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REPORT No. 1

"ASSESSMENT OF COOPERATIVE  
DEVELOPMENT ORGANIZATIONS"

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TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION . . . . .	1
II. INTRODUCTION TO THE ORGANIZATIONAL ANALYSES . . . . .	4
Agricultural Cooperative Development International . . . . .	6
Cooperative League of the United States of America . . . . .	15
Credit Union National Association . . . . .	24
National Rural Electric Cooperative Association . . . . .	36
Volunteer Development Corps . . . . .	45
Foundation for Cooperative Housing . . . . .	55
III. ASSESSMENT BY AID MISSIONS . . . . .	62
IV. GENERAL ISSUES AND CONCLUSIONS . . . . .	72
V. SUMMARY OF RECOMMENDATIONS . . . . .	81

REPORT I  
ASSESSMENT OF COOPERATIVE DEVELOPMENT ORGANIZATIONS

I. INTRODUCTION

Since the Foreign Assistance Act of 1961, the development and funding of cooperatives have been a part of U.S. foreign policy. Two foci of this policy have been to provide for the involvement of rural and urban poor in their countries' development and to utilize sector expertise from the United States developed through U.S. experience with cooperatives.

AID has served as the government channel for funds promoting cooperative development abroad. Since 1962, according to the Agency's W-443 reports which list technical service contracts, AID has disbursed over \$85 million to promote cooperative development activities in some 53 countries.\* These activities have included support for credit unions and for cooperatives in diverse areas such as agriculture, housing, rural electrification, handicraft production and marketing.

In keeping with the aim of drawing upon the experience of U.S. cooperatives, a significant portion of AID's funds relating to cooperatives have been channeled through six U.S. cooperative development organizations: Agricultural Cooperative Development International (ACDI), The Cooperative League of the United States of America (CLUSA), Credit Union National Association (CUNA), Foundation for Cooperative Housing (FCH), National Rural Electric Cooperative Association (NRECA), and the Volunteer Development Corps (VDC). These funds provide two types of support: funds to conduct or assist specific cooperative projects overseas, and funds designed to support the institutional capabilities of these organizations.

In June 1980, Development Associates, Inc. began working with the Office of Private and Voluntary Cooperation to examine:

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\*The \$85 million figure does not represent all AID funds for cooperative and credit union activities since there are contracts not identifiable from the W-443 reports where some funds are spent to support cooperative development activities.

- The relationship between AID and the six major cooperative development organizations, especially as the relationship is expressed in the Institutional Support Grants awarded to five of these six groups;
- To identify AID's funding for cooperatives since 1962; and
- To examine the evaluations of cooperative projects supported by AID funds to summarize the lessons learned from these projects and the adequacy of these evaluations.

A separate report has been prepared focusing on each of these issues. This report is concerned with the first of these three, the description of the relationship between AID and the six major cooperative development organizations, especially as the relationship is expressed in the Institutional Support Grants awarded to five of these six groups. The areas examined in this report were defined by the scope of work for this project which reads, in part, as follows:

- A. Review the current grant documents of the Agricultural Cooperative Development International, Cooperative League of the USA, Credit Union National Association, National Rural Electric Cooperative Association and the Volunteer Development Corps to gain an understanding of the nature of the activity provided for in these grants.
- B. Examine through visits to organizational headquarters, discussions with cooperative staff and AID grant managers the degree to which the activities defined in the grant agreements are being implemented.
- C. Make an assessment of the effectiveness of the activities being implemented and identify any problems associated therewith.
- D. Make an assessment of the effectiveness of the current activities being carried out in the field by these organizations as viewed by AID. This will be accomplished through discussions with appropriate persons in AID/Washington (as determined jointly by AID and the Contractor), and through a mail or cable survey of field missions where these organizations have current active programs.
- E. Make an assessment of the degree to which the "basic human needs" strategy and the legislative mandate to reach "the poor majority" are institutionalized in the operating approaches of those organizations.
- F. Assess the degree to which the grants have provided an in-place cooperative development expertise within each organization. This assessment will include an examination of the quality of that expertise (e.g., background and training of staff; applicability of these to AID technical assistance needs; perceptions of that quality by AID personnel), an examination of any problems associated with the obtaining and use of expertise, and the identification of any gaps in the necessary expertise.

- G. Assess the degree to which the grant has provided a capacity to pursue independent cooperative-to-cooperative activity and any problems associated with this. Included will be an examination of the ways in which each cooperative development organization relates to various parts of the U.S. cooperative movement.
- H. An assessment of the optimum staffing levels necessary to achieve having (1) an in-place cooperative development expertise to be utilized by AID, and (2) the capacity to pursue independent cooperative-to-cooperative activity. This will include an assessment of whether the current grants have provided too many or too few staff. It will also include an examination of the extent to which current grant funds are used to provide backstopping and support for separately funded project activity in developing countries.

The content of this report (Report I) consists of brief organizational analyses of each of the six cooperative development organizations, compiled from interview and document review data; a discussion of AID perceptions of the activities and staffs of these cooperative organizations taken from surveys of USAID missions abroad; a discussion of general issues and conclusions concerning the relationship between USAID and the six cooperative development organizations; and specific recommendations concerning the future direction of interaction between USAID and the cooperative development organizations.

## II. INTRODUCTION TO THE ORGANIZATIONAL ANALYSES

This section presents brief organizational analyses of the six major cooperative development organizations: ACDI, CUNA, CLUSA, FCH, NRECA and VDC. These analyses were structured by the scope of work for this contract. The following Exhibit shows the relationship between the activities outlined in the scope of work and the sections of this report.

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### RELATIONSHIP OF SCOPE OF WORK TASKS TO SECTIONS OF REPORT I

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Task	Section
A. Review of grant documents of ACDI, CLUSA, CUNA, FCH, NRECA, and UDC.	Part II; particularly section B for each organization
B. Visits to cooperative organization headquarters and discussion with their staff and AID staff regarding project implementation.	Part II; see section B for each organization
C. Assessment of effectiveness and problems.	Part II; sections G and H for each organization
D. Perceptions of USAID missions.	Part III
E. Institutionalization of "basic human needs strategy".	Part II; section E for each organization
F. Extent of in-place expertise.	Part II; section D for each organization
G. Cooperative-to-cooperative capacity.	Part II; section F for each organization
H. Adequacy of present staffing	Part II; section D for each organization

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The data for the analyses presented in this report come from three sources. First, open-ended interviews were conducted with administrators and staff members of each of the six cooperative development organizations. Additional information was also collected in subsequent telephone interviews with these organizations' personnel. The information from these interviews forms the core of these organizational analyses. A second major source of data was a review of documents supplied both by the six cooperative development organizations themselves and by USAID. These documents consisted of annual reports, grant applications, project evaluations, and descriptive corporate literature. The third source of data consisted of information provided by USAID missions abroad in their responses to a survey of AID perceptions of U.S. cooperative development organizations, and material contained in interviews with AID central bureau staff members in Washington, D.C.

Included in each organizational analysis is a review of each organization's activities developed on the basis of the data Development Associates obtained. To facilitate discussing these activities, DA has used three descriptive categories which summarize the generic focus of the activities: project development, training, and technical assistance. DA realizes that the distinctions between these categories may not always be clear. However, based on our review of available information, we believe the three categories are useful for viewing the activities of the six cooperative development organizations.

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

A. Background

Agricultural Cooperative Development International (ACDI) is a non-profit, educational, technical and management assistance organization representing 43 agricultural cooperatives and farm credit organizations. ACDI was created in 1968 as the result of the merger of the International Cooperative Development Association (ICDA) and the Farmers Union International Assistance Corporation (FUIAC). ACDI's activities are funded primarily by grants from USAID, with additional support coming from contributions by member groups.

ACDI is currently involved in training, consultancy, and assistance projects in nine countries (Boliva, Egypt, Liberia, Guatemala, Guyana, Honduras, Kenya, The Phillipines, and Tanzania).

A breakdown of ACDI's budget for the period from 1/1/80 to 12/31/80 is:

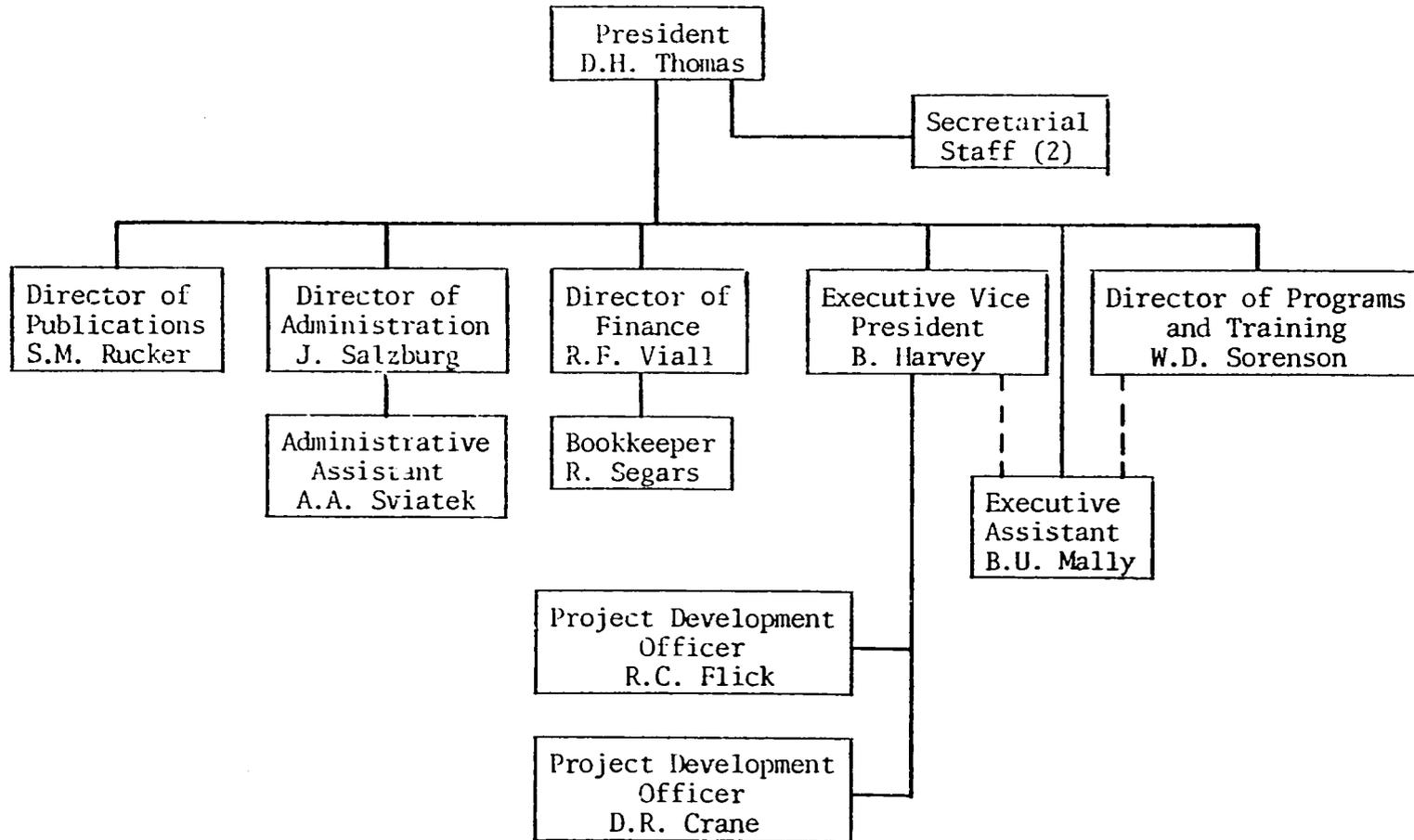
Salaries	\$305,500
Fringe Benefits	82,000
Workshops	35,000
Consultants	12,000
Travel and Transportation	76,000
Other Direct Costs	61,900
<u>Total</u>	<u>572,400</u>
Administrative Allocation	- 85,000
<u>ACDI Contribution</u>	<u>- 87,400</u>
<u>AID TOTAL</u>	<u>\$400,000</u>

The organizational structure of ACDI is presented on the following page.

B. Grant Activities

ACDI's objectives, similar to those of the other cooperatives treated in this study, fall for the most part into three areas: technical assistance, training, and project development.

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL ORGANIZATION STRUCTURE



ACDI's activities during the 1979-80 fiscal year in these areas are summarized below.

1. Technical Assistance

- Guatemala - assistance in the resettlement of individuals recruited by cooperatives into the "transversal strip."
- Bolivia - technical assistance in cooperative development and financial management.
- Colombia - consultation on loan supervision to FINANCIACOOP, a cooperative financing institute.
- Tanzania - continued assistance in farm credit operations to the Tanzanian Rural Development Bank (TRDB).
- Liberia - evaluative field studies of USAID cooperative projects; further activities in this country have been limited due to political climate of country,
- The Philippines - assisted in securing financial support for area marketing cooperatives.

2. Training

ACDI conducts periodic workshops/seminars around cooperative topics of major interest for senior operational officers of cooperatives or cooperative departments of governments in developing countries. These workshops are conducted by experienced cooperative personnel from LDCs and representatives of regionally based assistance organizations (e.g., World Bank, FAO, etc.). Each of these seminars lasts approximately one week. The most recent workshop was held in the Philippines in March 1979. It focused on management systems for small farmer rice cooperatives. Previously workshops had been held in Guatemala (1973 and 1975), Ghana (1974), Tunisia (1977) and the United States (1975). The next workshop is scheduled for Nairobi (on banks and agricultural credit) for early next year. These seminars are funded as separate events under ACDI's Institutional Support Grant from AID.

ACDI also arranges and schedules hands-on training for individuals and groups in the U.S. Trainees come from ACDI overseas contract sites for ten days to three-month sessions. The focus is to provide practical,

hands-on training in various aspects of cooperative activity, and as such, the preference is to train individuals or groups of only two or three at a time. Instruction is provided primarily by member cooperatives, with other institutions such as the University of Wisconsin, University of California, Davis, Texas A & M University, University of North Carolina, Frank Graham Training Institute and Federation of Southern Cooperatives also supplying some of the instruction.

### 3. Project development

During 1979-1980, ACDI signed contracts or carried out short-term projects for technical assistance, training and project development in Kenya, Guyana, Honduras, Panama, Nigeria, and El Salvador.

It is somewhat difficult to state specifically how well ACDI's activities correlate with its objectives, principally because of the lack of specificity in the statement of their objectives in AID grant documents. Overall, however, ACDI's performance would appear to correspond to the objectives implied in these documents and other corporate literature.

### C. Internal Evaluation

The most developed system of internal evaluation for ACDI occurs in connection with their hands-on training in the U.S. Upon returning to his/her home site, each participant sends a letter written according to a format provided by ACDI detailing their comments on the content and structure of the training sessions. Additionally, comments are solicited from the ACDI team leader at the site regarding the impact the training has had on the trainee, and the benefits resulting from the project. Local cooperative officials working with the training recipient also provide an independent commentary on the quality and benefits received from the training.

ACDI has no established procedures for conducting uniform process or impact evaluations. Evaluative information therefore tends to vary somewhat from one site to another. For its new projects, ACDI requires by the third month a major descriptive report which is to provide baseline data for these projects, but there are no specific plans linking these reports to future impact

evaluations. ACDI does, however, conduct informal evaluations of each of its projects through (a) systematic correspondence between site personnel and the home office, (b) an annual visit by home office staff to each project, and (c) annual reports of projects, activities and resources.

D. Cooperative Development Expertise

ACDI has assembled a staff composed of a president, executive vice president, director of programs and training, two project development officers, director of publications, director of finance, director of administration, two administrative assistants, a bookkeeper, and two secretaries from institutional support grant funds.

In 1979, two project development specialists were added and this has provided opportunities for a new approach to grant and contract development. ACDI is now more active in pursuing project opportunities through direct contacts in least developed countries.

The areas of expertise and experience of administrative and program staff are presented in the table on the next page. Basically the staff seem competent and well suited for their jobs. ACDI reports that its greatest personnel need is in the area of contracts procurement and management. Specifically, they agree that with the growing trend toward host country contracting and the added time and personnel costs involved in securing contracts and supporting field operations, there will be an increasing need for additional central office personnel. There is some merit to this argument, but theoretically the position ought to be almost fully chargeable to operating project grants. Further, DA believes that additional experience in the area of evaluation might also aid ACDI in reaching organizational goals. Thus, we would encourage AID and ACDI exploring in detail the merits and feasibility of adding one other central staff person with prime responsibility for evaluation and planning and some additional responsibilities in the area of program support.

Staff Titles	Previous Experience				Skill Areas
	Years With Organization	With U.S. Coops.	With Coops. in LDC's	With Other International Develop. Activities	
1. President - Thomas	3 *	3	8		Economic Analysis, Administration, Energy Resources
2. Executive Vice President - Harvey	5			26	Development Economics, Project Administration, Program Planning
3. Director of Programs and Training - Sorenson	4	7	12		Agricultural Economics, Marketing, Cooperative Training
4. Project Development Officer - Flick	1			16	Economic and Rural Development, Program Development and Administration
5. Project Development Officer - Crane	1		2		Food and Resource Economics, Accounting
<p>* In addition, three years on the ACDI board.</p>					

E. Focus and Impact on Poor People/Institutionalization of Service to Poor

ACDI feels that it cannot have any impact on the poorest of the poor who are landless. While there is no formal policy to this effect, ACDI projects generally are oriented toward reaching the small farmers who are poor or only moderately well off. In some cases, ACDI projects have reached significant populations of poor farmers, as was the case with their Guatemala project which affected the Indians of the Highlands and their projects in Liberia which dealt for the most part with very small farmers. However, as with most of the other cooperative development organizations, ACDI has no data regarding the level of the persons served by the cooperatives they assist, and thus one can only speculate about the extent to which they address AID objectives in this regard.

F. Cooperative to Cooperative Performance and Capacity

In developing agricultural organizations, ACDI works with a combination of public and private agencies at local, regional, and national levels. In implementing its projects, ACDI uses its U.S. member cooperatives as a resource for hosting short-term training and as a source of both short-term and long-term project staff. In addition, for the last several years, biannually, ACDI has arranged a conducted tour of its current projects (e.g. Guatemala, Peru and Paraguay; East Africa; Asia) for its board members which is paid for by the board. The board members are all leaders of large farm cooperatives or of the farm credit system, and this tour and the favorable reaction which board members have shown it, has encouraged increased participation of these cooperatives in ACDI activities, especially in releasing staff to work on ACDI assignments overseas.

G. USAID Impressions of ACDI

Of the forty-eight USAID missions which responded to the survey of US cooperative agency activities, sixteen reported ACDI activity in the country in which they are located. Six of these reported little or no contact with ACDI personnel, and thus were unable to comment on the quality of the staff. Of the remaining ten, all rated ACDI staff qualifications and performance as from good to excellent.

Of particular note, the Bolivia mission praised ACDI staff for their timeliness and professionalism with regard to the La Merced Small Farm Credit OPG. The mission to Kenya noted ACDI's efforts in developing and strengthening the field capabilities of the Agricultural Finance Corporation (AFC), in developing an improved financial system for AFC, and in strengthening AFC's central office management. The USAID mission in the Philippines reported ACDI's success in modeling market town cooperatives in one province which then became the model for the development and expansion of a support structure for the nationwide Samahang Nayan movement, a grouping including 18,000 village-level, small farmer organizations with nearly one million members.

According to the AID Project Officer for ACDI, the organization maintains a low profile. He reports no significant problems in working with ACDI, and that the organization's performance has been satisfactory. He also notes that he has been on the job only a year and that much of the responsibility for working with ACDI has been vested in the Cooperative Coordinator. He reports that his precise role in relationship to ACDI has been somewhat unclear, and that he has devoted very little time to this organization, focusing instead on other organizations to which he is assigned.

#### H. Conclusions/Recommendations

Two major organizational strengths of ACDI are its well-conceived training component and its involvement with U.S. agricultural cooperatives and farm credit systems. Of particular note are the involvement of ACDI's board in overseas programs and the involvement of U.S. cooperatives in providing short-term training. ACDI's system for conducting cooperative workshops on topics of major interest to cooperative development have been successfully conducted so far in five countries (Guatemala in 1973 and 1975, Ghana in 1974, Tunisia in 1977, the U.S. in 1975, and the Philippines in 1979). In addition to these workshops, ACDI also provides effective hands-on training for project staff from LDCs in the United States. This hands-on training makes significant use of cooperative-to-cooperative assistance through the involvement of U.S. cooperatives in the training. Other noteworthy aspects of ACDI's cooperative-to-cooperative activity include the trips which are arranged annually for board members to ACDI projects. These trips have proved quite successful in

encouraging additional support for ACDI from member cooperatives. The close ties of ACDI to its member cooperatives makes possible technical assistance from these U.S. cooperatives for its overseas projects.

Less positively, ACDI appears to misperceive AID's preference for internal evaluation of projects, assuming that AID-conducted evaluations represent the total of AID's evaluation plan. ACDI thus suffers from a lack of a systematic procedure for evaluating the process and impacts of its projects.

Considering the relatedness of goals and activities, the lack of systematic coordination between ACDI and CLUSA must also be considered a weakness. It is probable that much more effective use could be made of the services of these two organizations if channels of communication and coordination were strengthened.

Based on DA's assessment of ACDI's activities, we make the following recommendations

- Meetings between ACDI and CLUSA to coordinate their international programs should be reinitiated. These meetings should occur first at the staff level, but board level meetings should also occur. The agenda for staff meetings should be: (a) identifying distinct program areas in which ACDI and CLUSA should work; and (b) investigating the possibility of joint development of projects. Board meetings should also investigate the possibility of merger of international efforts. DA considers a possible plan by which ACDI and CLUSA would work in geographically distinct areas to be inadequate as a final solution because this would continue the current confusion and competition regarding resources. ACDI and CLUSA should define distinct cooperative development areas, or else merge their efforts.
- ACDI should develop a systematic evaluation system for their project activities. The system should include both management (process) and impact components as well as a timetable for evaluation activities.
- Pending ACDI-CLUSA negotiations, AID should support an additional position in ACDI to perform evaluation and dissemination activities. The person in this position might also perform project development tasks involving non-AID organizations.

COOPERATIVE LEAGUE OF THE  
UNITED STATES OF AMERICA

A. Background

The Cooperative League of the United States of America (CLUSA), founded in 1916, is a national confederation of U.S. cooperatives. It has an extremely broad membership which encompasses farm marketing and supply cooperatives, credit unions, memorial societies, and consumer goods and services cooperatives, as well as cooperatives in the areas of: group health, housing, insurance, rural electric and telephone, student, pre-school, and travel.

CLUSA's current membership of 190 national, regional, area, and local cooperative organizations represents more than 50 million individual members. CUNA, FCH, and NRECA are among the organizational members. The principal functions of CLUSA are to serve as the coordinating, educational, technical, and advocacy body for member organizations. CLUSA member cooperatives are dues-paying, but the greatest share of CLUSA's financial resources come from the AID institutional support grant and from specific AID grants and contracts. At present, CLUSA has 11 grants and contracts in six countries with total annual expenditures in excess of two million dollars.

CLUSA's international development activities were initiated on a formal basis in 1944 when member organizations formed the Freedom Fund to assist European cooperatives following World War II. In 1945, CLUSA helped organize Cooperative for American Relief Everywhere (CARE). As the subcontinent of India-Pakistan achieved independence following World War II, India's cooperative movement requested that CLUSA establish a long-term fraternal relationship by creation of a CLUSA office in India whose salary has been partially paid from contributions from U.S. cooperators.

At the present time, CLUSA has project staff stationed in Egypt, Rwanda, Swaziland, Indonesia, and India, and a project in Gambia is just beginning. CLUSA International is part of the Division of Outreach supervised by the Vice President and Director of Outreach, Dr. Allie Felder. CLUSA is also the U.S. representative to the International Cooperative Alliance.

The budget breakdown for the program year from 10/1/79 to 9/30/80 was:

Salaries	\$313,000
Fringe Benefits	53,200
Consultant Fees	41,470
Travel and Transportation	149,300
Other Direct Costs	58,875
<u>Overhead</u>	<u>172,435</u>
TOTAL	\$788,280

The organizational structure of the CLUSA international program office is presented on the following page.

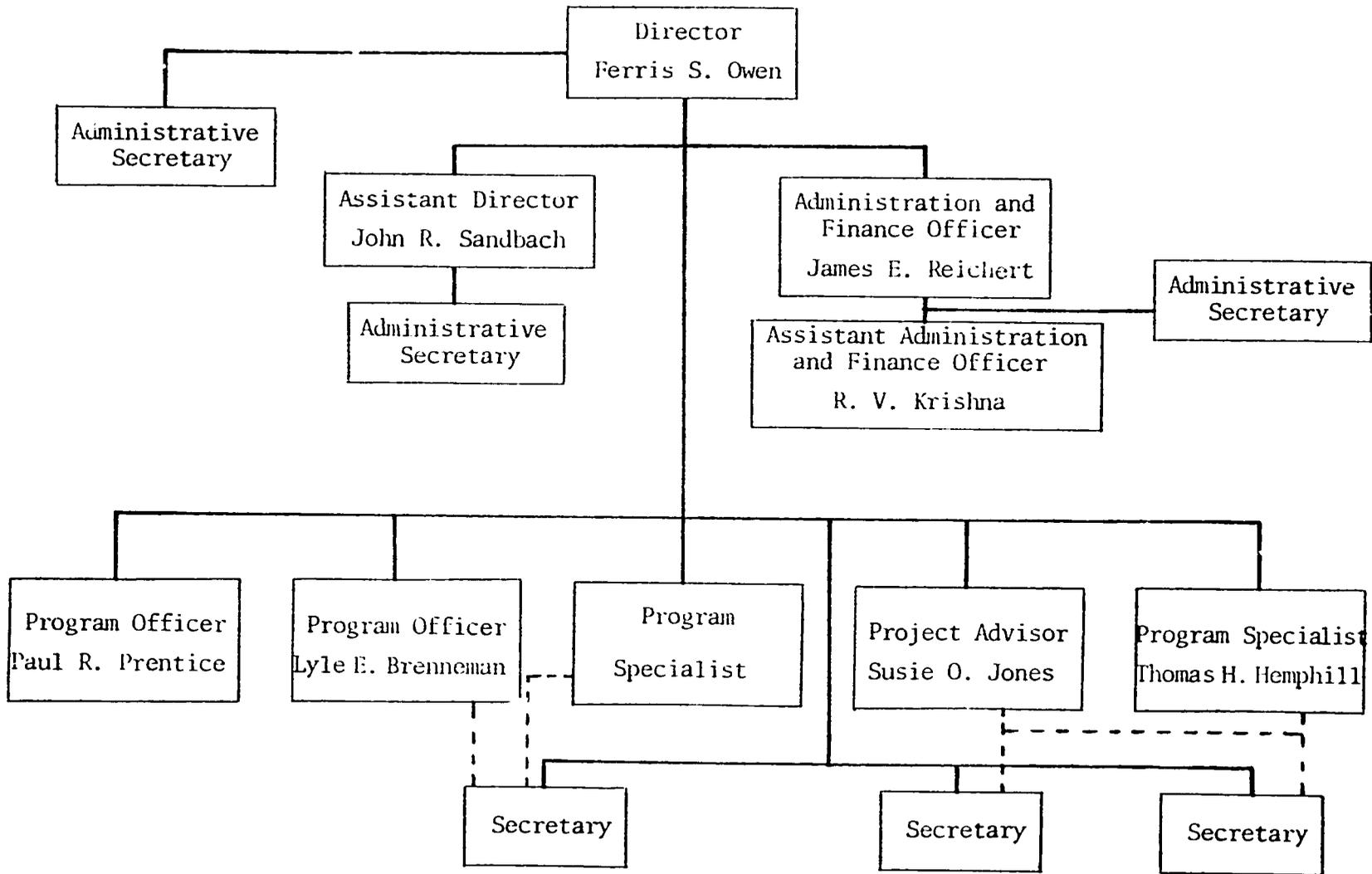
B. Grant Activities

CLUSA's formal objectives, as stated in Attachment A of their most recent grant application to AID, may be summarized under three headings:

1. Technical assistance - to developing cooperatives in all areas of project planning, management, and development,
2. Training - including the preparation of training materials and the coordination of training programs for developing cooperatives,
3. Project development - involving the conduct of feasibility studies and needs assessments, recommending the establishment of cooperative programs, enlisting the support of US cooperatives for cooperative development in developing countries, the preparation and supervision of project proposals awarded to CLUSA for cooperative programs, assisting developing cooperatives in locating financial assistance, assisting in project implementation, serving as an information resource to developing cooperatives, and evaluating existing cooperative projects in order to determine their need for future assistance.

CLUSA activities toward accomplishing these objectives have been:

CLUSA INTERNATIONAL ORGANIZATION STRUCTURE



1. Technical assistance

- Rwanda - CLUSA has provided technical assistance for the grain storage program in this country.
- India, Indonesia, Panama, Egypt, Swaziland, and Rwanda - CLUSA continued providing technical assistance for major agricultural cooperative projects in these countries.
- Portugal - CLUSA's assistance in this country has involved advice on the establishment of a consumer cooperative bank. Additionally, CLUSA assisted the Cooperative Institute of Portugal in joining the International Cooperative Alliance (ICA).
- Thailand - Technical support was given in the development and beginning of a national comprehensive cooperative system for all farmers of Thailand.

2. Training

- Rwanda - as part of its grain storage program, CLUSA has provided training for cooperative managers, storage center operators, and government officials in cooperative departments.
- Swaziland - CLUSA has provided training programs in cooperative management and development.

3. Project Development

- Rwanda - in conjunction with USAID, CLUSA has been working toward setting up a cooperative training center.

C. Internal Evaluation

CLUSA has not yet finalized formal guidelines for the evaluation of its overseas projects. CLUSA does conduct midstream management-type evaluations of its long term projects, and such evaluations have been completed in Indonesia, Panama and on the Indian Oilseeds Processing Management project. Similar evaluations are planned for the projects in Egypt and India.

CLUSA stresses that the evaluations which have been performed and are planned have been designed as management tools for project staff rather than as summative judgments of project effectiveness. In order for impact statements to be made, adequate baseline information needs to be collected, and CLUSA reports that they have had some difficulty in generating funds and finding trained staff to perform baseline studies.

D. Cooperative Development Expertise

The CLUSA Division of International Programs has used the institutional support grant to provide salaries to the director, assistant director, three program planning and evaluation officers, an assistant to the director, two administration and finance officers, and five secretaries.

The areas of expertise and experience of administrative and program staff are presented in the table on the next page. There is a clear need for additional staff expertise in the area of agricultural economics. CLUSA has available a position for someone with an agricultural economics background, but has been unable to fill the position. CLUSA has covered this need with short-term consultants.

Special need expertise is obtained from panels of specialists which CLUSA consults for program planning or backstopping purposes. Specialists are asked to serve as panel members through mail requests, and are contacted individually on an as-needed basis. Panels thus do not meet as groups, and certain members of panels may seldom if ever be consulted. However, it was reported by program staff that this linkage to talented individuals and U.S. cooperatives has been of immense value in backstopping on-going projects overseas.

E. Focus and Impact on Poor People/Institutionalization of Service of Poor

Very little specific data are available on the degree to which CLUSA projects reach poor people. From the information provided on the activities of CLUSA, it would appear that they, like other cooperative agencies, reach primarily the poor with some resources as well as the moderately well-off, i.e., those who may derive the most direct benefit from their services. Small farmers appear to have particularly benefitted from CLUSA's India, Thailand, Swaziland and Rwanda, Indonesia projects, for example.

As such, CLUSA has no institutionalized policy regarding service to the poor. CLUSA does, however, believe that the poor can be served if the appropriate economic systems are in place. CLUSA defines one of its goals, therefore, as the establishment of such economic systems which may be helpful to people as they struggle to escape poverty.

AREAS OF EXPERTISE AND EXPERIENCE OF ADMINISTRATIVE AND PROGRAM STAFF

Staff Title**	Year with the Organization	Previous Experience			Skills Areas
		With US Coops	With Coops in LDC's	With Other International Development Activities	
1. Director - Owen	14	*			Administration, Agricultural Engineering
2. Assistant Director - Sandbach	14	1	9		Cooperative Education, Institutional Development
3. Program Officer - Prentice	5			12	Economic Development, Planning and Evaluation
4. Program Officer - Hemphill	3			6	Commodities, PL 480, Food Handling, Administration
5. Program Officer - Brenneman	2			1	International Affairs, Education and Training
6. Project Advisor - Jones	16				Publications, Recruitment, Project Design, Administration

\* 23 years in unpaid positions (on boards, etc.)

\*\* The Division of Outreach supervised by the Vice President and Director of Outreach, Dr. Allie Felder, who has 13 years previous experience with co-ops in LDC's and has B.S., M.Sc., and Ph.D. degrees in Agricultural Economics and Rural Sociology.

F. Cooperative to Cooperative Performance and Capacity

CLUSA International Programs works toward its goal of international development primarily by working with cooperative organizations in least developed countries. CLUSA also works with government organizations, however, in order to create a climate in which private structures may develop. In some countries, host governments are concerned that cooperatives could be a source of potential political opposition, and CLUSA recognizes that concern and attempts to deal with it.

CLUSA, as a national level U.S. cooperative, frequently works with other national level organizations. In doing so, CLUSA representatives work with local cooperatives and provide assistance to their members. CLUSA is committed to cooperative structures, and attempts to promote such structures whenever possible.

The degree to which individual member cooperatives of CLUSA establish relationships with similar cooperatives in least developed countries appears to be limited, however. In addition to providing dues to CLUSA and occasionally having their representatives take part in two-way exchanges and advise overseas projects, most U.S. cooperatives play a relatively small role. The exceptions to this statement, of course, are CUNA, FCH and NRECA, which have their own international divisions. Also, CLUSA does make use of exchange delegations, and board members are involved in international trade activities via the International Cooperative Alliance.

G. USAID Impressions of CLUSA

Eighteen of the forty-eight USAID missions responding to the survey of U.S. cooperative agency activities reported some form of contact with, or activity by CLUSA in the country in which they are located. Of these, eight stated that contact was too limited for any specific impressions of CLUSA to be formulated. The remaining ten all reported that the CLUSA representatives with whom they had dealt appeared highly qualified, and that CLUSA's performance in the country rated good to excellent. In particular, the India, Rwanda and Thailand missions were impressed by the high quality of CLUSA advisors and consultants. The only negative comment came from the Portugal mission which

noted that CLUSA consultants there lacked foreign language competence, but otherwise performed favorably.\*

In responding to the survey of U.S. cooperative activity, the USAID mission to Rwanda singled out CLUSA's success in consolidating some cooperatives around grain storage silos, and its work with the Swiss and Rwanda governments and AID to initiate efforts to build a national cooperative training center, as particularly noteworthy features of U.S. cooperative agency activity in that country.

The AID Project Officer noted the general independence of CLUSA, and reported relatively little contact with the organization except in the areas of administrative approvals and grant extensions. This was in part because grant oversight activities for CLUSA were shared with the cooperative coordinator and because of his newness to the job. He has only been responsible for CLUSA for six months and throughout that time, much of the programmatic responsibilities have been assumed by the AID Cooperative Coordinator.

#### H. Conclusions/Recommendations

CLUSA's strengths in the area of international cooperative development lie in its broad contacts with the cooperative movement. As a member of the International Cooperative Alliance, CLUSA represents U.S. cooperative interests. CLUSA includes in its membership U.S. cooperatives in widely diverse areas, and thus can call on members to provide advice on a large number of topics. In addition to its main concentration on agricultural cooperative development overseas, CLUSA has unique experience in the area of consumer cooperatives, and has used that experience in some of its projects.

A weakness in CLUSA's approach is a lack of unique organizational focus. CLUSA is primarily associated with agricultural development overseas, but its U.S. membership is much more broadly based and much of CLUSA's potential is going untapped. Also, CLUSA's lack of coordination with ACDI and VDC creates

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\*CLUSA reports that the necessity of language competence was asked of the mission, and that the mission stated that it was not required.

confusion concerning the appropriate roles for each group. CLUSA also presently lacks a formal evaluation system with which to assess the impact of its projects.

Based on these perceptions of CLUSA's performance, DA makes the following recommendations:

- Because of its unique position and experience, CLUSA should increase its emphasis on filling the need in LDC's for active and viable national cooperative associations, and for other nonagricultural cooperatives. DA believes that a broad spectrum of cooperatives are needed in LDC's, and that coordination of cooperative activities at the national level is often lacking, particularly with respect to stimulating new cooperatives and providing those in existence with training and technical assistance. CLUSA's unique experience as a national confederation and in national organizing could allow them to provide training and technical assistance to developing federations of consumer and other cooperatives. CLUSA should stress the importance of national federations and of nonagricultural cooperatives in developing countries and seek funding from AID and other sources for their development.
- Meetings between ACDI and CLUSA to coordinate their international programs should be reinitiated. These meetings should occur first at the staff level, but board level meetings should also occur. The agenda for staff meetings should be: (a) identifying distinct program areas in which ACDI and CLUSA should work; and (b) investigating the possibility of joint development of projects. Board meetings should also investigate the possibility of merger of international efforts. DA considers a possible plan by which ACDI and CLUSA would work in geographically distinct areas to be inadequate as a final solution because this would continue the current confusion and competition regarding resources. Ultimately, ACDI and CLUSA should define distinct cooperative development areas, or else merge their efforts.
- CLUSA should set specific institutional grant objectives for one-year and multi-year periods. CLUSA's previously stated grant objectives were not described in enough detail for management type assessment.
- CLUSA should as quickly as possible generate formalized evaluation guidelines for their project activities. Evaluation guidelines should include both management (process) and impact components as well as a timetable for evaluation activities.

## CREDIT UNION NATIONAL ASSOCIATION

### A. Introduction/Background

The Credit Union National Association (CUNA) is a service and representative association of 51 credit union leagues, including each state and the District of Columbia. Through the leagues, CUNA represents approximately 22,000 credit unions serving over 43 million members. CUNA has been the organized spokesman of the United States credit union movement since its founding in 1934, and has provided financial and technical assistance in support of credit union development activities in the developing world since 1954.

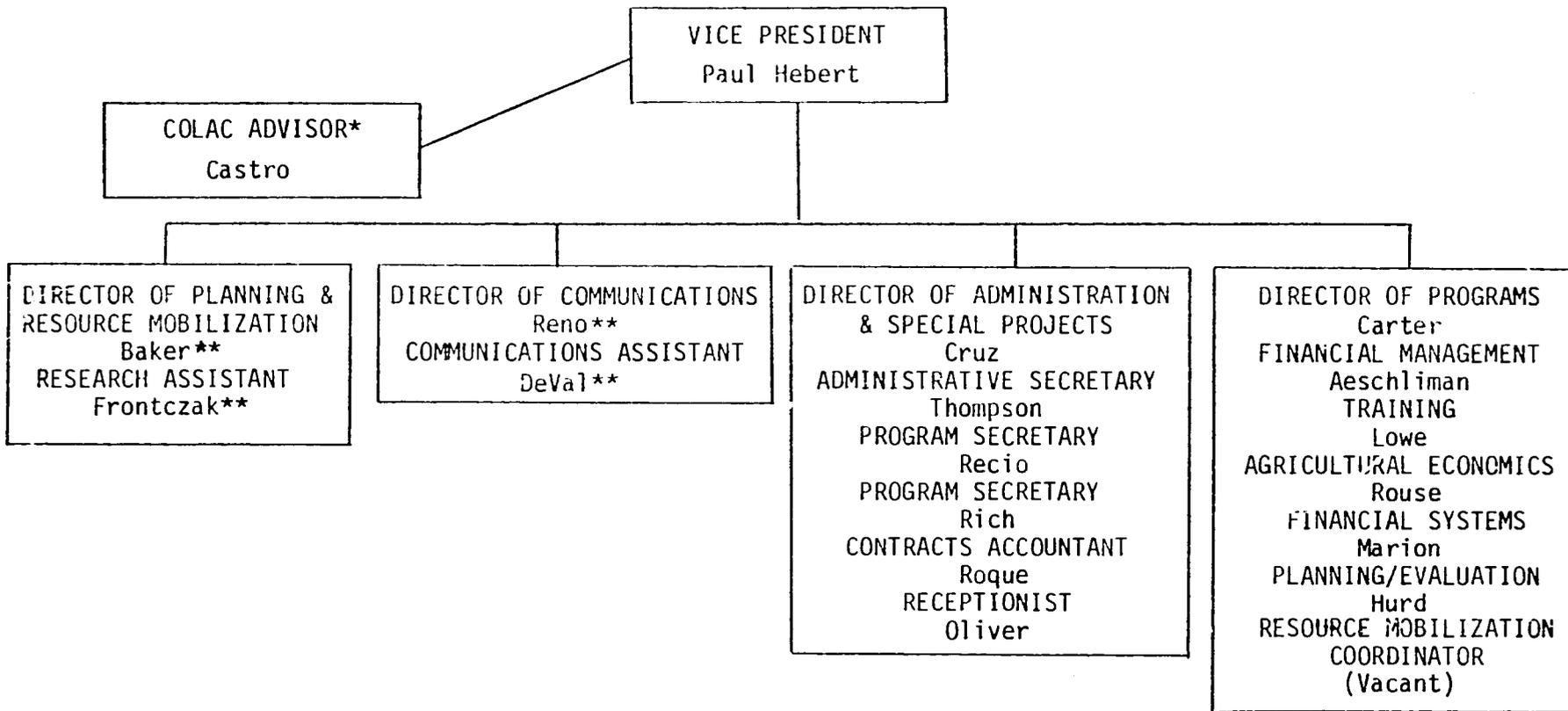
CUNA's international commitment is substantial and has grown over the years. Currently, it has an organizational goal to "participate fully in the worldwide character of the credit union movement to the end that people everywhere have the opportunity to partake in the services and benefits of credit savings." In 1980, CUNA committed 9.4% of its organizational resources to its international objectives and has plans to commit 10.7% of its budget to that end in 1981. Of the total of \$1,258,722 devoted to its international commitment in 1980, 77.7% was expended by its Global Projects Office and most of the rest was used to support the World Council of Credit Unions (WOCCU).

CUNA's Global Projects Office (GPO) is responsible for international development activities. The goal of the GPO is the establishment of an international credit union system comprised of technically and financially self-sufficient members at every level; that is, a system in which local credit unions, national associations, and regional confederations have the ability to plan, mobilize and manage resources. GPO acts as a channel between the U.S. and developing countries for the flow of technical assistance in the field of cooperative thrift and credit institutions. It also enlists financial and other support from established U.S. credit union organizations on behalf of cooperative thrift and credit institution development.

The GPO conducts its activities under the organizational structure shown on the following page.

CUNA/GPO ORGANIZATION CHART

1981



\*Funded by COLAC

\*\*Funded by CUNA

The total budget for the GPO for the program year from 10/1/79 to 9/30/80 was \$978,000. AID's share of that budget was \$848,180, with an additional \$130,000 being received from CUNA. The AID portion of the budget expenditures was as follows:

Salaries	\$373,084
Fringe Benefits	85,809
Consultants	5,000
Travel	59,064
Other Direct Costs	90,180
Overhead	<u>235,043</u>
TOTAL	\$848,180

Overhead expenses supported CUNA's administrative functions, comptroller's activities, public relations, and other support activities.

B. Grant Activities

In stating the goals and objectives of its organization, CUNA presents one overall goal, perhaps better termed a corporate philosophy, and five procedural objectives aimed toward fulfilling the overall goal. CUNA's own statement of its overall/corporate philosophy is:

"...to accelerate progress toward the technical and, ultimately, financial self-sufficiency of national associations and confederations."

The five procedural objectives which CUNA proposed for accomplishing their overall goal may be summarized from Attachment A to their 1978 amended grant proposal to AID as follows:

- to prepare five or six handbooks for developing credit unions which specify how to set up and operate certain financial management/organizational systems;
- to prepare a minimum of five or six project development field studies and prepare project designs and proposals for as many of these as are justified by funding potential;
- to assist visiting cooperating country government representatives, leaders of cooperatives, and others in contacting U.S. credit union organizations in the U.S.;

- to advise and assist cooperative organizations in project planning, management and development; and
- to conduct at least two training programs in project planning, management, and evaluation, with priority given to training programs which train individuals who will use the acquired skills to develop similar skills at the national level.

CUNA activities toward accomplishing these objectives during the 1979-1980 fiscal year are summarized below. Activities are presented according to the stated objectives given above.

1. Preparation of Institutional Development Guides on Financial Management/ Organization

CUNA has prepared draft versions of five institutional development guides. The titles of these are:

- "Credit Union Financial Self-Sufficiency: Guide for Directors" (September, 1979);
- "Affiliate Institutional Development" (September, 1979);
- "Guidelines for Program Planning" (October, 1979);
- "National Association Self-Sufficiency Analysis (NASSA): A Brief Description of GPO's Approach" by C. R. Aeschliman (n.d.);
- "Self-Sufficiency Strategy for Evaluation - Working Papers" (n.d.).

Progress in finalizing these drafts has been slower than expected due to the unforeseen problems in formulating "how-to" manuals on complex management and organizational systems which can be understood and used by the diverse audience of developing credit unions throughout the world.

2. Project Development - Field Studies and Proposals

- Cameroon - a meeting was held in Cameroon in order to prepare final revisions on a project proposal for the Cameroon Cooperative League. This project has now been funded by AID;
- Malawi - CUNA conducted its second survey of the Malawi Union of Savings and Credit Cooperatives (MUSCCO), and its member organizations' needs, as a basis for developing a project proposal;

- Ecuador - CUNA sent a credit union management specialist to Ecuador in order to assist COLAC and the Ecuador credit union federation (FECO)(LAC) prepare a project proposal for establishing an interlending program; and
- Costa Rica, Colombia, Ecuador, Guatemala, Honduras, and Paraguay - CUNA will conduct evaluation studies of six SFPC (small farm production credit) programs in each of these countries.

In addition to work underway in the above mentioned countries, CUNA has undertaken plans for carrying out a feasibility study of Senegal's national credit union promotion committee (CONACAP). CUNA's project development activities in Liberia have, for the time being, been postponed due to the political climate in that country.

### 3. Hosting Visiting Cooperative Leaders and Establishing Contact Between Them and U.S. Cooperatives

- Sierra Leone - CUNA posted the management advisor of the National Savings and Credit Cooperative League of Sierra Leone and arranged for his participation in a two day financial/management workshop conducted by the Kentucky Credit Union League.
- In 1980, work began on developing a network of U.S. credit union managers willing to provide assistance to their counterparts in LDC's by mail; a group of ten U.S. cooperatives have been identified.

### 4. Assistance in Project Planning, Management and Development

- Africa Regional Project - CUNA began efforts in June, 1980 to assist in strengthening the management and service capabilities of the Africa Cooperative Savings and Credit Association (ACOSCA);
- Kenya, Lesotho, and Togo - CUNA has sent financial/management advisors who are assisting cooperative and governmental savings and credit associations. CUNA's assistance in Lesotho began in August of 1980;
- Latin America - CUNA's technical assistance continues with the Latin American credit union confederation (COLAC).
- Caribbean - CUNA has provided technical assistance to the Caribbean Confederation of Credit Unions with special assistance to Dominica.

CUNA also has plans underway for assistance to Botswana and Ecuador.

### 5. Training

CUNA has provided seminars and training sessions on various topics in financial management and organization over the past few years. More

specifically, since 1979, CUNA has assisted the Caribbean Confederation of Credit Unions by providing two three-day seminars in 1979 and one three-day seminar in 1980 for its board of directors; a two-day workshop for its official delegates and a ten-day training program for its new manager in 1979. In 1979 CUNA staff also provided three days of board training for credit union board members in Dominica, three-day seminars for leaders of the National Credit Union Leagues of the Cameroon and Malawi and worked as trainers with the Coady Institute in Canada for nine days in providing training to African cooperative leaders. In 1980, other training activities have included five days of training for the Training Officers of ACOSCA, a one-day training event for the Board of Directors of WOCU, organizing and participating with Alternative Economics in a one-month training program for India, and providing three three-week training sessions for CUNA's new GPO field staff.

### C. Internal Evaluation

CUNA has a relatively well established system for formative project evaluations and a management-by-objectives (MBO) procedure for GPO staff which includes a review every six months of staff accomplishments in terms of previously established objectives. It does not, however, have an impact-oriented system of evaluation, although some initial steps have been taken along these lines. The MBO system is relatively flexible, allowing for changes in response to conditions overseas, and is viewed as generally useful by project staff.

As part of the AID grant, during 1976 and 1977 CUNA staff developed a framework for the assessment of credit unions. The framework, which is essentially a checklist of over a hundred specific credit union processes and functions, has served as the basis of formative project evaluations in ten countries since 1977.\* The framework is designed to assess operations of individual credit unions or credit union federations on a single or multicountry basis. Results of the assessments have been used as a basis for designing training and

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\*ACOSCA, Kenya, Malawi, Cameroon, Lesotho, Botswana, Sierre Leone, Togo, Haiti and Zambia.

technical assistance programs and in improving internal operations of the various programs reviewed.

D. Cooperative Development Expertise

The CUNA/GPO has used the institutional support grant to assemble a staff with broad expertise and considerable experience in international cooperative development. Included on the staff are individuals with training and experience in agricultural economics, management accounting, financial systems analysis, international training, program design and evaluation, and credit union management. Almost all the staff employed in the past several years have overseas experience with Peace Corps or a religious mission organization. The areas of expertise and experience of administrative and program staff are described in the table on the next page. The areas and depth of expertise included on the staff seem appropriate to the types of activities in which the GPO engages. Because headquarters staff frequently engage in project support activities, a broad range of expertise available is extremely important.

The number of headquarters staff (ten professionals and seven support) seems appropriate to the scope of activities being performed overseas. According to the GPO director, if an additional staff member were to be added, that individual should most likely be given responsibility for financial resource development from sources within the U.S. credit union movement and from international development agencies (and such a position has been included in the 1980-81 grant). The director of the GPO plays a central role in the recruitment of core and overseas project staff. He has considerable personal contacts in the credit union movement and has apparently had little difficulty in finding qualified individuals for GPO positions.

E. Focus and Impact on Poor People/Institutionalization of Service to Poor

At the present time, CUNA has very little hard information on the degree to which its programs reach the poor. Plans are underway, however, to collect this type of information. Like other cooperative agencies, CUNA feels that it rarely, if ever, reaches the poorest of the poor who, in general, can make little use of the services of credit unions. However, they feel that most of

Staff Title	Previous Experience				Skill Areas
	Years With Organization	With U.S. Coops.	With Coops. in LDC's	With Other International Develop. Activities	
1. Global Projects Director - Hebert	11	18		*	Management, Member Relations
2. Director of Programs - Carter	4			10	International Development, Program Design, Evaluation
3. Director of Planning and Resource Development (not on ISG)- Baker	5			5	Economic Development, Program Design, Evaluation
4. Director of Administration and Special Projects - Cruz	8	5	10		Contract and Grant Management, Resource Mobilization, Finance, Agricultural Credit
5. Financial Systems - Marion	2		6	2	Financial Analysis, Accounting, Financial Management, Evaluation
6. Financial Management Specialist - Aeschliman	4	1	3		Management Accounting, Financial Management, Program Design, Evaluation
7. Agricultural Economist - Rouse	3		4	2	Agricultural Economics, Development Planning and Administration
8. Program Development Specialist - Hurd	4		2		Institutional Analysis, Program Design and Evaluation, Management Systems
9. Training Specialist - Lowe	9			3	Credit Union Training, Production Credit, Program Design

\*7 years with International Cooperative Alliance and CARE

DEVELOPMENT ASSOCIATES, INC.

their projects deal with the upper levels of the poor both in terms of saving and loan services. The views of CUNA staff in this regard were generally consistent with the findings of several AID evaluation reports reviewed. Although there is a dearth of hard information, it is apparent that CUNA, through its credit unions, reaches the middle to upper levels of the poor majority, but not those in the poorest extreme.

#### F. Cooperative to Cooperative Activities

CUNA's approach to international credit union development is through a vertically integrated organization structure. The apex organization in this structure is the World Council of Credit Unions (WOCCU) through which CUNA would like to redirect all of its international efforts. CUNA is currently in negotiation with WOCCU and AID concerning the process by which that transfer may occur.

Most of CUNA's international efforts are mediated through national federations and international regional confederations of credit unions. CUNA seems particularly interested in developing knowledge and expertise at these levels, as it believes that the most efficient use of CUNA resources can be to train those who will eventually train others at the local level. CUNA is firmly committed to the concept of cooperative activities, and it develops contacts with host governments primarily for the purpose of strengthening local and national credit union organizations.

In that regard, during 1980, CUNA began to develop a network of U.S. credit union managers willing to provide technical assistance by mail to cooperatives overseas. At present ten U.S. credit unions have expressed an interest in this program, but no requests have been received. It is CUNA's intent that this effort will not only provide specific technical assistance but also serve to increase the interest of individual U.S. credit unions in international activities and build tangible linkages between credit unions in the U.S. and abroad.

The international credit union system which CUNA is helping to develop outside of North America is still relatively small, however. More than 70% of world

credit union members and more than 70% of world credit union savings come from the United States, and approximately 88% of members and 97% of savings come from North America. This concentration of members and money as well as the fact that the World Council is headquartered in Madison, Wisconsin leaves an impression of a North American dominated movement. The relationship between WOCCU and CUNA will necessarily need to be very close for the foreseeable future.

CUNA's interests and strengths clearly lie in the area of international institutional development. From the viewpoint of AID, this approach may have both advantages and disadvantages. AID's emphasis on cooperative to cooperative relationships is clearly met by this approach. The approach also attempts to avoid the implicit paternalism that sometimes characterizes certain international development efforts. On the other hand, the degree to which institutional development of credit union systems meets the goals of AID missions or AID/Washington is not clear. CUNA projects are not explicitly focused on rural development, or on the lowest levels of the poor majority and, thus, might be challenged in that regard. However, CUNA projects are directed toward increasing popular participation and savings mobilization of the poor majority, both of which are consistent with AID goals. Also, CUNA is strongly committed (philosophically and financially) to their present development strategy, and attempts to change CUNA's development approach should be expected to meet considerable institutional resistance.

#### G. USAID Impressions of CUNA

Overall, AID staff appear to be positively impressed with CUNA's efforts. Seventeen of the 48 USAID missions responding to the survey of U.S. cooperative agency activity reported some form of contact with CUNA. Of these, eight stated the contact to be of too limited a nature for any comments on CUNA staff qualifications to be made. All but one of the remaining nine reported that CUNA performance and staff qualifications were good to excellent. The lone critical comment came from the East Africa Regional Economic Development Services Office (REDSO/EA) who felt that CUNA was too parental in its behavior towards African organizations, and that CUNA representatives were for the most part too junior for the kinds of planning needed in the area.

In responding to the survey of U.S. cooperative activity, both the Cameroon and Paraguay USAID missions commented on particularly successful activities by CUNA. Cameroon noted CUNA's general success in credit union development in that country, while Paraguay singled out the creation of CREDICOOP through the efforts of CUNA. The Paraguay mission noted that the two most recent CUNA resident advisors had been instrumental in establishing a sound management system and in training personnel for CREDICOOP and affiliated credit unions.

The AID Project Officer for CUNA reported quite positive impressions of CUNA activities. However, he noted that prior to 1975 CUNA had suffered from ad hoc recruiting of staff from U.S. credit unions to do studies and proposals, and the absence of procedures for completing these with the result that they were uneven. He also indicated that their activities in the area of rural agricultural credit are not up to AID expectations, although these expectations may be unrealistic.

On the positive side, he stated that his overall impression of CUNA activities is favorable. He feels they have an adequate staff, and that it includes some excellent individuals.

#### H. Conclusions/Recommendations

There are a number of strengths to CUNA's approach to international development. CUNA has a clear vision of future goals for institutional credit union development, and that vision includes considerable participation by individuals from third world countries. CUNA has also developed specific and realistic objectives for the institutional support grant, making management and oversight of the grant considerably easier. GPO staff have a broad background of expertise and considerable experience in international credit union development. CUNA is also ahead of other cooperative organizations in the development of a full-scale evaluation system.

A weakness of CUNA's approach is that there is no strong emphasis on serving the poor majorities in LDC's. CUNA believes that such individuals are being served, but has little evidence to support their contention. CUNA is also

lacking a system for evaluation of the impact of credit unions on its members. Until recently, there appeared to be little involvement of U.S. credit unions in GPO activities, but a new staff member has been authorized for such activities, and a system of correspondence technical assistance between U.S. credit union managers and overseas credit unions has been designed.

Based on DA's analysis of CUNA's activities, we make the following recommendations:

- CUNA should develop a system of baseline and impact evaluations of developing credit unions. Included in such a system should be the retrieval of socioeconomic information on cooperative members which is either already available or may need to be collected. The economic benefits of belonging to credit unions in LDC's and who receives those benefits should be part of CUNA's information system.
- CUNA's present strategy in developing a credit union system is to aid in the development of national federations and regional confederations. Understanding that the eventual CUNA goal should be the development of local credit unions with sufficient resources to independently support national federations, CUNA should determine if present activities are leading at a reasonable pace toward that eventual goal. CUNA should carefully monitor the number of credit unions being developed under each federation as well as the number of members and total resources mobilized. If reasonable progress under federation development is not occurring, alternative approaches should be attempted.
- CUNA should continue to encourage credit union-to-credit union contacts by supporting visits and mail contacts between members of U.S. and LDC credit unions. Such contacts will increase U.S. credit union support for international development activities.
- CUNA should not develop a system of short-term technical assistance which will be in competition with VDC effort. CUNA should resume communication with VDC so that VDC projects do not conflict with CUNA goals. CUNA should provide VDC with a list of suggested volunteers for credit union projects, and should forward short-term assistance requests to VDC.
- Given the expected transfer of administration of the GPO from CUNA to the World Council of Credit Unions, CUNA and the World Council should make special efforts to retain the present highly competent GPO staff. Losses of staff due to unwillingness to relocate or administrative restructuring would considerably weaken GPO activities. DA understands that such issues have already been discussed, but frequent monitoring of staff perceptions and preferences should be performed.

## NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

### A. Background

The National Rural Electric Cooperative Association (NRECA) was established in 1942, and began its international program in 1962 with the signing of a contract with USAID for international assistance services. NRECA represents 1,028 rural electric cooperatives in 46 states, and is primarily a service organization providing management, public relations and training guidance, along with some technical engineering assistance.

Abroad, NRECA has worked in 44 countries in Latin America, the Near East, Asia and Africa. In providing assistance in other countries, NRECA has been primarily interested in rural electrification through whatever may be the appropriate means, and does not consider itself to be a "missionary for cooperatives."

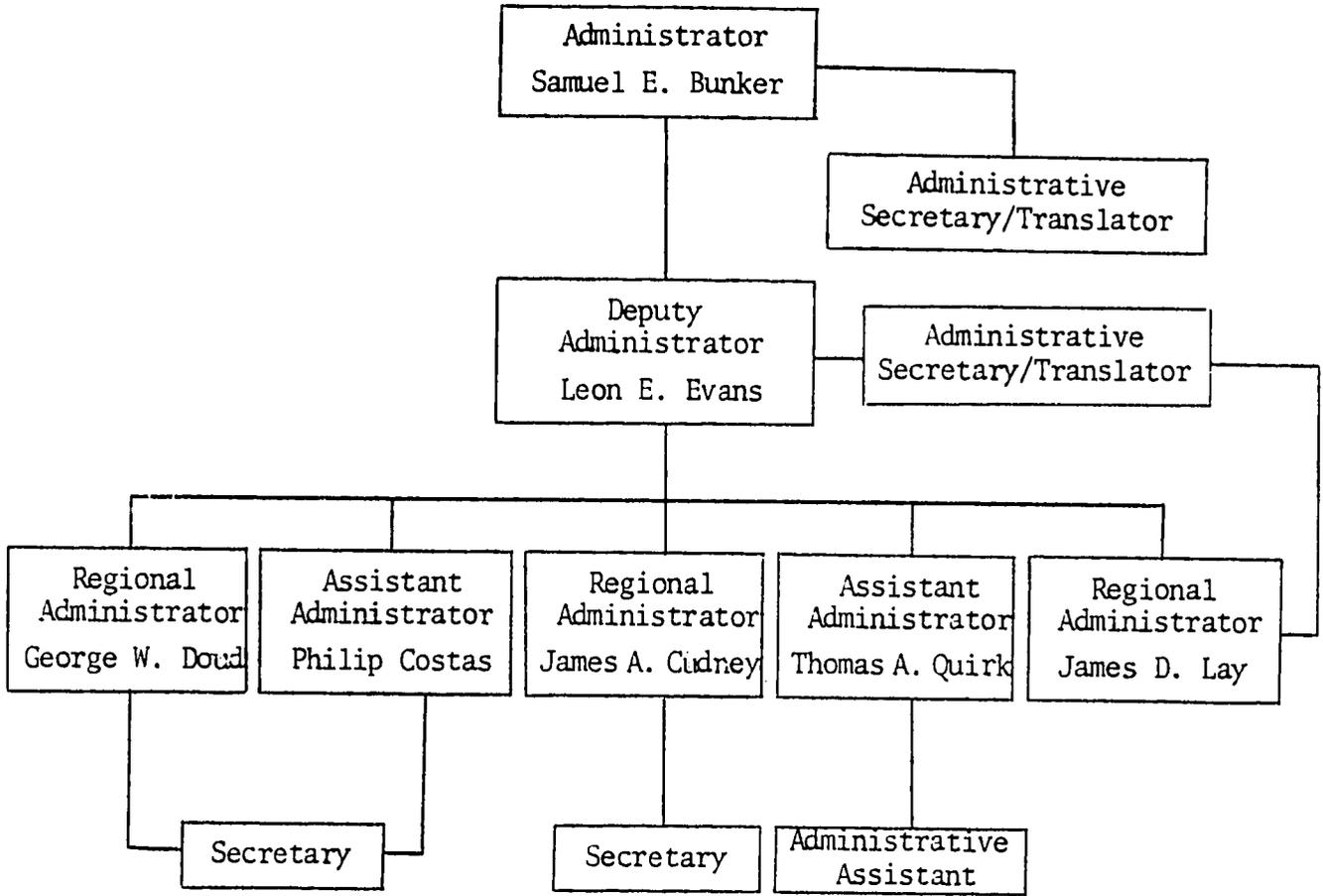
NRECA is organized into five departments: Government Relations; Energy and Environmental Policy; Public and Association Affairs; Management Services; and Retirement, Safety, and Insurance. The International Programs Division operates under the general supervision of the Management Services Department. The International Division, thus, represents only a small fraction of the NRECA operation.

An organization chart of the NRECA International Office supported by the institutional support grant follows on the next page.

The budget breakdown for NRECA on the core grant for the period 3/1/80 to 2/28/81 is:

Salaries	\$243,534
Fringe Benefits	60,884
Consultants	20,000
Travel, Transportation, and Per Diem	72,000
Other Direct Costs	95,134
Overhead	58,448
<u>TOTAL</u>	<u>\$550,000</u>

### NREC INTERNATIONAL OFFICE ORGANIZATION CHART



## B. Grant Activities

NRECA's overall goal as stated in Attachment A of their initial grant application to AID is:

"...to assist in the planning, development and establishment of self-sustaining, financially viable, properly managed and maintained rural electric systems..."

The specific procedural objectives stated by NRECA as leading toward the accomplishment of this overall goal are essentially the same as those mentioned for other cooperatives, viz., technical assistance, training, and project development. NRECA's 1979-80 activities are summarized below by objective and country.

### 1. Technical Assistance

- Belize - NRECA conducted a management audit of the Belize Ministry of Electricity;
- Sri Lanka - NRECA undertook a needs assessment in the areas of manpower and training for the Ceylon Electricity Board;
- Boliva, Jamaica, Ecuador, Yemen, Egypt, Indonesia, Bangladesh, Phillippines - NRECA provided technical advice on energy projects underway in each of these countries.

### 2. Training

- The Philippines - NRECA hosted the President and General Manager of the Federation of Electric Cooperatives for a three week visit in the U.S. in order for them to learn about NRECA operations and visit three statewide organizations (Kentucky, Indiana, Illinois);
- Indonesia - training of personnel to operate electrification projects under development;
- Costa Rica - hosting General Manager of the Rural Electric Cooperative of Los Santos in the U.S. on a six month study tour of U.S. electric cooperatives;
- Annual training conducted with USDA for operators and managers of rural electric systems.

### 3. Project Development

- Indonesia - NRECA conducted six feasibility studies for rural electric projects; construction is underway in ten other sites;

- Bangladesh - organized 13 cooperatives;
- Bolivia - NRECA has begun to implement a productive uses program;
- Jamaica - NRECA is engaged in a management and operations upgrading process;
- Yemen - an NRECA team of technical personnel has continued to assist the implementation of the rural electrification project in this country; and
- Egypt - NRECA's team has begun project implementation work.

### C. Internal Evaluation

NRECA is in the process of developing a system for internal evaluations of past and ongoing projects. NRECA has had a subcontract with Practical Concepts, Inc. (PCI) to aid in evaluation design, with special emphasis on assessing social and economic impacts but also on institutional evaluation. A draft version of the social and economic impact structure has been completed, and NRECA plans to implement the system either in the Santa Domingo cooperative of Ecuador or in the Santa Cruz cooperative in Bolivia.

NRECA has also recently completed an institutional evaluation of four Costa Rican rural electric organizations which were previously assisted by NRECA. This evaluation was performed to provide feedback to the organizations concerning the effectiveness of their operations as well as to serve as guidelines for future NRECA projects.

Although NRECA International does not have a formal system for management evaluation of program activities, it has had continuing discussions with the American Management Association concerning improved operations. Staff members have also been given the opportunity to attend management training courses offered within NRECA.

### D. Cooperative Development Expertise

The NRECA International Programs Division has used the institutional support grant to provide salaries to the administrator, the deputy administrator, four program specialists, a grant administrator, an administrative assistant, and four clerical support staff members.

The areas of expertise and experience of administrators and program staff are presented in the table on the next page. The qualifications of staff tend to be management rather than engineering-oriented, as the NRECA/IPD is primarily oriented to providing management rather than engineering assistance to local projects. While NRECA sometimes is involved in the engineering portions of projects, it more often uses the services of electrical engineering firms for such work.

The IPD administrator believes that the configuration of staff is appropriate, although a new staff member to generate additional funds from NRECA members might be useful. Employees for overseas projects are primarily recruited from among the 66,000 employees of member NRECA systems; recruitment is typically done at regional meetings of NRECA. Individuals with specialized expertise for short-term assistance are typically recruited through loan arrangements with member systems, but also from among retired employees of the NRECA, its member systems, and the Rural Electric Association.

The stability of the staff of NRECA and their experience with international rural electrification appears to be a strength of the NRECA/IPD.

E. Focus and Impact on Poor People/Institutionalization of Service to the Poor

The primary focus of NRECA is to establish rural electrification projects where none existed before, where need has been previously determined by AID or the World Bank. While data from recent impact studies and other information sources have shown that the greatest benefits from such projects is received by communities located near urban centers, and by individuals with the financial resources to allow wiring of their homes and the purchase of electrical appliances, NRECA data show participation rates of up to 60% in areas served, which must have involved large numbers of poor people. Extensive feasibility studies concerning who would be served were undertaken in Bangladesh and Indonesia, and social and economic impact studies are planned. To date, however, there is little hard data clearly delimiting the degree to which individuals at various economic levels have been served.

Staff Titles	Previous Experience				Skill Areas
	Years With Organization	With U.S. Coops.	With Coops. in LDC's	With Other International Develop. Activities	
1. Administrator - Bunker	2			17	Administration, International Development
2. Deputy Administrator - Evans	17	11			Administration, Program Planning
3. Assistant Administrator - Economic Analysis and Evaluation - Costas	6	4		2	Economic Geography, Planning and Evaluation, Economic Analysis
4. Regional Administrator - Middle East and Africa - Doud	6			3	Business Administration, Advertising and Public Relations, Marketing
5. Regional Administrator - Asia and the Pacific - Cudney	5			22	Electrical Engineering, Economics, International Development, Evaluation
6. Regional Administrator - Latin America and the Caribbean - Lay	5		1	4	Utility Management, Evaluation, Marketing and Sales.
7. Assistant Administrator - Contracts and Finance - Quirk	15				Engineering, Business Management, Finance

F. Cooperative to Cooperative Performance and Capacity

The primary goal of the NRECA/IPD is rural electrification in least developed countries. Although NRECA favors the cooperative approach to rural electrification, it is willing to undertake projects which are both cooperative and noncooperative in nature.

NRECA most frequently makes initial contacts concerning rural electrification with ministries of power in least developed countries. During these contacts, NRECA asks about the feasibility of using electric power cooperatives, and stresses the advantages of cooperatives. The host country government, however, usually makes the decision concerning the ownership of the electrical system based on its political goals and philosophy.

NRECA works at developing cooperative to cooperative relationships by providing training sessions for individuals from LDC's in local U.S. electric cooperatives. In this way, individuals from LDC's see how cooperatives work in this country, and in some cases, propose similar systems in their own countries. The IPD also regularly makes presentations on its international activities to NRECA's membership and board.

Direct cooperative to cooperative development assistance efforts are somewhat difficult for NRECA given the large capital expenditures required for developing electric systems. In some countries, large capital outlays are only possible through government systems, and thus NRECA frequently works with government agencies in their development efforts. NRECA member systems in some instances have contributed material to LDC cooperatives and assisted with development of rural electric cooperative federations. To the extent that resources permitted, NRECA has also attempted to respond to requests for assistance from cooperatives with which NRECA has had previous experience (i.e., Costa Rica, Nicaragua, Bolivia).

G. USAID Impressions of NRECA

The impressions of AID staff of NRECA are generally positive. Of the 48 USAID missions responding to the survey of U.S. cooperative agency activity, 11

reported contact with NRECA; however, four of these ten stated the contact to be too limited for any rating of NRECA staff to be made. The remaining six rated NRECA staff from good to excellent.

The AID Project Officer for NRECA has worked with this organization since 1975, and reports frequent contact (one to two times per week) with it. In general he feels that the organization is adequately staffed, although another administrative assistant might be added. He gives the organization very high marks in terms of accomplishing the objectives of their grants and developing new projects. He feels, however, that the pace of evaluation efforts has been slower than his expectations, and that those evaluations which have been performed by NRECA have not been of high quality.

Three USAID missions reported particularly successful NRECA activities in responding to the survey of U.S. cooperative activity. The mission in Bangladesh noted that NRECA had created 13 cooperatives with an estimated membership of 268,000. The USAID mission in Bolivia noted NRECA's success in providing technical assistance in the organization of two new electric cooperatives in that country. And, the mission to the Philippines reported NRECA's accomplishment in providing electricity to one million homes. In connection with this, the NRECA team leader was decorated by the President of the Philippines at the end of the tour in recognition of services rendered.

#### H. Conclusions/Recommendations

There are a number of strengths in the NRECA international programs effort. NRECA's clear focus on electrification rather than on a broader program area means that it is acknowledged as an expert in the field and that program staff can become well versed in a specific area of development. NRECA's staff has a high degree of stability and experience, and are thus well known both in this country and overseas. NRECA also has a strong time-cost accounting system in which time devoted to overseas projects can be properly charged.

Depending upon perspective, NRECA's lack of missionary zeal in promoting cooperative structures might be considered a weakness. NRECA is typically responding to the wishes of the host government concerning utility ownership,

however, and thus its flexibility concerning ownership might also be considered a virtue. The high capital costs of projects and resulting questions of cost-effectiveness might also be seen as a weakness of the NRECA approach. NRECA's slowly developing impact evaluation system has not provided adequate data to refute attacks on electrification as a useful development activity.

Based on these conclusions, DA believes that NRECA must quickly move to prove the long-term impact of electrification, or AID support for those activities may be dramatically reduced. NRECA must clearly conceptualize what long-term impacts should be expected, measure those impacts wherever possible, and effectively publicize the results of evaluations. DA is generally receptive to NRECA's claims that electrification has important impacts, but without documentation of such impacts, AID-supported rural electrification projects may be eliminated. However, through effective presentation of such impacts, DA believes that NRECA could improve its position within AID.

In this regard, DA believes that NRECA should emphasize the social as well as economic benefits of electrification. Effects on family life, and educational and cultural experience, should be placed side-by-side with effects on industrial and family economic development. Indeed, they should be the primary factors in the short-run. NRECA should be certain to assure the time frame for assessing economic impact is adequate. Basic infrastructure development does not necessarily lead to economic change in only two or three years, especially if a goal is fostering employment and income generating activities.

Finally, it should be noted that there have been discussions between AID and NRECA regarding expanding NRECA's role from rural electrification to the broader area of energy development, distribution and conservation. This would seem to be a logical direction for NRECA, but if pursued, it will be important to establish clear foci and limits on new activities.

## VOLUNTEER DEVELOPMENT CORPS

### A. Introduction/Background

The Volunteer Development Corps (VDC) was developed based on the suggestion of William S. Gaud, administrator of the Agency for International Development, to perform similar services in the cooperative development area to those provided by the International Executive Service Coops. It was incorporated in April 1970, and received its first funds from AID in June of that year.

Through 1979, VDC has received \$2,245,000 in AID grant funds, has raised \$179,000 in funds from its sponsor organizations, and has received \$1,923,000 in services contributed by VDC's volunteers, directors, and overseas cooperatives. With these resources of \$4,347,000, VDC completed 163 short-term assistance projects in 44 countries.

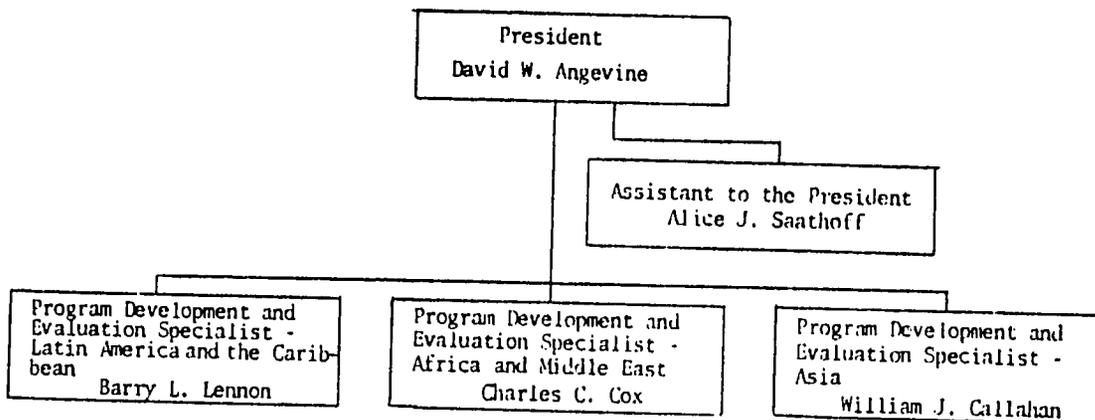
VDC receives requests for short-term technical help from cooperatives and from government agencies responsible for cooperative growth in developing countries. VDC accepts those requests which it believes will contribute to economic development, that are sufficiently defined and limited to be undertaken within 90 days, and that are within the scope of U.S. cooperative experience.

VDC is presently sponsored by four U.S. cooperative organizations (Agricultural Cooperative Development International, National Rural Electric Cooperative Association, National Council of Farmer Cooperatives, and American Institute of Cooperation). Each sponsor provides financial support for VDC activities. VDC has a policy of not soliciting additional funds from member organizations. Besides AID and its sponsor organizations, VDC has no additional funding sources.

A budget breakdown by category for 12/1/79 to 11/30/80 is presented below.

Personnel	\$170,000
Fringe Benefits	29,000
Travel	66,000
Other Direct Costs	29,000
	<u>294,000</u>
Less Cooperative Contributions	30,000
	<u>264,000</u>
Projects	335,000
	<u>599,000</u>
Less Carry Over Funds	49,000
TOTAL AID BUDGET	<u>\$550,000</u>

An organizational chart of the VDC staff is presented as follows:



B. Grant Performance

VDC's major objective is to provide short-term (90 days or less) training and technical assistance to cooperatives throughout the world. To achieve this objective, VDC has a three-person field staff which travels extensively in least developed countries, and which actively seeks opportunities for volunteers.

VDC field staff develop contacts with international, national, and local cooperative leaders and with LDC government officials in charge of cooperatives. Field staff often assist in drafting the applications for volunteer assistance.

Once an application is received, it is evaluated to determine if it is appropriate for VDC assistance. In 1979, a total of 62 applications was received, 44 were approved for assistance, and 35 projects were completed (7 in Africa, 10 in Asia, 16 in Latin America, and 2 in the Caribbean). The length of time between formal request and arrival of the volunteer is typically in the range of from 2-3 months. The number of volunteer opportunities developed has increased dramatically based on the efforts of field staff (an increase of from approximately 12 to 35 projects over 5 years).

A 1979 summary of VDC activities on a country-by-country basis is described below.

#### 1. Technical Assistance

- Bolivia - financial forecasting for the national federation of savings and credit cooperatives; project planning advice to the cooperative group Cooperativa Multiactiva Plan de Padrinos in La Paz, advice on construction and assistance in establishing baseline socio-economic data on cooperative members for the rural electric cooperative of Santa Cruz;
- Brazil - milk processing and marketing advice to the agricultural cooperative Cooperativa Agricola de Itapage, Fortaleza, margarine marketing advice to the central cooperative for cotton producers;
- Chile - operations and marketing advice to the agricultural cooperative group of Llay-Llay, marketing and production advice to the National Union of Algae Marketing Cooperatives;
- Costa Rica - production planning assistance to the automotive cooperative of San Jose, operations advice to the print plant of the National Federation of Savings and Credit Cooperatives;
- Dominican Republic - feasibility studies for mill purchasing by the National Agricultural Federation;
- Ecuador - operations and organization recommendations to the Cooperative Bank of Ecuador, operations review of the Insurance Cooperative of Ecuador;
- Indonesia - advice on operations of tractor service depot to a farmer cooperative;
- Jamaica - advice on an accounting system for the farm supply department of the Jamaica Agricultural Society;
- Jordan - advice on developing housing cooperatives to the Jordan Cooperative Organization;

- Kenya - review of bank policies and development of operations manual for Cooperative Bank of Kenya;
- Liberia - preparation of an accounting system for the Lofa County Agricultural Development Project;
- Malaysia - production planning for the Muda Agricultural Development Authority;
- Nigeria - general management advice to the manager of the Nigeria National Cooperative Wholesale Association, recommendations as to needed technical assistance to cooperatives handling consumer goods to the trade ministry of Nigeria;
- Paraguay - feasibility study of organizing a dairyman's cooperative and building a milk processing plant to the agricultural committee of Yaguaron;
- The Philippines - evaluation of second supermarket of the Metro Manila Consumers Cooperative, organization advice to the consumers cooperatives federation of Negros Occidental, planning and feasibility advice on cooperative housing to the Philippines government;
- Swaziland - advice on improving accounting system of the Swaziland Cotton Cooperative Society;
- Thailand - advice to the government's Cooperative Promotion Department regarding recommendations to be made by its director general to dairymen's and thrift and credit cooperatives; advice to the government's Cooperative Auditing Department on improving its handling of paperwork; and
- Togo - Advice on an accounting system, and reorganization, for National Savings and Credit Unions Development Committee of Togo;

## 2. Training

- Jamaica - training of the supermarket manager for the Jamaica Consumers Cooperative Society;
- Ecuador - training of operator for computer designed and installed by VDC; and
- Nigeria - design and conduct training seminars for members of farmer, consumer and credit cooperatives, coop managers and accountants, and Ministry staff.

## 3. Project Development

VDC field staff members aided in the development of projects for volunteers by traveling extensively to LDC's. Field staff in their travels met with cooperative leaders, host government officials, AID mission personnel, and others in order to develop the 35 projects in 18 countries which VDC has undertaken.

Thus, VDC has been involved in technical assistance to 18 countries, has provided training in three, and has performed project development work broadly in Latin America, the Caribbean, Africa, and Asia.

C. Monitoring and Evaluation Systems

VDC conducts a performance evaluation for each of its projects. For each VDC project, the volunteer leaves a list of recommendations to be implemented following his/her departure. During 1979, field staff revisited 28 organizations where VDC volunteers had completed their work a year or so earlier and questioned officials about implementation of the volunteer's recommendations.

This system constitutes the only formal aspect of VDC's evaluation methodology. Other information of an evaluative nature is obtained from volunteer reports and correspondence. There is also no evidence of a formal system for staff evaluation.

VDC field staff have had beginning discussions with evaluation specialists at AID concerning the implementation of a more complete baseline and impact evaluation system. AID has not yet provided VDC with explicit guidelines for such evaluations, however, so a complete system is not likely to be implemented with VDC projects in the near future.

D. Cooperative Development Expertise

VDC's staff consists of a president, assistant to the president, and three program development and evaluation specialists. The experience and expertise of the president and program specialists is summarized in the following table.

Staff Titles	Previous Experience (Years)				Skill Areas
	Years With Organization	With 'U.S. Coops.	With Coops. in LDC's	Other Internat'l Development	
1. President	10	28	-	-	Public Relations, Administration
2. Program Specialist (Latin America and Caribbean)	5	-	2	3	Agricultural Credit
3. Program Specialist (Africa and Middle East)	3	-	-	7	Public Management, International Relations
4. Program Specialist (Asia)	4	-	3	2	Developmental Economics

The President of VDC has had considerable experience with U.S. cooperatives, and that experience has been used to recruit volunteers for overseas projects. The list of volunteers who have undertaken VDC projects is quite impressive, including a former general manager of the Indiana Farm Bureau Cooperative Association, two former presidents of the St. Paul Bank for Cooperatives, and the former general manager of the Consumers Cooperative of Berkeley, California.

The VDC field staff consists of three former Peace Corps members who travel extensively in order to develop projects for VDC volunteers. Two of the field staff served as Peace Corps advisors to cooperative organizations, while the third supervised a number of Peace Corp volunteers who advised cooperatives.

The number of field staff assigned seems appropriate to the tasks to be performed. Field staff spend more than 60% of their time out of the office, however, and this fact might be likely to lead to some turnover. If an additional staff member were added, that person would work in the Washington office and would be assigned to recruiting and making arrangements for volunteers, as well as for other general administrative responsibilities.

Because VDC depends so importantly on the quality of its volunteers, and because it is not based within a U.S. cooperative organization, maintaining continuing contacts with cooperative organizations is essential to VDC goals. Those contacts are somewhat informal under the present administration, and a future goal of VDC might be the formalization of the process for recruiting volunteers from cooperative organizations.

E. Focus and Impact on Poor People/Institutionalization of Service to Poor

There is no formally institutionalized policy on the part of VDC to serve poor people. This is due not to any specific position on the matter taken by VDC, but rather to VDC's having only marginal input into the selection of the population to be served by the projects it undertakes. While VDC feels that its efforts do in many cases reach the upper layers of the poor people, it does not feel that it, or any other cooperative group, can reach the poorest of the poor who have yet to take the first step out of poverty.

F. Cooperative to Cooperative Performance and Capacity

VDC's short-term assistance efforts are primarily directed to individual cooperatives or combinations of cooperatives in developing countries. VDC volunteers have also worked, however, with government agencies and cooperative federations.

Because VDC is not a cooperative organization, the role that it plays is of coordinator between individual members of U.S. cooperatives and cooperative organizations in least developed countries. It is unclear the degree to which VDC projects lead to other cooperative contacts, but the available information suggests that such contacts are limited. VDC does maintain continuing contacts with cooperative organizations in other countries, however, and thus could easily serve as a clearinghouse for information concerning those cooperatives.

Given the large amount of field time and broad travel of VDC field staff, these staff members have considerable personal knowledge of cooperative organizations in least developed countries. Some of this information is not formally recorded, however, and may be lost if there is field staff turnover. Descriptive information appears to be more frequently recorded than qualitative judgments. VDC may wish, therefore, to develop a formal system of recording knowledge gained during field visits, which may later be used by VDC or possibly other cooperative organizations (See Conclusions/Recommendations section below).

G. USAID Impressions of VDC

Almost all AID personnel spoke highly of VDC. Seventeen of the 48 USAID missions which responded to the survey of U.S. cooperative agency activity reported some form of contact with VDC. Of these, two stated that the contact was too limited for opinions regarding the qualifications of VDC staff to be formed. Of the remaining 14, all but one rated VDC performance and personnel qualifications as good to superior. In particular, the mission in Guinea-Bissau was impressed both by the qualifications of the VDC representatives and their ability to communicate effectively in Portuguese.

In responding to the survey of U.S. cooperative activity, three USAID missions pointed out particularly successful VDC projects. Ecuador noted VDC's success in establishing a data processing capacity within the Ecuadorian cooperative bank. The mission to Bolivia pointed out VDC's assistance to the Santa Cruz Electric Cooperative in improving their management and technical capabilities. And, the Philippines' mission reported VDC's success in professionalizing the managerial and marketing capabilities of cooperatives in that country. The only negative comment on VDC came from the mission in Cameroon where VDC has only undertaken one project.

The AID Project Officer for VDC has been working with this organization since 1973, and has been significantly involved in assisting VDC to define its program and objectives. He is in very frequent contact with VDC's offices. In general, he feels that VDC is very successful in carrying out what it has been requested to do, and notes that there have been no significant problems in working with the organization. He states that the present staff has reached the maximum number of projects which it can reasonably handle, and that an additional office staff person would be required if additional projects were undertaken. As to weaknesses in the organization, he feels that more emphasis should be placed on formal recruitment of volunteers, but notes that formal recruitment is often inappropriate for retired people.

#### H. Conclusions/Recommendations

VDC has a number of strengths which it brings to its cooperative development efforts. The President of VDC has broad contacts in the U.S. cooperative movement, and he has been able to use those contacts effectively in recruiting volunteers from among both retired and active members of cooperative organizations. VDC field staff, through their broad international travel, have developed considerable knowledge of existing international cooperative structures, and they have been able to translate that knowledge into projects for VDC volunteers. VDC's relations with Congress based on visits by returning volunteers has been excellent, and VDC has thus broadly served the cause of cooperative development.

DA does perceive certain weaknesses in VDC's approach, however. Given the initial purposes of VDC's creation, its lack of programmatic relationships with CLUSA, CUNA, and FCH must be considered a problem. VDC also lacks relationships in the U.S. with other PVO's and with the Peace Corps, all of whom could play an important role in identifying volunteer opportunities. The recruiting system for volunteers is rather informal and tied to the personality of the president. DA recognizes that an informal system is probably most effective for retired persons, but some additional formalization of recruiting would appear to be called for. VDC is also lacking a meaningful system for conducting baseline and final socio-economic impact evaluations of its projects.

Based on these issues, DA makes the following recommendations:

- Because of the broad travel and knowledge of field staff, and although non-sponsoring organizations may not initially see its value, VDC should make greater efforts to share its information concerning overseas cooperatives with other than sponsoring cooperative organizations. Upon their return from overseas, VDC field staff should circulate to the five other AID supported cooperative development organizations the names and locations of the cooperatives contacted and indicate their willingness to discuss with the staffing of those AID supported organizations such information as:
  - Possibilities for long term cooperative development activities;
  - Changes in cooperative law and policies since the previous report;
  - Changes in the functioning or general well-being of specific cooperatives contacted since the previous report;
  - Impressions (generally second-hand) of on-going cooperative development activities.

DA recognizes VDC's legitimate desire to provide preferential services to its sponsoring organizations. However, DA believes that the sharing of VDC information among the other AID sponsored cooperative development organizations and the possibility such a gesture may contribute to more positive relationships between VDC and those organizations are overriding considerations.

- VDC should attempt to better relate its projects with the longer term efforts of all of the other AID supported cooperative development organizations whenever possible. If VDC receives a request which is beyond its scope of ability, it should alert sponsor and nonsponsor cooperative organizations of possible project opportunities. If a VDC project

volunteer identifies a larger project need, (s)he should similarly alert other organizations. There are a number of cases in which VDC projects could precede, exist contemporaneously with, or follow the projects of other organizations. These combinations of efforts should be attempted whenever possible.

- VDC was originally developed at the suggestion of AID and with the endorsement of the five AID supported cooperative development organizations to provide short-term volunteer assistance. At present, however, only two of the other five AID supported cooperative development organizations remain as VDC sponsor and other organizations are seeking to conduct short-term cooperative assistance activities which could be completed by VDC volunteers. AID should, therefore, seek to clarify VDC's position by encouraging cooperatives through the Advisory Council on Overseas Cooperative Development or other channels to seek consensus concerning VDC's mission and the extent of their future support. If a consensus of support cannot be achieved for VDC from cooperative organizations, AID should meet with VDC and other interested parties to redefine its goal statements and examine its organizational relationships.

## FOUNDATION FOR COOPERATIVE HOUSING

### A. Background

The Foundation for Cooperative Housing (FCH) was chartered by the State of New Jersey in 1950 as a private non-profit 501 C-3 organization, and began national operations in 1952. It has been responsible for the development of more than 500 housing cooperatives in the United States. Its overseas arm, FCH International, Inc. (FCHI), was established in 1965. Under a 1980 reorganization, the FCH subsidiary, FCH Services, Inc., was transferred to private ownership and is no longer affiliated.

The Foundation and FCHI continue as private, non-profit organizations dedicated to the development of cooperative housing and related services to low income families in the United States and overseas. FCH International provides educational, managerial, organizational, training, and technical assistance in order to establish local cooperative housing organizations and to strengthen local government housing institutions so that they can provide shelter for low income families on a continuing basis with local resources.

The funding for the FCH International Program comes from three basic sources. AID provides approximately 80%, the United Nations and World Bank provides another 20%, and contracts with private businesses such as ALCOA and CALTex provide an additional small amount. FCH International is presently under contract with the AID Office of Housing to provide technical assistance on an as-needed basis under the Housing Guarantee Program. Under this program, FCH International performs shelter sector assessments and feasibility studies, and is involved in project design and resolution of implementation problems. FCH also has several operational program grants for projects in Africa and Latin America.

FCH is involved in 25 countries, mainly in Africa, the Near East, and Latin America. It does not at present receive an Institutional Support Grant from AID, but would like to do so.

## B. Program Activities

The goal of the FCH International program is to assist the development of cooperative housing communities for low and moderate income families, to provide training for housing technicians, and to conduct research in the social interest housing field. Recent FCH activities aimed at fulfilling this goal are summarized below.

### 1. Project Development

FCH activities in the area of project development since 1978 include:

- Urban cooperative housing demonstration projects - FCH assisted with these in Brazil, Colombia, Guatemala, Honduras, Jamaica, Lesotho, Panama and Haiti.
- Rural cooperative housing demonstration projects - FCH assisted with one in Panama, and a large scale effort in collaboration with CARE in Bangladesh.
- Site-and-service program - FCH assisted the government housing agency of Panama to create demonstration projects including all necessary housing and human services in three Panamanian cities and presently FCH assists the Government of Haiti in the execution of two large scale cooperative self-help sites and service projects in Port au Prince.
- Squatter area upgrading - assisted the government with a demonstration project in Panama, and currently a large scale program in Haiti.
- Home improvement loans - assisted in securing loans in connection with demonstration projects in Jamaica, Lebanon, Nicaragua and Panama.
- Employment generation - FCH assisted government and private sector housing agencies in Colombia, Lesotho and Panama to generate employment, primarily in connection with demonstration projects.
- Strengthening of private, non-profit cooperative housing projects - in Brazil, Colombia, Honduras, Jamaica, Chile, Panama, Lesotho and Venezuela.
- Organization of mutual savings and loan association - assisted such projects in Honduras.
- Strengthening of cooperative housing divisions of government housing agencies - provided such services in Guatemala and Jamaica.
- Organization of the Low Cost Housing Company (LEH Coops) of Lesotho.

- Assistance to local government housing agencies and housing banking institutions to develop specialized institutional capacities to deal with shelter programs for low income families - FCH has been involved with this in Bolivia, Botswana, Brazil, Caribbean Region, Dominican Republic, Honduras, Jamaica, Latin American Region, Nicaragua, Panama, Paraguay and Peru.
- Disaster relief shelter - FCH has assisted in the development of provisionsal and long-term shelter in five countries affected by disasters: Bangladesh, Guatamala, Honduras, Nicaragua and Peru.
- Refugee shelter programs - FCH has assisted in assessing and identifying shelter programs in: Cyprus and Portugal.

## 2. Training

A second dimension of FCH activities is training. Recent efforts in this area have focused on:

- Cooperative housing - FCH has provided training in this area for a number of less developed countries both in-country and in the U.S.
- Low income shelter - FCH provided a study tour for Honduran housing representatives to site-and-service projects in Guatamala and El Salvador. It also arranged for key Haitian housing officials to visit cooperative housing programs in Honduras and Panama in 1980.
- Employment generation - FCH has presented workshops on the organization and operation of cooperative production centers for the Organization of American States.

## C. Internal Evaluations

For each of its overseas housing projects, FCH collects baseline socioeconomic data on the population to be served through applications filled in by prospective recipients of housing assistance. FCH is the only one of the cooperative development organizations discussed here to systematically collect such data. This baseline data permits FCH to do a relatively sophisticated feasibility evaluation of each site, and to determine whether a proposed project will be in conformity with FCH's policy of serving the lower 50% of a populations socioeconomic strata. However, this baseline data is not at present used as a basis for follow-up impact evaluations although such would be desirable. FCH has recently conducted a baseline consumer impact study of its Honduras project using a comparison group design, but the design and plans for the subsequent phase of the study have not been made.

D. Cooperative Development Expertise

FCH International (FCHI) presently employs 33 staff members, 18 of whom are based in Washington, D.C. The Washington-based staff is comprised of the director, an architect, two lawyers, a cooperative organization specialist, two anthropologists, two housing economists, an evaluation specialist, an accountant, a controller, two administrative officers, and four secretaries. A review of staff qualifications indicates that FCH has a large and broadly trained staff available for consultation.

In addition, FCH has a broad range of specialists in the field. These include five architects, two senior program directors, two community organization specialists, two housing management specialists, two housing finance specialists, a cooperative housing specialist, and a building materials and production specialist.

If FCHI were to receive an institutional support grant, they anticipate there would be a shifting of current staff, so that a total of approximately 2-3 person years would be devoted to the grant. There would be a net gain of one individual working almost full-time on the grant, and that person's efforts would be concentrated on recording, evaluating, and disseminating the results of FCHI's activities.

The FCH director has identified evaluation and publication as areas in which additional expertise is needed. Because the present director of FCHI will likely relinquish that position while retaining the overall directorship of FCH, there may also be a need for an additional senior management officer.

E. Focus and Impact on Poor People/Institutionalization of Service to Poor

Of the six cooperative agencies discussed in this report, FCH is the only one which has clearly institutionalized a policy of providing service to the poor. For each of FCH's projects, baseline socioeconomic data is gathered regarding the population to be served. It is FCH's policy that its projects must serve the lower 50% of the population, including the poorest of the poor. In accordance with its focus on serving the poor, FCH places an

emphasis on site-and-service projects which aim toward providing not only housing, but also essential human services including new employment opportunities.

#### F. Cooperative to Cooperative Performance and Capacity

FCH was originally founded for the purpose of developing and managing cooperative housing in the U.S. FCH International was established in 1965 to provide consulting and other services to AID and other international development agencies.

Unlike other cooperative organizations, therefore, FCH is not a national entity with a large number of local members. It does have ties, however, to the 500 cooperatives (60,000 families) which it has developed in the U.S. FCH is itself a member of the National Association of Housing Cooperatives and CLUSA. Through the National Association FCH has contacts with housing cooperatives throughout the U.S.

FCH provides assistance to both local and national level agencies overseas. Contacts are most frequently made through governmental organizations, and FCH's commitment to housing cooperatives is primarily related to the preferences of the host government. While FCH is committed to the cooperative movement, its overseas work is primarily related to low income housing, with a cooperative emphasis as a secondary concern which comes into play only on occasion. There is no evidence that contacts have been developed between U.S. housing cooperatives and similar groups overseas as a result of FCH activities. Although FCH is receptive to the idea of such contacts, it is not a high priority of FCH efforts. In part this is because FCH's primary source of funding has been AID's Office of Housing. Indeed, a primary motive for FCH's seeking an institutional support grant for cooperative development is to lend greater weight to their cooperative activities. Early FCH international activities had a stronger cooperative focus when appropriate funding was available.

#### G. USAID Impressions of FCH

The available information on AID perceptions of the activities of FCH is much less than for the other cooperative development agencies discussed in this

report, principally because FCH does not at the present time have an institutional support grant through the cooperatives section of AID and it was thus not possible to interview the project officer. Fourteen of the 48 missions responding to the survey of U.S. cooperative activity reported contact with FCH, four of which stated the contact to be too limited for any comments on FCH staff capabilities to be made. Of the other ten, all rated FCH performance and staff qualifications to be good to excellent. Significantly, there were no negative comments on this organization.

Two missions reported projects where FCH had shown particular success. The mission to Bolivia pointed out that FCH had designed the first project in Bolivia to provide low cost housing for low income, non-urban families. The Haiti mission noted FCH's accomplishment in the organization of urban groups for housing construction and community development in urban slum areas.

#### H. Conclusions/Recommendations

The analysis presented in the preceding pages points out four significant areas of institutional strength for FCH. First is FCH's unambiguous commitment to serving the poor. This is shown most clearly in their policy of conducting feasibility evaluations for each project based on socioeconomic data gathered from prospective recipients of assistance, and their implementation of only those projects which will serve the lower 50% of the socioeconomic strata of the population. A second strength of FCH is the breadth of expertise in all aspects of cooperative housing for low income groups demonstrated by its staff. In connection with this should be mentioned FCH's well-developed recruitment system which permits the organization to maintain and improve its staff. A further strength exhibited by FCH is the availability of baseline socioeconomic data on each of its projects collected as part of feasibility evaluations.

A weakness of FCH's current project designs is their lack of provision for follow-up impact evaluations which could take advantage of the available socioeconomic baseline data. This relates to the general absence of evaluation plans other than feasibility studies for FCH projects. Also, there is a general absence of cooperative-to-cooperative activity, and relatively little

prospect for such activity at present, although there is a long-term potential for development in this area. Finally, the recent reorganization of FCH has created essentially a new organization; thus, while completing the transition, FCH may be expected not to be working at full capacity.

Based on these considerations, DA makes the following recommendations:

- An Institutional Support Grant should be made to FCH by PDC/PVC in order for FCH to increase its efforts in the cooperative sector;
- Funding should be provided to support the equivalent of two FCH staff members. In accordance with their stated needs, this would support a new staff person focusing on evaluation and publications and the time of the equivalent of another staff person so as to increase FCH's emphasis on promoting cooperative structures and developing cooperative to cooperative relations; and
- If an Institutional Support Grant from PVC is made, it will be important for activities under the grant to be clearly delineated as being carried out with the PDC/PVC through the cooperative sector for cooperative shelter and service endeavors. In this way the grant activities will not conflict with FCH's on-going relationship with the AID Office of Housing.

### III. ASSESSMENT BY AID MISSIONS

#### A. Surveys of USAID Missions' Perceptions of U.S. Cooperative Agencies

Two survey questionnaires were sent to USAID missions in order to solicit their perceptions of U.S. cooperative agency activities in the countries in which they are located. The first questionnaire dealt with general issues of U.S. cooperative activity abroad, e.g., USAID mission contact with U.S. cooperative agencies, priority given to cooperative development by USAID missions, USAID mission impressions of the quality of U.S. cooperative representatives, etc. This questionnaire was sent to missions in 67 countries and to four regional offices. Forty-five of these questionnaires were completed and returned. Three other missions sent letters to the effect that they had no knowledge of U.S. cooperative agency activity in their country.

The second questionnaire dealt with perceptions of U.S. cooperative agency successes, difficulties, and interactions with host governments. It was sent to a more restricted group of 37 missions in countries where U.S. cooperatives were known to be active. Twenty-three of these questionnaires were completed and returned.

The following section presents a summary and analysis of the data collected from the completed questionnaires. It should be noted that in some instances, limited conclusions were drawn on the basis of the data because responses were available from a limited number of respondents.

#### 1. USAID Mission Contact with U.S. Cooperative Agencies as Reported by Missions

Four of the questions on the survey of U.S. cooperative agency activity sent to USAID missions dealt with general and specific aspects of contact between cooperative agencies and USAID missions. The overall responses to three of these questions from the 48 missions responding to the survey are provided in Table III-1.

TABLE III-1  
 NUMBER OF USAID MISSIONS RESPONDING IN THE AFFIRMATIVE TO  
 QUESTIONS REGARDING CONTACT BETWEEN  
 USAID MISSIONS AND U.S. COOPERATIVE AGENCIES

	ACDI	CLUSA	CUNA	FCH	NRECA	VDC
1. Please indicate if your mission has been contacted by mail or telephone during the past two years concerning cooperative development by the following organizations.	16	16	15	13	10	15
2. Please indicate if your mission has been visited during the past two years by a representative of the following organizations.	12	11	13	13	9	17
3. If 1 or 2 was checked above, please indicate if contacts with cooperative organizations have led to formal agreements or programs or established plans for formal agreements or programs.	5	4	11	9	5	11

The responses shown in Table III-1 show that USAID missions report the degree of contact with cooperative agencies by telephone or correspondence is roughly the same as the degree of contact through personal visits to the missions by representatives of each organization. The average percentage of formal agreements or plans for formal agreements resulting from these contacts, for all organizations, is 50%. This average is somewhat deceptive, however, since it does not reflect the fact that there are substantial differences among the organizations.

In interpreting the USAID missions responses to these questions it should be born in mind that in a number of cases the responses are questionable. For certain missions, the respondent to the survey was new to the mission (had arrived within the past six months) and reliable information was not available from mission records or the memories of other available mission personnel. Also, the survey asked the missions merely to report whether or

not they had had contact with these organizations, and not the number of times they had had such contact. Thus, it is impossible to know the precise correlation between the number of times a mission was contacted by a cooperative agency and the number of formal agreements or plans made.

The fourth question regarding USAID mission contact with U.S. cooperative agencies sought an explanation of the nature and purpose of contacts between missions and cooperatives. Besides reporting specific program agreements between the mission and the cooperative agency, the missions reported receiving progress reports on on-going projects, consultations regarding prospective projects, and requests for or offers of general information.

2. Priority Given to Cooperative Development by USAID Missions

Of the 48 USAID missions which responded to the survey of U.S. cooperative agency activity, 25 stated that they felt that cooperative development was a priority of the mission, while 20 stated that it was not a priority for one reason or another. Three missions did not respond to the question. The specific mission-by-mission responses are given in Table III-2 below with explanatory notes on the responses where relevant.

TABLE III-2

RESPONSES TO THE QUESTION, "DOES THE MISSION SEE COOPERATIVE DEVELOPMENT AS A PRIORITY FOR MISSION PROGRAMS?"

Mission	Responses			Explanatory Notes
	Yes	No	No Response	
Botswana		x		Ghanaians not interested.
Cameroon	x			
Ghana		x		
Kenya	x			
Lesotho		x		

TABLE III-2 (Continued)

RESPONSES TO THE QUESTION, "DOES THE MISSION SEE COOPERATIVE DEVELOPMENT AS A PRIORITY FOR MISSION PROGRAMS?"

Mission	Responses			Explanatory Notes
	Yes	No	No Response	
Mali		x		Perhaps in the future.
Mauritania	x			Maybe, but cooperatives hard to start in this country.
Senegal	x			In the near future.
Somalia		x		But are integral components of some projects.
Sudan		x		Perhaps in the future.
Tanzania	x			
Upper Volta			x	
Zaire		x		Cooperatives fostered mainly by local PVOs; mission supports.
The Gambia	x			
Guinea-Bissau	x			In the near future.
Burundi			x	
Malawi	x			Particularly for undercapitalized smallholders.
Rwanda	x			
Sierra Leone	x			In area of small farms.
Zambia		x		Checkered history of cooperative movement.
East Africa Region	x			
Jordan	x			Perhaps more so in future.
Lebanon	x			
Morocco	x			Where they fit into housing and urban development projects.
Portugal	x			In promoting use of limestone.

TABLE III-2 (Continued)

RESPONSES TO THE QUESTION, "DOES THE MISSION SEE COOPERATIVE DEVELOPMENT AS A PRIORITY FOR MISSION PROGRAMS?"

Mission	Responses			Explanatory Notes
	Yes	No	No Response	
Tunisia		x		
Yemen		x		Stress collaboration/universities.
Bangladesh	x			In the near future.
Burma		x		Not at this time.
India	x			If current NRECA and CLUSA projects have favorable outcome.
Indonesia		x		With the exception of rural electric cooperatives.
Korea			x	AID mission closing down FY 80.
Nepal		x		Mediocrity of previous cooperative efforts.
Pakistan		x		
Philippines	x			
Thailand		x		Not at present time.
Bolivia	x			
Chile		x		Mission in final stages of phaseout.
Costa Rica	x			Budgetary limitations at present.
Ecuador	x			In the future as mission develops.
Guyana		x		Cooperatives too highly politicized in this country.
Haiti		x		
Honduras	x			
Nicaragua	x			
Paraguay	x			
Uruguay		x		Program phasing out.
Caribbean	x			

3. Local Government Perceptions of U.S. Cooperative Agencies as Reported by USAID Missions

Of the 23 missions with active cooperative efforts responding to the question, "What has been the reaction of the host country government(s) to the activities of cooperative development organizations?" six were unable to respond (Lebanon, Malawi, Tanzania, The Gambia, Zaire, RDO/Caribbean). Sixteen stated that the reaction of local governments to cooperative agencies ranged from ambivalent to very favorable. The specific mission-by-mission responses were:

- Ambivalent: Sierra Leone
- Favorable: Bolivia, Cameroon, Haiti, India, Thailand
- Very Favorable: Bangladesh, Botswana, Ecuador, Honduras, Indonesia, Kenya, Lesotho, Paraguay, Philippines, Rwanda

One other mission, REDSO/East Africa, reported that the major reaction from the governments it dealt with was that the cooperative agencies manifested too much of a "parental attitude toward local professionals."

4. U.S. Cooperative Agency Activity as Reported by USAID Missions

The 37 missions in which cooperatives were known to be active were asked to answer two questions, the latter of which consisted of seven subparts concerning cooperative development activity in their country and the mission's perceptions of cooperative accomplishments. Table III-3 presents the raw data represented by the 23 completed and returned survey questionnaires. No analysis of the data on a mission by mission, question by question, cooperative by cooperative basis has been made because of the incompleteness of the responses to these questions and the small number of responding missions. A mean score across all cooperatives for all missions responding has, however, been provided for each question.

Cooperatives in general scored better on parts f. through h. of question 2, than on parts a. through e. That is, cooperatives were rated high in terms

TABLE III-3

USAID MISSIONS RATING OF U.S. COOPERATIVE AGENCY ACTIVITY IN THE COUNTRY IN WHICH THEY ARE LOCATED;  
RAW SCORES FOR EACH COOPERATIVE RATED, AND OVERALL MEAN FOR EACH QUESTION

	ACDI	CLUSA	CUNA	FCH	NRECA	VDC	MEAN
1. Please indicate if any of the following organizations have engaged in cooperative development activities in your country in the past year (number responding).	6	5	6	7	5	8	
2. For those organizations checked in Item 1, please rate the degree to which the organization has							
a) increased the number of local cooperative (1 = not at all, 10 = a very great deal);	6,1,1,1	2,3,1,1	1,8,1	1,1,3	8,3,10 -	1,2,1, 1,1,1,1	2.5
b) improved the operations of local cooperatives (1 = not at all, 10 = a very great deal);	1,2,1,8, 7	1,4,8	7,7	3,9	9,4,9, 8,1	1,1,5,1, 5,9,3	4.75
c) improved the operations of national cooperatives (1 = not at all, 10 = a very great deal);	6,1,1,1	5,1	1,8,7	1,4,1	2,7,10	1,1,5, 10,1,1, 7,1	3.46
d) improved the lives of the poor in development areas (1 = not at all, 10 = a very great deal);	5,7,5,3, 2,1	5,3,8	8,10	1,10, 5,8,6	7,8,1,9	6,5,5,5, 2,7,1	5.29
e) assigned personnel with appropriate skills and expertise (1 = not at all, 10 = a very great deal);	10,8,9, 10,7	10,9,8	3,8,7, 10	5,10, 7,10,9	6,9,5, 9,9	9,9,6, 10,9,10, 7,1	8.0
f) contacted and coordinated with appropriate mission staff (1 = not at all, 10 = a very great deal);	10,10, 10,9,10, 10	10,10,8	6,8,9, 10	5,10, 10,10, 9,9	8,7,10, 9	10,10,5, 10,7,10, 10,1	8.74
g) contacted and coordinated with appropriate host country government organizations (1 = not at all, 10 = a very great deal);	10,10,8, 10,10	10,8,5	6,9,9, 8	5,10, 10,10, 9,10	9,10,8, 10	10,10,5, 10,7,8, 14	8.48
h) in comparison with other private and voluntary organizations, performed development activities effectively and efficiently (1 = much worse than most, 10 = much better than most).	7,10,8, 8,8,7	10,4	7,6,8	5,10, 10,5,6, 9	6,9,5, 9	10,8,4, 8,6,6,1	7.22

of contacting appropriate mission staff and appropriate host government organizations, and in how well they carried out their activities in comparison with other private and voluntary organizations. They were rated moderate in terms of the degree to which they improved the operations of national cooperatives and improved the lives of the poor in development areas. They were rated low in terms of degree to which they increased the number of local cooperatives and the degree to which they improved the operations of national cooperatives in the countries which responded.

5. Problems Resulting from the Activities of Cooperative Development Organizations

Of the 23 missions with cooperative activities responding to the survey, 16 reported either that there had been no problems resulting from the activities of cooperative development organizations or that there was no information available with which to answer this question. The remaining seven listed specific problems which had arisen in the country in which they are located.

- Bangladesh - noted that NRECA, the only cooperative agency active in the country, had had problems identifying when its assistance was no longer needed.
- Cameroon - expressed strong dissatisfaction with their one contact with VDC and requested that they stay out of the country.
- Honduras - reported that a federation assisted years ago by CUNA currently suffers from shallow administration.
- Indonesia - notes that, "initial efforts to enlist the support of rural people for the coops was undertaken prior to complete planning for and identification of resources for construction and other coop activities which has caused some disappointment and anxiety among the people and local officials.
- Paraguay - stated that unsound advice offered by CUNA's first resident advisor there caused fledgling cooperatives to make loans far in excess of their reserves and share capital which would have led to financial disaster had not AID granted CREDICOOP money to create a financial stabilization fund.

- Tanzania - "the cooperative structure was abolished (in the early 1970's) because of lack of trained personnel and mismanagement. It was also said to be an elitist structure that served only the relatively better off."
- Thailand - reported that CLUSA activities have at times been carried on precipitously at selected higher levels of the government without due consideration of the necessity for obtaining bureaucratic understanding and concurrence within the ranks.

6. Requests for Information Regarding U.S. Cooperative Agencies and Cooperative Activity by USAID Missions

Fourteen of the USAID missions responding to the survey demonstrated interest in receiving additional information regarding the six cooperative agencies. The kinds of information requested fall for the most part under three general headings given below.

- Brochures, pamphlets, summaries, and briefing papers on institutional capabilities and activities of the six cooperative agencies (requested by missions in Bolivia, Costa Rica, Ecuador, Kenya, Lesotho, Portugal, Senegal, and The Gambia);
- Summaries of activities by the six cooperatives in the general region of the mission (requested by the missions in Bolivia and Costa Rica (for all of Latin America), and Kenya and Mali (for all of Africa);
- Formal policy statement of USAID Central Bureau regarding support for cooperative development (requested by the mission to the Philippines and Thailand);

In addition, various missions asked for specific information relevant to activities in their areas. These were:

- Bolivia requested a summary of the responses by Latin American AID missions to this survey of cooperative activity;
- Bolivia and Cameroon requested copies of USAID/PDC evaluations of U.S. cooperative projects abroad;
- Nepal requested specific information on production credit supervision and consumption credit in communities which have had a history of negligible savings;
- Tanzania requested specific information on village training and surveys in Africa of village demands or needs for cooperatives and the requirements for rural credit.

## B. Conclusions

Although limited data were available from these surveys, certain general trends may be pointed out. First, the overall perception of U.S. cooperative agency activity and staff by USAID missions is that they are performing favorably and have some significant accomplishments to their credit. Also, AID missions report that they have been able to work with U.S. cooperative agencies quite well when there has been contact and that formal agreements or plans for such have resulted about 50% of the time. Further, about half of the missions responding to the survey reported that cooperative development is a priority for that mission, while a few others suggested that it may become a priority in the future. On the other hand, the cooperative development organizations were rated low in terms of the degree to which they increased the number of local cooperatives or improved the operations of national cooperatives in the countries responding. Also, a number of the missions indicated they knew little about the cooperative organizations and that some information was requested.

For the most part, host government impressions of U.S. cooperative agencies as reported by AID missions was very favorable, and the majority of USAID missions reported that there had been no major problems encountered as a result of U.S. cooperative activity in their country. Thus, the general impression left by the response to the mail survey was generally positive, but it is clear AID Washington and the cooperative organizations should be more active in providing AID missions with descriptive information about their organizations and their potential contributions overseas, and should address the fairly wide-spread perception that their efforts have made relatively little difference in terms of increasing the number of local cooperatives or improving the operations of cooperatives at the national level.

#### IV. GENERAL ISSUES AND CONCLUSIONS

Cutting through the reviews of the six cooperative development organizations and the survey of AID missions are five critical issues which should be specifically addressed. Each of these is discussed briefly below. The discussion of each issue ends with general conclusions and recommendations. These recommendations are integrated and developed further in the final section of this report.

##### A. Creating a Unified Multi-Organization Structure

Each of the six international cooperative development organizations relates to the U.S. cooperative movement in a slightly different way. CUNA and NRECA are most similar in that they are national federations of single-purpose cooperative organizations, each with large and strong national organizations including international divisions which are relatively small in comparison to their national program. CLUSA considers itself the apex organization in the U.S. cooperative movement and includes CUNA, NRECA, FCH and other large cooperative organizations among its membership. CLUSA's AID-financed international division, however, is considerably larger than its national division. ACDI has membership from 43 agricultural supply, marketing, manufacturing, insurance, and farm credit organizations, but also derives most of its funding from AID and performs only international activities. VDC similarly is sponsored by four U.S. cooperative organizations (ACDI, NRECA, National Council of Farmer Cooperatives, and American Institute of Cooperation), but also performs only international activities and primarily is funded by AID. FCH is a private, non-profit organization with no member cooperative organizations, but rather is a member of the National Association of Housing Cooperatives and CLUSA. Under a 1980 reorganization plan, FCH has both national and international divisions, but the international division contains almost all of the FCH staff.

The relationships that have evolved between AID and the six cooperative organizations are also rather complex. On one hand, the cooperative organizations have been recognized as special representatives of the U.S. cooperative movement, and thus their unique roles in international cooperative

development have been promoted. In other cases, however, the organizations have been treated as contractors in competition with other organizations to provide technical assistance to overseas projects.

AID's ambivalence in its relationship with cooperative organizations has had a number of important effects. One such effect has been a rivalry which has developed between ACDI and CLUSA; they perceive themselves to have competing interests in international agricultural cooperative development. Differences have also surfaced concerning the appropriate role for VDC. CLUSA, CUNA, and FCH do not participate as sponsoring organizations for VDC, and have mildly to strongly antagonistic attitudes toward VDC activities. Indeed, CUNA is in the process of developing its own alternative system for short term technical assistance.

To date, efforts to create a unified structure of cooperative organizations have been based on personal efforts by AID administrators and formal and informal meetings between cooperative leaders. The Advisory Committee on Overseas Cooperative Development is composed of leaders of U.S. cooperatives including the six organizations which relate to AID, and meets sporadically to discuss common legislative and AID-related issues. On a more informal level, a Cooperative Resources Committee composed of CLUSA, CUNA, FCH, NRECA, and CARE meets on a fairly regular basis to discuss cooperative development activities. Leaders of the six cooperative organizations also meet regularly with the coordinator of cooperatives at AID to discuss areas of common interest.

The formal and informal structures in which cooperative organizations presently communicate do not appear likely to evolve into a unified multi-organizational structure. In addition to structural factors in grant and contract policies which increase rivalry between organizations, there are also personality differences between the administrators of these organizations.

Recognizing these problems, DA believes that AID should continue its efforts to increase cooperation among the organizations. In continuous special relationships with the six cooperative development organizations, AID should endeavor to develop policies at the Washington and mission levels which lead

to mutual benefit for the organizations rather than encouraging rivalry. More specifically, we suggest that:

- VDC be asked to share its knowledge of international cooperatives with other than sponsoring organizations so that requests for assistance that are outside the scope of VDC may possibly be translated into projects for other organizations;
- AID should seek to clarify VDC's position by encouraging cooperatives through the Advisory Committee on Overseas Cooperative Development or other channels to seek consensus concerning VDC's mission and the extent of their future support. If a consensus of support cannot be achieved for VDC from cooperative organizations, AID should meet with VDC and other interested parties to redefine its goal statements and examine its organizational relationships.
- ACDI and CLUSA reinstate meetings to define their respective roles in international agriculture cooperative development and AID join in later stages of meetings between ACDI and CLUSA to show its commitment to mutually agreed upon roles of the two groups;
- Once agreement is reached AID should then publicize to all missions, bureaus, and offices the respective roles of ACDI and CLUSA (see more specific recommendations regarding ACDI and CLUSA in Section A above);
- AID/Washington develop examples/models of projects on which two or more cooperative organizations could jointly work in least developed countries, AID/Washington should then communicate those examples/models to USAID missions and offices; and
- The cooperative coordinator should also encourage the cooperative development organizations to prepare joint funding proposals where appropriate.

#### B. The Use of Core Support Grant Personnel for Individual Project Support

Each of the five cooperative development organizations receiving institutional support grants uses staff members assigned to the core grant to provide project support to their overseas projects. Each of the organizations believes that the use of the same staff members for project design and project support is necessary in order that continuity of program efforts is achieved.

Of the five organizations, however, only NRECA has a clearly developed system by which project support time may be charged to specific development grants rather than to the institutional support grant. CLUSA is strongly opposed to such time-monitoring systems, believing that because AID is financing both the

core and specific country grants, that the use of staff time for time-monitoring would be cost-inefficient and wasteful. ACDI and CUNA have less strong views on the topic, and because all VDC activities are funded from the core grant, it is not an issue for VDC.

DA believes that it is important for AID to make a firm policy determining whether project support for local efforts is an appropriate use of institutional support grant funds. If it is not, AID/Washington should recognize that some bureaus and missions may be unwilling to include Washington support services as direct costs in their grants, and AID/Washington should, therefore, adopt an interim system in which such support costs are allowable under the core grant while negotiations concerning their eventual payment procedure continue.

It might be reasonable, for example, to request that time monitoring systems be instituted for all of the organizations, in order to illustrate to missions the amount of time which is required for Washington project support. Once the amount of support time needed for projects is clearly illustrated, missions may be more willing to include such costs in their program grants.

Even if project support costs are designated as appropriate to the core grants, DA still believes that time-monitoring can be a useful activity for management purposes. AID and cooperative organizations must work together, however, to reach agreement concerning the efficiency and usefulness of such a system, and the elements of an effective system if adopted.

If project support activities are no longer to be financed out of core grant funds, a clear statement of such policy must be communicated to all AID missions, offices, and bureaus. At the same time, the desirability of providing adequate funding in grants for Washington support activities must be vigorously stressed. Given the current attitude of regional bureaus and missions, care must be taken to assure that cooperative development organizations are not put in the middle of a bureaucratic tug of war.

C. Addressing the Needs of the Poor Majority

As is indicated by the separate sections within the case studies, cooperative organizations in general are not focused on providing services to the resourceless poor in least developed countries. The cooperative philosophy assumes that cooperative members have at least some resources to share with the cooperative, and thus the very poor are rarely included as members. As was suggested by one AID project officer, if the very poor were included within cooperative structures, cooperative organizations would lose their self-help orientation, and would become simply another form of subsidized welfare.

There is reason to believe, however, that cooperative projects have some impact upon the poor with some resources in least developed countries. Although there is little recorded evidence concerning the socio-economic characteristics of those being aided by cooperative projects, cooperative leaders and AID project officers express strong beliefs that the poor majority are being assisted. In supporting their beliefs, these individuals point to specific projects which are directed at specific populations within least developed countries which have limited resources.

FCH is somewhat in contrast to other organizations in that it does perform socio-economic analyses of groups which will be aided by its potential projects. FCH only participates in projects which will serve those in the lower half of the socio-economic scale, though whether the poorest of the poor are served seems to depend on the nature of the project.

DA believes that other cooperative organizations would do well to borrow FCH's technique of performing baseline socio-economic analysis studies. In this way, they could conclusively show that they are meeting AID's goal of serving the poor majority, and they could also lay the foundations for broader-scale socio-economic impact studies.

At the same time, AID should recognize the basic cooperative philosophy of self-help, and that usefulness of cooperatives is maximized only when they are viable economic institutions. Thus, while cooperatives are important mechanisms for improving socio-economic conditions, AID should not expect

cooperative structures to be the vehicles for meeting the needs of the resourceless poor

D. Establishing Permanent Overseas Cooperative Development Offices

One area of question concerning cooperative development approaches relates to the base of operations for project development specialists. Project specialists from all six organizations are presently based in Washington, D.C., but an alternative approach might be to outstation some staff closer to where development projects are being undertaken (e.g., along the lines of CLUSA's long-time office in India).

Each of the organizations was asked about the principle of outstationing and whether they had any plans to do so in the near future. Organization leaders were generally positive toward the concept, but they stated that plans for outstationing were at best at the preliminary stage. All leaders suggested that outstationing would increase the costs of their operations because outstationed personnel would be unable to perform the project support tasks being performed by Washington staff. Thus, Washington staffs near present size would be needed in addition to those individuals stationed in developing areas. Few of the leaders also felt that sufficient activities were occurring within specific regions to justify full-time outstationed staff members.

Overall, although we are supportive of the general concept of outstationed staff, DA is not in support of using matching funds in order to outstation members of particular cooperatives. Unless such individuals are to provide services for all of the cooperative organizations, the cost-efficiency of such an approach is questioned. In the absence of a consortium agreement, such arrangements are also likely to increase rather than decrease rivalry between organizations. Rather, other approaches to the outstationing of staff should be pursued.

One alternative to individual cooperatives outstationing their staff might be for a consortium of cooperatives or for AID to outstation regional cooperative

development specialists. These individuals would be cooperative generalists who would maintain contacts with cooperatives and governments and attempt to develop cooperative opportunities for each of the organizations. This approach would only be effective if U.S. cooperative organizations were working reasonably smoothly together, and thus there are a number of preliminary steps which would be required prior to its implementation.

Another possibility might be for one organization to assume responsibility for outstationed regional staff, but for those staff to provide information and feedback to the five other organizations. However, given present personality conflicts and rivalries between organizations, such a system would not be likely to be accepted and used by the six cooperative organizations.

#### E. Grant Relationships Between AID and Cooperative Development Organizations

It is clear that the institutional support grant process has allowed the cooperative organizations to assemble staffs with diverse experience and expertise in the cooperative development area. The efforts of these staff have led to a large number of AID-supported projects, and a moderate number of projects financed by other agencies. In general, then, the core grants have met the purposes for which they were designed.

Cooperative organizations are generally pleased with the institutional support grant process, having only minor complaints about bureaucratic procedures and the lack of more money for additional efforts. CUNA has suggested that in the future, the grants could be administered by an overall committee of cooperative leaders rather than by AID officers, but such an approach seems unlikely given present relationships between cooperative organizations and given AID policy.

Although the institutional support grant concept seems well designed and generally well executed, DA believes that there is additional potential for the grants. At present, grant documents (both proposals and reports) are sometimes nonspecific in terms of objectives and also unclear in terms of progress toward objectives. DA believes, therefore, that by providing suggested formats for proposals and reports, their usefulness could be increased while at the same time response burden for organizations may actually be decreased.

DA believes that by structuring proposals and reports around specific and realistic organizational objectives, both oversight of organizations by AID and management of organizations could be facilitated. Objectives for the organizations should be considered in a grant rather than contract sense, so that failure to reach objectives may not necessarily lead to a judgment of organization failure, but may rather reflect a legitimate revision of organization objectives.

At the present time, new yearly objectives of grants are not necessarily drafted and reviewed during the budget allocation process. DA believes that each grant agreement should include a brief summary of grant performance for the previous budget period appended to the agreement, and evidence of a review of the continued applicability of prior objectives, with revisions as appropriate. In this manner, both AID and the grantee organization can assess and discuss grant performance using a similar frame of reference.

DA also believes that a general statement of AID's cooperative policy should be a part of the grant agreement, and that implementation of AID's policy should be a factor examined during the grant review process. The AID cooperative policy should be clearly explained in terms of specific objectives, and both cooperative leaders and senior AID staff should be involved in developing draft documents.

As a related point, AID's present drive toward instituting a cost-sharing arrangement with the cooperative organizations should be tempered by the reality that some of the organizations have much greater access to non-governmental funds than others. VDC, for example, is a creation of AID and the other cooperatives and will have serious difficulty raising money domestically. FCH receives almost all of its non-governmental support from a few large donors who already have contributed heavily, and thus it seems to have limited fund raising potential short of conducting a major national campaign for new donors. CUNA, on the other hand, should be in relatively strong position in this regard, since it has strong organizational and individual potential sources of support. CLUSA, ACDI and NRECA theoretically should have no trouble raising funds domestically, but their boards are reportedly reluctant to encourage such activities.

One difficulty the cooperatives will face in attempting fund raising efforts will be an overlapping of appeals to some of the same individuals and organizations. Thus, it may be useful for AID to fund the cooperatives as a consortium for the costs of staff needed to develop and implement a coordinated fund raising campaign. In this regard, it would probably be wise for the cooperatives, perhaps through an AID contract mechanism, to secure temporary consulting services, at least for campaign planning, rather than to employ permanent staff.

## V. SUMMARY OF RECOMMENDATIONS

In addition to the recommendations specific to cooperative organizations presented in Section II above, the following represents a summary of general recommendations concerning the AID-cooperative organizations grant relationships which were presented in the previous two sections. Recommendations are organized according to the purposes for which they are proposed.

In order to increase coordination among the cooperative organizations DA suggests that:

- VDC be asked to share its knowledge of international cooperatives with other than sponsoring organizations so that requests for assistance that are outside the scope of VDC may possibly be translated into projects for other organizations;
- AID should seek to clarify VDC's position by encouraging cooperatives through the Advisory Committee on Overseas Cooperative Development or other channels to seek consensus concerning VDC's mission and the extent of their future support. If a consensus of support cannot be achieved for VDC from cooperative organizations, AID should meet with VDC and other interested parties to redefine its goal statements and examine its organizational relationships.
- ACDI and CLUSA reinstitute meetings to define their respective roles in international agriculture cooperative development and AID join in later stages of meetings between ACDI and CLUSA to show its commitment to mutually agreed upon roles of the two groups;
- Once an agreement is reached AID should then publicize to all missions, bureaus, and offices the respective roles of ACDI and CLUSA (see more specific recommendations regarding ACDI and CLUSA in Section II above);
- AID/Washington develop examples/models of projects on which two or more cooperative organizations could jointly work in least developed countries; AID/Washington should then communicate those examples/models to USAID missions and offices; and
- The cooperative coordinator should also encourage the cooperative development organizations to prepare joint funding proposals where appropriate.

In order to clarify the appropriate uses of the institutional support grant, DA recommends that:

- AID establish a firm policy determining whether backstopping and support for overseas projects is an appropriate use of institutional support grant funds. We suggest that in the long run this is not an appropriate use of core grant funds, but recognize that at present (a) AID Bureaus and Missions vary regarding their willingness to allow U.S.-based backstopping as a chargeable item in their contracts and grants, and (b) most cooperative organizations are unused to allocating staff time across various program accounts.
- Time monitoring systems be instituted by all of the organizations in order to illustrate to missions the amount of time which is required for Washington project support. A format similar to DA's time sheet (see Exhibit V-1 attached) might be used. Individuals at DA may work on five or six different contracts a month, yet completion of the time sheet which allocates the number of hours per day per employee to various cost centers only requires approximately 15 minutes per employee per month;
- If project support activities are no longer to be financed out of core grant funds, a clear statement of such policy must be communicated to all AID missions, offices, and bureaus. At the same time, the desirability of providing adequate funding in grants for Washington support activities must be vigorously stressed.

In order to develop an efficient system of outstationed staff, DA recommends that

- AID not use matching or other specially designated funds to outstation members of particular cooperative organizations. DA questions the cost-efficiency of such an approach.
- AID should support a consortium of cooperatives to outstation regional cooperative development specialists to assist all cooperative organizations in a region. Or alternatively, AID should support one organization in outstationing regional staff, but with the specific understanding that those staff will provide information and feedback to the five other organizations.

In order to increase the usefulness of grant proposal and reporting documents, DA recommends that:

- Suggested formats for proposals and reports be developed, and that proposals and reports be structured around specific and realistic organization objectives. An example of a possible report format is presented as Exhibit V-2. While relatively general, it would ensure the identified topics are addressed and located consistently across reports, neither of which is the case at present.
- Each grant agreement should include a review of the continued applicability of grant objectives, with revisions as appropriate, and a brief summary of grant performance for the previous budget period appended to the agreement.



EXHIBIT V-2

SAMPLE FORMAT FOR COOPERATIVE ORGANIZATION REPORTS

A. Objectives

1. Original objectives
2. Modifications/emphases

B. Activities

1. Original targets
2. Actual accomplishments
  - a) Central support activities
  - b) Project development
  - c) Evaluation

C. Personnel

1. Number and type proposed
2. Number and type employed
3. Problems

D. Summary of Monitoring and Evaluation Data and Findings

E. Budget

1. Proposed
2. Actual Resources Received
3. Actual Expenditures Made
4. Problems/Issues

- A general statement of AID's cooperative policy should be part of the grant agreement, and implementation of AID's policy should be a factor examined during the grant review process.

In order to increase AID mission knowledge of cooperative capabilities and activities, DA recommends that:

- The cooperative coordinator assemble information packets specialized by region (e.g., Latin America) concerning areas of expertise and previous activities of all six cooperative organizations, and that those packets be broadly disseminated within AID. The AID "cooperative notebook" presently in draft form is a good start in this direction, but the present draft materials should be shortened and tailored to the geographic regions.
- The AID missions be surveyed on an annual basis as to efforts in their country regarding AID's cooperative policy; this will provide AID Washington useful information and will also formally remind the missions of the existence of the policy and suggest that it has importance.

In addition to the recommendations above, DA believes that the six organizations and AID should strengthen the evaluation of the entire cooperative development network, from the activities of the AID cooperative coordinator to the six organizations, to individual projects in least developed countries. A more complete discussion of DA's conclusions and recommendations concerning evaluation is presented in Report 3.