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NON-CAPITAL PROJECT PAPER (PROP)

COUNTRY: Africa Regional Project No. 698-11-995-154

Submission Date Feb. 20, 1970 Original X

Project Title: Regional Organizations Development  
(Africa Cooperative Savings and Credit Association - ACOSCA)

U.S. Obligation Span: FY 1970 through FY 1972

Gross life-of-project financial requirements:

U.S. Dollars -----\$265,000

I. Summary Description

The Africa Cooperative Savings and Credit Association (ACOSCA) is a new regional organization which was established in September 1968 by representatives of 15 African states with headquarters in Nairobi. The creation of this Confederation came about through the realization of African states that an Africa-wide organization was needed to institutionalize, coordinate, consolidate and encourage further activities in credit union development.

ACOSCA has requested, through CUNA International, Inc. that AID provide, beginning in FY 1970, a professional credit union expert to serve as an advisor to its Board of Directors and the Managing Director (an African) in carrying out its development plans. Beginning late in FY 1970 or early in FY 1971, it is contemplated that a second credit union expert would be provided to assist the Northern or Western Regional offices of ACOSCA -- possibly the Western Office located in Cameroon. The provision of an additional expert would be dependent upon an evaluation revealing that progress toward attainment of objectives during the first year of operations was satisfactory.

Specifically, the project target is to: (1) strengthen or revitalize existing credit unions and their country federations; (2) assist in organizing and promoting new country programs; and (3) help in establishing specialized training for essential personnel -- employees, Boards of Directors, committeemen and other volunteer workers. It is estimated that this technical assistance project will result in a substantial increase of new credit unions over a three-year period -- 660 new unions during the first two years and an additional 370 during the third year of the project.

Based on credit union experience to date in Africa, Latin America and elsewhere, it is believed that ACOSCA can play a very important role to further economic and social development throughout Africa since credit unions are able to mobilize local capital accumulations among low income groups, thus creating an economic base which would be almost non-existent otherwise. In turn these credit unions are able to provide

relatively low-cost loans to their members for a variety of productive economic and social purposes. Thus an institutionalized process is created for individual participation in a self-help endeavor which rewards individual efforts.

The following private organizations are making small contributions to defray expenses of the headquarters office of ACOSCA -- Michigan League, CUNA Foundation, Catholic Relief Services, and International Cooperative Alliance. The proposed AID assistance to ACOSCA would be consistent with Congressional directives contained in Title IX of the Foreign Assistance Act, as amended, and with Section 601(a) of the same act which encourages the development and use of cooperatives, credit unions, and savings and loan associations. See Table I attached for a tabulation of project inputs.

## II. Setting or Environment

### A. Establishment

On September 13-16, 1968, representatives of 15 African countries met in Nairobi, Kenya to formally organize ACOSCA. The countries represented were Cameroon, Congo (K), Ethiopia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Nigeria, Sierra Leone, Tanzania, Uganda, Upper Volta, and Zambia. ACOSCA is set up to be a truly continent-wide institution. The organization's constitution and by-laws state that membership is open to all national associations (leagues, unions, federations) of cooperative savings and credit societies and national committees for the promotion of cooperative savings and credit societies which operate in or are based on the Continent of Africa or one of the adjacent islands. The 15 countries which organized ACOSCA are the charter or original voting members until applications from other countries are received and formally approved by the Executive Committee.

In August 1969, the first general meeting of ACOSCA was held in Accra, Ghana. Far-reaching decisions were taken at this meeting, including: (1) the establishment of ACOSCA headquarters in Nairobi, Kenya; (2) the establishment of four regions -- the eastern region headquartered in Kenya (includes Sudan, Ethiopia, Somalia Republic, French Somaliland, Kenya, Uganda, Tanzania, Rwanda, Burundi, and Seychelles Islands); the western region headquartered in Cameroon (includes Guinea, Sierra Leone, Liberia, Ivory Coast, Upper Volta, Ghana, Togo, Lhomey, Nigeria, Cameroon, Central Africa Republic, Gabon, Congo (B), Congo (K), Fernando Poo, and Plo Muni);

the southern region headquartered in Lesotho (includes Angola, South West Africa, Zambia, Malawi, Mozambique, Rhodesia, Botswana, Swaziland, Lesotho, Mauritius, South Africa, Malagasy Republic, and Reunion); and the northern region headquartered in Senegal (includes Egypt, Libya, Tunisia, Algeria, Morocco, Ifni, Spanish Sahara, Mauritania, Mali, Niger, Chad, Senegal, Gambia and Portugese Guinea); (3) appointment of Mr. John P. Mascarenhas as Acting General Manager; (4) appointment of a senior technician for the southern region of ACOSCA; (5) approval of a budget and interim

dues schedule for the years 1969 and 1970; (6) adoption of a five-year program -- to develop 23 countries and three regional training centers; and (7) election of officers, as follows -- Mr. B. R. Infunya (Tanzania), Chairman; Mr. D. Ade Adebisi (Nigeria), Secretary; and Mr. Vincent Makhele (Lesotho), Treasurer.

## B. Objectives

The stated objectives of ACOSCA are as follows:

1. To assist in the organization and promotion of cooperative savings and credit societies in all African countries and the adjacent islands.
2. To assist such societies in their operational and technical problems by providing services that help ensure the establishment of successful organizations.
3. To assist in obtaining legal recognition of cooperative savings and credit societies either under existing laws or through the enactment of new legislation.
4. To assist in the establishment of national associations of cooperative savings and credit societies and help them to plan and carry out their programs so as to attain self-sufficiency in the shortest time possible.
5. To coordinate the activities of cooperative savings and credit societies of the various African countries and the adjacent islands.
6. To promote the collaboration between cooperative savings and credit societies and other sectors of the cooperative movement in each country.

## C. Resources

A budget of \$14,000 has been established for operation of ACOSCA headquarters office for the first year of operation. As indicated in Table I, attached, most of the budget requirements for the first two years are being provided by various donors until ACOSCA is able to set up a system of dues assessments and collections in a manner prescribed by the Board of Directors. At the conference in Ghana, an interim dues structure for 1969-70 was established consisting of three dollars U.S. per member society with future dues rates to be decided at subsequent meetings. The Constitution and By-laws for ACOSCA provide that at each annual meeting of the Board of Directors, after the program of work and budget for the year have been decided, the rate of dues payable by each member association or National Committee, which is necessary to carry out the work program, will be determined.

#### D. Relationships to Other Donors/Projects

The credit union concept and the desire to facilitate credit union development in Africa is a concern of AID as well as other donors. There are -- one active complimentary AID project at present in Tanzania, several activities by Catholic Relief Services, a long-range UNDP project which is about to begin operations in Kenya, and a range of small inputs by a variety of other donors.

The assistance in Tanzania (with some limited help to Kenya and Uganda up to July 1968) began in 1965 with the goal to establish by fiscal year 1970 approximately 400 credit unions with about 75,000 members and total savings of \$1,000,000. At present there are approximately 225 credit unions with a total membership of about 30,000 and savings in excess of \$500,000. As of June 30, 1965, Tanzania had 65 unions with a total of 6,686 members and savings amounting to \$70,000.

We are advised that the UNDP plans to finance a long-term credit union assistance project in Kenya. It is anticipated that a team of five or six experts will be involved in this activity for approximately five years. The Catholic Relief Services has been engaged in credit union assistance to Africa for many years. Their representatives help, in a limited way, to organize credit unions and train personnel for their operation. For example, the Catholic Relief Services recently trained 30 Peace Corp volunteers for credit union work in Africa.

### III. Strategy

The input of technical expertise and assistance is directly related to several US goals -- it will help to institutionalize an African institution designed to further economic and social development; it will contribute to increased income and production for the credit union society members; this, in turn, will improve their standards of living and personal welfare.

#### A. Cooperating Leadership among Countries

According to the 1969 Yearbook published by CUNA International, there were 553 credit union societies in Africa at the end of CY 1968. It is estimated that in addition there are more than 500 British and French type thrift and loan societies which have some of the attributes of credit unions. While this number is not significant as compared with the credit union movement on other continents, African officials understand the potential impact that a strong credit union development could have on economic and social development. The real need at present is for technical assistance, including appropriate training of indigenous personnel to assure an adequate supply of credit union managers and other staff. Already the government of Lesotho, since the organization of ACOSCA, has taken positive steps to establish a training center

for the Southern Region of ACCSCA at the Extension Department of the University of Botswana, Lesotho and Swaziland.

IV. Planned Targets, Results and Outputs

The project is not a full-scale institutional effort but rather is designed to provide professional technical assistance (based on past experience) which will enable ACCSCA to be more responsive to the needs of existing regional and local credit union societies in Africa; and assist further development of the African credit union movement. It is not feasible to project with any degree of certainty the outputs and results to be achieved. However, it is believed (based on experience in other regions) that successful implementation of this project will result in substantial growth over a three-year period, as follows:

	<u>Increase</u> <u>Two-year Period</u>	<u>Increase</u> <u>Third Year</u>
Eastern and Southern Africa Region:		
Est. number of new credit unions -----	195	105
Western Africa Region:		
Est. number of new credit unions -----	410	235
Northern Africa Region:		
Est. number of new credit unions -----	<u>55</u>	<u>30</u>
Totals-----	<u>660</u>	<u>370</u>

Also it is visualized that ACCSCA could play an important role by working directly with the various interested donors to "orchestrate" the various types of assistance as offered to assure maximum utilization and benefits.

V. Course of Action

Under this project, AID would provide, initially, one fully-funded credit union expert (under a contractual arrangement with CUNA International, Inc.) to assure that the ACCSCA headquarters office has sufficient professional expertise to achieve its objectives. There are no commodities involved, but participant training may be an important factor after a full assessment has been made of the priority needs for African credit union development. Also, in the initial year, the General Manager and the Credit Union Advisor will need to travel rather extensively to establish rapport and lines of communication with representatives of the various African countries and with ACCSCA regional personnel. At the end of the first year of operation, an evaluation would be made of performance and progress toward project objectives. Should the findings be favorable, it is anticipated that perhaps a second credit union expert would be considered to assist the Western Regional Office of ACCSCA in Cameroon.

Specific training activities may also be assisted, including the southern Africa credit union training planned with the Extension Department of the University of Botswana, Lesotho and Swaziland.

## VI. Method of Project Execution

The credit union expert would provide technical advice and assistance on a variety of subjects to the ACOSCA General Manager and the Board of Directors. An illustrative listing of assistance items would include the following:

1. Assist and advise on the development of membership promotion programs.
2. Provide technical advice on proposed programs of training (seminars, workshops, Regional short-term training courses, etc.)
3. Help evaluate federation or league management in the various African countries and develop related ACOSCA programs of assistance as may be appropriate and feasible.
4. Help develop and issue ACOSCA informational publications, news letters, etc. as appropriate.
5. Advise on model legislation, constitutions, by-laws, manuals and procedures, etc., designed to facilitate credit union development in Africa.
6. Provide technical advice and assistance concerning other proposed ACOSCA programs, including establishment of membership dues schedules, revisions of procedures, etc.

ACOSCA is in its formative years. The AID-financed Advisor should be on duty as soon as possible. Preliminary discussions with CUNA, International, Inc. indicate that an expert could be recruited and in the field during the first quarter of calendar year 1970. In general, the climate for receptivity of the project is quite favorable at this time. The scale of the project appears to be appropriate in relation to the task objectives.

NON-CAPITAL PROJECT (OBLIGATIONS IN \$000)

TABLE I

COUNTRY: AFRICA REGIONAL

PROJECT TITLE: REGIONAL ORGANIZATION DEVELOPMENT (AFRICA COOPERATIVE SAVINGS AND CREDIT ASSOCIATION -- ACOSCA)

FISCAL YEARS	TOTAL	<u>PERSONAL SERVICES</u>			CASH CONTRIBUTIONS FROM OTHER DONORS <sup>2/</sup> (for Headquarters Office)
		AID	PASA	CONTD	
OPERATING FY 70	1/65			1/65	12
BUDGET FY 71	100			100	6
BUDGET FY 72	100			100	NA
<b>TOTAL</b>	<b>265</b>			<b>265</b>	<b>18</b>

1/ Includes a non-recurring amount of \$25,000 to cover extensive travel costs for first year

2/ The names of the donors and purposes of donations are as follows:

<u>Purpose</u>	<u>Donations</u>		<u>Name of Donor</u>
	<u>1st Year</u>	<u>2nd Year</u>	
Manager's Salary	\$ 5,000	--	Michigan League
Office Expenses	2,500	2,500	CUNA Foundation
Manager's Travel	3,500	3,500	Catholic Relief Services
Office Equipment	720	--	International Coop. Alliance
<b>Totals</b>	<b>\$ 11,720</b>	<b>6,000</b>	

PROJECT AUTHORIZATION

1. PROJECT NUMBER <b>698-11-995-154</b>	3. COUNTRY <b>REGIONAL</b>	4. AUTHORIZATION NUMBER <b>0036</b>
2. PROJECT TITLE <b>Regional Organizations Development - Africa Cooperative Savings and Credit Association (ACOSCA)</b>		5. AUTHORIZATION DATE <b>March 17, 1970</b>
		6. PROP DATED <b>Feb. 20, 1970</b>

7. LIFE OF PROJECT

a. Number of Years of Funding: Three  
Starting FY 19 70; Termination FY 19 72

b. Estimated Duration of Physical Work  
After Last Year of Funding (in Months): Ten

8. FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY Exchange Rate: \$1 =			
	GRANT	LOAN		U.S. OWNED		HOST COUNTRY	
				GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY							
Operational FY 1970	65						
Budget FY 1971	100						
B + 1 FY 1972	100						
B + 2 FY							
B + 3 FY							
All Subsequent FY's							
<b>TOTAL</b>	<b>265</b>						

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

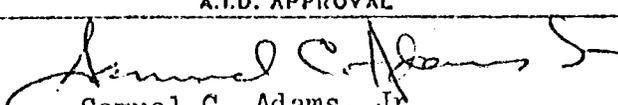
10. CONDITIONS OF APPROVAL OF PROJECT

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
 Samuel C. Adams, Jr. SIGNATURE	AFR/TAC, M. Belcher	
	AFR/DP, D. Shear	3/11
AA/AFR	AA/AFR, P. Birnbaum	3/16/70
3/17/1970		

UNITED STATES GOVERNMENT

# Memorandum

TO :AA/AFR, Dr. Samuel C. Adams, Jr.  
Thru:AFR/DP, Mr. David Shear

DATE:February 20, 1970

FROM :AFR/TAC, Marjorie Belcher

SUBJECT: Request Life-of-Project Authorization: Africa Cooperative Savings and Credit Association

The Africa Cooperative Savings and Credit Association (ACOSCA) is an Africa-wide confederation which was created by representatives of 15 African countries in September 1968. The organization (with headquarters in Nairobi) is now operational and appears to have genuine support. Pursuant to the first annual general meeting held last August in Ghana, ACOSCA regional offices have been established and the delegates adopted a five-year program to accelerate the credit union movement in Africa.

The proposed AID assistance project (included in the FY 70 CP - page 66) anticipates that, beginning in FY 1970, one credit union expert will be provided to serve as an advisor to ACOSCA's Managing Director and its Board of Directors. The expert would provide professional assistance covering a variety of subjects such as (1) organizational arrangements; (2) membership promotion programs; (3) training programs; (4) federation and league management techniques; (5) ACOSCA bulletins and other publications; (6) model legislation for credit unions; (7) membership dues schedules in relation to approved programs and related budget requests, etc. It is contemplated that a second credit union technician would be added during the second year of assistance to assist one of ACOSCA's regional offices -- possibly the Western Region headquartered in Cameroon. The provision of the second technician would be dependent upon an evaluation revealing that progress toward attainment of objectives during the first year of operations was favorable and satisfactory. It is contemplated that the obligation span would cover three years -- FY 1970 through FY 1972 -- at a total cost of not to exceed \$265,000.

The attached PROP is based on a proposal submitted to the Bureau by CUNA International, Inc. in December 1968. The proposal was endorsed by the East Africa Regional Council and by representatives of our Office of Southern Africa Regional Affairs (OSARAC).

We recommend that you sign the attached Project Authorization.

Attachment: PROP

