and backstopping support being provided by NCBA was both important and of a high quality.

In general, while information pertinent to the core service function areas can be extracted from the evaluation reports, the evaluations reviewed were not organized to address these areas. It may be useful for future evaluations to address some of these areas in a more direct manner.

### 5.4.1 Field Exploration, Project Identification, and Project Design (Core Service Functions 1 and 2)

Background information (including project setting and historical data) and information concerning project development was presented in all evaluations except the India Oilseed Growers Cooperative Project report. This information can cast light upon the process of field exploration and project identification. For instance, the Rwanda Cooperative Training and Research Center Project was developed in response to recommendations that came from a cooperative conference held in Rwanda. This indicates that projects can be developed to address specific requirements which emerge from activities such as national and regional conferences. Examining the circumstances leading to the initiation of other projects may be similarly instructive.

The appropriateness of the projects themselves can be judged by a number of criteria. Such criteria, which could be identified by NCBA and AID, might include project success (as it pertains to project selection considerations) and relevance of projects to other areas of concern for NCBA (e.g. domestic activities).

Two evaluations, the Gambia Cooperative Education Multi-Media Campaign and the Cooperative Insurance Assistance Project, cited project design as insufficient or overambitious. These two projects were also among those demonstrating a modest level of accomplishment.

#### 5.4.2 Project Implementation, Backstopping, and Personnel Recruitment and Orientation

None of the evaluations explicitly discussed the role of the NCBA office in project implementation, backstopping, and personnel. Through MetaMetrics' interviews of field personnel, however, there emerged a sense of the importance of these functions and relevant project-specific details regarding home office support. This is an area which it might be relevant for future evaluations to address.

Project success, which is a potential criteria for measuring in retrospect the appropriateness of identified projects, could also be used as a means by which to view the appropriateness of the recruitment and orientation of personnel responsible for project implementation. Looking at the evaluations in this way could provide insights useful in hiring and training field personnel.

For instance, a project which showed limited accomplishment could be looked at in terms of not only such elements as constraints and project design, but also in terms of the expertise and degree of responsibility that was brought to bear on the project by the project manager.

#### 5.4.3 Procurement Assistance and Coordination

The role of the NCBA home office in providing procurement assistance and coordination was not made explicit in any of the evaluations. The success with which inputs (goods, funds, and services) were procured was discussed in several evaluations, however.

Evaluations of the Rwanda Local Crop Storage Project, the Rwanda Cooperative Training and Research Center Project, and the Equatorial Guinea Cooperative Development Project identified

input procurement as a successful area. The India Oilseed and Equatorial Guinea projects identified an improvement in input procurement as a condition which can and should be addressed. Obtaining inputs was a constraint in the Gambia's Cooperative Education Multi-Media Campaign and the Equatorial Guinea Project.

#### 5.4.4 Project Evaluation and Monitoring

The conduct of the project evaluations addresses the evaluation component of this core service function. The role of NCBA in ongoing project monitoring, however, was not discussed in any of the evaluations.

According to the verbal reports of both field personnel and NCBA staff, project staff and NCBA maintain close contact for the duration of the project. Monitoring takes place through the communications and field visits by NCBA staff. The monitoring process is not generally quantified.

#### 5.4.5 Coordination of Cooperative-to-Cooperative Initiatives

None of the projects evaluated were cooperative-to-cooperative initiatives involving international trade development or international joint ventures. The evaluations also did not address this area in terms of NCBA relationships with host country cooperatives.

#### 5.4.6 Assistance to National Cooperative Organizations and Host Country Governments in Analysis of Development Potential in Specific Activity Areas

None of the evaluations discussed NCBA's role in providing this assistance. Several of the evaluations discussed project planning for expanded or redirected activities. For instance, the Equatorial Guinea project identified cacao production and marketing as an area which, though beyond the original project plan, was a clearly relevant step for the project to take. This was a project-specific activity, however, and was not discussed as being directly related to NCBA's role in providing assistance.

#### 5.4.7 Collaboration with other Cooperative Development Organizations in Joint Studies, Evaluations, and Design of Development Projects

The Cooperative Insurance Assistance Project was co-designed by and implemented through the League Insurance Companies (LIC) of Detroit as a subcontractor to NCBA. The evaluation reported that the project was successful; however, at the time of the evaluation there had been limited progress toward the achievement of stated project objectives. The project evaluation cited an unrealistic project design as one constraint to project implementation; another constraint was difficulty in achieving the necessary level of coordination among the cooperative entities involved in the project. The relationship between NCBA and LIC was not discussed in the evaluation report. It may be useful to look at the difficulties and successes in designing and implementing the project in light of the collaboration process.

#### 5.4.8 Development of Proposals for Expanded Utilization of PL-480 Commodities

The India Oilseed Growers Cooperative Project is financed using currency generated from sales in India of soybean oil provided under the PL-480 program. Expanded utilization of PL-480 commodities was not, however, an area addressed by any of the project evaluations.

#### 5.4.9 Resource Information Clearing House for Development Country Cooperatives or Visits to U.S. Cooperative Facilities

Training, including training of host country nationals in the U.S., which was provided by projects in connection with project implementation, was discussed in a number of the project evaluations reviewed. This information was generally presented as part of an overall report on project activities and accomplishments, and not highlighted.

The establishment or proposed development of resource centers/libraries, as these pertained to project-specific activities, was also discussed in several evaluations. These discussions were held in the context of overall project activities.

## 5.5 CONCLUSIONS

Conducting an evaluation of a cooperative development project does not, per se, assure that the maximum value of the evaluation will be realized. Development of a conscious evaluation structure could result in improved evaluations and use of evaluation results. Such a structure can be used to identify projects for evaluation; design the evaluations; select the appropriate project staff, sponsor staff, or third party contractors to conduct the evaluations; develop evaluation review procedures; and disseminate and use evaluation findings for future project design and improvement.

### 5.5.1 Project Impact

According to discussions with AID personnel, the bottom-line issue is whether the cooperatives' approach is having an impact on the achievement of AID goals. Many personnel, from their direct project experience, feel that it is doing so. Others would prefer to have tangible evidence as indicated through project evaluations.

The reviewed evaluations generally indicated that some level of success was being achieved by all of the projects. Success was expressed as the production of project outputs. With the exception of the Equatorial Guinea project, none of the evaluations discussed project impact.

For example, the Rwanda Local Crop Storage Project evaluation reported on trainings held for cooperative members and staff, completion of warehouse construction, the development of a simplified accounting system, and other achievements. The impact or possible impact of these accomplishments was not addressed. While gathering data to determine impact does entail added costs, basic impact data may exist. Analysis with respect to possible project impact could also be conducted on information which has been collected during the course of the evaluation on areas such as programmatic issues, constraints, project activities, and project outputs. In addition, the value of impact analysis to project management and decision-making may justify additional expenditures for data collection and analysis.

Project purpose is expected to be achieved as a result of project activities. Project activities are generally expressed as outputs. If targets towards producing outputs are established, then success in accomplishing the project purpose can be measured by the achievement of targets. At best, the reviewed evaluations were designed to identify problems or conditions which, if addressed, could increase project effectiveness.

The evaluations, in the assessment of the MetaMetrics evaluation team, indicated the following ranking of success with the first ranked as having the most success:

- o Equatorial Guinea Cooperative Development Project

All of the major objectives of the project, i.e. various activities towards the establishment of an operating produce transport system, had been realized, and the project was addressing additional, related areas.

- o Rwanda Cooperative Training and Research Center

Most of the project objectives -- the establishment of an operating center for training, research, and technical assistance -- had been accomplished and the project was engaged in achieving the objectives which had not yet been accomplished.

- o Rwanda Local Crop Storage Project

Most of the objectives of the project -- the construction of cooperative warehouses and the development of cooperative unions -- had been accomplished and the project was engaged in achieving the objectives which had yet to be accomplished.

- o India Oilseed Growers Cooperative Project

The evaluation indicated that the project was proceeding favorably; however, explicit statements on the achievement or non-achievement of project objectives,

i.e. increasing production and profitability of members and an improvement in products quality, delivery, cost, and quantity, were missing from the report.

- o Haiti Poultry Project

The evaluation demonstrated that the project was having a quantifiable impact on member production and profitability. The project was having limited impact on the three other major objectives; and the project was engaged in an apparently effective manner in achieving these objectives.

- o The Gambia's Cooperative Education Multi-Media Campaign

Several project outputs were produced; however, many project components were dropped and the overall objective, the production of a national cooperative education campaign, was not achieved.

- o Cooperative Insurance Assistance Project

Some seminars, feasibility studies, and assessments were provided, though fewer than planned. However, no strategies for achieving country goals for cooperative insurance programs were developed. The evaluation stated that the feasibility studies will contribute to making cooperative insurance programs more viable, though no basis for this statement of impact was provided.

The level of project success can be affected by the conditions surrounding the project. For instance, it is generally conceded that West African development projects of any type have the best chance for success in Cameroon where the basic infrastructure and political commitment are present. An AID official stated, however, that cooperative projects should not be developed only where there is a high probability of success.

### 5.5.2 Lessons for Cooperative Development

The extent of project achievements were in inverse proportion to the number of project constraints. If constraints are amenable to the effect of project design or through adjustments within ongoing projects, project outputs may increase accordingly or related targets may be achieved. The evaluation reports indicted the following ranked project opportunities/constraints:

- o Collaboration/Relationship with Other Entities
- o Staff Training
- o Project Planning
- o Improve Participation/Input by Beneficiaries
- o Beneficiary Training
- o Use of Peace Corps Volunteers
- o Improve Staff Dynamics
- o Delays in Receiving Inputs
- o Staff Involved with Matters Not Specified in Design
- o Lack of Initiative/Trust by Beneficiaries
- o Delays in Project Start-up
- o Lack of Skilled Host-Country Staff
- o Planning Documents Overambitious
- o Lack/Delay of Staff Assignments
- o Restrictive Government Policies (e.g. travel)
- o Lack of Staff Commitment
- o Lack of Coordination with Other Organizations
- o Financial Constraints

### 5.5.3 NCBA Core Functions

The evaluations were not organized to specifically address core service functions. Information relevant to the core service functions was, however, presented within the context of overall project activities. Some observations can be made and are summarized below.

- o Some evaluations presented information pertinent to project implementation and identification; such information could be of use in the project identification process.
- o Several evaluations addressed the adequacy or insufficiency of project design.

- o No explicit information was provided on NCBA's role in project implementation, backstopping, or personnel recruitment and orientation. Such information could provide insights into factors influencing project success.
- o Project monitoring was not discussed. According to NCBA personnel the usefulness of evaluations themselves has been limited, since they generally present information which was already known through the monitoring process.
- o Lessons on the design and implementation of collaborative projects could be derived during the evaluation process and through reviewing the findings of evaluations of collaborative projects.

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Smallwood, Norman J. and Ron W. Hankins (Evaluation Consultants),  
Management Assessment of the Oilseed Growers Cooperative Project  
(OGCP): Final Report, Checchi and Company, Washington, D.C.,  
October 1985.

n.n., Evaluation, COOPEP/CLUSA Haiti Poultry Project, Cooperative  
League of the USA, Washington, D.C., September 1984

## SECTION 6

### FINDINGS AND RECOMMENDATIONS

The core grants awarded to CDO's are seen as unique within the Agency for International Development. Private voluntary organizations (PVO's), and some university-based projects do receive grants which, to some extent, support some service functions similar to those of the CDO core grants.

The activities supported by the core grant are perceived by some AID personnel as being overhead or general and administrative expense activities which could more appropriately be charged to projects in cooperative development funded by USAID country missions. Another concern expressed within AID is the extent to which field cooperative development projects are being effective and are contributing to accomplishment of AID objectives.

Personnel at NCBA see the core grant as an expression of special support from the U.S. Congress and the Agency for International Development. The Core Grant does provide resources that assist in the design and development of cooperatives projects in the nations being served by USAID missions.

#### 6.1 NCBA MANAGEMENT APPROACH

In recent years, NCBA has focused on international trade opportunities beyond AID project specific efforts. The Washington headquarters also provides ancillary support for AID funded activities as summarized below:

- o Cooperative Business International: This effort, initiated in 1984, seeks to develop international trade commercial opportunities for U.S. cooperatives and cooperatives in other countries.
- o Legislative Support: NCBA provides support to efforts in Washington to maintain and possibly increase the level of resources available for accomplishing AID objectives.
- o Food Policy: In 1985, NCBA established a position entitled Vice President, Food Policy and Market Development for PL 480 and associated agricultural program development legislation. This available

technical expertise is supportive of International Development Division efforts to institute PL 480 related projects.

NCBA provides substantive support to the International Development Division through policy directives, allocation of financial support, personnel decisions and general management. Improvement in financial reporting may result in more timely program and project decisions.

The NCBA Board of Directors and Executive Officers are cognizant of the importance of international development activities to the overall organization. This is evidenced by management, organizational, and personnel decisions made since early 1980.

NCBA reorganization and ancillary actions, including changing the name of the organization, reflect an attention to the requirements of NCBA's clients. The international focus of the organization is seen by NCBA personnel as consistent with NCBA's responsibilities to the membership and the nation's agri-business community.

The NCBA organizational structure within which the Core Grant (International Development Division) operates is supportive of AID funded efforts. This is evident in the establishment of CBI and the position of Vice President for Food Policy.

The shift in NCBA management approach as indicated by key personnel decisions have affected the policy and program direction of the organization. These changes have coincided with a dramatic increase in NCBA revenues and AID project involvement. The dollar volume of NCBA international activities doubled from 1983 to 1985.

## C.2 STAFFING

NCBA staff has historically demonstrated a sensitivity and awareness of client requirements for international development. NCBA staff hired in recent years have appropriate international development and/or cooperatives experience. Many of the field staff have Peace Corps experience which is applicable to under-

standing cultural and institutional issues in developing nations. Senior ex-AID personnel have been hired to serve NCBA in key positions. The staff supported by the Core Grant is managing the field and headquarters activities in an effective fashion and are generating a higher level of international projects.

### 6.3 OPERATIONS

There was an increase in the productivity of the Core Grant in the area of producing feasibility studies and proposals for host country cooperatives development. The number of host country site visits for project identification increased dramatically in the final year of the three year project period.

Several areas, however, showed no or little growth and one, project implementation (backstopping), declined in accordance with Division plans. Collaboration with other CDOs or organizations averaged three per year and remains constant over the three year period. Training constituted a relatively minor portion of the effort of the Core Grant staff.

The standards for planning, monitoring, evaluating, and revising field projects are based on the requirements of the specific projects. Each project is sufficiently different that a tailored approach is required. The background of the Core Grant staff members is utilized and their experience in project design, development and monitoring is generally relevant. No specific NCBA standards for planning, for example, have been promulgated.

The formal evaluations conducted on some projects have, according to some NCBA staff, identified project operating issues that were known to field staff and had been previously communicated to NCBA headquarters. Some issues and constraints identified by the evaluations were known to the NCBA headquarters staff through their contacts with the projects.

In the conduct of this evaluation, the exercise of requesting data of NCBA to determine outputs of the service functions indicated that such information was not being collected and maintained in a systematic fashion. Such data can be used as benchmarks and for the establishing of activity standards. For

example, the 51 site visits conducted in 1985 constitute a benchmark. A target (standard) could be set, for example, for a 10% or other appropriate increase per year.

Interviews with personnel involved in the India, Equatorial Guinea and Niger projects indicated that excellent support was provided by the International Development Division staff. Some of the support was provided under Core Grant funding.

The NCBA International Development Division staff supported by the Core Grant demonstrated a dedication and commitment to achieving the objectives of the grant. The overall financial health of NCBA, expanding project base, and core service function outputs (e.g. project design) reflect this dedication. In addition, core staff were responsive to AID requests to de-emphasize project backstopping and charge projects directly for such activities. The NCBA strategy for the 1980's reflects the AID emphasis on private sector initiatives through establishment of CBI, project focus on involving private individuals, and conscious attention to the appropriate role and structure for host country government involvement in cooperatives development.

#### 6.4 REVIEW OF EVALUATION REPORTS

The evaluations of specific field cooperatives development projects were not designed to specifically address the Core Grant service functions. Information relevant to the core service functions was, however, presented within the context of overall project activities and observations are summarized below:

- o Some evaluations presented information pertinent to project implementation and identification; such information could be of use in the project identification process.
- o Several evaluations addressed the adequacy or insufficiency of project design.
- o No explicit information was provided on NCBA's role in project implementation, backstopping, personnel recruitment and orientation or monitoring. Such information could provide insights into factors influencing project success.

- o According to NCBA personnel the usefulness of evaluations themselves has been limited, since they generally present information which was already known through the monitoring process.
- o Lessons on the design and implementation of cooperatives projects could be derived during the evaluation process and through reviewing the findings of evaluation reports.

## 6.5 FINANCIAL REQUIREMENTS AND PLANS

Total Contract and Grant revenue as an average percentage of Total Revenue was 80% over the period 1978 to 1985. There has been little variance from this average percentage during the last seven year period. All other NCBA activities constituted 20% of total revenue.

### 6.5.1 AID Funded Core Grant Alternatives

Three grant reduction alternatives present a range of possibilities that addressed several areas as summarized below:

- o Formula Based on Previous Years: A negotiated formula could be used in which a fixed percentage of the contract level for the previous three years determines the core grant for the coming year. The primary advantage is that if contract funding in any one year drops off significantly, the core grant reduction would not significantly impair NCBA ability to generate new field projects. The "special relationship" existing between NCBA and AID would also be maintained
- o Assigning Core Grant to Indirect Costs: An estimated increase to 12.4% for G&A based on the current contract volume would generate funds sufficient to replace the current Core Grant. The increase would be passed directly to other AID mission and AID/W projects.
- o Indefinite Quantity Contract: The support grant could be replaced with an indefinite quantity contract (IQC) at an estimated \$700,000 per year for defined activities (project identification, project design, training). A

drawback of an IQC, according to AID contracts personnel, is the processing effort and time required for relatively small work orders. Serious delays can occur and affect the timing of project identification and funding.

#### 6.5.2 Alternative Funding Sources and Findings

Three alternatives for funding to replace the Core Grant are presented below:

- o Fundraising: Fundraising is generally perceived as a "good idea" within NCBA and AID. However, NCBA is reluctant to make the necessary investment, given that there is little expectation of an appropriate return. There may be little interest among the cooperative memberships to give to foreign projects which may have little impact or direct value to their own individual members. Limited fundraising for directly identified project centered work may be possible although contributions may not be sufficient to replace core grant revenues.
- o Other International Development Agencies: NCBA has developed two small contracts with CARE and the World Bank. NCBA personnel perceive this market as difficult to enter and NCBA has no competitive advantage over other national cooperative organizations. The development of work for development organizations other than AID would require an initial investment in terms of qualified and experienced personnel for a period of one to two years.
- o New Services: The interviews consistently revealed that training is an important activity for NCBA. Another key function is informal coaching with host country nationals to increase cooperative business development. NCBA is conducting relatively few formal training workshops, with only one to four workshops presented annually. Technical assistance to host country delegations is an unlikely area for NCBA revenue since charges for this service would be generally inappropriate. Another possibility in the product/services area is publishing.

### 6.5.3 Relative Risk

NCBA would clearly have low relative risks in continuing to develop AID funded projects. The staff experience and organizational history are consistent with the placing of resources in this area. Moderate to high risk is evident in the development of new customers using current NCBA technology and the development of the current customer base using a new technology. The high risk area for NCBA would be to develop a new customer base with a new, to be developed, technology.

### 6.5.4 Sustainability

The major project benefits or outputs to be sustained, should the AID Core Grant be terminated or reduced, are project identification, project design, and proposal preparation. These outputs are used by AID missions and host country institutions.

A constituency requiring technical support could be developed where international cooperatives projects are being implemented. The development of projects in other host countries, however, would require initiatives on the part of AID and/or NCBA.

The AID experience with NCBA in terms of project development would indicate that the projected benefits from core grant activities justify continued AID investment. At issue, however, is the form and extent of specific core grant or other AID financial support.

## 6.6 NCBA DEVELOPMENT POTENTIAL

International Development Division staff are structurally placed within NCBA to draw from other key personnel in support of Core Grant activities and related AID objections. The following are key areas for consideration for future or continuing NCBA emphasis.

- o Food Policy: The NCBA expertise in PL 480 and Section 108, key agriculture legislation dealing with Food for Peace and purchase of domestic agricultural production

for international purposes can be used to develop additional AID related projects.

- o Cooperative Business International division: CBI is generally recognized as an important resource for the Division. CBI is utilizing the established presence of NCBA in India and Indonesia to explore commodities sales opportunities. The same approach and technology may be appropriate for other developing countries where the Division and AID are exploring possibilities.
  
- o Cooperatives Coordination: There may be opportunities to work with other cooperatives, in the manner of the current "Land o' Lakes" cooperative partnership, to cosponsor international development efforts. The NCBA Board of Directors is a resource for similar projects. NCBA news releases and newsletters could be used for "networking" cooperative-to-cooperative opportunities.

APPENDIX A  
STATEMENT OF WORK

## STATEMENT OF WORK

### ARTICLE I.      TITLE:

NCBA Institutional Support Grant Evaluation,

### ARTICLE II.    PURPOSE:

The primary purpose is to evaluate the effectiveness of the International Division of the National Cooperative Business Association (NCBA)--formerly the Cooperative League of the USA (CLUSA)--in meeting the core service function objectives of AID grant PDC-0219-G-SS-3038-00 (January 1, 1982 through December 31, 1985). A secondary purpose is to provide PRE and NCBA decision-makers with information concerning the potential, and possible alternative methods, for NCBA to achieve increased financial self-reliance, and, thus, decrease the organization's dependency on A.I.D./W core grant support as the primary basis for supplying the core service functions.

### ARTICLE III.   BACKGROUND:

NCBA, or CLUSA, has been the recipient of AID/W funding in excess of \$6 million since 1963 for the purpose of providing core service functions in support of cooperative development in AID-assisted countries. USAID Missions call upon these functions for establishing and strengthening cooperatives in the developing countries. Grants and contracts have also been provided by other AID/W central and regional bureaus. The institutional support grants have also enable NCBA to relate independently to their counterparts in the LDCs, and to involve U.S. cooperatives (non-AID grantee cooperatives) in overseas projects.

According to the program description in the three year PRE grant that expired on 31 December 1985, ".....The primary goals of the international development programs of CLUSA (NCBA) are to improve the living standards of low income people and to expand their participatory access to material and social benefits. CLUSA's (NCBA's) strategy for achieving these program goals is to assist and advise the establishment and operation of integrated cooperative systems which provide producers with more adequate incentives to increase production. This strategy involves CLUSA (NCBA) in the development at all levels of agricultural production and related systems for input, supplies, credit, grading, packing, storage, marketing, processing and distribution.

"The core service functions of the International Department will include :

1. field exploration and project identification;
2. project design, funding resource identification, personnel recruitment and orientation;
3. project implementation and backstopping;
4. procurement assistance and coordination;
5. project evaluation, identification, design and administration of projects involving matching fund grants, and IQC or collaborative assistance agreements;
6. coordination of cooperative-to-cooperative initiatives involving international trade development, and joint ventures;
7. assistance to national cooperative organizations and host governments in analysis of development potential in specific activity areas;
8. collaboration with other cooperative development organizations in joint studies, evaluations and design of development projects;
9. development of practical proposals for expanded utilizations of PL-480 commodities and/or related surplus currency accumulations, in development programs directed at improving food production and related cooperative supply, marketing and processing infrastructures; and
10. serve as a resource information clearing house for developing country cooperatives or trade, technical assistance, training, technical delegation visits to U.S. cooperative facilities."

During the period of A.I.D./W support, NCBA has attempted to develop a highly technical and programmatic expertise in cooperative development in LDCs. NCBA has recently undergone a major reorganization including the replacement/hiring of new personnel, retargeting its international program operations, and initiating trade development activities through the establishment of Cooperative Business International. Each of these changes, in some way, was intended to broaden NCBA capabilities and coverage, and to increase the organization's potential for generating other funding for program development and support, and thus decrease its dependency on A.I.D./W institutional funding support.

Over the past several years there have been a number of USAID and NCBA project evaluations, reviews and audits of overseas field projects. These will provide source material for supporting analyses as will cabled inquiries to USAID and NCBA field staff, communications with member organizations and interviews with appropriate A.I.D. and NCBA headquarters staffs.

ARTICLE IV. SCOPE OF WORK:

The contractor will provide personnel with appropriate expertise (evaluation, financial and management analysis, economics and marketing) to accomplish the following as they relate to the institutional support grant. Treatment of other NCBA activities impacting on grant-supported activities will be decided on a case by case basis in consultation with the evaluation project officer. Modifications within the framework of this scope of work which may be necessary during the course of the evaluation (because of "new" information, data gathering constraints, etc.) are subject to review and approval by the evaluation project officer.

A. Interviews and Research: The team will interview selected NCBA Washington staff, field personnel, Board of Director members, Association members and A.I.D. officials from central and/or regional bureaus with responsibility for backstopping NCBA projects or countries with NCBA projects. These interviews, coupled with research regarding pertinent A.I.D. evaluations and audits, and cabled inquiries to appropriate USAID Missions, and/or NCBA field staff, will form the basis for the evaluation analysis and recommendations. The team will present and discuss with NCBA staff and A.I.D. officials findings and recommendations before and after preparation of draft and final reports.

B. Organization Review:

1. Provide descriptive material to include:

- a. Structure, Staffing and Responsibilities of the International Division of NCBA; relationship of this division to other involved actors (ie, NCBA/CBI, Board of Directors, Membership, etc.).
- b. Funding sources, by year and by application (A.I.D. & others).

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2. Analyze data on the organization with particular emphasis on efficiency and flexibility necessary to effectively achieve grant objectives, to include:

- a. Critical factors in the structure which serve either as constraints or opportunities to accomplish international development objectives.
- b. Ability with financial, physical and human resources currently available to respond to growth, and opportunities or constraints imposed by the organization.
- c. Appropriateness of staff and effectiveness of current organization.

3. Findings, conclusions and recommendations resulting from the above analysis.

C. Management Approach, Operations and Strategy

i. Descriptive

- a. Management Approach as it pertains to grant implementation.
- b. Strategy and operations as they pertain to implementation of the ten core service functions as stated in number III, above.

2. Analysis and Evaluation of data on strategy, management and operations to include:

- a. Effectiveness of program planning, field support (project identification, design, monitoring, technical assistance, etc.).
- b. Organizational impact, capability and flexibility to support either increased or decreased field operations.
- c. Standards for planning, monitoring, evaluating, revising field projects.
- d. Relationship between Washington and field offices.
- e. Presence of short-term/long-term strategic plans and an assessment of those plans.

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f. Quality and effectiveness of provision of core service functions.

3. Findings, Conclusions and Recommendations pertaining to Strategy, Management Approach and Operations.

D. Future Plans and Financial Requirements

To help determine future PRE policy toward core grant funding of NCBA, the evaluation shall include descriptive and analytical/evaluative material on the following.

- a. NCBA plans concerning future objectives and desired accomplishments.
- b. Organization workload capacity as presently configured.
- c. Current and projected financial status.
- d. Plans for acquiring needed funds to support an enlarging program.
- e. Potential alternative funding sources.
- f. Recommendations on potential to achieve financial self-reliance and alternative means of addressing the question.

The team will be expected to provide Findings, Conclusions and Recommendations on alternative approaches to meeting NCBA funding requirements.

E. A.I.D. Cross - cutting Evaluation Issues

To the extent feasible, the Team will address the cross-cutting issues established by A.I.D./PPC/CDIE, January 1986 (attached) by briefly responding, in a separate section of the report (with additional narrative or by reference), to appropriate questions on Sustainability and Women in Development. The Impact on Environment Issue is not relevant to this evaluation. The appropriateness of questions will be decided in consultation with the evaluation project officer.

ARTICLE V.        REPORTS

This evaluation should determine whether objectives of the core support grant are being achieved and if the A.I.D. grant is an efficient effective means of achieving them. This evaluation should

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also assist NCBA in planning for the future and assist A.I.D./PRE in determining the nature of continued support in the future. The report should include an in-depth analysis of NCEA's organizational/management structure, management approach, strategic objectives and workload, staffing and financial projections.

Upon completion of research and interviews, the evaluators will provide oral de-briefings to A.I.D. and to NCBA describing preliminary findings. Following this, contractor will prepare and provide, within two weeks, 12 copies of a draft report, using a format agreed upon with the evaluation project officer, describing the findings of the evaluation, and supporting analyses, conclusions and recommendations. (Suitable guidance material on report preparation will be provided to contractor.)

The drafts will be circulated within A.I.D. and NCBA for review and comments. Two-weeks will be allowed for review.

If necessary, based on the reviews, further research and supporting analyses will be undertaken. Two weeks will be allowed for these activities. Then, 12 copies of a revised draft will be prepared for a second review. Two weeks after receipt by PRE of this revised draft, comments will be returned to the contractor. Subsequently, the contractor will have two weeks in which to provide 12 copies of a final report, incorporating the comments of the reviewers. One of the copies will be on 8 1/2 X 10 1/2 paper, unbound and of letter quality suitable for duplication.

#### ARTICLE VI. RELATIONSHIPS AND RESPONSIBILITIES

The contractor will report to Carolyn Weiskirch, PRE/PR, Room 3311 NS. Tel: 647-5624/5214.

#### ARTICLE VII. TERM OF PERFORMANCE

The desired starting date is May 19, 1986 and the desired completion date is Aug 15, 1986. No travel is anticipated. A six-day work week is authorized, as needed. For weekend/holiday work the normal daily rate will apply.

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## INCORPORATING CROSS-CUTTING ISSUES INTO 1986 EVALUATIONS

Each mission and office originating evaluations during 1986 is requested to incorporate in the Scopes of Work the following questions on sustainability, women in development and environmental impact. These are topics of importance to AID in achieving its overall development objectives. The question of sustainability is fundamental to all projects but frequently has not been given adequate attention. Women in development and environmental impact are likewise dimensions of our work common to many projects - at times overlooked.

The objective in incorporating these issues is to enable the Agency to obtain a comprehensive review of its performance in these areas of project activity. The review will be accomplished by an examination of all evaluations and audits after the 1986 evaluation period has been concluded.

The procedure is to include the following questions in planned evaluations where, of course, appropriate. There may be a few projects where one or two of these topics are not relevant. We are not asking for special studies, though such studies are not precluded if there is a special interest. Not all questions need to be answered specifically. The objective is to include the substance of the questions in evaluation reports.

The cross-cutting issues approach in evaluation has been adopted by the bilateral donor members of the Development Assistance Committee of the OECD. Each Donor will be including the same set of questions in their evaluations in 1986.

Mission and AID/W offices will receive a report in FY 1987 on the results of this cross-cutting issues review. We welcome your cooperation in this opportunity to learn about AID's experiences in these important dimensions of its work.

QUESTIONS TO BE INCORPORATED IN  
SCOPES OF WORK OF EVALUATION IN 1986

Sustainability

Project designs tend to assume that projects will be able to function effectively as donor support ends. The following questions are designed to examine and provide lessons learned as to whether sustainability will or will not be achieved.

- i) What project benefits (or outputs) are (or were) to be sustained after donor funding ends?
- ii) What host country constituencies will benefit from project/programme success? How and to what extent has a constituency been built through project implementation? (Active beneficiary participation often helps to ensure the relevance and sustainability of development projects.)
- iii) What host country policies threaten sustainability of the activity? How are they being mitigated? What policies will support sustainability?
- iv) What organisational, institutional and financial capacities (such as management, technical expertise, cost recovery schemes, e.g., user fees, staffing and incentive-structure and maintenance systems) are being developed to continue project benefits? Will they be in place once donor financing ends? Will the organisation have the capacity and flexibility to respond to changing conditions? What system has been developed to adopt (or adapt) new technologies?
- v) What financial provision is being made for operations and maintenance and the replacement of capital equipment, e.g., recurrent and capital costs and foreign exchange requirements?
- vi) Do projected benefits justify the continued investment of resources in the light of alternative opportunity costs and constraints?
- vii) What is an appropriate time period to ensure that the key conditions for sustainability will be created and operative?

Women and Development

- i) How were the interests of women taken into account at the design and appraisal stages? In what way did women participate in this process? How did their participation affect project achievements?

- ii) Were gender-specific data available or have they been developed during the project cycle and how have they been used in terms of goal-setting, activities, resource-allocation, etc.?
- iii) What were the effects, positive or negative, of the project, concerning women's access to the following?
  - production and markets
  - income
  - workload division of work
  - role in household and community
  - health conditions
  - education and training
- iv) During project implementation or after project completion, did it appear that the impact on women differed from what was foreseen at the appraisal stage? In what ways? Does it appear that significant factors concerning women were overlooked at the appraisal stage? How did women's participation affect project outcomes and impact on development?
- v) What are the specific lessons from gender differentiation for beneficiaries, participants and principal agents for project design and implementation for future efforts in this field?

#### Impact on the Environment

- i) Projects with an explicit environmental purpose:
  - If the main project purpose is the achievement of an environmental benefit, then:
    - Were benefits as predicted
    - If not, why not, and how was project implementation redirected in midstream?
    - If redirected, was a change made in the project strategy?
- ii) Projects not explicitly addressed to environmental issues:
  - If environmental concerns were incidental to project design, then:
    - Was the project exempted from environmental review during the project approval process because it was thought that there would not be any significant negative impact?

- Did significant negative impacts occur? What were these impacts and how were, or are, they dealt with during implementation?
  - If the project was thought to have significant negative impact and was analysed during project design as to the nature and extent of the predicted impact, was this impact mitigated or avoided?
- iii) In both instances [i) and ii) above] what was the commitment and support of the host country to addressing environmental issues? How was this commitment manifest?
- Is there a host country environmental policy? How did the project foster the development or implementation of such a policy?
  - Did the host country support the development of institutions for assessing environmental impact and environmental monitoring?
  - How were environmental issues and intervention incorporated into project management by both donor and host country?
  - How did the project involve host country environmental expertise in project management as a means of strengthening capabilities?

APPENDIX B  
EVALUATION METHODOLOGY

## B.1 SCHEDULE

## B.2 PROCEDURE

## B.3 PERSONS INTERVIEWED FOR THE EVALUATION

Supporting information for the evaluation was drawn from interviews with individuals at the Agency for International Development and the National Cooperative Business Association. The name, title, and agency (where applicable) for each of these individuals is presented below.

### B.3.1 Agency for International Development

Russell Anderson	Director	PRE/E
Charles Buchanan	Deputy Director	AFR/PRE
Hal Gray	PVO Coordinator	PPC/PB
Jean M. Hacken	Contracting Officer	AID/W
Wilbert Holcomb	Cooperative Development Officer	PRE/PD
Ann MacDonald	Officer in Charge	ANE/SA/I
James Manley	Officer in Charge	ANE/SA/P
Harthon Munson	Director	AFR/PRE
Robert G. Pratt	Project Development Officer	ANE/PD
Louis C. Stamberg	Deputy Director	FVA/PPE
Herbert Wegner	Cooperative Development Officer	PRE/PD
Stephen Wingert	Chief	LAC/DR/RD

### B.3.2 National Cooperative Business Association

E. Morgan Williams	President and Chief Executive Officer
Stewart Kohl	Executive Vice President and Chief Operating Officer
Allie Felder	Senior Vice President
Nancy Kantola	Vice President, Government, Public, and Member Relations
Peggy Sheehan	Vice President, Fiscal Policy and Market Development
Ellyn Hotek	Vice President, Administration and Finance
James Reichert	Director, Contract Administration
Leonard Yaeger	Vice President and Chief Operating Officer, Cooperative Business International
Lawrence Harrison	Vice President for International Development
Karen Schwartz	Deputy Vice President
L. James Alrutz	Regional Director, Africa
Susie Jones	Director, Program Support and Evaluation
Lyle Brenneman	Director, Development Resources
Thomas Carter	CLUSA Representative, India
Ronald Phillips	Chief of Party, Niger
Robert Freitas	Cooperative Administrator, Equatorial Guinea

## B.4 ANALYSIS

The log frame and Mobley Matrix were two of the analytic tools used in the conduct of the evaluation. A description of each of these analyses is presented below.

### B.4.1 Logical Framework

The logical framework or log frame is a tool used for presenting a project development hypothesis and analyzing project design. The log frame worksheet is divided into four horizontal rows: Goal, Purpose, Outputs, and Inputs; and four columns: Narrative, Objectively Identifiable Indicators, Means of Verification, and Assumptions (see Figure B-1). The four rows constitute a hierarchy of accomplishment, in which achievements within the categories toward the bottom contribute to achievements within the categories toward the top. The four columns represent descriptions and conditions associated with the project goal, purpose, outputs, and inputs. Each of these categories is discussed below.

Figure B-1

Log Frame Structure

	<u>Narrative</u>	<u>Objectively Verifiable Indicators</u>	<u>Means of Verification/ Sources</u>	<u>Assumptions</u>
Goal				
Purpose				
Outputs/ Activities				
Inputs				

### Goal - Narrative Summary

The goal is the aim or end toward which the project purpose is directed. A goal may be an condition or a problem to be addressed. An entire program may be directed toward the achievement of the goal. Generally, a goal is not achieved by one project alone, but is the end toward which a variety of projects (and non-project activities) are aimed. The project goal is the end to be achieved, and the project purpose is the means by which to reach that end.

### Purpose - Narrative Summary

The purpose is the overall objective which the project is designed to achieve. The achievement of the purpose should contribute directly to the achievement of the goal. For instance, a project purpose could be to increase small farmer agricultural production, while the goal may be to decrease host country dependency on agricultural imports.

### Outputs/Activities - Narrative Summary

Project outputs are the specific outcomes to be produced by means of the project inputs. The outputs may be quantitative, such as number of farmers trained; qualitative, such as the development of a more effective accounting system; and attitudinal, such as increased awareness of cooperative principles. Project activities (e.g. the process of constructing warehouses) are components of the outputs, though it is the specific end results (number of warehouses constructed) which are properly termed outputs.

### Inputs - Narrative Summary

Inputs are the materials and resources provided by the host country and the donors in order to produce the project outputs. Inputs include personnel, commodities, training, technical assistance, funds, and other items.

### Objectively Verifiable Indicators

An indicator is a sign or index which expresses a level of achievement within each of the four rows (goal, purpose, outputs, and inputs) of the log frame matrix. An indicator, as a measurable unit, facilitates assessments of project performance.

## Means of Verification

The means of verification are the identified kinds and sources of data needed to support the indicators. This includes documents and organizations from which data can be collected, monitoring and reporting systems, and surveys. Activities to operate a reporting system or conduct surveys should be included as project outputs.

## Assumptions

The assumptions are the identified significant external factors or conditions which are essential to successful project implementation. The assumptions refer to conditions or constraints over which the project personnel have no control. There are normally different assumptions for each level of the project. For instance, goal assumptions may include conditions of political stability and favorable weather; input assumptions could include the availability of qualified staff and funding provided on a timely basis.

### B.4.2 Mobley Matrix

The Mobley Matrix is a process for analyzing the arrangement of data to assess progress and examine financial alternatives. It provides a layout of past period results in a form which subjects them to fast, comprehensive analysis. It identifies operating strategies underlying past period results, and predicts the effects of proposed strategy changes on future period results.

This tool provides a distinction between cash and non-cash items by generating a Cash Statement from the Income Statement and Balance Sheet. It gives functional comparisons between Point-in-time, Period, and Flow-in-time statements. It also facilitates business planning by making policy or strategy decisions so the program can calculate and project future pro-forma financial statements showing the consequences of such decisions.

The Mobley Matrix was used to complete the projected increased overhead burden rate to supplant the Core Grant. In doing so certain assumptions were made which can be refined by NCBA and may be subsequently adjusted.

Value of Retained Earnings on the Balance Sheets was changed to the account "Other Liabilities". This was an insignificant change.

Hidden depreciation was separated from Fixed Expenses. This was left as a Balance Sheet Adjustment to "raise a flag." In 1983 and 1984 this was a write-up and in 1985 it was a write-off.

In the planning cycle for 1986 only three numbers were changed:

- 1) Sales was set to the estimated revenue less other revenue which is also displayed.
- 2) Other revenue was set to the planned amount.
- 3) Variable expenses was increased so that it was the same percentage of Revenue as it was last year.

Breakeven is higher now at \$7,560,000 instead of \$5,336,000. With more information about variable expense, greater accuracy was achieved with the Breakeven Analysis.

A planning run reduced the planned revenue by \$886,000 (the amount of the grant) and reduced Variable expense proportionally. The Fund Excess is just above Breakeven. This indicates that NCBA is very close to breakeven if the grant is reduced by this amou.

The following is a chart of accounts grouping used to produce the matrix and the financial analysis.

GROUPINGS OF ACCOUNTS

<u>MATRIX ACCOUNTS</u>	<u>NCBA ACCOUNTS</u>
Balance Sheets	
Cash	Cash
Accounts Receivable	Contracts Rec. Rec. from Coop. League Fund Other Receivables
Inventory	Literature Inventory
Other Current	Prepaid Expenses Advances Deposits
Depreciation	Depreciation
Net Fixed	Property & Equipment
Other Long Term	Contract Advance Funds Investments in Coop
Accounts Payable	Accounts Payable A/P to National Coop
Taxes	Payroll Taxes
Debt	Note Payable
Other Liabilities	Cash Overdraft Other Accrued Expenses Total Long Term Liabilities Funds Held in Trust Coop. Business International
Capital	Membership Equity
Retained Earnings	Nothing

GROUPINGS OF ACCOUNTS

<u>MATRIX ACCOUNTS</u>	<u>NCBA ACCOUNTS</u>
Revenue Statement	
Sales	All Revenue Except Other Income
CGS	Printing
Amortization	Nothing
Taxes	Taxes
Fixed Expenses G&A	Salaries Fringe Benefits Communications Office Supplies Dues & Subscriptions Equip. Rental and Maint. Rent & Util.
Variable Expenses	Direct Non-Contract Costs Outside Services Travel Conferences Miscellaneous Other Cost
Other Expenses	Other Income Contract Programs - Direct Cost

Projections Based on 12.4% G&A,  
\$8.5 Million Sales, Using CY-85 Financials

ANNUAL RATES	PERFORMANCE		OPERATIONS	
		AMOUNTS	PERCENTAGES	AMOUNTS
NET INCOME / AVG ASSETS	13.97%	NET INCOME 274	CGS / SALES 1%	COST OF GOODS SOLD 100
SALES / AVERAGE ASSETS	4.347	SALES 8525	ADD TO INV / SALES 1%	ADDITIONS TO INVENTORY 101
NET INCOME / SALES	3.21%	AVERAGE ASSETS 1961	CREDIT PURCH / ADD TO INV 100%	CREDIT PURCHASES 101
NET INCOME / EQUITY	56.61%	AVERAGE EQUITY 484	MFG OVERHEAD / ADD TO INV 0%	MFG OVERHEAD 0
TURNOVERS (AVG DAYS)		OTHER INCOME 21	PRODUCTION / ADD TO INV 0%	PRODUCTION 0
RECEIVABLES	16.5	INTEREST EXPENSE 438	VARIABLE EXPENSES / SALES 69%	VARIABLE EXPENSES 5882
PAYABLES	12.4		-----ANNUALIZED RATIOS-----	
INVENTORY	41.4	DIVIDENDS 274	FIXED EXP G&A/ TOT ASSETS 75%	FIXED EXPENSES G&A 1607
CASH	1.1	BREAKEVEN 7560	FIXED INVEST / TOT ASSETS 32%	FIXED INVESTMENT 522

PLANNED PERIOD RESULTS

BEGINNING BALANCE SHEET 12/31/85	BALANCE SHEET ADJUSTMENTS	INCOME STATEMENT	CASH STATEMENT	ENDING BALANCE SHEET 12/31/86
ASSETS				ASSETS
CASH 0	0		CHANGE IN CASH 50	CASH 50
RECEIVABLES 333	0	SALES 8525	COLLECTIONS 8426	RECEIVABLES 432
INVENTORY 11	101	COST GOODS SOLD 100	PRODUCTION 0	INVENTORY 12
OTHER CURRENT 180	0	AMORTIZATION 0	PREPAYMENT 56	OTHER CURRENT 246
GROSS FIXED 1044	0		INVESTMENT 532	GROSS FIXED 1576
ACCUM DEPRECIATION 314	0	DEPRECIATION 181		ACCUM DEPRECIATION 495
NET FIXED 730				NET FIXED 1081
OTHER LONG TERM 426	0	OTHER AMORT 6	OTHER INVESTMENT 0	OTHER LONG TERM 426
TOTAL ASSETS 1680	TOTAL ADJUST 101			TOTAL ASSETS 2241
LIABILITIES & NETWORTH				LIABILITIES & NETWORTH
TAXES DUE 8	0	TAXES 14	TAXES PAID 8	TAXES DUE 14
PAYABLES 339	101	EXPENSES 7485	DISBURSEMENTS 7745	PAYABLES 180
DEBT 200	0		BORROW/-PAYBACK 714	DEBT 9144
OTHER LIABILITIES 649	0	OTHER EXPENSES 465	RECEIVE/-PAYBACK -465	OTHER LIABILITIES 649
CAPITAL 484	0		PAID IN/-OUT 0	CAPITAL 484
RETAIN EARNINGS 0	0	NET INCOME 274	DIVIDENDS 274	RETAIN EARNINGS 0
TOTAL LIAB & NW 1680	TOTAL ADJUST 101			TOTAL LIAB & NW 2241

APPENDIX C  
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