

EVALUATION OF SUPPORT TO REGIONAL  
ORGANIZATIONS - ACOSCA  
(Project No. 698-0413.04)

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## EXECUTIVE SUMMARY

### General

This Executive Summary presents the results of a mid-term evaluation of the Africa Bureau's project for Support to Regional Organizations -- ACOSCA. (ACOSCA is the acronym for the African Cooperative Savings and Credit Association -- the Africa-wide apex organization for credit unions.) The ACOSCA project is a regional grant project started in January 1980. It has a projected life of five years at a total estimated cost of \$6.03 million, with an AID share of \$2.55 million. As of December 31, 1982, U.S. fund obligations were \$1,406,000, and actual expenses incurred by the grantee were \$1,303,000.

The project is being implemented through a grant agreement with the Credit Union National Association (CUNA), which collaborated in the design. It is being executed by the World Council of Credit Unions (WOCCU). This evaluation was carried out by a three-person team from Action Programs International and WOCCU. Team members were William R. Thomas 3rd, Team Leader; Dean Mahon, Training Specialist; and Maurice Samaan, Credit Union Specialist.

### The Project Concept

The goal of the project is to accelerate the growth of domestic and household savings in Africa, and to expand the volume of lending to lower and lower-middle income Africans for education and health purposes. The project purpose is to strengthen and improve ACOSCA's capability to assist the growth of credit unions in Africa through training, managerial, and financial services.

The ACOSCA project has been substantially revised since the Project Paper was prepared. It now consists of two main components:

Four person years of long term technical assistance in management and training, supported by short-term advisors, at an estimated total cost of \$553,000.

Direct budget support for the operations of ACOSCA at an estimated total cost of \$1.9 million. The bulk (62%) of these funds will be spent in support of the ACOSCA training program -- the major thrust and most successful outcome of this project.

## The Project Setting

The formal African credit union movement is young and relatively weak, but growing. There are active credit union movements in 24 countries that are affiliated with ACOSCA. The movement has a total of about 1.7 million members with savings of about \$200 million. Within these totals, two countries (Nigeria and Kenya) dominate. They account for the majority of the societies, members, savings and loans; and have provided over half of the growth in recent years.

The credit union movement has the potential of bringing the concept of savings and access to credit to the majority of people in Africa who are not served by the formal public and private credit systems. But, for most Africans this is still only a promise. At the end of 1981, credit union members constituted only 0.4% of the population in the 20 smaller member countries. At current growth rates it will take more than 70 years to reach 10% of the population in those countries. (About 18% of the U.S. population belongs to a credit union after 80+ years.)

## The ACOSCA Organization

ACOSCA was founded in 1968 and is based in Nairobi. The Project Paper stated that at the beginning of this project ACOSCA had professional staff operating a risk management program; a Central Finance Department; an Education Training and Information Department; three Regional Offices and three separate training centers.

These organizational elements were never the effective functioning units that the description in the project paper implies. In any case, at the time of this evaluation, the ACOSCA organization was beginning a major retrenchment and was in considerable disarray. The retrenchment will reduce ACOSCA's total staff from 31 to 16 persons; abolish the three regional offices (the training centers no longer exist); and abolish two central departments and consolidate two others. This represents a drastic change, but in our judgment this change was long overdue.

As a result, as of today, ACOSCA as an organization barely exists. What remains is a Board of Directors that meets periodically; two professional staff members, one in Risk Management and one in Education and Training, who are qualified and competent; an acting Executive Secretary and a small administrative and clerical staff. This is the "ACOSCA" that must be constantly borne in mind as one reviews this evaluation.

### Current ACOSCA Activities

After retrenchment ACOSCA will have two residual, effectively operating functions. They are:

Risk Management -- a program of member and savings and loan insurance operated under the direction and re-insurance guarantees of the CUNA Mutual Insurance Society, Inc. The program is self-supporting and very popular. It now covers 829 local credit and savings societies and 75% of the loans and savings in the nine countries that are enrolled.

Education and Training, which is ACOSCA's only effective direct function.

### ACOSCA's Finances

ACOSCA is completely dependent on outside assistance. In 1982 donors provided 92% of ACOSCA's operating funds, and this situation is likely to continue for 20 years or more. This raises three basic issues:

The first is that the total five-year operating expenditures of \$4.3 million exceeds the results that will be achieved.

The second is where do we go from here? Are AID and the other donors willing to finance ACOSCA's operating costs for the next 20 years? If not, then some alternative needs to be found. One way would be for the donors to establish a carefully proscribed, time limited, trust fund with the income of the fund -- not the principal -- available to finance ACOSCA's operations. This would force the Board of Directors to live within finite means, and thus help foster the kind of managerial responsibility and capability that is long overdue. It will also be much cheaper than continued annual grants for operating expenses.

How far should donor organizations go in supporting an organization whose members cannot, or will not, pay the dues that they themselves have levied?

### The Donors and Project Management

Ultimate responsibility for the turmoil of the last two-and-one-half years rests with ACOSCA itself, but the problems have been compounded by a serious lack of donor coordination, and the fact that donor funds have been passed to subordinate ACOSCA units without the Board of Directors being adequately informed, much less involved.

AID and WOCCU have both been parties to, although not participants in, this process. We believe that the growing problems should have been recognized at a much earlier stage, and continued AID support should have been conditioned on ACOSCA's taking prompt remedial action. We also believe that AID, as the major donor, should have taken more of a lead in donor coordination.

#### Progress to Date

The project goal will be substantially achieved. But the extent to which this can be attributed to project activities is questionable, because the project will not fully achieve its purpose.

At the end of the project it was anticipated that ACOSCA would have a self-sustaining technical capability and would require only highly specialized short-term technical support as well as diminishing financial assistance. By 1983, ACOSCA was to be able to assume the major responsibility for design, management and evaluation of country credit union development projects. Given the current fragile state of ACOSCA, and the almost total concentration on training for the remainder of the project, it is evident that this will not happen.

Although the project will not achieve its purpose, there will be substantial accomplishments in training; in organizational development; and in risk management, which is relatively independent of the AID project per se.

Training is, by far, the most successful of ACOSCA's present activities. This is evident from the concept and content of the training programs, and from our interviews with individuals who have been trained by ACOSCA under this project. Training needs have been systematically identified, detailed training materials have been prepared, and training plans are being implemented. The concept is one of practical hands-on training that prepares the trainees to plan and conduct training programs for officers of the credit unions in their country. Each trainee in accounting, for example, prepares an accounting manual tailored to his country's laws, culture, and accounting practices. A number of these have already been formally adopted and put to use in the respective countries.

And, the training program is being institutionalized. The Chief of ACOSCA's Education and Training Department will be able to assume all primary responsibilities by mid-1984 and he will have a cadre of African trainers in the affiliate countries that he can draw on. The project will leave behind a well-established, relevant training program that can continue to function with minimal technical assistance complemented by adequate financial support and reasonable personnel continuity.

One of the principal objectives of the project is the organizational development of ACOSCA. Some deficiencies still need to be addressed, but much has already been accomplished. A job task analysis has been completed; position descriptions have been prepared and approved; resource materials (such as an Administrative Manual) have been developed and are being utilized; a salary and benefits committee has been established; a performance appraisal system is in effect and a modern accounting system has been developed and installed. What is needed now is an insistence by AID and the other donors that ACOSCA function as an entity.

Based on the above analysis, our recommendations for the ACOSCA project are:

Recommendation 1. We recommend that the present AID project in support of ACOSCA continue to completion, essentially as now planned.

Recommendation 2. We recommend that, for the remainder of the project, training be given absolute priority for the use of AID funds. If additional funds are available, the funding previously programmed for support of the Southern Region should be used to help meet the ACOSCA core expenses that remain after retrenchment and to finance further technical assistance in accounting.

Recommendation 3. We recommend that AID take the lead in making sure that a formal mechanism for coordinating donor assistance to ACOSCA is established.

Recommendation 4. We recommend that all donor funds be channelled through ACOSCA, or that donors provide the Board of Directors with timely reports of expenditures made on ACOSCA's behalf and that these accounts be recorded in ACOSCA's books as memorandum entries.

Recommendation 5. We recommend that any consideration of a follow-on AID project in support of ACOSCA include the following concerns:

Any follow-on AID project must explicitly recognize that ACOSCA will not be self-sufficient five or even ten years from now.

Serious consideration should be given to establishing a trust fund for ACOSCA, hopefully in concert with the other donors.

Any follow-on project should focus heavily on institution building by insisting that ACOSCA function as an entity.

There should be a definite mechanism for effective donor coordination.

There should be a firm requirement for a minimum acceptable level of support to ACOSCA by its affiliate members.

Recommendation 6. We recommend that AID take steps to insure that execution of the balance of the project begins to strengthen overall management of ACOSCA, and that AID identifies and deals with serious problems in the ACOSCA project as and when they arise. Consideration should be given to:

Designating a project liaison officer at REDSO, as originally planned, and charging that person with specific responsibilities for project oversight. (These need not be the full responsibilities of the project officer position, which could remain in Washington.)

Activating or energizing the original Project Management Committee.

Requiring direct reports on project status from WOCCU at least quarterly.

## INTRODUCTION

### General

This report presents a mid-term evaluation of the Agency for International Development's (AID) regional project for Support to Regional Organization -- ACOSCA. (ACOSCA is the acronym for the African Cooperative Savings and Credit Association -- the Pan-African apex organization for savings and credit cooperatives.) The ACOSCA project is a grant project approved on March 19, 1980. The project was started shortly after it was approved, although the initial grant agreement was not signed until May 13, 1980. The project has a projected life of five years at a total estimated cost of \$6.03 million, with an AID share of \$2.55 million. As of December 31, 1982, U.S. fund obligations were \$1,406,000 and actual expenses incurred by the grantee were \$1,303,000.

The project is being implemented through a grant agreement with the Credit Union National Association (CUNA), the apex U.S. organization for credit unions headquartered in Madison, Wisconsin. Actual project execution is being conducted for CUNA by the World Council of Credit Unions (WOCCU), the apex international organization for credit and saving cooperatives. This pass-through arrangement from CUNA to WOCCU is the result of the merger in 1981 of CUNA's Global Projects Office with the staff of WOCCU. In addition to this project, on behalf of CUNA, WOCCU is currently implementing bilateral AID funded grant credit union assistance projects in five countries that are members of ACOSCA, namely Cameroon, Lesotho, Malawi, Sierra Leone and Togo. The goal of the ACOSCA project is to accelerate the growth of domestic and household savings in Africa and to expand the volume of lending to lower and lower-middle income Africans for productive and provident (education and health) purposes. The project purpose is to strengthen and improve ACOSCA's capability to assist the growth of credit unions in Africa through training, managerial, and financial services.

This evaluation has been conducted under an indefinite quantity contract for Project Evaluation between Action Programs International (API) and AID, Contract No. AID/SOD/PDC-C-0396, Work Order No. 6, PIO/T.

This evaluation was carried out in a collaborative mode by a three-person evaluation team composed of two persons from API and one from WOCCU. The API team members were Maurice M. Samaan, Credit Union Specialist, and William R. Thomas 3d, Evaluation Specialist and Team Leader. The WOCCU member was Dean Mahon, Training Specialist. The evaluation was conducted under the general supervision of Charles Hussick, Senior Project Officer in the Office of Regional Affairs, Bureau for Africa. The Scope of Work for the evaluation is attached as Appendix A.

## Objectives

The objectives of the evaluation were:

- to examine the original project design;
- to assess progress toward meeting the planned outputs, purposes and goals of the project;
- to identify significant issues or problems; and
- to recommend any changes that would assist in the achievement of the project's purpose.

The evaluation was also intended to make a preliminary identification of the need and nature of potential future assistance, after the present project is completed.

## Methodology

The methodology used in the project evaluation was designed to achieve the specific requirements of the Scope of Work. It was primarily empirical. Inputs and outputs were analyzed and quantified where possible, but not all available data is precise or current.

The evaluation is based on interviews with individuals directly and indirectly involved in the project, and the review of relevant documents in Washington, D.C., and Africa. Individuals interviewed included AID and WOCCU officials, the senior staff at ACOSCA, officials in three national affiliates that are clients for the services of ACOSCA, and participants from present and past ACOSCA training programs. Documents reviewed ranged from basic program documents from the present and predecessor project, to current training and operational plans, action documents, budgets and financial statements, at both the ACOSCA and national levels. In addition, the team observed the actual conduct of two ACOSCA seminars in Nairobi.

Site visits, in terms of location and working days, were:

- U.S.: AID and WOCCU, Washington, 3 days -- Jan. 31-Feb. 2, 1983
- Africa: Kenya, 9 days; Cameroon, 5 days; Togo, 3 days; and Liberia, 5 days.

## I THE PROJECT SETTING

### The African Credit Union Movement

Limited so far to nations south of the Sahara, the formal African credit union movement was started after independence. In many countries it has its roots in small informal savings clubs, and the first more formal societies were often founded by missionaries. By the end of 1981 there were active credit union movements in 23 countries that were affiliated with ACOSCA. (The 24th, the Gambia, joined in 1982). Table I-1 shows key indicators for 22 affiliates<sup>1</sup> as of December 31, 1981 -- the latest year for which data are available. While the data is useful as general indicators, it is not precise. ACOSCA reporting is not current for all affiliates, and the figures have not been adjusted to compensate for currency fluctuations.

As Table I-1 shows, the credit union movement in Africa has grown steadily since 1976, reaching a total of 1.5 million members and the equivalent of \$168 million in savings by the end of 1981. These figures and the growth rates since 1976 are impressive, but they must be tempered by the following considerations:

Two countries, Nigeria and Kenya, dominate. They account for the majority of the societies, members, savings and loans. During the period they provided 60% of the growth in membership, 45% of the growth in savings, and 57% of the growth in loans.

A second tier of seven countries (Cameroon, Ghana, Rwanda, Tanzania, Uganda, Zaire and Zambia) have 25,000 or more members each. They account for 25% of the ACOSCA membership and 23% of the savings. Their national associations have the potential of achieving economic viability in the foreseeable future, although all presently depend on outside assistance.

Even in the second tier, the associations are very small, most consist of only a few professionals, and some owe their vitality to a single individual.

The present economic base of the movement is due to a relatively small number of individual societies, usually urban based, that have savings by payroll deduction. This is the source of the size and growth in Kenya, and it apparently holds true for many of the others as well. In Togo, for example, in 1981 eight of the 97 individual credit unions accounted for 35% of the members and 82% of the savings. Seven of the eight have payroll deduction plans. The eighth is sponsored by the Roman Catholic Church.

1. Data for Botswana was not available.

TABLE I-1

KEY INDICATORS - ACOSCA AFFILIATES BY SIZE

	<u>100,000 Members</u> (2 Countries)	<u>25,000 to</u> <u>100,000 Members</u> (7 Countries)	<u>Less 25,000 Members</u> (12 Countries)	<u>Total</u> (21 Countries)
<b>Number of Societies</b>				
1976	7,329	955	653	8,847
1981	8,460	1,582	662	10,704
% Change	+17%	+66%	+1%	+21%
% of '81 Total	79%	15%	6%	100%
<b>Number of Members</b>				
1976	677,286	199,099	86,884	963,269
1981	1,017,268	389,525	123,838	1,530,631
% Change	+50%	+95%	+43%	+59%
% of '81 Total	67%	25%	8%	100%
<b>Savings Deposit (000\$)</b>				
1976	37,555	18,285	3,923	59,763
1981	86,732	39,303	42,255	168,290
% Change	+131%	+115%	+977%	+182%
% of '81 Total	52%	23%	25%	100%
<b>Loans Outstanding (000\$)</b>				
1976	37,632	11,144	3,382	52,158
1981	62,492	13,693	19,320	95,505
% Change	+66%	+23%	+471%	+83%
% of '81 Total	65%	15%	20%	100%

SOURCE: ACOSCA COUNTRY PROFILES

The credit union movement has the potential of bringing the concept of savings and access to credit to the majority of people in Africa who are not served by the formal public and private credit systems. A successful credit union often frees poor members from the bonds of usurers. It is owned by its members and operates on the basis of democratic principles. Not only are democratic lessons learned, but the functioning of the democracy serves to create an honesty and integrity that frequently does not exist in other economic or social systems.

But if the African Credit Union movement offers considerable promise, for most Africans it still remains only a promise. At the end of 1981, credit union members constituted 0.8% of the population in 22 of the ACOSCA member countries -- 0.4% in the 20 smaller ones. From 1976 through 1981, membership grew at 3.8% per year overall, and 6.8% per year in the smaller 20. Even at the faster growth rate it will take more than 70 years to reach 10% of the population in those countries. (About 18% of the U.S. population belongs to a credit union after 80+ years.

We are not suggesting that the African credit union movement does not deserve support. We are emphasizing its current size and structure because it must be understood if one is to realistically plan and manage a credit union project, whether it be ACOSCA, or support for a given national association. This perspective does not appear in any of the program documents for the ACOSCA project that we have examined. They refer to total data for the continent, without analysis, and the result is a tone which connotes a vitality and importance that are not realistic.

### The ACOSCA Organization

#### General

ACOSCA was founded in 1968 to serve as the apex organization for the credit union movement in Africa. It is based in Nairobi and is registered under the Societies Act of Kenya. The "ACOSCA Constitution and Bye-Laws" (hereafter referred to as the by-laws) describe it as an international finance, representation, and technical service and assistance organization whose area of operation shall include all of Africa (continent and off-shore islands). As noted above, however, its activities to date have been confined to the sub-Sahara. The objectives of the organization are shown in detail in Appendix B. In summary, they are:

To deliver essential services and technical information to the national associations for improving operations; maintaining financial vitality; fostering growth toward self-reliance and self-sufficiency; and on the organization, operations and potential of their member societies.

To provide financial assistance and services to the African cooperative savings and credit movement.

To represent the African movement with other Pan-African movements and international organizations. (ACOSCA is a member of the World Council of Credit Unions and represents Africa in WOCCU.)

To conduct public relations.

To identify, develop, use, and give recognition to leadership at all levels of the African cooperative savings and credit movement.

In order to achieve its objectives, ACOSCA is authorized to carry out a wide range of activities, including: receiving assistance and donations; mobilizing financial resources; guaranteeing financial operations of members; negotiating loans; making investments; establishing and conducting educational and training services; and conducting educational and training services, and establishing or administering insurance and bonding services for members. The official languages are English and French, with English governing.

#### The Administrative Structure

The overall governing body of ACOSCA is the general meeting which normally meets every two years. Each member national association has one vote. These meetings are usually attended by at least a delegate and an alternate from each member country. Delegates are normally members of the Board of Directors of their National Associations. The principal functions of the biennial meeting are:

To receive and act on the financial plan, budget and program for the next two years;

To establish general policies on capital expenditures, finance and technical services and assistance;

To elect the Board of Directors.

The members of the Board of Directors are chosen on a regional basis. No country may provide more than one Director. The Board is responsible, within the established policies, for the conduct of the affairs of the Association. It appoints the Executive Secretary and has a wide range of authority, which includes authorizing expenditures, the final approval of the accounting for the Association's funds, and the audits of books.

The Board is required to meet at least annually, but in practice has met as frequently as four times a year. The officers of the Board include a Chairman, Vice Chairman, Secretary and Treasurer.

The Executive Secretary is responsible for running the day to day activities of the association as chief executive officer. He is responsible to the Board of Directors collectively, and as legal representative of the Association, he supervises and directs the staff.

## The Current Situation

At the time of this evaluation, the ACOSCA organization was beginning a major retrenchment and was in considerable disarray. During the first week of February, 1983, the Board of Directors met to deal with an impending financial crisis resulting primarily from the suspension of critical donor support. This crisis had been building since the donors' meeting in June, 1982. Two major donors, Rabobank of Holland and Credit Mutuel of France had announced that they would suspend aid beyond 1982, and the two Canadian donors<sup>2</sup> announced that they would discontinue all their support by June 30, 1983. In total these donors provided over one fourth of ACOSCA's operating funds from 1980 through 1982.

The major retrenchment, and the withdrawal of support that caused it, are the culmination of a series of events that go back to mid-1980. These events are the result of a great deal of intra-ACOSCA political maneuvering, exacerbated by its relationships with foreign donors. (The latter is discussed in Chapter IV, below.)

The sequence of major events leading up to the retrenchment is as follows:

At the time of the 1980 biennial meeting the Executive Secretary, who had served in that position for a decade, resigned.<sup>3</sup> The newly elected Board of Directors appointed an Interim Management Committee. The committee was composed of foreign technicians and donor representatives working with ACOSCA, and several members of the ACOSCA staff.

The Board launched the process of hiring a new Executive Secretary. The position was advertised, applications were screened and the best candidates were interviewed and one was chosen. Unfortunately, this process apparently extended over such a period of time that the individual who was picked, and who was particularly well qualified, was either unwilling to accept the position or had found other employment.

In March, 1981, the Board appointed the present Acting Executive Secretary, who was Director of the Western Regional Office.

2. The Canadian donor agencies are:

the Cooperative Development Foundation (CDF),  
the Societe de Development International Dejardines (SDID).

3. From the time of his resignation to the present, the former Executive Secretary has resided in Ghana and has been designated as Public Relations Officer for ACOSCA. His salary and support costs have been paid by the Cooperative Development Foundation of Canada and the Konrad Adenauer Foundation of Germany.

In June, 1982, the Chairman of the Board fired the Acting Executive Secretary without consulting the members of the Board, and appointed the new Director of the Western Regional Office to act in his place. This action was subsequently overturned by the courts in Kenya because the by-laws required a majority vote of the Board to appoint or remove an Executive Secretary. The acting Executive Secretary was reinstated and the final outcome of these actions was the resignation of the President in September. The Vice President of the Board served in his place until a new Board of Directors was elected at the biennial meeting in November, 1982.

On June 24th and 25th, 1982 representatives of all the donor agencies met in Nairobi. The meeting discussed a number of problems concerning ACOSCA's finances, but it is not clear from the final record whether the donors were explicit at that time about the fact that they intended to suspend their support. At any rate, this was communicated to ACOSCA over the next few months.

During the week of February 1 through 4, 1983, the new Board of Directors, using the format of a problem-solving workshop, met to deal with ACOSCA's financial and organizational problems. At the time of this meeting it was apparent that the organization would soon be bankrupt if remedial action was not taken.

#### Recent changes

Chart I-1 shows the organization of ACOSCA as of the end of 1982. Chart I-2 shows the revised organization as approved by the Board in February, 1983. The major changes that were approved by the Board are as follows:

The staff was reduced from 31 to 16.

The Southern, Eastern and Western Regional Offices were abolished.

The Public Relations Department, i.e., the position occupied by the former Executive Secretary, was abolished.

The Central Finance Department was abolished.

The Translation Department was made subordinate to the Education and Training Department, in recognition of the need to begin to mount effective training programs for the francophone affiliates of ACOSCA.

These actions were necessary but they clearly represent a drastic change. In our judgement the change was long overdue. The Public Relations Department was sinecure that served no ACOSCA purpose. The Regional Offices existed, but apparently did little or no effective work. The

Central Finance Department had done some useful work in promoting the concept of central finance with the national associations. This is an important activity. The national associations will become economically viable only if they can earn money by drawing excess funds from member societies and investing them or re-lending them to societies who have excess loan demand. However, promotion of central finance, and imparting the techniques for successfully managing such funds, are activities that can be effectively performed as a part of the training program. The other major function which was intended for ACOSCA's Central Finance Department was the ultimate operation of a continent-wide central finance fund. Given existing currency controls and currency fluctuations, such fund is clearly not feasible for the foreseeable future. It would, however, be possible to operate one or two central finance programs covering the Western African countries which use the CFA France as a common currency. But this will be possible only after those associations have become considerably stronger than they presently are.

As a result of the reorganization, the two departments and principal functions that remain are Risk Management and Education and Training.

Risk Management is the program of member and savings and loan insurance. It is being operated under the direction and re-insurance guarantees of CUNA Mutual Insurance Society, Inc. (CUNA Mutual is a private organization not subordinate to or directly affiliated with CUNA itself.) For member societies that subscribe, the insurance pays up to specified limits, twice the savings and the outstanding balance of the loan of any member who dies. The program is operated entirely with premiums collected in Africa. The premiums pay all claims, the operating expenses and a 10% overall commission, of which 6% goes to the national associations and 4% to ACOSCA. Substantial technical assistance is being provided by CUNA Mutual.

CUNA Mutual has assigned responsibility for overall direction and control of the program in Africa to ACOSCA. ACOSCA has conducted training programs for the national affiliate's management officers and it has promoted the programs with its members. Its Risk Management Officer controls the bank accounts in all of the member countries.

The program is a very popular one. At present 829 societies in nine countries are participating and there is evidence that introduction of the program has stimulated credit union movement activity where it has been introduced. It is also an important continuing source of revenue for ACOSCA. We understand that CUNA Mutual intends to send the ACOSCA Risk Management Officer to the U.S. for one month of training this year. This would be a desirable step. While he is fully conversant with the mechanics of the program, it appears to be the right time to give him a better understanding of the program's basic principles and insurance concepts. (For example, he was less familiar than the acting manager of the Kenya association with the formula for calculating refunds to member associations.)

The Education and Training program, which is discussed in more detail in Chapter V, is well defined, and is by far the most effective product of AID's technical assistance under this project. The WOCCU adviser and her counterpart are working as equal members of a team and the institutional elements of the training program such as syllabi, detailed lesson plans, instructional manuals, etc., are being created. In short, the project will leave behind a well-established, relevant training program that can continue to function without outside assistance, if there is reasonable personnel continuity.

Another important decision taken by the Board was to launch the formal process of recruiting, selecting and appointing a permanent Executive Secretary. Present plans call for this process to be completed and the appointment made by June 30, 1983.

The fact that the new Board was willing to face up to the hard decisions it had to make is a salutary step. Perhaps as important for the future of ACOSCA is the way in which they did it. They made 15 major action decisions, and they established a definite timetable for each of them. Each action has been broken down into its component parts. A specific deadline has been assigned to a specific individual or individuals. This represents a major improvement.

#### ACOSCA Today

There are two major points that come out of the process described above. ACOSCA has clearly been seriously weakened, if not debilitated, by two-and-a-half years of internal turmoil and inadequate management. The question is: why has this process continued and, more importantly, why have the donors, including AID, condoned it until recently? This question is discussed at greater length in Chapter IV, below.

However, by far the most important point is the fact that, as of today, ACOSCA as an organization barely exists. This fact overrides everything else in this evaluation. What remains after the February retrenchment is a Board of Directors that meets periodically; two professional staff members, one in Risk Management and one in Education and Training, who are qualified and competent; an Acting Executive Secretary, with a permanent Executive Secretary to be selected within four months; and a small administrative and clerical staff. This is the "ACOSCA" that must be constantly borne in mind as one reads and assesses the discussion and analysis which follows.

## II PROJECT BACKGROUND

### Pre-project Activities

AID has supported credit union activity in Africa from the mid-1960s, when technical and financial assistance was provided to national programs in Kenya, Uganda and Tanzania. From ACOSCA's founding in 1968, AID has supported its activities with technical and financial assistance. In the 1970s this support was linked to the introduction and promotion of credit union lending to small farmers for agricultural and animal husbandry production.

As is true with most, if not all AID-supported credit union projects, this project was prepared in a collaborative mode. AID and CUNA conducted an evaluation of the previous AID project which identified strengths and weaknesses in ACOSCA's operation and provided the basis for most of the institutional development work which was included in the present project. The project paper itself was a collaborative effort, although it was not formally designated as such. CUNA's Global Project Office was a substantial contributor to the paper and its supporting analyses.

It is difficult for us to understand what happened in this process. The project paper describes an ACOSCA organization that bears little relationship to what exists today. At the time the paper was prepared in early 1980, it stated that:

"Today, in addition to the Headquarters secretariat in Nairobi, ACOSCA has professional staff operating a risk management program that insures savings and loans of credit union members and offers bonding services; a Central Finance department that provides technical assistance and guidance to national associations in planning and operating financial intermediation services; and an Education Training and Information department that will coordinate curriculum development and training in ACOSCA's regions. Presently three such Regional Offices are operating: the Southern Region headquartered in Maseru, Lesotho; the Eastern Region based in Nairobi; and the Western Bilingual Region with an office in Lome, Togo, as well as training centers in Bobo Dioulasso, Upper Volta, Bukavu, Zaire and Bamenda, Cameroon. Regional staff are responsible for education and training programs; credit union movement development and technical support coordination; and representation of the movement to governments within their region."

The organizational elements that are described above existed and they functioned to a greater extent than they have in the recent past, but in retrospect, it seems clear that some were not the effective functioning units that the description in the project paper implies. For example, the training center in Bamenda, Cameroon, was one individual who organized two training programs of three and six months duration during the 3-1/2

years that he was there. The training itself was conducted by the Cooperative College at Bamenda. From what we have been able to learn from discussions with individuals associated with the project, similar situations existed to an equal or greater degree in the other organizational elements of ACOSCA that the project paper says existed at that time.

### The Project Concept

The detailed project description contained in the project paper is as follows:

#### Goal:

The goal of this project is to accelerate the growth of domestic household savings in Africa in order to expand the volume of credit available to lower and lower-middle income Africans for productive and provident purposes. Estimated cumulative lending during the life-of-project should approach \$650 million. This represents a substantial new resource for production credit and will permit greater utilization of basic human needs infrastructural investments. One hundred percent of these loan funds are generated through member savings and will be used by credit union members in the villages, towns and cities of Africa.

#### Purpose:

The project proposed herein is designed to strengthen and improve the African Cooperative Savings and Credit Association's capability to assist the growth of credit unions in Africa through training, managerial, and financial services. ACOSCA will provide this assistance to and through regional, national and local credit union structures. Increased numbers of financially strong, well-managed credit unions will result in greater membership, then credit unions, national organizations must provide improved technical and financial services; this in turn requires a strengthened Pan-African confederation with the ability to service the technical, educational and financial needs of national associations.

To accomplish the above goal and purpose the project paper proposed two major types of assistance. The first was the provision of long-term and short-term technical assistance(TA). Originally the long-term TA was to include four person-years of assistance in training and management at the ACOSCA headquarters and three person years of the assistance of a training advisor to be situated at the Southern Regional Training Center. After the project was approved, CUNA and AID agreed that the second advisor should not be provided and that advisory assistance for the training program should be concentrated at the ACOSCA headquarters. While the project paper was not formally amended, this change was confirmed in writing.

The second type of assistance was to be in the form of a grant to ACOSCA to meet specified elements of ACOSCA's operating expenses. Originally these funds were to be provided directly to ACOSCA, but an AID audit conducted in October, 1981, found that ACOSCA's accounting records and systems were not adequate to permit a direct grant. As a result these funds were granted to CUNA which was to be responsible for making periodic allocations to ACOSCA, for approving expenditures against these allocations, and for maintaining the official accounts.

### Project Funding

The project paper proposed total project funding of \$2,669,696 over the life of the project. Our current estimate of total project costs is \$2,449,000. The primary reason for the reduction is the major devaluation of the Kenya shilling at the beginning of this year. A detailed forecast of project expenditures by category by years is shown in Table II-1. There are two main points that can be drawn from the table. The first is the general reduction in sub-grant expenditures in 1983 and 1984 reflecting the effect of devaluation. This masks the fact that the budget for 1983 and 1984 proposes that AID support costs, principally for the Office of the Executive Secretary, which it did not support in prior years. This support is essential if ACOSCA is to survive financially, even after the board-approved retrenchment has taken effect. These additional costs are largely offset by savings in AID support costs as a result of the decision to close the Southern Regional Office.

The second thing that is obvious from the table is the apparent acceleration of training costs in the last three years of the project. This is a reasonable pattern for a situation where a training program has had to be designed and put in place before substantial training could be conducted.

Table II-2 compares project costs by major category for selected periods. The estimates for Amendment No. 1 to the Grant Agreement are essentially updated estimates based on the concepts in the Project Paper. The estimates for Amendment No. 2 reflect the decision to eliminate technical assistance to the Southern Region and to shift those funds to other project activities, principally in-house training. In addition to these changes, the current estimates reflect the effects of devaluation; substantial reduction in the costs of travel, which appears to have been budgeted at an excessive level in the earlier estimates; and a large further increase in training costs, which are all borne by AID.

This increase in training costs is a direct result of the decision to conduct essentially all training in the last three years of the project in Nairobi, with the attendant costs for travel (which is very expensive in Africa) and per diem for participants. (Typically, 65-85% of the costs of a given seminar in Nairobi are for travel and per diem.)

TABLE II-1  
AID PROJECT SUPPORT 1980-1984  
(In U.S. \$)

	1980	1981	1982	1983	1984	Total
<u>GRANT FOR T.A. (WOCCU)</u>						
Salaries, Benefits & Allowances	30,780	69,280	69,580	74,080	38,200	281,920
Travel and Transportation	25,220	12,310	12,870	16,850	19,500	86,750
Consultants	3,010	9,830	-	-	-	12,840
Training Costs	6,330	33,590	60	-	-	39,980
Other Project Costs	9,700	4,460	2,160	5,250	2,500	24,070
Overhead	<u>13,640</u>	<u>24,720</u>	<u>28,140</u>	<u>25,140</u>	<u>15,800</u>	<u>107,400</u>
TOTAL GRANT	<u>88,680</u>	<u>154,190</u>	<u>112,810</u>	<u>121,320</u>	<u>76,000</u>	<u>553,000</u>
<u>SUB-GRANT TO ACOSCA</u>						
Salaries & Benefits	71,470	141,860	147,120	148,820	120,540	629,810
Travel & Transportation	51,760	33,610	17,300	24,110	23,520	150,300
Consultants	-	3,400	25,530	40,370	40,000	109,300
Training Costs	14,250	86,770	210,600	251,480	252,000	815,100
Other Project Costs	<u>23,750</u>	<u>78,170</u>	<u>41,540</u>	<u>23,030</u>	<u>24,840</u>	<u>191,330</u>
Total Sub Grant	<u>161,230</u>	<u>343,810</u>	<u>442,090</u>	<u>487,810</u>	<u>460,900</u>	<u>1,895,840</u>
TOTAL AID SUPPORT	<u>249,910</u>	<u>498,000</u>	<u>554,900</u>	<u>609,130</u>	<u>536,900</u>	<u>2,448,840</u>

Source: ACOSCA, WOCCU, API Estimates.

TABLE II-2  
COMPARISON OF CHANGES IN A.I.D. PROJECT FUNDING  
1980-1984

(In U.S. \$)

	Project Paper 3/19/80	Grant Agreement Amendment 2/9/1981	Grant Agreement Amendment 5/19/82	Current Estimates as of 3/3/1983
Technical Assistance Grant	<u>786,339</u>	<u>779,410</u>	<u>507,004</u>	<u>553,000</u>
<u>Sub-Grant-ACOSCA</u>				
Salaries and Benefits	988,871	939,833	881,489	629,810
Travel	452,950	447,633	402,227	150,300
Consultants	132,415	71,791	75,192	109,300
Training Costs	177,656	159,690	465,642	815,100
Other Project Costs	<u>131,465</u>	<u>150,409</u>	<u>218,446</u>	<u>191,330</u>
Total Sub-Grant	<u>1,883,357</u>	<u>1,769,356</u>	<u>2,042,996</u>	<u>1,895,840</u>
GRAND TOTAL	<u>2,669,696</u>	<u>2,548,766</u>	<u>2,550,000</u>	<u>2,448,840</u>

Source: Project Paper, Grant Agreement, ACOSCA, WOCCU, and API estimates

TABLE II-3  
Estimated Training Costs, by Year  
(In U.S. \$)

DESCRIPTION	1980	1981	1982	1983	1984	Total
70% of Technical Assistance Costs	62,080	107,940	78,970	84,920	53,200	387,110
Supplementary Consultants	-	3,400	25,530	40,370	40,000	109,300
ACOSCA Training Costs	14,240	86,770	210,600	322,650	322,400	957,660
Indirect Costs for 1980/81	<u>27,000</u>	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,000</u>
Total	103,330	225,110	315,100	447,940	416,600	1,508,070
Training Costs as a percentage of total AID costs	41.3%	41.3%	56.8%	73.4%	77.7%	61.6%

SOURCE: ACOSCA, WOCCU, API Estimates

### The Funding Channel to ACOSCA

The original project design called for operating funds to be provided directly from AID to ACOSCA. However, an AID audit report concluded that ACOSCA's accounting system was not adequate to allow funds to be handled this way. As a result, the grant operating funds are being channeled through WOCCU. AID grant funds to CUNA are passed to WOCCU, which advances operating funds to ACOSCA. After expenditures have been incurred, ACOSCA submits vouchers to WOCCU, where they are audited and the advance replenished. Although ACOSCA's accounting system has improved considerably since the AID audit was made, we see little reason for changing the present system for the remainder of the project. The accounting system is only symbolic of the basic issue. Even if it is functioning perfectly, the real problem is one of managerial control. If a superior tells the accountant to divert AID funds to another purpose, even temporarily, he has no choice but to comply.

Moreover, we do not think this issue is very significant. We see little real difference between having ACOSCA receive funds from and account to WOCCU, and having it receive funds from and account to AID.

### III ACOSCA FINANCES

#### Other Donor Support

Table III-1 gives our estimate of other donor support for ACOSCA's operations from 1976 through 1984.<sup>1</sup> Because donors have often provided funds directly to subordinate ACOSCA units, rather than through the central accounts, the table may be incomplete. Even so, in addition to U.S. assistance, 13 different donor organizations will have provided 2.4 million in aid, excluding the costs of technicians from 1976 to 1984. (Costs for these technicians are not readily available, and their relationship to U.S. technicians is not discussed in this report because the non-U.S. technicians assigned to assist ACOSCA are, at present, completely disassociated from it.)

Table III-1 reflects the recent withdrawal of other donor support. However, the table does not show the fact that donor support -- U.S. and others -- has not been coordinated; that it has largely been provided for discreet activities; and that it has often been administered directly by the donors themselves. Support provided in this manner has tended to fragment ACOSCA, rather than strengthen it as an institution.

#### Sources and Uses of Funds

Table III-2 shows our estimate of the sources and uses of funds in support of ACOSCA during the project period. As with Table III-1, income and expenditure may be understated.

A breakdown of ACOSCA expenditure by function or organizational element is not available, because of the way funds have been provided. Essentially, the funds have been used for the salaries and benefits, travel and other administrative costs at headquarters and the field offices; for training; and for the travel and other costs or periodic meetings of the Board of Directors and the biennial general meetings.

Such a breakdown of total ACOSCA expenditures is not necessary for this evaluation, but it is fundamental to the effective management of ACOSCA.

Given the internal political maneuvering since 1980, effective management may not have occurred under any circumstances. But, no board of directors and executive secretary can manage an organization when they don't even know what the total income and expenditures are, much less control

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1. CUNA Mutual is included in the table, although technically it is no longer a donor. The funds attributed to CUNA Mutual actually come from insurance premiums paid by the African credit unions that are enrolled in the insurance program.

TABLE III-1

OTHER DONOR SUPPORT TO ACOSCA, EXCLUDING TECHNICIANS COSTS -- 1976 to 1984  
(In U.S. \$)

DONOR	1976/ 1979	1980	1981	1982	1983	1984	Total 1980-1984
MISEROR	36,977	-	-	-	-	-	-
CUNA Mutual Insurance Soc.	193,108	95,124	16,420	30,262	80,000	95,000	316,806
Michigan Credit Union League	7,625	1 -	1,992	2,500	-	-	4,492
World Council	47,412	-	-	-	-	-	-
World Wide Foundation	30,455	-	-	-	-	-	-
Konrad Adenauer Foundation	58,095	139,180*	114,972	115,330	106,000	115,000	590,482
Canadian Development Foundation	141,343	158,077	116,914	92,500	45,000	-	412,491
RABOBANK	198,728	27,149	67,122	71,635	-	-	165,906
Catholic Fund for Overseas Development	17,919	-	-	-	-	-	-
Credit Mutuel	2,216	-	-	46,000	-	-	46,000
EZE	23,984	-	-	-	-	-	-
Bread for the World	98,629	-	-	-	-	-	-
CEBEMO	30,162	4,230	-	-	-	-	4,230
Banque Populaire	-	-	1,803	-	-	-	1,803
	<u>886,653</u>	<u>423,760</u>	<u>317,420</u>	<u>360,030</u>	<u>231,000</u>	<u>210,000</u>	<u>1,542,210</u>

Source: ACOSCA and Donor Records 2nd API Estimates.

\*Excludes one-time donation to retire ACOSCA House mortgage.

them. This goes a long way toward explaining why ACOSCA is in its present state of disarray. ACOSCA will never become a viable organization in a managerial sense until the Board of Directors is required to prepare a coherent financial plan covering all of its activities, and donor support is provided with enough coordination to insure that it is relevant to that plan and does not undermine the Board's managerial control.

There are three additional points that need to be made about Table III-2:

The total five-year expenditure of \$4.3 million exceeds the results that will be achieved. We estimate that total training costs over the life of the project will be \$1.5 million. If these are deducted, then \$2.8 million will have been spent to produce an organization which has three professionals and supporting staff, and is fully capable of performing only two major functions -- training and risk management.

The funds administered directly by donors have partly been a result of the donors' own operating style, but more recently they have reflected a loss of confidence in ACOSCA's ability to prudently manage the funds. (Since September, even the AID funds for training have been handled directly by the WOCCU advisor for this reason.)

The Project Paper projected that ACOSCA's headquarters and regional operations and training costs would total \$5.27 over the life of the project. Of this, other donor support was expected to be \$2.77 million (53%); AID support was expected to be \$1.87 million (35%); and ACOSCA was to provide \$632,000 (12%). Our current estimates are that total costs will be \$3.7 million. Of this, other donors will provide \$1.54 million (41%); AID will provide \$1.9 million (51%); and ACOSCA will provide \$294,000 (8%). These differences reflect the many changes discussed throughout this report.

### Financial Self-sufficiency

ACSOCA's progress toward financial self-sufficiency was a major issue in the Project Paper. The Project Paper forecast that the annual share of total expenses borne by ACOSCA's earned income would gradually increase from 10.8% to 14.8%. Based on Table III-2, our estimate is that ACOSCA will provide 4.3%, 6.9%, 7.8%, 9.0%, and 10.7% of expenditure, excluding technician costs, from 1980 through 1984, respectively. Even these levels reflect retrenchment and reduced donor support, more than improved ACOSCA revenues. The two current significant sources of ACOSCA revenues are dues, and commissions and expense reimbursements under the risk management program. These, and other minor revenues, are expected to total \$80,000 in 1984, as compared with the \$191,000 forecasted 1984 revenues in the Project Paper.

TABLE III-2  
SOURCES AND USES OF FUNDS 1980-1984\*  
(In U.S. \$)

	ACTUAL			ESTIMATED		TOTAL
	1980	1981	1982	1983	1984	
<u>INCOME</u>						
<u>AID</u>						
Technical Assistance	88,680	154,190	112,810	121,320	76,000	553,000
ACOSCA Operations	<u>161,230</u>	<u>343,810</u>	<u>442,090</u>	<u>488,710</u>	<u>460,000</u>	<u>1,895,840</u>
Subtotal, AID	249,910	498,000	554,900	610,030	536,000	2,448,840
<u>Other Donor Organizations</u>						
Through ACOSCA	423,760	213,420	132,840	80,000	95,000	945,020
Administered by Donors	<u>-</u>	<u>104,000</u>	<u>227,190</u>	<u>151,000</u>	<u>115,000</u>	<u>597,190</u>
Subtotal, Other Donors	423,760	317,420	360,030	231,000	210,000	1,542,210
<u>Total External Sources</u>	673,670	815,420	914,930	841,030	746,000	3,991,050
<u>ACOSCA Earned Income</u>	<u>25,970</u>	<u>48,700</u>	<u>68,030</u>	<u>70,950</u>	<u>80,000</u>	<u>293,650</u>
<u>TOTAL INCOME</u>	<u>699,640</u>	<u>864,120</u>	<u>982,960</u>	<u>911,980</u>	<u>826,000</u>	<u>4,284,700</u>
<u>EXPENDITURES</u>						
Through ACOSCA	610,960	605,930	642,960	639,300	635,000	3,134,510
Through Donors	<u>88,680</u>	<u>258,190</u>	<u>340,000</u>	<u>272,320</u>	<u>191,000</u>	<u>1,150,190</u>
<u>TOTAL EXPENDITURE</u>	<u>699,640</u>	<u>864,120</u>	<u>982,960</u>	<u>911,980</u>	<u>826,000</u>	<u>4,284,700</u>

Source: WOCU and ACOSCA records and API estimates.

\* Excludes non-U.S. Technicians.

The largest part of the shortfall is in dues from affiliates. ACOSCA's performance in dues collection to date has been relatively poor. In 1980 and 1981, the amounts collected were about 60% of the assessments. This increased in 1982, primarily as a result of an arrears payment by Nigeria. Because this has been a chronic problem, the 1982 Biennial General Meeting revised the basis for dues and placed a dues ceiling of \$25,000 per country. The new structure provides a 1983 assessment of \$145,000, but it is unlikely that this amount will be collected in the next few years.

The failure of ACOSCA's members to pay their dues raises a fundamental question for AID and other donors. How far should donor organizations go in supporting an organization whose members cannot, or will not, pay the dues that they themselves have levied?

The Project Paper's forecast that ACOSCA would be fully self-sufficient from international interlending revenues was effectively precluded by national currency restrictions. Without it, ACOSCA will not become financially self-sufficient in the near future. Unless some presently unknown revenue source can be found, we estimate that self-sufficiency will not be feasible for at least the next 20 years, and probably much longer.

#### ACOSCA Financial Records

Prior to 1982, ACOSCA's accounting records were incomplete, inaccurate and inadequate. However, in March 1982 WOCCU provided an accounting team to install a new accounting system capable of accurately recording and reporting financial transactions. The new system was implemented in March and April 1982, with an effective date of January 1. It encompasses sound accounting practices, adequate records and flowcharts, charts of accounts, required cost centers, formats for management information reports and an outline of an accounting operations manual.

ACOSCA has been able to produce analytical profit and loss statements as well as balance sheets every month up to June 30, 1982, and then for the third and fourth quarters of the year. The existing system is capable of providing detailed information on each activity undertaken by ACOSCA as well as the source and application of funds received from each donor, if the donor funds are channelled through ACOSCA.

While the system is sound, and it is operating, we believe that it is important for WOCCU to provide additional technical support by accounting technicians to strengthen the accounting system, reconcile accounts, upgrade staff capabilities and develop sound budgeting procedures and control. The objective of such support should enable ACOSCA to have a dependable accounting system and staff capable of accurate accountability of all funds received and disbursed.

They should also be able to provide management with analytical financial reports that can serve as an effective tool for sound decision making by the end of the project. Funds for this technical assistance should be available within the project.

## IV PROJECT MANAGEMENT

### The Role of the Donors

Ultimate responsibility for the turmoil of the last two-and-one-half years and the present situation at ACOSCA must necessarily rest with ACOSCA itself, but the donor agencies have certainly exacerbated this situation. When a relatively young organization, which by its democratic nature departs from the norm in Africa, must deal with a number of donors, there is an inherent potential for problems. In this case, the problems have been compounded by a serious lack of donor coordination. Indeed, it appears that donor support to ACOSCA has been characterized at varying times and with varying donors by over generosity, independent dealings, paternalism and over control.

In this process the ACOSCA Board and its staff have not been required to develop realistic plans and programs, nor to take and follow-up on the kinds of decisions which would have gradually given the organization institutional strength and viability. This has culminated in donors taking over direct control of ACOSCA expenditures and ultimately in the suspension of assistance, with the inevitable retrenchment that has followed. In the words of one African official, "They gave us money and we spent it and then they gave us more money and we spent it, and now there is no money and it is our problem."

### The Role of CUNA/WOCCU

This project has been developed in a collaborative style and CUNA, and later WOCCU, have assumed detailed responsibilities for project management, such as review and approval of all expenditures incurred by ACOSCA. In this situation we believe that they have a responsibility for the project that is more akin to that of an AID project officer than that of a contractor who is in an arm's length relationship with AID. Moreover, WOCCU has had a resident advisor in Nairobi, and frequent visits from central office staff, and thus has been in by far the best position to know what has been happening at ACOSCA. We believe it would have been in CUNA's and WOCCU's best interests, as well as the best interest of AID, if the growing problems had been more generally recognized at a much earlier stage, and continued AID support had been conditioned on ACOSCA's taking prompt remedial action. (We do recognize, however, that the resident advisor and her counterpart were instrumental in bringing the new Board of Directors to face up to its problems, and in helping it to develop a sound set of management actions to deal with the situation.)

## AID Project Management

In the original project design, the sub-grant was to be channelled directly from AID to ACOSCA. In conjunction with this, the Project Paper called for a project liaison officer to be designated in the Regional Economic Development Support Office for East and Southern Africa (REDSO/ESA) and for the establishment of a project Advisory Committee, of which that person was to be a member. Perhaps because the funding channel was changed to CUNA/WOCCU, the project liaison officer either was never designated or had limited responsibilities, and the Project Advisory Committee was apparently not created, and if it was has never functioned effectively. The project management responsibility within AID has been assigned to a Project Officer in the Regional Affairs Office of the Africa Bureau. That individual has requested and received assistance from REDSO/ESA, but REDSO has no formal responsibility for the project.

We believe that AID, as the major donor, should have taken more of a lead in donor coordination. By the end of 1982, AID expenditures for the project were \$1.3 million, and total expenditures in support of ACOSCA were \$2.5 million.<sup>1</sup> This level of expenditure stands in sharp contrast to the "ACOSCA" which we have described above. This situation should have been apparent earlier, and prudent management should have dictated actions designed to insure that the project more nearly achieved both its original goal and its purpose.

One probable cause of this situation is the geographic separation between the Project Officer and the site of the project. We recognize that project management is not a primary REDSO responsibility, and that REDSO/ESA is reluctant to assume such responsibilities lest they detract from its primary job of providing support to the AID Missions. However, since the ACOSCA project is a regional project that is located in Nairobi, we believe AID should consider returning to the original project concept and formally designate a project liaison officer at REDSO to monitor the project during the remainder of its life. This assignment could be less than and subordinate to the overall project management responsibility in AFR/RA.

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1. Excluding other donor financed technicians.

## V PROGRESS TO DATE

### General

The project goal is to accelerate the growth of domestic household savings in Africa, and the Project Paper estimates that cumulative lending during the life of the project should approach \$650 million. No data are available on cumulative lending. However, if one accepts loans outstanding at the end of a year as a proxy measure (it may or may not be a valid one) then cumulative lending at the end of the project should be between 550 and 600 million dollars. This would substantially achieve the goal as it is expressed in the Project Paper.

However, it is evident that the project will not fully achieve its purpose. The project purpose is to strengthen and improve ACOSCA's capabilities in the areas of training, managerial, and financial services. At the end of the project there was to be a strengthened ACOSCA, "with the ability to service the technical, educational and financial needs of national associations." In elaboration of this, the text of the project paper states that:

It is anticipated that by the end of this project, ACOSCA will have a self-sustaining technical capability and will require only highly specialized short-term technical support as well as diminishing financial assistance. By 1984, ACOSCA should be well placed to assume the major responsibility for design, management and evaluation of country credit union development projects.

Given the current fragile state of ACOSCA, and the almost total concentration on training for the remainder of the project, it is evident that these things will not happen.

Although the project will not achieve its stated purpose, there will be substantial accomplishments by the time the project is completed. These accomplishments occur in three principal areas. In descending order of importance they are training, organizational development, and risk management, which is actually relatively independent of the AID project per se. The accomplishments in these areas are discussed in the succeeding sections of this chapter. By far the most important accomplishments will be those that are achieved in training, the major consumer of AID project funds over the life of the project.

The specific indicators set forth in the log frame are discussed in more detail in the final section of this chapter.

## Training

Prior to this project ACOSCA training programs utilized a decentralized approach through regional training centers and dealt primarily with promotion, bookkeeping, and board and committee responsibilities. They lacked both a training needs analysis and central coordination. As a result:

Courses were too long, and participant groups too large and heterogeneous.

Instructors had varying levels of competence.

Curricula were poorly designed, the learning process was passive and content was often irrelevant.

Costs were excessive in relation to actual results.

In sum, ACOSCA was quickly losing its credibility to deliver relevant technical training to cooperative savings and credit societies in Africa.

To rectify this situation a qualified Chief of Education and Training for ACOSCA was hired and an overall training needs analysis was undertaken in conjunction with the WOCCU technician.

This analysis identified the following major common problems:

Standardized national auditing systems and manuals did not exist.

ACOSCA and the affiliates lacked specific knowledge about statutes, rules, by-laws, or circulars/decrees pertaining to savings and credit societies.

There generally were no operating procedures and companion manuals in critical areas such as primary society committees, interlending, risk management and membership education.

There were virtually no national savings and credit promotion strategies, programs or manuals for either existing or emerging movements.

Generally, the national apex savings and credit organizations were poorly organized. Most had high administrative costs in proportion to the number of field officers or affiliates served. With few tangible services to offer, they were suffering from lack of affiliate support.

Government regulatory programs were not effective. They were often overstaffed in national and provincial offices and understaffed in the field. Government training for its officers was often ill-defined and did not focus on field personnel.

In order to address these problems, the following training and technical assistance priorities were established:

Accounting for national associations and local credit unions.

Auditing at both levels.

National movement promotion, and local membership promotion and education.

Duties and responsibilities of board and committee members and employees of primary societies and national associations.

Local credit activities and intersociety lending through the national association.

Risk management.

Financial planning and budgeting.

Research and statistics, based upon a common data base.

National management systems design, including general administration, personnel and training, codified into a manual, and manager training.

ACOSCA then developed an innovative training strategy designed to insure a multiplier effect through the affiliated movements, and to begin to create the African technical expertise within the movement continent wide. As part of the process, two of the participants from the first workshop prepared and delivered presentations to the 1982 ACOSCA Biennial General Meeting, and the next two workshops have each employed former participants as co-instructors.

The strategy was one whereby participants (usually above five) from national affiliates would attend a one-month workshop in a designated skill area. The workshops involve codifying a given (usually already existing) savings and credit cooperative system into a manual, an illustration of the system with practical exercise, and development of an accompanying training plan. The workshop participants then return to their respective national affiliates where they utilize the manual to train national and local officers and employees. Thus the workshops produce both a codified system and the capability needed to implement it.

By the end of 1982, two of these workshops had already been held in national affiliate accounting systems, with manuals produced for ten countries with a total of 9,468 member societies. The use of these manuals in-country is generally predicated on approval by the supervisory Ministry. The status of the manuals produced

in these first workshops is:

Cameroon. The manual has been reproduced and training of bookkeepers is occurring.

Liberia. The manual was accepted, has been reproduced and training of field officers and bookkeepers has begun.

Mauritius. Political changes have delayed government approval of the manual. However, informal training of credit union bookkeepers has been taking place based on the contents of the manual.

Sierra Leone. The manual was accepted and training programs are being conducted for field officers and society bookkeepers.

Uganda. The manual has been approved and training is to begin in 1983.

The following workshops are scheduled for the next two years of the project:

1983:

1. Accounting Manual and Instructor Workshop
2. Auditing Manual and Instructor Workshop.
3. National Association Managers' Workshop.
4. Cooperative Development Training Directors' Workshop.
5. National Affiliate Accounting Systems Design Workshop.
6. National Affiliate Manual of Operations Workshop.
7. Legal Digest Workshop
8. Savings and Credit Promotion Workshop.
9. Cooperative College Lecturers Workshops.
10. Credit or Loan Committee Manual and Instructor Workshop.
11. In-country accounting and auditing workshops.

1984:

In 1984, workshops 1, 2, 6, 8, 10 and 11 will be repeated, and two additional workshops will be added. They are: Model Savings and Credit Law Workshop; and Cooperative Officers Workshops.

In addition to these regularly scheduled courses, ACOSCA's Training Department will also conduct in-country training and technical assistance in risk management and interlending.

The initial project design estimated that there would be 687 person weeks of national affiliate staff training implemented as a result of the project. This seems quite attainable, since a total of 403 person weeks of training had already been conducted by ACOSCA through December 1982, of which about 287 were for participants from national affiliates. In addition, 288 national association participants were trained by ACOSCA in-country through October of 1982. In 1983 and 1984 the training schedule will be greatly accelerated. In 1983, 707 person weeks of training are planned, which will mostly concentrate on the workshops described above.

It is quite clear that training is, by far, the most successful of ACOSCA's present activities. This is evident from the concept and content of the training programs, and from our interviews with individuals who have been trained by ACOSCA under this project. They have found the training to be practical and they are putting it to use, usually with a multiplier effect. The Cameroon Credit Union League, for example, has a planned annual training program for officials of its members societies. The existence of the program, and its training methodology, can be directly attributed to training that CAMCUL officials have received from ACOSCA.

Although the impetus of this component of the project has come from the WOCCU advisor, the program has been institutionalized. The Chief of the Education and Training Department will be able to assume all primary responsibilities by mid-1984 and he will have a cadre of African trainers in the affiliate countries that he can draw on. By the end of 1984, the cycle of required workshops will have been completed for all affiliates.

#### Organizational Development

One of the principal objectives of the project is the organizational development of ACOSCA. During the project design, required improvements were identified in the areas of technical assistance, operations and management. These in turn were broken down into processes with measurable statements of desired outcome. Performance reviews were established for each process and where performance was not satisfactory, causes were identified. Priorities were then derived for training and systems management.

By the end of 1982 a number of accomplishments had been achieved in the organizational area. They include the following:

Job task analyses (the first in ACOSCA's history) were completed in early 1981.

Position descriptions (another first) were prepared, reviewed with staff and approved.

A committee was established to review salary and benefits; to establish performance standards for each employee; to develop an employee awards program; and to revise staff rules when appropriate.

A program to stimulate government support of the credit union movement in affiliate countries was formally initiated.

Resource materials (such as an Administrative Manual) were developed for ACOSCA and are being utilized.

A performance appraisal system was put into effect in 1981.

A revised modern accounting system was developed and installed in ACOSCA.

The Management Action Workshop held for the Board of Directors in the first week of February 1983, and the resulting Board decisions and action plan which are described in Chapter I, are also important accomplishments in the area of organizational development.

There are also deficiencies in the area of organizational development which need to be addressed during the remainder of the project.

They include:

Further assistance in the area of accounting to insure that the new system operates on a current basis.

The development of a system for including in ACOSCA financial management reports, data on funds that are expended directly by donors. (We would hope that direct expenditures would be minimized or eliminated in the future.)

Improvement in a system for collecting and analyzing data on affiliates.

The development of systems for utilizing dues and risk management funds that are held in accounts in member countries and cannot be transferred to Kenya because of exchange controls.

The development of an overall planning and financial management system which would enable the Board of Directors to prepare complete and coherent annual operating and financial plans and to allow the Board to deal with the donors on a unified basis.

## Risk Management

Begun in 1973 under the sponsorship of the CUNA Mutual Insurance Society, program growth has proceeded steadily as accounting and reporting systems have been instituted. It now covers 829 credit and savings societies, 52% of the societies in the nine countries affiliated with the program. The proportion of individual members covered is undoubtedly greater since 75% of the loans and savings in the nine countries are insured. It is a big business. Premiums collected totalled \$668,000 in 1980, and \$663,000 in 1981. The number of claims paid has gone from 375 in 1978 to 642 in 1982.

Ten percent of the gross premiums are paid as commissions to the national affiliate (6%) and ACOSCA (4%). The remainder is used for the payment of claims, the program's administration, insurance reserves and rebates to the subscribing societies.

Once received, these premiums are placed in a joint ACOSCA-National Affiliate account in the concerned country. ACOSCA has the controlling signature for each of the accounts and the check books are kept in Nairobi. Because of the difficulty of transferring foreign currencies, most of the funds due to ACOSCA have remained unused and are not reflected in its accounts. Some of the funds have been used for on-site technical assistance visits by the Chief of the Risk Management Department, but this is an area where imaginative ACOSCA management would have done more. Every participating country has sent people to ACOSCA training programs. With proper planning the blocked risk management funds could have been used to pay their travel expenses.

## The Logical Framework Analysis

There are two factors which restrict any effort to measure progress toward the goal indicators in the log frame. The first is the fact that ACOSCA does not have current data. For eight countries, its 1981 statistics are from 1980 or earlier. If one adjusts the data for these countries, using past growth rates, then membership and savings would be 9% greater and loans would be 4% more than shown.

The second factor results from the use of the U.S. dollar as a standardized measure without adjusting for currency fluctuations. Real in-country savings and loan growth are hidden by the fact that the dollar has increased in value relative to most African countries in recent years. For example, six ACOSCA affiliates use the CFA franc, which has declined nearly 50% since 1980.

Both factors tend to bias the statistics downward. Despite this, it appears that the goal indicators will be achieved or exceeded by the end of the project. This contrasts with our conclusion that the project will not fully achieve its purpose. The paradox results primarily

from the fact that the casual link between purpose and goal is indirect, and possibly tenuous. With ACOSCA in its current weakened state, and the major impact of its training program yet to be felt within the affiliates, it is difficult to ascribe much of the affiliate growth to date to the work of ACOSCA. There is also the statistical bias that is created by the dominant size of Nigeria and Kenya, where ACOSCA has probably had a limited effect so far.

Cumulative credit union lending during the life of the project was discussed above. The other four goal indicators and their status are as follows:

Total African credit membership is to be 1.85 million, of which 182,000 were ascribed to ACOSCA. If current, i.e., 1976-1981, growth rates continue, actual membership will be approximately 2 million at the end of 1984.

Total African credit union movement savings are to be \$215 million, of which \$13 million was ascribed to ACOSCA. At current growth rates, total savings should exceed \$300 million by the end of 1984.

Basic human needs loan program, i.e., ones where lending is concentrated in a poor majority membership, but with a productive provident portfolio, will be operating in five affiliate countries. At present, programs directed towards basic human needs are being undertaken in two affiliates, Cameroon and Lesotho. They are, however, the product of other direct aid projects, and cannot be attributed to the ACOSCA project.

Five national interlending programs will be operating and an international interlending program will be formulated. Interlending programs are currently being operated in 11 affiliates, but the international interlending program has been postponed indefinitely because of currency transfer restrictions.

The four conditions indicating that the project purpose has been achieved, and their status, are as follows:

The 5 year plan objectives have been realized and a new plan is prepared and approved. This will not be accomplished. The plan was not approved until late 1982. It covers the period 1983-1987, and only progress during the first two years of the plan will be measurable at the end of the project.

ACOSCA's organizational objectives have been achieved, its functions have been defined and personnel are performing adequately. Organizational development is discussed in detail above. There have been accomplishments, but this condition will not be met by the end of the project.

ACOSCA's training system is defined. The system's supporting syllabus, materials, etc. are prepared and instructors display competence, as determined by trainee performance. This will be achieved.

ACOSCA will be 10% financially self-sufficient and 10 national affiliates will have reached a level of 50% self-sufficiency or higher. Because of donor cut backs and the resultant retrenchment, ACOSCA should achieve 10% self-sufficiency, but its performance to date in collecting dues from its affiliates has not been satisfactory. Data on a self-sufficiency of national affiliates is not available, as noted, but 11 already have interlending programs -- potentially the most important source of revenue for a national association.

The five project outputs in the log frame, and their current status are as follows:

Seventeen ACOSCA and 200 national staff participate in 450 person weeks of training. The training of 17 ACOSCA staff members will not be achieved, but by the end of 1982, 94 national staff personnel had participated in 287 person weeks of training. Since the training schedule is being accelerated, these numbers will probably more than double by the end of the project.

Ten thousand person weeks of credit union officer training completed. The basic concept is to train personnel from the national affiliates who will then train credit union officers in their countries. There should be substantial progress on this output, although the 10,000 numerical goal may not be met.

Eighteen national associations with detailed technical support plans in effect. Data not available.

Cumulative revenues increased at the ACOSCA level by \$85,000 and at the national affiliate level by \$225,000. ACOSCA will fall short of this output and data on national affiliate revenues are not available.

Development and completion of a manual of functional definitions for ACOSCA and the national level. This has been done at the ACOSCA level and is in process for the national affiliates through the integrated set of training workshops.

## VI FUTURE PROSPECTS

### The Need for ACOSCA

The credit union movement is relatively young in Africa and still weak generally. Virtually every document we have read, including the Project Paper for this project, has oversold the movement. But even if this is stripped away, it is clear that credit unions provide vital services to Africans who could not get them any other way. Because of this the movement deserves reasonable continued support.

Some of this support can best be provided directly to national associations, but some can be provided much more efficiently by an organization such as ACOSCA. The two obvious examples of such support are the ones that are succeeding now -- training and risk management. There are training needs, such as accounting systems, which are common to every affiliate whether large or small. A central training program designed to accommodate differences among member countries (the way it is being done now) is clearly the best way to meet these needs. While the first round of training will be completed by the end of this project, there will be a definite role for ACOSCA in refresher training; in training personnel who replace previous trainees; in assisting training programs within the national affiliates; and in designing and conducting courses to meet new common training needs. The base from which to do this is being built in this project, although its continuance depends almost completely on ACOSCA's ability to retain the present Director of Education and Training. In the future the Education and Training Department will need more depth (we mean one or two more persons, not a large staff) and it will have to develop a bi-lingual capability if training for the francophone affiliates is to be truly effective. (Our own experience and interviews with persons who have been trained by ACOSCA convince us that training programs which rely on interpreters just don't work very well.)

Like training, risk management is an area where ACOSCA has a definite role to play. The risk management program is very popular in Africa, where it is a disgrace to die and leave debts behind, and it is an important force for future growth of the movement. It seems clear that CUNA Mutual cannot deal directly with as many as 24 separate national risk management programs in Africa, and that ACOSCA is the logical organization to provide overall direction, control, and promotion. As the program grows, in terms of number of countries and number of enrolled societies, ACOSCA should be able to assume a more knowledgeable and effective role. (This will require a conscious effort on CUNA Mutual's part to train ACOSCA staff and gradually delegate more authority and responsibility to them.)

### Potential Future Growth

Abetted by the donors, ACOSCA outgrew itself in the past. This process should not be repeated. Any future expansion should be carefully planned and justified by the Board of Directors, and it should be carefully scrutinized by the donors, acting in concert, before they agree to provide support for it. One example is the function of central finance. There may be reason in the future to re-establish the Department of Central Finance, even though international interlending is not feasible. But before this is done, ACOSCA should exhaust the potential of promoting and supporting central finance activities through its training program.

Another example is the promotion of credit union movements in countries that do not have them now. Here again, ACOSCA may have a future role to play, but the function should not be established and staffed unless it can be clearly shown that it will add significantly to the work being done by WOCCU and others.

We have noted that ACOSCA will not be financially self-sufficient for the foreseeable future, and perhaps indefinitely. This fact alone will limit future growth, and we believe this is healthy. Easy money is the main source of the past over-expansion and the ensuing retrenchment. One somewhat unusual way to deal with this problem would be for the donors to establish a carefully proscribed, time limited, trust fund with the income of the fund -- not the principal -- available to finance ACOSCA's operations. This would force the Board of Directors to live within finite means, and thus help foster the kind of managerial responsibility and capability that is long overdue. It will also be much cheaper than continued annual grants for operating expenses. The donor funds for ACOSCA operations (that is, excluding technical assistance) that will have been granted over the life of this project would have established a trust fund large enough to meet ACOSCA's basic operating costs for years to come, even allowing for inflation. And, with income limited, the Board would be forced to take the kinds of decisions that have not been necessary as long as donor funds kept rolling in. Eliminating non-productive offices and personnel, and finding ways to use blocked funds in affiliate countries are two examples of what should have been done before now.

### Further AID Support

It is too early for us to make a definite judgment on whether AID should provide further support to ACOSCA after the present project is completed. However, we believe that any consideration of a follow-on project should include the following considerations:

Without further donor support ACOSCA will collapse. It simply does not have the resources to operate without outside assistance, and it will not have them for some time to come.

Any follow-on AID project must explicitly recognize that ACOSCA will not be self sufficient five or even ten years from now. It is reasonable to expect only limited progress towards self-sufficiency within this period. There is no point in providing further assistance unless AID is prepared to stay the course.

Serious consideration should be given to establishing a trust fund for ACOSCA, hopefully in concert with the other donors. It would eliminate the need for continued support over a period of 20 years or more; it could be a powerful device for building ACOSCA as an institution; and it would be by far the least cost solution. If a trust fund could be established, one more AID ACOSCA project would be enough.

Any follow-on project should focus heavily on institution building. Processes have been analyzed and systems have been designed. What is needed now is an insistence by AID and the other donors that ACOSCA function as an entity. The preparation of complete financial and operating plans that we have discussed above are a prime example of this. (This process need not wait for a follow-on project. It could be started now.)

There should be a definite mechanism for effective donor coordination. AID should not be a party to the destructive process of donor assistance that has occurred in the past.

There should be a firm requirement for a minimum acceptable level of support to ACSOCA by its affiliate members. Revenue forecasts are not enough. The members should be sufficiently interested in ACOSCA to pay reasonable dues. If they are not, then AID should withdraw its support.

## VII SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. It seems apparent that ACOSCA was not the fully functioning institution in 1979 that the description in the Project Paper implied. But, even allowing for this, ACOSCA is weaker today than it was when this project started. Internal ACOSCA politics are partly to blame but much, if not most, of the responsibility rests with the donors. Having helped to create a bad situation, several donors have now chosen to withdraw their support, requiring ACOSCA to severely retrench. This process is hardly commendable, but the result is more positive than one might expect. Unproductive offices and personnel have been eliminated and ACOSCA has been reduced to its effective core. This core is very small (really only three professionals) but it deserves support. This is particularly true of the training program, which is only now beginning to take full advantage of the first two-and-a-half years of preparatory work.

AID was a party to the process that created the present situation, but it should not join the donor exodus. Doing so would waste the funds that have already been spent, and the training program, which will consume the majority of the remaining funds, deserves support on its own merits.

Recommendation 1. We recommend that the present AID project in support of ACOSCA continue to completion, essentially as now planned.

Recommendation 2. We recommend that, for the remainder of the project, training be given absolute priority for the use of AID funds. If additional funds are available, the funding previously programmed for support of the Southern Region should be used to help meet the ACOSCA core expenses that remain after retrenchment, and to finance further technical assistance in accounting.

2. The lack of donor coordination has been a major source of ACOSCA's current problems. No organization can function effectively when its activities are financed piecemeal and outside of the organization's control. The Board of Directors of ACOSCA should control, or at least be fully informed of, all funds that are being spent on ACOSCA activities. If donors insist on controlling funds directly, then the Board should receive timely reports on these expenditures and they should be included in ACOSCA's accounts as memorandum entries. The ACOSCA Board must have complete and current data on the state of its finances, including funds controlled by others. In return, the Board should be required to develop a coherent annual financial and operating plan, to revise it once fund availabilities are known, and then to adhere to the plan. We believe that AID should make

such planning a condition precedent to its 1984 grant under this project.

Recommendation 3. We recommend that AID take the lead in making sure that a formal mechanism for coordinating donor assistance to ACOSCA, beginning this year.

Recommendation 4. We recommend that all donor funds be channelled through ACOSCA, or that donors provide the Board of Directors with timely reports of expenditures made on ACOSCA's behalf and that these accounts be recorded in ACOSCA's books as memorandum entries.

3. It is premature to determine whether AID should support ACOSCA after the current project is completed. But it is clear that ACOSCA will not survive without continued donor support or some new source of income, and this situation will probably persist for 20 years or more. One attractive alternative would be for the donors to establish a carefully proscribed, time limited, trust fund with the income of the fund -- not the principal -- available to finance ACOSCA's operations. This would force the Board of Directors to live within finite means, and thus help foster the kind of managerial responsibility and capability that is long overdue. It would also be the least cost solution in the long run.

We also believe that if there is to be further AID assistance to ACOSCA, it must be designed to build a functioning institution that is viable in terms of active management and personnel, if not income.

Recommendation 5. We recommend that any consideration of a follow-on AID project in support of ACOSCA include the following concerns:

Any follow-on AID project must explicitly recognize that ACOSCA will not be self sufficient five or even ten years from now.

Serious consideration should be given to establishing a trust fund for ACOSCA, hopefully in concert with the other donors.

Any follow-on project should focus heavily on institution building by insisting that ACOSCA function as an entity.

There should be a definite mechanism for effective donor coordination.

There should be a firm requirement for a minimum acceptable level of support to ACOSCA by its affiliate members.

4. We believe that both AID and WOCCU have a responsibility for what has happened to ACOSCA over the last several years, although WOCCU's role is more ambiguous than AID's. U.S. financial assistance should not have been provided to ACOSCA in 1981 and 1982 without some action being taken to stop the process of disintegration and waste that was occurring. In retrospect the AID support for the Southern Region

could have been put to better use. ACOSCA and its affiliates would be much better off if these funds had been directed to the Department of Education and Training, to provide some depth of professional staff and a capability for designing and conducting training in both French and English. (We mean separate materials and instructors, not just teaching in English through an interpreter.) It appears that part of the problem stems from the fact that WOCCU's reporting has been through ACOSCA and thus, necessarily, tempered in tone and recommendation for action. This lack of candid reporting has hampered AID project management, but so has the geographic separation of the Project Officer from the project and the lack of a clear assignment of responsibility for some form of project oversight to REDSO/ESA.

Recommendation 6. We recommend that AID take steps to insure that execution of the balance of the project begins to strengthen overall management of ACOSCA, and that AID identifies and deals with serious internal problems in the ACOSCA project as and when they arise. Consideration should be given to:

Designating a project liaison officer at REDSO, as originally planned, and charging that person with specific responsibilities for project monitoring. (These need not be the full responsibilities of the project officer position, which could remain in Washington.

Activating or energizing the original Project Management Committee.

Requiring direct reports on project status from WOCCU at least quarterly.

## APPENDIX A

### SECTION A -- Scope of Work

To carry out the evaluation the evaluation team will:

1. Discuss the project with appropriate AID/W officials, review the Project Paper, project workplans/budgets, reports training documents and other unclassified project correspondence/records.
2. Examine the grantee's arrangements for technical and financial/administrative backstopping of the project through visits to their Washington, D.C. facilities.
3. Discuss with key ACOSCA staff and review project records at the ACOSCA headquarters in Nairobi, Kenya.
4. Discuss with appropriate REDSO staff in Nairobi, Kenya, and debrief REDSO staff prior to their departure from Nairobi.
5. Travel to at least two (one anglophone and one francophone) countries to meet with leaders/officials of national cooperative organizations to attempt to determine the effectiveness of ACOSCA services. This should include interviews with a selected number (5-10 per country) of former training program participants.
6. If the timing of the evaluation coincides with on-going training activities, the evaluation team should plan to spend one or two days observing an ACOSCA training program.
7. A WOCCU staff member, Mr. Dean Mahon, will be a part of the evaluation team.

### SECTION B -- Statement of Work

The evaluation team will prepare an evaluation report consisting of the following:

1. A summary of major findings and recommendations.
2. A description of the evaluation methodology.
3. A project background section summarizing the project activities to date.
4. Analysis of the accomplishments of the project to date with respect to the project's stated purposes. This analysis should include, but not be limited to, such aspects of the project and the ACOSCA organization as:

Appendix A (cont'd)

- a. Planned vs. actual outputs and the relationship between the outputs and the actual need.
  - b. Compliance with the terms and scope of the Cooperative Agreement.
  - c. Planned vs. actual costs of project components/activities especially training costs per participant.
  - d. The degree to which project training is being utilized by national cooperative organizations, e.g., are trainers trained under this project actively engaged in onward training.
  - e. ACOSCA's progress in attaining the strategic organizational goals set forth in their "Self-Sufficiency" strategy in Annex 13 of the project paper and other verifiable indicators including, but not limited to:
    - (1) The degree to which member countries are paying their annual assessments and/or are assuming greater financial responsibility for services received from ACOSCA.
    - (2) The degree to which other donors are maintaining or increasing their support to ACOSCA.
    - (3) Whether ACOSCA has met the goal of being 12 percent self-sufficient by December, 1982, and whether they met their budget commitments indicated in Annex 12 of the project paper.
    - (4) Progress by ACOSCA in filling and financing key organizational positions with qualified African staff.
5. Identification of significant problems or issues regarding project implementation and/or project design.
6. Recommendations for improving project implementation and/or project design.

## APPENDIX B

### OBJECTIVES AND ACTIVITIES OF ACOSCA (as shown in the ACOSCA constitution and Bye-Laws)

#### OBJECTIVES:

1. Deliver promotional and technical information and services for improvement of national cooperative savings and credit organizations and, in turn, the savings and credit cooperative societies.
2. Promote and organize national cooperative savings and credit organizations in liaison with applicable African governments and interested parties.
3. Deliver all essential services in establishing and improving operations, maintaining financial stability and fostering the growth of national cooperative savings and credit organizations, towards self-reliance and self-sufficiency.
4. Provide financial assistance and services to the African cooperative savings and credit movement.
5. Represent the Africa cooperative savings and credit movement before the pan-African movement, public and private international organizations and world-wide movements.
6. Maintain within the public conscience a climate for cooperative savings and credit legislation beneficial to the general public and the broad objects of cooperative savings and credit societies and to be alert to advise against adverse legislation.
7. Secure constructive interpretation of laws, rules, contracts, and other matters, for the object of serving the best interests of the Africa Cooperative Savings and Credit Movement, by counseling with appropriate authorities.
8. Identify, develop, use and give recognition to leadership at all levels of the Africa cooperative savings and credit movement.
9. Develop and maintain the best possible relations with the general public, African governments, cooperative bodies and international organizations either directly or indirectly serving cooperative interests.
10. Deliver technical services to national cooperative savings and credit organizations on the promotion, organization, operations and potential of their member cooperative savings and credit societies.

Appendix B (cont'd)

11. Impart higher level of knowledge of the social and economic values of cooperative savings and credit societies through education within and outside the Africa cooperative savings and credit movement.
12. Advise on the benefits of volunteerism within the movement and on such working conditions, job opportunities and compensation as are necessary to secure and retain the very highest calibre of employees within the movement.
13. Engage in continuing research as it may apply to all aspects of present and future savings and credit activities.
14. Implement such central functions for and on behalf of its members for their common benefit.

ACTIVITIES:

1. Deliver campaigns and programmes regarding its Objects and Services
2. Receive assistance, subsidies, donations, inheritance and bequests.
3. Attract and mobilise financial and technical resources for its members from pan-African as well as International Institutions.
4. Guarantee or endorse financial operations by its affiliated members.
5. Negotiate loans.
6. Make loans to its affiliated members.
7. Invest in projects that will benefit the Association and its members.
8. Establish, administer and/or contract educational and training services.
9. Establish, administer and/or contract insurance and bonding services for its members and their affiliates.
10. Provide technical services to its affiliates and other cooperative or related organizations.
11. Organize enterprises or services that are deemed necessary.

CHART I-1  
 ACOSCA ORGANIZATION CHART, JANUARY 1983

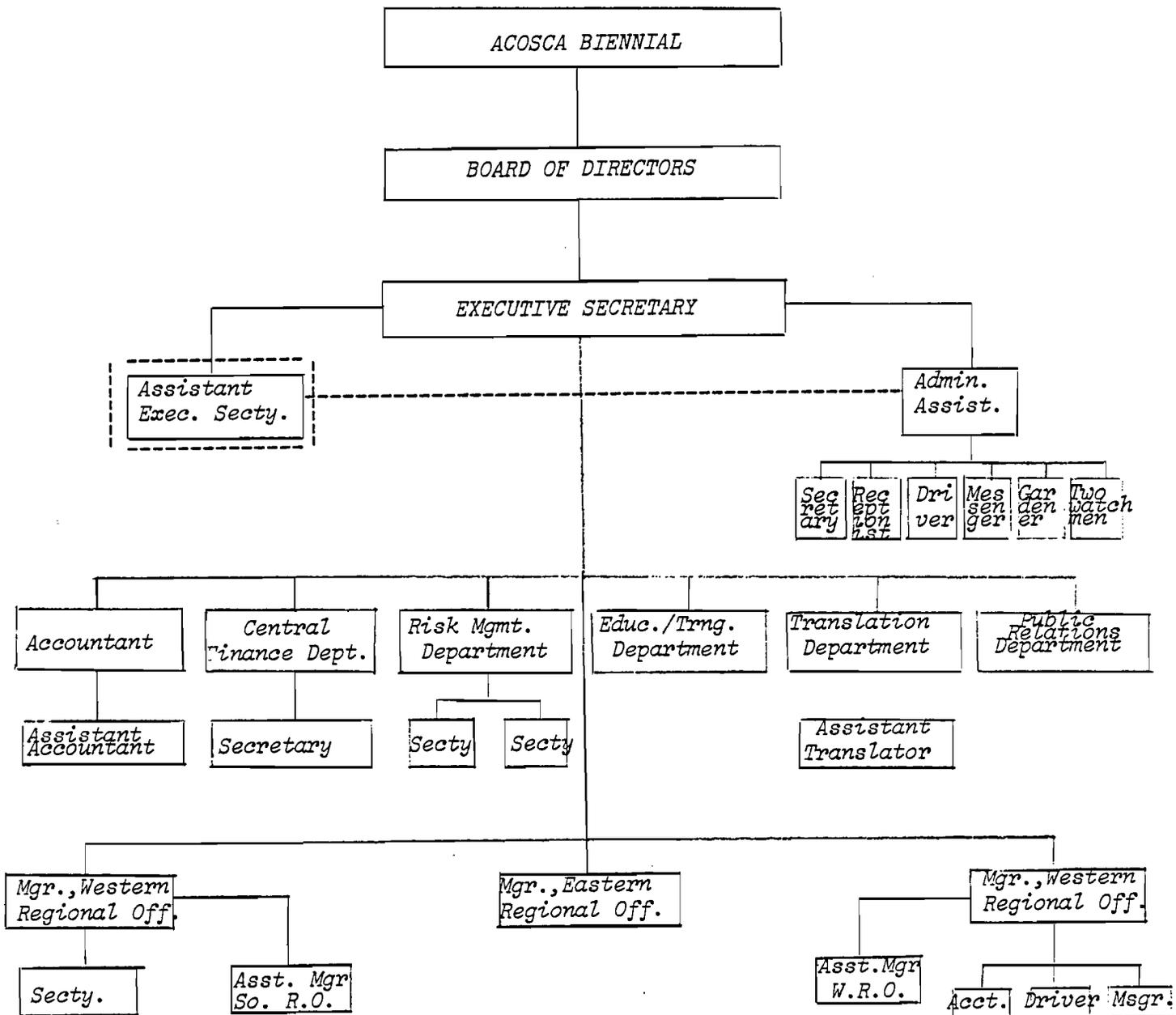
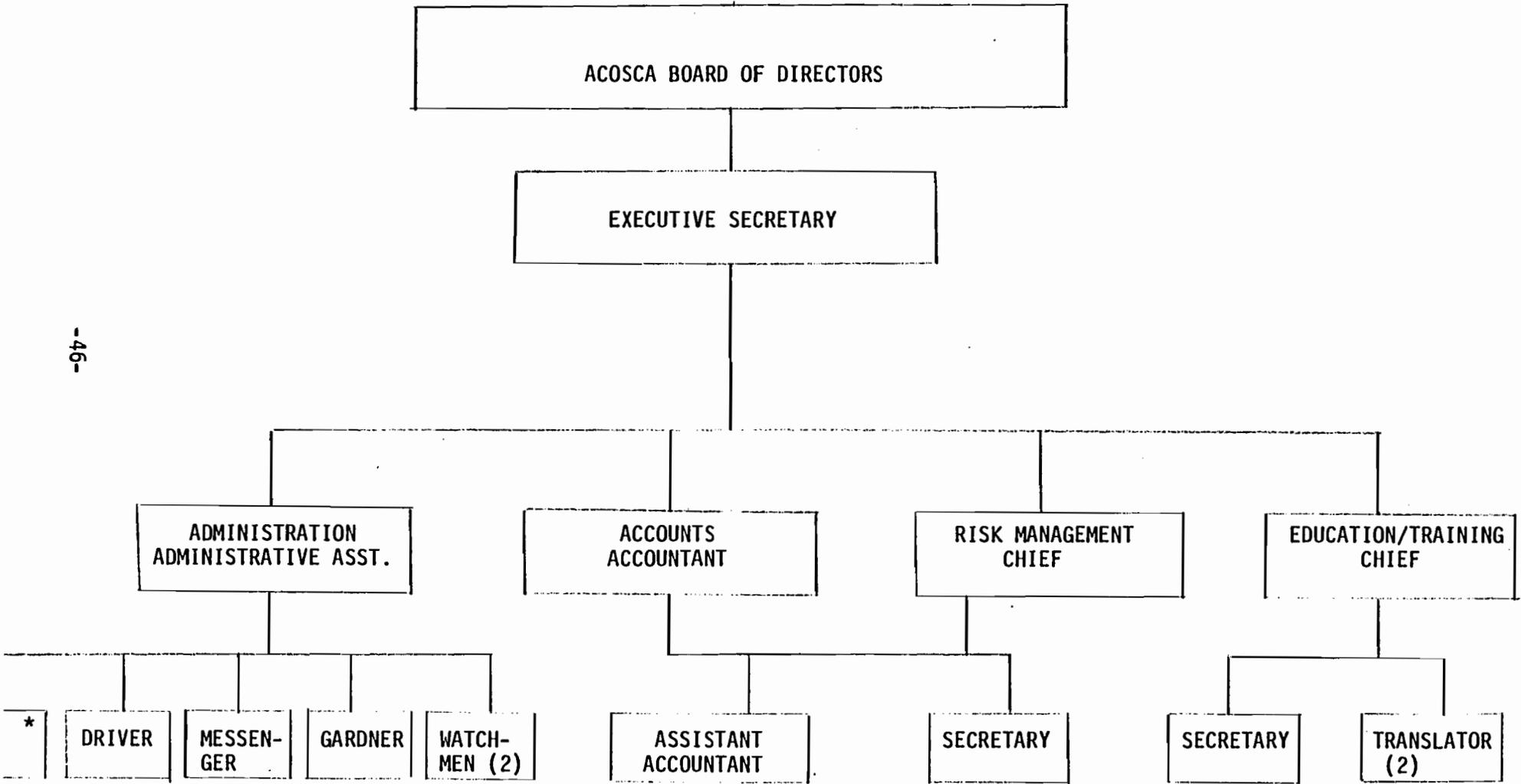


CHART I-2

REVISED ACOSCA ORGANIZATIONAL CHART  
AS OF FEBRUARY 4, 1983



-46-

\*[Copy received by typist. Assume missing items are "Secretary" and "Receptionist"]