

AN EVALUATION
OF THE
CREDIT UNION DEVELOPMENT PROJECT
(632-0214)

Prepared by
Kevin L. Mindock

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I. EXECUTIVE SUMMARY

The Lesotho Cooperative Credit Union League (LCCUL) is the largest and strongest cooperative organization in Lesotho. Based on the thesis that credit unions positively affect the lives and welfare of Lesotho's people, the LCCUL Development Project was designed to improve and expand the institutional capacity of LCCUL and its member credit unions. In August, 1980, the Operational Program Grant (OPG) was signed between WOCCU and USAID. The project became operational in September, 1980 with the arrival of the WOCCU management advisor.

The project budget of \$595,412 was approved for a three year project life. Expenditures were allotted for technical assistance, LCCUL budget support, and office commodities. A review of project records indicated that a careful control of expenditures was exercised and necessary inputs are judged to have been provided adequately in terms of quantity, quality and timeliness.

The principal objective of the project is institutional development of LCCUL and its member credit unions. Efforts are being directed to training of staff and members, elaboration of management guidelines and improvement of LCCUL's financial position.

Project objectives are judged to have been satisfactorily achieved. This judgement is based upon quantitative data obtained from LCCUL files and qualitative information assembled during sessions with LCCUL staff/board of directors and evaluation meetings at the credit union level.

A point made repeatedly to the evaluator by credit union staff and members is the important effect that the project has had on the development of the credit union movement. The majority of members felt strongly that the project's objectives were well coordinated with the needs of the credit unions.

Continuation of project support for credit union development is recommended. Institutional credit union development requires a long term commitment. While the foundation has been laid, continued efforts are required to make the LCCUL fully operational in terms of the application of sound business practices and financial self sufficiency. Precipitous withdrawal of support may sacrifice present development efforts.

A. Findings of the Evaluation

1) LCCUL Project staff positions were filled. Positions have detailed job descriptions and a personnel manual has been recently completed.

2) Thirty-two (32) process statements in varying stages of completion and implementation were identified. Implementation, however, has not been adequate.*

*Process Statement: Process statements are defined as standard operating procedures such as loan policies, etc.

3) Extensive training programs on credit union management, book-keeping, loan appraisal and other subjects are being conducted.

4) Credit union development is receiving emphasis in the third year of the project. Field officer activities are being redirected toward management assistance and training of member credit union clerks and committees. The planning procedures by field officers are being revised and closer field officer supervision is being emphasized.

5) Forty-seven (47) credit unions employed clerks. The salaries of 29 of these clerks are being supported by CRS.

6) Sixteen (16) credit union offices will be completed in 1983. An additional 15 are budgeted for construction in 1984. Funding for construction was obtained from MISERIOR.

7) Growth in movement shares met PP projections. Projections which were not met were for loans outstanding (collection), number of credit unions (to be established/strengthened), and membership.

- Loan volume was not achieved at LCCUL and credit union levels due to tight lending policies and a limited number of viable loan applications.
- Loan delinquency at credit union level remains serious. Efforts are underway to provide C.U.s with loan control systems and to encourage loan collection campaigns.
- Credit union ability to collect interest on loans varies; overall performance, however, is poor.
- Growth in number of credit unions and membership was optimistic in PP. The LCCUL has directed its efforts toward the improvement and strengthening of existing credit unions. Also, study groups lasting 6 to 18 months are required before a credit union is formed.

8) While LCCUL financial self-sufficiency has improved since the last evaluation, it has not met PP projections. Billing and collection efforts for dues and capitalization require improvement. A portfolio analysis reveals LCCUL investment emphasis is placed on "safe" savings and fixed deposit accounts to the detriment of credit union lending.

9) LCCUL loan collection efforts are unsatisfactory.

10) The SFPC program is increasing.* All LCCUL loans are granted for productive purposes. SFPC program was widened primarily through the efforts of GTZ agricultural credit advisor and LCCUL agricultural field officers. Agricultural committees existed in 19 credit unions.

11) Support expected from ACOSCA was not provided to the extent desired.

*SFPC: Small Farmer Production Credit

B. RECOMMENDATIONS

- 1) LCCUL should investigate future linkages with LADB and Co-op Lesotho.
- 2) LCCUL should give priority assistance to C.U.s with funded employees to improve thier income generating activities, specifically interest collection.
- 3) LCCUL should continue close cooperation with MCRD at the national and district levels.
- 4) The NUL should be encouraged to fill the IEMS education officer vacancy.
- 5) LCCUL should complete all process statements. Senior staff should improve its monitoring system to assure that each process statement is fully implemented.
- 6) Continued training at the credit union level is required in bookkeeping and credit assessment. Evaluation and follow up procedures for all training programs require improvement.
- 7) Loan control systems must be installed in all credit unions. General filing systems must be completed.
- 8) Field officers should continue to emphasize:
 - a) credit union bookkeeping, loan control and management
 - b) improving C.U. monthly reporting
 - c) committee education
- 9) LCCUL should identify break even strategies for:
 - a) services provided to credit unions
 - b) services provided by credit unions to members
- 10) The Field Manager should work exclusively on the supervision of field officer activities and delegate other responsibilities.
- 11) Clerk training in risk management reporting is necessary.
- 12) Annual audit schedules must be prepared. These schedules should include: name of auditor, dates for (a) audit, (b) presentation to credit union board, and (c) follow-up.
- 13) Loan collection efforts at LCCUL and C.U. levels should be intensified.
- 14) Loan interest collection must be improved.
- 15) Improvements are necessary for billing and collection of LCCUL dues and capitalization.

- 16) Intensify efforts to attract young people to credit unions.
- 17) If efforts to revitalize inactive credit unions fail, these credit unions should receive minimal LCCUL support.
- 18) A League staff member should be formally assigned the responsibility of renting the Credit Union House offices.
- 19) LCCUL and C.U. credit policies should be made less restrictive. However, only viable loans should be granted.

II. INTRODUCTION - METHODOLOGY

A. INTRODUCTION

In August, 1983, an evaluation was conducted of USAID's Lesotho Credit Union League Development Project Number 632-0214. The purpose of the evaluation was to analyze performance in relation to project inputs and outputs. The primary objective of the project is institutional development at the League and Credit Union levels.

Three basic objectives contained in the Project Paper are:

(1) Improve LCCUL technical capabilities to permit provision of essential technical and financial services to affiliated credit unions and their membership.

(2) To increase LCCUL financial self-sufficiency through income generation, manpower skill development and capital formation.

(3) Increase membership, savings and production loans of affiliated credit unions.

B. METHODOLOGY

Reference sources for the evaluation included the USAID-LCCUL Project Paper and the mid-term evaluation report. Information was obtained from several sources, the primary source being LCCUL files and financial reports. Meetings were held with the LCCUL general manager, office staff, field officers, Committee members at League and Credit Union levels, Ministry of Agriculture, Ministry of Co-operatives and Rural Development, Credit Union clerks and Credit Union members. Contact was made with the Lesotho Distance Training Center, Catholic Relief Services, Lesotho Hand Spun Mohair Co-operative, Institute of Extra-Mural Studies, Co-op Lesotho, Technical Operations Unit, Lesotho Agricultural Development Bank, financial institutions, Lesotho Poultry Co-operative, Peace Corps volunteers, and the GTZ Agricultural Advisor. Special assistance was provided throughout the evaluation by the LCCUL Management Advisor whose cooperation and insight were invaluable.

At the end of the evaluation, meetings were held with LCCUL senior staff and the LCCUL Executive Committee to report findings and discuss recommendations. The evaluation was conducted between August 8, 1983 and September 15, 1983 by Kevin L. Mindock, USAID consultant.

III. PROJECT BACKGROUND

The first credit union in Lesotho was established in 1961. The number of credit unions grew to 37 by 1968. These credit unions struggled in their preliminary years. To assist these credit unions, the League was established as a national coordinating and service organization.

The initial staffing of the League consisted of a general manager and one clerk. Contributions made by the League were limited because of financial and personnel constraints.

In the early 1970s, USAID began funding a small farmer production credit program. Three (SFPC) pilot credit unions were selected for implementation. An evaluation at the end of this project concluded that a satisfactory level of success was attained in two credit unions.

A deficiency existed in the project design of the SFPC program. It contained little focus on institutional development at the League level, a prerequisite to the expansion of the credit union movement. In 1980, the designers of the present program incorporated institutional development at both the League and credit union levels.

IV. EXTERNAL FACTORS

Several external factors that were unforeseen in the original project design developed over the project life that influenced the credit union movement. These are:

A. Lesotho Agricultural Development Bank (LADB)

The LADB was formally established by an act of Parliament in 1976 and began operation in March, 1980. Its statutory objectives are inter alia to:

- promote sound agricultural development
- mobilize savings and provide loans
- coordinate and supervise the grant of credit from public funds for agricultural purposes

An early problem arose when LADB provided direct loans to credit unions. In one case, M40,000 was granted to a credit union that had a capital base of only M2,000. This problem of bypassing the League was corrected by an agreement between the two organizations. It clearly specified that all individual loans to credit unions must be submitted to LCCUL for review and approval. Thereafter no loans were granted to credit unions by LADB without LCCUL approval.

A question of future importance to the League is the methods that are selected by LADB to channel funds to agricultural producers. LADB does not have the necessary institutional structure to lend directly to rural producers. It is presently considering several options, one of which is to use the credit union system. In such a case, the LADB would act as a discount window, providing funds to LCCUL for on-lending to credit unions.

Recommendations: Officials of LADB have expressed an interest in using the credit union system. LCCUL should give an agreement with LADB serious consideration as it could, potentially, be a major source of capital. However, LCCUL and Credit Union capabilities must be studied carefully. If such a course became a real option for the League, an assessment of the League's present capabilities and the performance of the credit unions is essential. Further, the League should not compromise, under any circumstance, its lending policy that should be based on performance and the pay back potential of a borrower.

B. Technical Operations Unit (TOU)

The TOU is a government office, under the Ministry of Agriculture, charged with the responsibility for the government's self-sufficiency program. At the beginning of TOU, all inputs, plowing, planting and harvesting were provided to farmers on credit (in kind). Expenses were deducted at time of harvest and the farmer's share was paid in grain. In areas where TOU is operating, credit unions' agricultural lending fell. In such cases, operation of SFPC programs were directly affected.

After two years of operation, GOL is now seeking to gain more commitment from the farmers. The most significant change in policy is a requirement for farmers to pay expenses before the planting season.

C. Co-op Lesotho

Co-op Lesotho's major activities are the provision of farm supplies and agricultural marketing. Organized as a parastatal firm, it is the major supplier of seeds and fertilizer to the agricultural sector.

A limited number of credit unions are presently operating an "in kind" lending program with the Co-op. Officials of the Co-op have expressed their desire to continue, and increase, the number of agreements with credit unions. The Co-op general manager, however, is insistent that the marketing of member products be controlled in order to improve credit recovery. He suggested that those members who receive loans must be required to market products through the Co-op.

Recommendations: Relations with Co-op Lesotho could be advantageous and the League should investigate possible areas of collaboration. A concern exists, on the part of farmers, that the input prices are high while product prices are low. If such a situation exists, a squeeze is placed on the income of member-producers. Due consideration of Co-op Lesotho's pricing policies should be given to safeguard producer income.

D. Others

Discussions are being held about the possible creation of a federation of cooperatives. The status of this factor is uncertain, but it could significantly influence the credit union movement.

V. INPUTS

In addition to internally generated funds and GOL inputs, several donor agencies participated in the LCCUL project. Six donor sources were listed in the original project design. During the project life, two additional donors provided assistance to credit unions. (Appendix A) A summary description of inputs provided by these donors is below.

A. USAID

AID provided the largest percentage of inputs into the LCCUL project. Four areas of inputs written into the OPG are:

- (1) LCCUL budget support for operating expenses: personnel salaries, staff travel, training, office expenses.
- (2) Commodity support: filing cabinets, desks, chairs, typewriters, other office equipment.
- (3) Technical assistance: one technical advisor for life of project (3 years).

Necessary support and inputs are judged to have been provided satisfactorily in terms of quality, quantity and timeliness. Areas of difficulty in the provision of support are estimated to be minimal.

An essential step in the evaluation is the analysis of project expenditures in relation to the budget. This analysis presented difficulties due to inadequacies in the original project budget. Modifications were made to clarify these weaknesses following the mid-term evaluation.

The "new" budget was also lacking in necessary clarity. (Appendix B) Although this did not present serious problems for project operations, it appears that the formulation of the budget did not receive adequate attention.

Even with the above constraints, records indicate a careful monitoring of expenditures. Salary support of personnel showed a surplus of \$51,240 due to over estimation in this account. The training account also showed a surplus of \$7,251. A major reason for the training surplus was the promotion of local, less expensive training institutions, e.g., the Institute of Extra Mural Studies and the Lesotho Distance Training Center. Appendix C contains actual expenditures of project funds.

B. World Council of Credit Unions (WOCCU)

WOCCU, headquartered in Madison, Wisconsin, is the major technical resource for international credit union development. It provides technical assistance, training, and project development.

Major inputs provided by WOCCU were three short-term consultancies for project monitoring and special technical studies. The first consultancy was for the mid-term evaluation. In addition to the evaluation, this consultancy included project monitoring and assistance. The second consultancy examined the feasibility of real estate investments. Using the results of this study, the LCCUL Board altered its investment strategy. An analysis of the capitalization program and estimation of debt level feasibility were also contained in the scope of work of this consultancy. The third consultancy, in early 1983, provided project monitoring and technical assistance.

C. African Cooperative Savings and Credit Association (ACOSCA)

ACOSCA is the apex organization for the credit union movement in Africa. Headquartered in Nairobi, Kenya, it represents 22 national affiliates. At SOP, ACOSCA supported a Southern Africa regional office in Maseru. This office was closed in early 1983.

ACOSCA inputs to the LCCUL project were originally scheduled in consultancies for training and salary support for the insurance officer. ACOSCA participated in training programs for the League staff and Board members. Training areas include institutional analysis, financial management, risk management and financial management. ACOSCA also sponsored international training for the League. Consultancies to the project, however, were not undertaken as originally planned.

D. Catholic Relief Services (CRS)

In 1983, CRS began a project of salary assistance for credit union clerks. This salary assistance is expected to be 100% in the first year of the CRS support. In subsequent years, this percentage declines at intervals of 25% with the remainder to be assumed by the individual credit unions.

Prior to the beginning of the CRS project, volunteer treasurers were responsible for bookkeeping. In most cases, their performance was very poor. CRS agreed to fund these positions so as to improve the most basic functions of any business organization -- bookkeeping. Although the employment of clerks is beneficial, management of credit unions remains a concern.

At present, there are 29 CRS clerks in this program. Each has been given training in filing, loan control and bookkeeping. (Appendix G). Based upon a project report written by the general manager, examination of credit union books and financial reporting, the employment of clerks has a beneficial effect on credit union bookkeeping, report writing and member confidence.

Recommendations: Full or part-time (paid) clerks directly influence the quality of C.U. operations. If the credit unions are to continue to enjoy the services of a clerk, each will need to generate sufficient income to pay salaries. Strong support should be given to any efforts that will help C.U.s increase income. This includes overdue loan collection drives, full collection of interest on member loans and League financing of income generating projects.

E. Institute of Extra Mural Studies (IEMS)

IEMS is the extension branch of the National University of Lesotho. IEMS has been supportive of the credit union movement since the formation of the first credit union in 1961.

The LCCUL staff were impressed with the contributions received by IEMS and stated their desire for continued collaboration. Inputs provided by IEMS include: use of training facilities, design of training programs, service of IEMS extension agents for credit union training activities, assistance in organizing study groups, and research of credit union activities. IEMS also provided a full-time education officer. This post was vacated in 1983 when the education officer left for overseas study. LCCUL and IEMS are currently searching for a qualified individual to fill this post.

Recommendations: Historically, collaboration between IEMS and LCCUL has been strong. LCCUL should continue to use the many valuable services that are offered by IEMS.

F. Peace Corps

Three Peace Corps volunteers are currently working as field officers. Their major responsibility is to assist resident field officers (their counterparts) in supervision and training of the credit union personnel and membership. A second function, as stated in the job description, is to provide assistance to their counterparts in, inter alia, accounting, financial analysis, and personnel management.

PCVs have also assisted LCCUL in training programs, elaboration of slide/tape bookkeeping presentations and financial/statistical analyses of credit union performance.

G. MISERIOR

Originally, MISERIOR was scheduled to provide M11,000 for support of the League in 1981. Funding plans were changed and in 1983 MISERIOR began funding a credit union office construction program. At the time of this evaluation, 5 buildings were completed, 7 were under construction and 4 were in the planning stage (Appendix D). A total of M26,000 has been channeled through LCCUL for construction of these offices. In 1984, an additional 15 offices are expected to be constructed.

These offices are solidly constructed and relatively inexpensive. They are very beneficial for credit union promotion, serving as the site for business transactions and as a meeting house for committees and educational programs. The local credit union members express great appreciation of these new offices.

Recommendations: This is a very positive and beneficial building project for the credit union movement and its continuation is encouraged.

H. German Agency for Technical Cooperation (GTZ)

GTZ began a credit union project in 1981. The project includes a full-time Agricultural Credit Advisor, LCCUL budget assistance and commodity support. The project title is "Promotion of the Small Farmers Production Credit Program." GTZ supports the salary of two agricultural officers, has purchased a vehicle, motor bikes for the field officers and office equipment.

Of particular interest is the project's "grassroots" approach and agricultural production orientation. An example of this approach is the promotion of ox-drawn implements and other appropriate equipment. Training sessions have been held on agricultural production, agricultural lending, machine and equipment repair. In addition, GTZ provided equipment to numerous credit unions.

This project places a particular focus on the SFPC program. Special training has been given to the agricultural field officers and newly formed agricultural committees.

GTZ funded training programs for LCCUL staff in Swaziland and also provided funds for an extensive bookkeeping and credit analysis consultancy.

Recommendations: The GTZ advisor provided many useful comments during the consultancy. Continued support and collaboration between LCCUL and GTZ is strongly recommended.

I. Lesotho Distance Teaching Center (LDTC)

The LDTC is a semi-autonomous division of the Ministry of Education. Formed in 1974, its main aim is to apply non-formal education methods for development of rural Lesotho. Services provided by the LDTC are on a fee basis. The input of the LDTC into educational and promotional activities of LCCUL was substantial. LDTC assisted LCCUL in the organization and design of its training program. The Center taught and used a training approach based upon group participation and learning by doing. This approach increased the success rate of the training programs and is being regularly incorporated into LCCUL training programs.

Technical assistance was also provided in the design and recording of the League's weekly radio programs. Other areas of LDTC/LCCUL activity were in slide/tape show design, brochure and training materials development.

Recommendations: LDTC has a competent and energetic staff. In a meeting with the LDTC, the center specified areas of ongoing involvement with the LCCUL. Continued cooperation/assistance is desirable and is encouraged.

J. Ministry of Cooperatives and Rural Development (MCRD)

Inputs received from MCRD for the project differed from those originally envisaged in the Project Paper.

The mid-term evaluation noted that due to a severe GOL financial crisis the MCRD encountered staffing and financial difficulties after the project was started and was unable to meet its original obligations. Frequent meetings were held between LCCUL and MCRD and a new assistance agreement was reached. Under the terms of the revised understanding the assistance provided by MCRD would be in the form of training of 120 C.U. members at Farmer Training Centers (approximately R16,800), R10,500 for administrative costs, R18,000 in support of capital expenditures, and audit support.

Assistance at the field level continues to be irregular. It is important that greater cooperation between MCRD and LCCUL field staff be obtained.

In addition to efforts outlined above, MCRD has committed a capital expenditures budget for equipment purchases required by the League and is continuing to support organized training programs.

Recommendations: LCCUL should continue close cooperation with MCRD at the national and district levels.

VI. OUTPUTS

A. Staffing

All scheduled staff positions were filled at the time of evaluation, except for the IEMS supported education officer (see page 5 and Appendix E). League staffing and recruitment procedures state that selection of personnel is based on education and work qualifications.

Just prior to the evaluation, a new personnel policy was completed. This policy is well designed and is a good working document for personnel management. The League also developed recruitment procedures, interview and applicant testing methods.

Personnel changes were made prior to evaluation. A major shift was the creation of an auditor position and an expansion of the field manager's responsibilities. The risk management officer was promoted to field manager. LCCUL is presently modifying its organizational chart to reflect these changes.

Job descriptions for each employee are written. Recent meetings held on the content and applicability of job descriptions are encouraging and demonstrate recognition of the need for well structured and clearly defined job descriptions. However, the present level of personnel supervision is inadequate.

Recommendations: The IEMS supported education officer is critical to the success of the credit union movement and this vacancy should be filled as soon as possible. Supervision of personnel must be increased.

B. Institutional Development - League

An important aspect of this project is the institutional development of LCCUL. The objective is to secure an organizational structure and written policy guidelines to enable the League to function effectively and according to sound business principles.

Significant strides were made by the League to secure and improve its institutional infrastructure. One measure of institutional development is the documentation of processes that are either completed or in varying degrees of completion.

Several of these processes are listed below:

- (1) LCCUL Bylaws
- (2) Loan Policies and Loan Appraisal
- (3) LCCUL Filing System
- (4) League Financial Management Guidelines
- (5) Funds raised by the League
- (6) Personnel Policies
- (7) Vehicle Policy
- (8) Staff Performance Appraisal
- (9) Training Systems
- (10) Guidelines for LCCUL Planning Process
- (11) Credit Union Promotion
- (12) Cooperative Credit Union
- (13) League Audit Guide
- (14) Risk Management
- (15) Personnel Testing and Interview Practices
- (16) Manual on Secretarial Office Practices
- (17) Organizational Chart
- (18) Legal Processes

Recommendations:

(1) Not all of these processes are fully written. Items that require special attention are:

- (a) Five Year Plan
- (b) Break Even Strategies
- (c) Financial Management
- (d) Risk Management
- (e) Legal Processes

(2) This listing of the processes is impressive and demonstrates that hard work has been put into their definition. Of greater importance is the application of these guidelines. In the little time given for the evaluation, it was impossible to determine which processes are being implemented. A blanket recommendation is therefore necessary. The League has a number of the essential process statements. Continued training of the staff with respect to these statements is required. It is the responsibility of the Board of Directors and managers to assure that these guidelines are applied.

Institutional Development - Credit Unions

The League has taken initiative to promote the development of the institutional and operating structure at the credit union level. A partial list of the process statements is:

- (1) Bylaws of Credit Unions
- (2) Model Loan Policy for Credit Unions
- (3) Credit Union Bookkeeping
- (4) Model Credit Union Filing System
- (5) Field Officer/Supervisory Committee Auditing Handbook
- (6) Credit Union Checklist
- (7) Analysis and Interpretation of Credit Union Financial Statements
- (8) Education Document on Embezzlement
- (9) Guidelines for C.U. Directors
- (10) The Credit Committee
- (11) The Treasury
- (12) The Member
- (13) Education Committee
- (14) Delinquent Loan Detection and Reporting

Recommendations: As in the case of the League's institutional development efforts, these statements are in varying degrees of completion and implementation. Further emphasis must be placed on Loan Policy and Assessment, Credit Union Bookkeeping, Checklist, Risk Management Procedures. It was also brought to the attention of the evaluator that some credit unions may have lost their bylaws.

C. Training Programs

A series of training sessions and programs were held for LCCUL staff, field officers, committees and members of the Board. Presentation and training design assistance was provided by: LDTC, MCRD, IDN, ICMS, ACOSCA, USAID, GTZ and the LCCUL Management advisor.

The style of training was primarily of a participative nature using "on the job" or "learn by doing" techniques. Extensive training of staff was conducted and additional training is planned. This was required to build the skills and abilities of the League staff. An ingredient that needs further attention is a well-defined evaluation and follow-up procedure.

A list of the subjects covered in these training programs is presented below:

Training Programs - 1982

- (1) Institutional Analysis, Planning Management (needs definition)
- (2) Financial Management
- (3) Risk Management
- (4) Audit Training
- (5) Training Skills
- (6) Records Management
- (7) Basic Accounting
- (8) Loan Appraisal
- (9) Farm Planning/Field Staff Planning
- (10) Senior Staff Training
- (11) Board Duties and Responsibilities
- (12) Decision Making
- (13) Adult Education/Instructional Methods

Training Programs - 1983

- (1) Accounting/Bookkeeping
- (2) Records Management
- (3) Job Description and Employee Appraisal
- (4) Auditing
- (5) Agricultural Credit
- (6) Training of New Clerks
- (7) Credit Committee Training
- (8) Board Training
- (9) Slide/Tape Program for Bookkeeping

D. Credit Union Monthly Reports

Credit Unions are required to submit monthly financial reports to the League. These reports contain a financial position statement as well as aging schedules for loans. As of June 1983, 38 credit unions were on time in reporting. Of the 38 credit unions that reported, 23 had recently hired clerks. This illustrates that these clerks are serving a valuable function in keeping the C.U.'s records up to date. (Appendix F)

Recommendations: Reporting by the credit union has improved over the project period. It is necessary for the League, through the field officers, to continue their efforts to assist the credit unions. It is suggested that the field officers direct their attention to those credit unions that have not submitted reports, especially those that are more than 6 months late.

E. Field Officer Activities

An examination of the monthly planning schedules of the League Field Officers during the first seven months of 1983 reveals that efforts are directed toward the provision of training and assistance to credit unions. (Appendix G).

Areas included in these activities are:

- bookkeeping
- loan control and filing
- loan appraisal
- committee training
- credit union management
- village promotion campaigns

At the beginning of this project, field officer activities focused on village campaigns. These activities yielded unsatisfactory results for credit union development. This focus was redirected toward improving the skills of clerks and committee members. (Appendix G).

This change is seen as improving the quality of League assistance to C.U.s and is considered to be of fundamental importance.

A system to determine credit union training needs is being designed. This system is based on a check list that is sent to each credit union. (Appendix H). It is the responsibility of the field officers to follow up on this system.

Recommendations: Assistance to the credit unions is a sine qua non to the success of the credit union movement. The planning strategy used by the League provides the means to coordinate field activities. Agricultural extension activities (SFPC) should be further incorporated into this planning and monitoring system.

F. Field Officer Supervision

LCCUL staffing changes were made to enforce the importance of field officer activities. The League now has a Field Manager who is responsible for the supervision of the field officers.

A system is presently used for planning and scheduling of field officer activities. Meetings are held at the end of each month to monitor the results achieved. A chart monitoring system is being elaborated.

Recommendations: Field officer activities are a key to the League's development and close supervision of their work is essential. The newly appointed field manager should work exclusively on the supervision of their activities.

G. Credit Union Audits

The number of credit unions that were audited rose and fell over the project period.

Table 1

<u>Year</u>	<u>Number of Audits</u>
1980	32
1981	23
1982	46
1983 (½ year)	22 - expect 54 at FYE

Field officers conduct training for C.U. clerks and treasurer at time of audit. This is an excellent use of time. Further training is needed to expand the field officer's skills at using the auditing process for training and the significance of the audit as a management tool.

Recommendations: The League Auditor must prepare an annual audit schedule to assure that all C.U.s are covered. Audits are essential to the supervision and operation of credit unions. Each credit union must be audited annually. The financial controller should make regular check of the audits to examine their clarity and quality.

Additional Points

Several important points were raised in the mid-term evaluation that call for special attention in the final evaluation.

- Loan delinquency rate at credit union level. The mid-term evaluation stated that the average delinquency rate on loans was 25%. Efforts have been taken by the League and credit unions to resolve this problem. These efforts include: installation of loan control and monitoring systems, application of loan assessment and credit collection procedures. However, loan delinquency remains a serious problem at the credit union level and collection of loans has been inadequate. LCCUL must intensify its present efforts to improve credit union loan collection performance.

- Failure to collect interest due: A corollary to a high delinquency rate is a failure to collect interest. This aspect has not been given adequate attention. A problem that must be solved is management weaknesses at the credit union level.

Recommendation: Efforts to collect interest on loans must be intensified.

- Frequency of committee meetings: Information was difficult to gather on this point. It does seem that, overall, only the credit committees and Board of Directors meet regularly.

- Restrictive lending policies: The level of lending by credit unions is below the projected level contained in the Project Paper. A tight lending policy that restricts loans to the amount of shares is a major cause of this slower growth rate in loans.

It is recognized that credit unions that are experiencing high delinquency rates may have been forced, because of previous bad management, to restrict loans. However, the most important question is whether credit unions will be able to improve their delinquency status and relax their credit policies. A credit union that will loan only the amount of funds an individual has in shares is not operating as a credit union. It is operating as a savings bank. This is a fundamental problem that must be resolved. Management at the credit union level can be improved. LCCUL field officer activities to assist in training and supervision must be improved. However, due to the enormous constraints at the village level, it is unlikely that improvements can be achieved in a short time frame.

- Dividend payments to credit union members remains a problem and the League should concentrate its efforts to ensure that dividends are paid to members. This, of course, will not be possible if credit unions are unable to collect their loans and interest payables.

H. Credit Union Promotion

Credit unions, like any cooperative or business organization, need to provide the public and members with information about their organization and activities. In January, 1981, the League began to use Radio Lesotho to promote credit unions. Every Tuesday evening, radio programs about credit unions are aired. Topics include credit union management, credit union objectives, functions of the LCCUL and Agricultural Committee responsibilities. These programs are produced with the technical assistance of LDTC.

Other activities in the area of promotion are the production of pamphlets and brochures. LCCUL is also placing signs in front of each credit union office. The slide/tape shows on bookkeeping that were produced by a Peace Corps volunteer and LDTC is another useful promotional and educational device.

Recommendation: It appears that a large percentage of the members of the credit unions are older. Efforts made by the credit unions and League to seek the participation of younger people via a school savings program, for example, are endorsed.

I. Credit Union Movement Growth

The indicators used to measure credit union growth are: number of credit unions, shares, loans, and membership. (Appendix I).

Year 1. Growth in all indicators except loans outstanding to members were on target with project projections. Four credit unions were formed, membership increased by 2,200 and shares increased M16,000.

Year 2 and 3. Projections for growth in shares were met for both years. The number of credit unions and membership are below the estimated levels. Loans outstanding to members continued to be below projections.

Credit Unions are performing well in the area of savings mobilization. Even though the number of credit unions and membership were less than projected, the credit unions were able to generate an acceptable growth in savings (54%).

The projections in the Project Paper were unrealistic with respect to increases in credit unions and membership. There are two primary reasons: (1) LCCUL is concentrating its efforts on improving the operations of existing credit unions and (2) formation of a credit union requires time. Study groups of potential members are formed and technical training on credit union management is necessary. The study groups exist several months to a year before a credit union is registered.

Loan demand and tight credit policies explain the low level of loans outstanding. Most credit unions restrict loans to the amount of member savings. This is a protective and conservative policy which does little to stimulate loan volume growth. A major problem, however, appears to be an absence of viable products. Efforts must be made by credit unions to identify viable loan alternatives.

A blanket recommendation for credit unions to change their credit policy would not, most likely, produce the desired results. In many cases, credit unions have granted loans that are not being repaid. This squeezes the funds and the one-to-one policy was instituted to safeguard the credit unions remaining capital.

Several credit unions were identified by the evaluator that are: inactive, unresponsive to the League's assistance and/or are filled with internal problems. The League should reevaluate the assistance it provides to these credit unions. The League should continue providing them with assistance. But, if after a reasonable period these credit unions continue to be inactive, the League must direct its services to more responsive credit unions.

J. Financial Self Sufficiency

An issue of paramount importance to the GOL, USAID and the credit union movement is the League's financial viability. The self-sufficiency index used in this analysis is defined as "the ability of the League to generate sufficient earned income, as opposed to donor or external support, to cover all real costs entailed in servicing, strengthening and expanding the credit union movement."

The Project Paper specifies specific levels of financial self-sufficiency that the League should obtain during each of the three years of project life. These levels "are to be reached through increases in savings and loans thereby raising internally generated income." Financial statistics outlining trends in League revenues and expenses are presented in the Tables 2, 3, and 4. An LCCUL portfolio analysis is presented in Appendix 10.

This method of assessing financial self-sufficiency was used in the design of the OPG and in the mid-term evaluation. Given that this method was previously used, it was necessary to employ it for comparative reasons.

A special comment is required at this point. Expense amounts contained in Table 3 include only those expenses that were paid out of LCCUL funds. Consequently, any expenses incurred that were not paid by LCCUL are not included. Examples of such expenses are salary support of the USAID management advisor, living allowances of Peace Corps volunteers, GTZ training and commodity input and WOCCU consultancies. If these expenses are also included in the financial self-sufficiency measurement, the index would be decreased.

Table 2
LEAGUE INCOME - (1981-1983) (RANDS)

SOP*	YEAR 1	YEAR 2	YEAR 3	½ YEAR
(19,025)	80/81	81/82	82/83	
Projected	25,988	35,490	46,834	23,417
Actual	20,351	27,235	36,328	16,282

Table 3
LEAGUE EXPENSES - (1981-1983) (RANDS)

SOP	YEAR 1	YEAR 2	YEAR 3	MID YEAR
64,283				
Projected	111,813	128,683	147,230	73,615
Actual	71,871	108,806	129,785	63,715

Table 4
LEAGUE SELF SUFFICIENCY - (1981-1983) (%)

	YEAR 1	YEAR 2	YEAR 3
Projected	25.2	27.6	32
Actual	28	25	28

- Notes: 1. Projected years are assumed to coincide with LCCUL Fiscal Year.
2. SOP: Start of Project
3. Exchange Rate: \$1.00 U.S. = Approx. R1.00

Source: Project Paper and LCCUL Audit Reports

- Income and Expenses

Inspection of the financial statistics reveals that the project proposal estimates were overly ambitious for the first year. The levels obtained in the 2nd and 3rd years were consequently lower. It is interesting to note, however, that the growth rates for the last two years were achieved.

A comparison of the major income categories with the project estimates reveals:

- (1) Greater income from interest on fixed deposits and savings.
- (2) Smaller rental income.
- (3) Smaller dues income.
- (4) Decrease in piggery income.
- (5) Decrease in income from credit union loans.

Expenses were less for salaries and education programs and greater for the piggery project.

Recommendation: The League received a major proportion of their income from interest on fixed deposits and savings. It is recognized that the League is cautious in granting credit to avoid delinquency problems. However, greater effort is necessary to assist credit unions to become credit worthy and to develop viable loan requests.

- Rental Income

The League was able to cancel a lease that was (1) costly in terms of lost income and (2) disfavorable in terms of owner liabilities. Following the cancellation of the lease, the League assumed full management responsibility.

Three spaces were not rented for several months in 1983. Each month these vacancies cost nearly M500.00 in lost income. Newspaper advertisements are being planned, however greater effort is necessary.

Recommendation: (1) A League staff member should be formally assigned the responsibility of rental and (2) consideration should be given to the use of a property management firm.

- Dues

According to the bylaws, credit unions are required to pay annual dues at the rate of 1% of outstanding loans. Dues income, however, does not appear to be assessed on this basis. (See Appendix K.)

Recommendations:

(1) The League's dues billing practices need improvement and frequent contact with credit unions that have not paid is vital. Recognition should be given to the reasons (especially financial) for a credit union's lack of payment. However, the League provides costly services to the credit unions. If credit unions are unwilling to finance the League, perhaps, services offered should be reduced.

(2) As an incentive to credit unions that don't pay, delegates should be refused the right to vote at the annual general meeting if satisfactory arrangements for payment are not made.

- League Capitalization Fund

In the League bylaws, a capitalization fund is established for the purpose of providing loans to member credit unions. This central loan fund is to be financed by member credit unions. The established rate is 10% of the credit union member's savings.

The average capitalization of the League over the project years was 4%. It is recommended that the League improve its collection efforts. Also, the League should investigate the reason for credit union failure to provide payment to the capitalization fund.

Additionally, the level of capitalization in the bylaws may be unrealistically high for many credit unions. It may be necessary to develop a different method of assessing capitalization. One plan could be to scale capitalization based upon the financial position of each individual credit union. If it is later found that the credit unions are financially capable to provide a greater percentage, this level can be gradually increased.

Since the bylaws state that C.U.s should capitalize 10% of savings in the League, it is necessary to adhere to this provision or make amendments that are more suitable to C.U. financial abilities.

- Loan Delinquency - LCCUL

As of July, 1983, the League had several loans outstanding that were delinquent by at least one payment. Three factors may explain this delinquency: (1) the credit worthiness of the credit unions at the time of loan extension, (2) repayment schedules that are not coordinated with the revenue generating characteristics of the loan, and (3) a soft application of collection procedures.

Recommendations:

(1) Loan delinquency control must be improved. Procedures for collection are well defined and require strict application.

(2) The two seriously delinquent loans to Elelloang require special collection efforts.

(3) Even if repayment scheduling is a problem, the League should make every effort to collect loans according to the loan agreement. If in analyzing the credit union, it become obvious that scheduling is a problem, a formal rescheduling is necessary.

(4) The new credit appraisal procedures must be followed closely by the credit committee and financial controller.

- Small Farmer Production Credit (SFPC)

The SFPC program has grown since it was first introduced to three pilot credit unions in 1974. During the project years, 25 credit unions received SFPC loans amounting to a total of M97,953. The number of members receiving loans was 2,292.

The GTZ Advisor works primarily on the SFPC program. He supports the salary of two agriculture field officers whose functions are to assist in training of agricultural committees and promote the use of appropriate agricultural implements in the production process. Trained agricultural committees exist in 19 credit unions in the Maseru and Berea districts. Work is presently under way to provide a system of credit analysis for agricultural loan applications.

VII. PURPOSE

Based on the thesis that credit unions have demonstrated the ability to positively affect the lives and welfare of Lesotho's people, the purpose of the project is to improve and expand the institutional capacity of LCCUL and its member credit unions. The credit union movement is the largest and strongest cooperative organization in Lesotho. Because of its accomplishments and reputation, LCCUL receives support from GOL, credit union members and external donor agencies.

Over the project life, the League has grown through the efforts of its staff and technical advisor. As noted in earlier sections, progress has been achieved in the definition of League process statements and training of staff and committee members. Much of the ground work has been laid. The next step is for the League and staff to apply the training that has been received and to adhere to the developed process statements.

Efforts to develop the credit unions have produced satisfactory results. In order for the credit unions to operate effectively and efficiently, development at the credit union level is essential. Additional support is required to attain the stated project purpose.

VIII. GOAL

The goal of the project is to provide financial services to a greater number of families in Lesotho. Lesotho's present rural credit infrastructure is weak, with the credit union as the only available financial service to a large percentage of the rural population. By improving the quality of credit union and League operations, and by promoting the credit union as a place to save and as a source of credit, this goal can be attained. Statistics contained in this report reveal the positive direction credit unions have taken to reach this goal.

IX. BENEFICIARIES

The most important, and most numerous, beneficiaries of this project are the 26,000 credit union members. As the credit union institutional structure develops, improved financial services can be offered. With trained clerks and competent committee members, the credit unions are able to provide a wider range of services more efficiently and to a greater number of people.

The direct beneficiaries of the project are the staff and credit union members who receive training in credit union operations and management. Training programs have been held on bookkeeping, loan appraisal, loan control and filing, auditing, pedagogy and management. Field officer activities are directed toward assistance to credit union clerks, committee members and Board of Directors.

Statistics and observation reveal that women are the greatest percentage of credit union members (70% women - 30% men). Their role in the credit union movement is substantial, not only as members but as Directors, clerks, LCCUL senior staff and committee members.

LCCUL and its member credit unions are fully autonomous organizations. An impression received during visits to credit unions is that the members feel strongly that the C.U. is their organization. This sense of pride and feeling of ownership reflects a "grassroots" orientation, a feeling that is a key to the success of a cooperative enterprise.

X. LESSONS LEARNED

The achievements over the three year life of this project are numerous. This was revealed during the examination of the following output indicators: institutional development of the League, training programs, activities of the field officers and the performance of credit unions.

The job to build an efficient and fully viable credit union organization is a complex task. A task that requires more than writing process statements and conducting training programs. An additional step is needed: implementation of the management guidelines and application of the training.

It would be a mistake to assume that given all the progress the project has attained, the credit union movement now stands on solid ground and can advance unaided. More work and more support is required to assist the credit union movement to become a truly viable organization.

XI. SPECIAL COMMENTS

Design of an AID agriculture sector assistance program is currently in process. The credit union system is being considered as a possible channel to distribute credit for the program's production component. This evaluation report is designed entirely to assess the results of Operational Program Grant Number 632-0214; however, several findings that may be useful to AID-Lesotho are highlighted below:

(1) Institutional development of the credit unions was a major aspect of this project. Measured by the volume of completed management guidelines and the lengthy list of training programs conducted, more than satisfactory results were attained. A deficiency appears in the use of the training and application of the management guidelines.

Special attention should be directed to credit unions that have demonstrated their willingness and ability to adopt needed management changes. If these credit unions are carefully selected and receive intensive supervision and assistance, it is possible that the required managerial and technical abilities could be sufficiently developed to channel funds for the production component.

(2) Increased planning and supervision of field officer activities occurred in 1983. This is an excellent and needed step. It was emphasized in this evaluation that the field officer's activities (direct assistance to credit unions) is essential to the existence of the credit unions. It is assumed that strengthening of these field extension activities will strengthen the credit unions. If this assumption is accepted, one explanation of the credit unions low performance over the project life is uncovered.

A major recommendation of this evaluation is that LCCUL should continue to fortify its extension service to credit unions. Should AID use the credit union system, continued training and assistance of the field officers is essential.

(3) A key to the success or failure of any business enterprise is honest and capable management. Using performance as a criterion, management deficiencies exist at the credit union level. If AID should use credit unions, further management development is required.

Forty-seven (47) clerks are currently employed by credit unions, 29 of whom are subsidized by CRS. The importance of these clerks to credit unions cannot be overstated. Credit unions that depend on volunteer treasurers generally are mismanaged and are unable to properly maintain their records.

Many credit union clerks also assume the role of managers. If credit union revenues prevent the employment of a manager, clerks should be given additional management training.

The staff of LCCUL has received intensive training throughout the project life. The application of this training was not assessed, nor was the performance of each individual employee. Consequently, an overall statement about LCCUL management is required.

Using performance as the criterion, the management is judged to be in need of improvement. A lengthy list of recommendations is presented in this evaluation report that was written to assist LCCUL management. There are several fundamental problems that must be solved. If thorough and sufficient efforts are made to resolve these difficulties, the performance of LCCUL will improve.

It is not expected that these problems will be resolved in a short period. It is expected that management will demonstrate that it is actively seeking ways to improve the present situation.

A P P E N D I C E S

- A. DONOR INCOME (RECEIPTS)
- B. LCCUL PROJECT BUDGET
- C. LCCUL PROJECT EXPENDITURES
- D. MISERIOR BUILDING PROJECT
- E. LCCUL STAFF
- F. MONTHLY REPORTS
- G. OUTLINE REPORT OF FIELD WORK ACTIVITIES
- H. CREDIT UNION TRAINING CHECK LIST
- I. CREDIT UNION GROWTH STATISTICS
- J. LCCUL PORTFOLIO ANALYSIS
- K. LEAGUE DUES COLLECTED AND PAYABLE
- L. LOANS OUTSTANDING FOR THE MONTH OF JULY 1983

APPENDIX A

DONOR INCOME (RECEIPTS)

	<u>(RANDS)</u> ^{1/}				
	1980-81	1981-82	1982-83		TOTAL
1. USAID	62,000	88,300	80,136		230,436
2. GTZ	-	6,303	11,032	Salaries Transport Training	17,335
3. MISERIOR	-	-	26,841	Building	26,841
4. CRS	-	-	8,700	Clerks	8,700
5. GOVERNMENT	10,500 Cash	12,416 Equipment	(2,053)	Equipment	24,964
6. LESOTHO COUNCIL OF WORKERS	1,100	2,000 Cash	-		3,100
7. ACOSCA	2,825 Cash	666 Cash	1,503 Cash	Expense	4,994
8. LDTC (Piggery Fund)	-	3,500	-		3,500
	<u>76,425</u>	<u>113,185</u>	<u>130,265</u>		
	Dec. 1 1980 - Nov. 30 1981	Dec. 1 1981 - Nov. 30 1982	Dec. 1 1982 - Present July end		
				TOTAL	<u>319,870</u>

Source: LCCUL Cash Receipts Journal and General Journal

^{1/} Exchange Rate: \$1.00 U.S. equals approximately R1.00.

APPENDIX B

USAID CONTRIBUTION TO LCCUL PROJECT BUDGET

(U.S.\$)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>TOTAL</u>
CUNA Technical Assistant:				
Technician Salary	24,912	27,279	29,871	82,062
Fringe Benefits (22%)	5,481	6,002	6,572	18,055
Overhead (63%)	15,695	17,186	18,819	51,700
Allowances (includes housing, education, r/r, post differential, house- hold effects)	20,742	23,772	28,293	72,807
Travel & Transportation (includes relocation airfare, in-country travel, ACOSCA, WOCCU, AID consultancies)	<u>20,785</u>	<u>11,461</u>	<u>21,851</u>	<u>54,097</u>
Sub-Total	<u>87,615</u>	<u>85,700</u>	<u>105,406</u>	<u>278,721</u>
LCCUL Support				
Salaries	60,628	76,372	81,149	218,149
Training	5,440	6,684	7,952	20,076
Staff Travel	8,700	11,957	14,795	35,492
Other Direct Costs (includes commodities, office expenses, other LCCUL operat- ing costs, and equipment)	<u>13,297</u>	<u>12,825</u>	<u>16,852</u>	<u>42,974</u>
Sub-Total	<u>88,105</u>	<u>107,838</u>	<u>120,748</u>	<u>316,691</u>
TOTAL	<u>175,720</u>	<u>193,538</u>	<u>226,154</u>	<u>595,412</u>

"These figures were drawn up by Gordon Hurd after discussions with AID/Washington Contract Officer, Mark Stevenson."

Source: LCCUL Project Files

LCCUL PROJECT EXPENDITURES AGAINST OPG FUNDS

(\$US)

APPENDIX C

Account	Expense LCCUL	Expense Technical Assistance	Total Expenditures	Amount Budgeted
Salaries	157,641	82,458	240,099	300,211 (A)
Benefits	<u>9,268</u>	<u>18,140</u>	<u>27,408</u>	<u>18,055</u>
Sub-Total	166,909	100,598	267,507	318,265
Training	12,825	-	12,825	20,076 (B)
Other Direct Costs	33,600	6,751	40,351	
Equipment	<u>6,318</u>	<u>44</u>	<u>6,362</u>	
Sub-Total	39,918	6,795	46,713	42,974
Overhead 63%	-	51,948	51,948	51,700
Allowances (Post)	-	24,223		
		<u>7,775</u>		
		31,998	31,998	72,807 (C)
Local Travel	27,335	2,706	30,041	35,492
International Travel	-	11,860	-	
Consultants	-	8,056	-	
Local Travel	-	<u>2,706</u>	-	
Sub-Total	27,335	49,947	-	54,097
TOTAL	<u>246,987</u>	<u>213,961</u>	<u>460,948</u>	<u>595,412</u> (D)

(A) LCCUL staff salaries were over budgeted.

(B) Savings were made by using local institutions in development and implementation of training programs.

(C) This account contains several accounts not fully expended. An example of an account not yet used is relocation expenses for the technical advisor (\$15,000=.

(D) \$134,464 Balance.

MISERIOR CREDIT UNION BUILDING PROJECT*

1983

Construction of Buildings Completed

1. Manka C.U.
2. Ramothamo C.U.
3. Mapoteng C.U.
4. Mazenod C.U.
5. Masapong C.U.

Construction of Buildings Started

6. Tsoaing C.U.
7. Rafolatsane C.U.
8. Nqechane C.U.
9. Boinyatso C.U.
10. Masiasiane C.U.
11. Mabeoana C.U.
12. Lioli C.U.

Construction of Buildings Planned

13. Motsekuoa C.U.
14. Phallang C.U.
15. Elelloang C.U.
16. Repholohile C.U.

* An additional 15 buildings are planned for 1984. Locations to be determined.

Source: LCCUL Files, LCCUL General Manager

LCCUL EMPLOYEES AND POSITIONS

NAMES	POSITIONS
1. Augustinus Paballo Bohloa	General Manager
2. Cletus Mokhesi	C.U. Auditor
3. Lebohang Augustinus Mphatsi	Financial Controller
4. Alina 'Mats'epo Pepenene	Field Manager
5. Ann 'Matefo Nketsi	Accountant
6. Ts'epo Matane	Field Officer
7. Edward 'Mapa Qhali	Field Officer
8. Patrick Tefelo Moea	Field Officer
9. Alexis Mohau Nqosa	Field Officer
10. Edward Mpobole	Field Officer
11. Laurenti Bathobakae Letsie	Field Officer
12. Sephora Lebohang Thabane	Field Officer
13. Alice 'Mampho Mpholo	Secretary
14. Jeanett Selloane Phomane	Bookkeeper/Typist
15. Catherine 'Mathapelo Lesia	Janitor
16. Johannes Ntsibane	Nightwatchman
17. Ann 'Mapapali Maliehe	Gardener
18. 'Mamoroesi Letsoela	Farm Hand

Source: LCCUL Files

MONTHLY REPORTS
(Credit Unions to LCCUL)

Reporting Societies as of June 1983

1. Boinyatso	14. Makaota	27. PeleleaPele
2. Batlokoa	15. Manka	28. Phoqoane
3. Kika le Mafi	16. Mantsonyane	29. Qoaling
4. Itataiseng	17. Masapong	30. Rafalatsane
5. I. Mositi	18. Maseru T/ship	31. Repholohile
6. Thaba-Tseka	19. Mapoteng	32. Semonkong
7. Khanyetsi	20. Mazenod	33. Teyateyanang
8. Kueneng	21. Matsoku	34. Thabana-Morena
9. Leseli	22. Mokanametsong	35. Maputsoe Ind.
10. Lesobeng	23. Motsekua	36. Masiasiane
11. Liphookoaneng	24. Mokhotlong	37. Mabeoana
12. Majara	25. Mekaling	38. Lesobeng-10
13. Makesi	26. Nqechane	

Late Societies for Reports

Date of Last Report

1. Pela Tsoeu	November 1982
2. Shoaepane	May 1982
3. Tsoaing	November 1982
4. Mosalemane	April 1983
5. Khomo-khoana	June 1982
6. Makabelane	May 1983
7. Mashai	December 1980
8. Lerato	October 1980
9. Ramothamo	January 1983
10. Mofoka	May 1983
11. Linakeng	January 1982
12. Khomo ea Mollo	February 1983
13. Elelloang	May 1983
14. Sehlabathebe	?
15. Lioli	May 1983
16. Marakabei	May 1983
17. Elelloang	May 1983
18. Royal Weavers	
19. Mathula	May 1983
20. Mohale's Hoek Workers	?
21. Boitumelo	New C.U.
22. Roma Valley	New C.U.
23. L.P.F.	April 1983
24. Tsohang Bataung	New C.U.
25. Tiisetso	?

Source: LCCUL Files

OUTLINE REPORT OF JANUARY 1983 FIELD WORK ACTIVITIES

Place	Work	Credit Union	Trainees
C.U.	Audit	Maputsoe	N.A.
FTC ^{1/}	Bookkeepers	Southern Credit Unions	Clerks and Committee Members in Southern Credit Union
FTC		Central and Northern Credit Unions	Clerks and Committee Members
C.U.			
FTC	Loan Control and Filing	Southern and Northern Courses	Clerks and Committee Clerk
C.U.		Kueneng	Clerk
C.U.	Loan Appraisal	Kueneng, Maseru District, Credit Unions	Agric. Committee
C.U.	Committee Training	Roma Valley	Board
Maseru		LCCUL Board 24 Credit Union Delegates 20 AGM	Board
C.U.	Audit	1. Matsoku 2. Rafolatsane 3. Mokhotlong 4. Batlokoa	N.A.
C.U.	Bookkeeping Assistant	1. Pele ea Pele	Clerks
C.U.		2. Mokhotlong	
C.U.		3. Batlokoa	
C.U.	Loan Control and Filing	1. Pele ea Pele	Clerks
C.U.		2. Mokhotlong	
C.U.		3. Batlokoa	
C.U.		4. Rafolatsane	
FTC	Management	1. Mokhotlong	Committees

Training Courses:

A one week training course was conducted for the new clerks (see attached) at Morija Training Centre by L. Thabane and Mr. Mokhesi.

A one week training was conducted at Mokhotlong FTC for the three credit unions located in the district. These covered management, bookkeeping, reports, filing, loan control, operations, etc.

^{1/} FTC: Farmer Training Center

Place	Work	Credit Union	Trainees
C.U.	Audit	1. Qoaling 2. Maputsoe 3. Makabelane	
C.U.	Bookkeeping	1. Kueneng 2. Matsoku 3. Manka 4. Masapong 5. Boinyatso 6. Mathula 7. Repholohile 8. Thabana Morena 9. Phallang 10. Mekaling 11. Teyateyanang 12. Fika-le-mafi 13. Mosalemane	Clerks Clerks Clerks Clerks Clerks Clerks Clerks Clerks Clerks Clerks Clerks Clerks
C.U.	Loan Control and Filing	1. Teyateyanang 2. Fika-le-mafi 3. Mosalemane 4. Mokanametsong 5. Manka	Clerks Clerks Clerks Clerks Clerks
C.U.	Insurance	1. Repholohile 2. Thaba Tseka Mashai Matsaile Mantsonyane	Clerks Clerks/Committee Clerks/Committee Clerks/Committee Clerks/Committee
C.U.		3. Mosalemane 4. Liphookoaneng	Clerk Members
C.U.	Loan Analysis	1. Mathula	Committee
C.U.	Committee Training	1. Fika-le-mafi 2. Khomokhoana 3. Semonkong 4. Kueneng 5. Phallang 6. Mokanametsong	Board Board Board Board Board Board
C.U.	Planning Methods	1. Mohale's Hoek	Committee
C.U.	Dividends	1. Manka	Clerks
C.U.	Village Campaigns	1. Mofoka 2. Pitseng	Members Members
C.U.	Audit	1. Fika-le-mafi 2. Mosalemane 3. Masapong	N.A. N.A. N.A.

Place	Work	Credit Union	Trainees
C.U.	Bookkeeping	1. Mosalemane	Clerk
		2. Teyateyanang	Clerk
		3. Nqechane	Clerk
		4. Matsaile	Clerk
		5. Khomoa-mollo	Clerk
		6. Mantsonyane	Clerk
		7. Mohale's Hoek	Clerk
		8. Repholohile	Clerk
		9. Mathulaa	Clerk
		10. Motsekuoa	Clerk
		11. Masapong	Clerk
		12. Khanyetsi	Clerk
		13. Masiasiane	Clerk
C.U.	Loan Control and Filing	1. Motsekuoa	Clerk
		2. Phoqoane	Clerk
		3. Nqechane	Clerk
		4. Mosite	Clerk
		5. Maputsoe	Clerk
		6. Peleapele	Clerk
		7. Liphookoaneng	Clerk
C.U.	Committee Training	1. Butha-Buthe	Committee
		2. Mositi	Credit
		3. Maputsoe	Committee
		4. Bobete	Committee
		5. Linakeng	Committee
		6. Matsaile	Committee
		7. Khomoa-mollo	Committee
		8. Mathula	Committee
		9. Masapong	Supervisory Committee
		10. Masiasiane	Supervisory Committee
Villages	Village Campaign	1. Pitseng	Members
C.U.	Audit	1. Tsoaing	N.A.
		2. Liphookoaneng	N.A.
		3. Mopoteng	N.A.
		4. Phallang	N.A.
		5. Mohale's Hoek	N.A.
C.U.	Bookkeeping	1. Mokanametsong	Clerk
		2. Phallang	Clerk
		3. Thabana Morena	Clerk
		4. Phogoane	Clerk
		5. Lioli	Clerk
		6. Ramothamo	Clerk
		7. Mopoteng	Clerk
		8. Makesi	Clerk
		9. Matsoka	Clerk
		10. Marakabei	Clerk

Place	Work	Credit Union	Trainees
C.U.	Loan Appraisal	1. Thaba-Tseka 2. Marakabei 3. Linakeng	Agric./Credit Agric./Credit Agric./Credit
C.U.	Loan Control and Filing	1. Thaba-Tseka 2. Marakabei 3. Linakeng 4. Tsoaing 5. Pele-ea-pele 6. Mōtsoku 7. Tiisetso 8. Mokanametsong 9. Phallang 10. Elelloang	Agric./Credit Clerk Clerk Clerk Clerk Clerk Clerk
C.U.	Committee Training	1. Mokaota/Repholohile 2. Phoqoane 3. Repholohile 4. Thabana Morena 5. Tsoaing 6. Masapong 7. Marakabei	Board Credit Board Board Board Board Board
C.U.	Village Campaign	1. Qoaling 2. Makabelane 3. Makaota 4. Phoqoane 5. Repholohile	Members Members Members Members Members

Source: LCCUL Files, Field Advisor Training Reports

CHECKLIST FOR CREDIT UNIONS TO ADVISE THE LCCUL OF THEIR
INTEREST IN TRAINING SUBJECTS (1983)

The League is planning its C.U. Training program for the rest of the year. Societies are requested to tick on the following list those areas in which they need to be trained.

- (1) How to write -
 - (a) Cash Received Voucher
 - (b) Cash Payments Voucher
 - (c) Cash Summary
 - (d) Cash Receipts
 - (e) Cash Disbursements
 - (f) Passbooks
 - (g) Member Ledger
 - (h) General Ledger
 - (i) Cash Report
 - (j) Trial Balance
 - (k) Balance Sheet
 - (l) Loan Analysis
 - (m) Cash Reconciliation
 - (n) Reconcile Members Ledgers and Balance Sheet
 - (o) Dividends Calculation
 - (p) Monthly Closing Profit and Loss A/C
 - (q) Entry of Insurance Claims
 - (r) Entry of Prepaid Interest

- (2) How to record -
 - (a) ARIANA and Building Donations
 - (b) Dividends Received from CUNA Mutual Insurance
 - (c) Prepaid Premiums

- (3) How to write coverage reports

Source: LCCUL Files

Year	No. C.U.s	Shares	Loans	Membership	LCCUL Savings	Other Bank Savings	Capitalization	Assets
Start of Project	52	850,000	612,000	22,000	-	-	-	-
Year 1 Projected	57	963,000	752,000	24,290	-	-	-	-
Year 1 Actual	56	1,011,455	708,837	24,256	141,004	77,938	40,720	1,069,030
Year 2 Projected	62	1,117,000	942,000	27,540	-	-	-	-
Year 2 Actual	58	1,167,718	851,464	24,782	180,808	64,202	45,524	1,376,200
Year 3/Total Projected	68	1,314,000	1,234,000	31,470	-	-	-	-
Year 3/Total Actual	60	1,305,034	980,674	26,279	187,757	78,765	42,403	1,935,000
% of Target Achieved		99.3%	79.4%	83.5%				

Source: LCCUL Quarterly Reports and General Ledger

LCCUL PORTFOLIO ANALYSIS

	Average Amount	1983 Interest Paid/Received	Percentage	Projected Rate
<u>Expenses:</u>				
Share	5,700	-	-	-
Capitalization	43,969	1,385	6.1	3.0
Member Saving	116,277	6,811	5.9	6.0
Fixed Deposits	73,745	3,863	5.2	6.5
Lecusa Deposits	18,554	1,057	5.7	5.0
TOTAL				
<u>Returns:</u>	258,245	13,116	5.1	
No. Revenue Assets	21,420	-	0	0
C.U. House	57,949	9,526	16.4	11
Loan	1,790	-	0	-
Fixed Deposit	146,969	6,832	4.6*	7.5
Bank Savings	51,043	977	1.9*	5
C.U. Loans	58,892	2,615	4.4	10
TOTAL	338,063	19,950	5.9	

Source: LCCUL General Ledger

* Reflects actual interest received as of July, 1983. Year end percentage will likely correspond with projections.

LEAGUE DUES COLLECTED AND DUES PAYABLE

	1981	1982	Actuals 1983 Through 7/31/83
Dues Income	2930.02	4529.11	2570.11
Debtors (Payable)	<u>1571.39</u>	<u>679.97</u>	
TOTAL	4501.91	4880.40	6331.43
% Collected	65%	86%	41%

Source: Audit Reports

LOANS OUTSTANDING FOR THE MONTH OF JULY 1983

APPENDIX L

BORROWER	DATE OF LOAN	PAYMENT SCHEDULE	AMOUNT OF LOAN	AMOUNT PRINCIPLE REPAID	BALANCE	AMOUNT INTEREST PAID	DUE DATE	PURPOSES OF LOAN
1. Ramothamo	17.12.82	Monthly	600.00	231.00	369.00	31.00	30.06.83	Seeds and fertilizers
2. Khomo-Khoana	29.09.82	monthly	6000.00	-	6000.00	250.00	31.10.83	Purchasing of tractor
3. Tsoaing	30.08.82	Annually	3784.00	1967.00	1817.00	237.54	31.08.85	To pay for tractor repairs
4. Mathula	17.12.82	Monthly	9200.00	594.00	8606.00	21.25	31.03.85	Agriculture and brickmaking
5. Mazenod	17.09.79		4376.00	4376.00	-	-	30.11.82	Purchasing of tractor and repairs
6. Lioli	05.11.82	Monthly	4167.00	375.00	3792.00	205.61	29.04.83	Agriculture
7. Elelloang	02.02.82	Monthly	6090.95	452.95	5638.00	150.82	30.02.84	Agriculture, knitting and spinning
Elelloang DAPC	20.07.76	Monthly	1515.00	-	1515.00	-	10.06.78	Dairy cows and poultry
8. Nejadubg	28.10.81	Monthly	2485.00	1335.42	1149.58	212.79	30.10.83	Agriculture
9. Manka	21.10.82	Monthly	5000.00	2186.00	2814.00	253.55	30.11.84	Poultry and piggery
10. Liphookoaneng	19.11.82	Annually	600.00	-	600.00	-	30.11.84	Agriculture
11. Makaota	09.10.81	Monthly	1500.00	1204.00	296.00	152.30	30.11.83	Agriculture
12. Maputsoe Ind.	29.09.82	Monthly	5000.00	1515.69	3484.31	328.79	30.06.84	Poultry and piggery
13. Mosalemane	08.11.82	½ Yearly	6864.00	2000.00	4864.00	-	30.06.84	Agriculture
14. Makabelane	14.10.82	Monthly	1200.00	200.00	1000.00	-	31.01.83	Seeds and fertilizers
15. Motsekuoa	10.08.81		1000.00	1000.00	-	?	31.12.82	Deposit of tractor
16. Khanyetsi	02.09.82	Monthly	1195.38	912.38	283.00	53.55	31.08.83	Agriculture
17. Makesi	09.09.82	Monthly	3993.64	2167.64	1826.00	-	31.08.83	Agriculture
TOTAL			65,569.64	20,516.39	44,053.69	1,897.20		

Source: LCCUL Files