



International Division of the National Cooperative Business Association (NCBA)
Founded in 1916 as the Cooperative League of the USA (CLUSA)

FINAL REPORT

**NCBA/CLUSA COOPERATIVE
DEVELOPMENT PROGRAM**

**Submitted
August 29, 1997**

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**COOPERATIVE PROGRAM SUPPORT GRANT REPORT
(FAO-0192-A-00-5002-00)**

Covering December 1, 1994 – May 31, 1997

NATIONAL COOPERATIVE BUSINESS ASSOCIATION

August 31, 1997

**Completed for the Agency for International Development
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I. SUMMARY OF PROGRAM ACCOMPLISHMENTS

This report focuses on the work of the CPSG implemented by NCBA/CLUSA during the period November 1, 1994 – May 31, 1997. During that time NCBA/CLUSA pursued the development of genuine private business cooperatives whose members truly control their cooperatives, being careful to work only where there is a very strong chance for private, economically profitable cooperatives to develop and grow. In terms of the objectives of the 30-month grant, 11 of 13 of these were accomplished. Most of them were surpassed. Of the four main objectives, 15 new and extended projects were signed compared to 11 that were called for. Two new projects were funded from non-AID funds compared to one that was stated as the objective. Twenty-five projects were managed compared to an objective of 14. Projects were started in four new countries instead of the five called for. Furthermore for every \$1 of core grant money spent \$15.54 in new and expanded projects was signed. \$21,755,000 was the value of these new and expanded projects. In addition 28 proposals were submitted of which 15 were approved, seven are still under consideration and six were not approved.

This work was done by four staff and approximately six person months of consultant time supported by core grant funds, indicating the efficiency of the organization in conducting its international programs. NCBA usually has a high percentage of the proposals it submits approved because of the knowledge of its staff concerning the specific priorities of countries and USAID Missions to which proposals are presented. Included below are comments on expanding the use of the NCBA/CLUSA methodology, the significance of the work done under the grant and areas in which difficulty was experienced.

A. Expanding Use of the NCBA/CLUSA Methodology

NCBA/CLUSA continued to expand the application of its unique approach and methodology developed over the last 15 years of work, particularly in Africa. The methodology relies heavily on village level decision making; intensive, experiential training in business skills and the linkage of all training directly to business development. During this grant period NCBA/CLUSA assisted in the launching of an Africa – wide organization, the Pan African Organization for Sustainable Development, POSDEV, which will play a major role in further expanding the use of the NCBA/CLUSA methodology. Further NCBA/CLUSA continued to nurture the development of nationally based indigenous cooperatives development organizations which use the methodology. NCBA/CLUSA has assisted in the development of 15 such organizations in 11 countries over the past several years. These organizations seek to support themselves through contracts for their services and/or profits generated from their economic activities. They are in various stages of development, some having completed over 30 contracts and having over \$100,000 in reserves and others just getting started.

Major progress was made in refining the application of the NCBA/CLUSA methodology to democracy and governance, community-based health programs and natural resources management projects. Core grant staff played a major role in adapting the methodology for these

new areas. The Deputy Director of the AID/Washington PVC Office was able to observe the crossover application of the training methodology used by NCBA/CLUSA in Guinea as it is now used with local governmental councils as well as rural group businesses. The expanded NCBA/CLUSA-assisted program in Mali, now being negotiated with USAID, addresses three Mission Strategic Objectives: Sustainable Economic Growth, Youth and Democratic Governance. It applies the NCBA/CLUSA methodology to rural based group businesses and their complementary partners; community organizations devoted to various non-economic causes and intermediary NGOs; professional and/or trade associations. Preparing community groups for effective civic action is a major part of this project.

In September, 1995, NCBA/CLUSA concluded a two year health cost recovery program in Burkina Faso in which 60,000 people from 738 villages participated in the establishment of health committees which manage the programs and budgets of 67 government health clinics in two provinces. The committees also have set up and manage, on a sustainable business basis, 65 village pharmacies. The profits from operation of the pharmacies serve to finance other health activities in the community, including up to 50% of the village clinic budgets. Health fairs held on market days bring in an average of \$100 in profits each market day. Great interest has been shown in these results and the methodology behind them by other African countries, especially in light of the video which NCBA/CLUSA has disseminated documenting the methodology for making such committees effective.

During the grant period NCBA/CLUSA began assistance to train indigenous personnel in Benin to manage a second, larger national forest. NCBA/CLUSA continued work with 27 villages around a 55,000-hectare national forest earlier assisted. The government has decided to open up these forests to limited harvesting of forest products on a controlled basis. After intensive training villagers elected representatives to participate on commissions charged with preparing the forest management plan. The commissions, 75% of whose members are villagers, are now handling certain services formerly handled by government. For example, the costs of all forest maintenance are covered by a Forest Management Fund managed by the communities and financed through an assessment on all users of the forest resources. The community structures instead of the forestry administration implement the annual management plans and budgets as well as handling several aspects of policing the forest. The approach has also resulted in the creation of some 100 enterprises operating in the forest harvesting honey, timber, and firewood, grazing cattle, manufacturing charcoal and developing nurseries.

B. Significance

The significance of the expanded use of the NCBA/CLUSA approach lies in the major economic, political and social changes taking place at the grassroots level in hundreds of villages and towns in developing countries. In addition to the above changes devolving power to communities from governmental entities, rural group businesses have been making steady progress using this approach. In Mali and Niger alone a total of 766 rural group businesses and village associations have been trained to run profitable business operations. In Mali 60% of the small group businesses assisted are owned by women. A critical component of the NCBA/CLUSA methodology is helping the rural group businesses achieve the status of ordinary creditworthy customers in the eyes of local financial institutions rather than extending subsidized

or project credit. In Mali the village associations have borrowed over \$5.3 million from 5 commercial banks at an average interest of 12% with a better than 98% repayment rate. The high repayment rates and the increasing loan demand encouraged competition among the banks involved in the program so that the project's guarantee on proven economic activities fell to zero. The banks are actively soliciting business from the village associations through better loan terms, establishing branch banks in villages, and recruiting local villagers to actively promote borrowing. Competition for the business of the village associations is not limited to the banks; input suppliers are sponsoring trips for association representatives to visit factories where their products are made and demonstration plots, paid for by the suppliers, have been set up in villages to promote their products. Further, over 20 village associations which "graduated" from project assistance have borrowed over \$300,000 from two commercial banks.

In Niger a self-sustaining intermediate credit service, created by NCBA/CLUSA, has used a guarantee fund to facilitate lending by three banks of about \$1.5 million in two years to some 300 rural organizations. Over 25% of the loan volume goes to women's cooperatives. These are the first loans ever made by banks in Niger to rural women. To date the women's groups have a 100% repayment rate. The processes involved in these developments reflect changing mentalities on the parts of banks, input suppliers and rural villagers about what is possible in economic development, about opportunity and responsibility.

In El Salvador, Nicaragua and Indonesia, NCBA/CLUSA works with cooperatives and farmer associations in the production of non-traditional agricultural export crops (NTAES), many grown organically and marketed in the US, Europe and Japan. Organic production methods not only protect the environment but also provide significantly higher returns to producers than conventionally grown product. They also generate more employment. As a result of intensive market development activities by the projects demand for the organic products they produce has grown steadily over the past five years. In El Salvador, NCBA/CLUSA-assisted farmers grow 34 non-traditional crops including organic coffee, sesame, cashew, black beans and vegetables. The production value of the total crops grown to date is over \$20 million. 36 grower groups are currently assisted with organic production training. For the 1995-96 organic coffee crop an average premium of \$35 per 100 pounds was received. Gross income for this crop was \$1,885,000. In Nicaragua 40 cooperatives and other grower groups are assisted in growing and marketing organic coffee, sesame, cocoa, and other crops as well as conventional crops. Organic coffee sold has brought a price 35% higher than for traditionally grown coffee. Approximately 400,000 persons are direct and indirect beneficiaries of these two projects. The significance lies in the fact that these beneficiaries are small-scale farmers and their families, unlike many other NTAE operations in Latin America.

The Small and Microenterprise Project assisted by NCBA/CLUSA in Egypt since 1990 now has four foundations operating. By the end of September 1996 they had made over 105,000 loans to 48,000 clients with repayment rates averaging between 98 and 99%. The total amount loaned totaled \$87.5 million. All of these projects were originally designed by core grant staff and consultants who were paid for by core grant funds and who are familiar with the NCBA/CLUSA approach to development. Equally as important the core grant staff has continued to give programmatic guidance as needed to assure that the projects stay on track.

C. Areas of Non-Performance or Weak Performance

NCBA/CLUSA did not develop an Africa intern program as called for in the grant proposal submitted and as the organization has desired to do for several years. The reason the intern program was not launched is that no guarantee could be made to the prospective interns that they would be able to find jobs in organizations that would use the skills they had developed. NCBA/CLUSA was not willing to raise hopes that might not have been able to be fulfilled. In another area, the development of the Africa-wide organization moved more slowly than had originally been hoped. Nevertheless, the process used was highly participatory and driven not by NCBA/CLUSA but by African organizations from a number of countries. Establishing this foundation was important to setting up an organization with a strong chance to succeed. The one area in which no new projects were developed despite the stated intention to develop at least one, was urban development and employee ownership or ESOPs. Finally, despite the efforts detailed in the following pages NCBA/CLUSA has not been able to attract major funding for projects from new donors. The World Bank and IFAD have provided funding to projects in Sao Tome and Benin to which NCBA/CLUSA has provided technical assistance and training. The amounts provided have been a small percentage of the total funding for international projects that the organization received during the grant period.

II. DESCRIPTION OF ACTIVITIES UNDER THE GRANT

A. Program Development

Expanding the Application of NCBA/CLUSA's Approach and Methodology to New Program Initiatives

During the 30 months of the grant's operations project exploration was conducted in 33 countries and regions. 28 project proposals were submitted of which 15 were approved, seven are still pending and six have been rejected. One of the pending proposals is under negotiation with USAID/Managua. The grant goals called for 11 new and extended projects during the life of grant. In fact 15 new and extended projects were signed, seven of which were new and eight of which were extensions. Projects were started in four new countries compared to a goal of five. Two projects were funded from donors other than AID compared to a goal of one. The donors included World Bank for one project and International Fund for Agricultural Development (IFAD) for one project. Two sector analyses were completed compared to a goal of five. (See Annex I for the Program Description from the grant document and Annex II for the CPSG Progress Chart for the grant period. A summary of long-term projects appears in Annex III. A list of new and extended projects funded during this project appears in Annex IV.)

In the area of new program initiatives the work in community based health care done in Burkina Faso enabled core grant staff to refine the details of the NCBA/CLUSA approach in the field. The three-part approach is now captured in a training video that has been widely disseminated in Africa. Interest expressed by several USAID Missions has led NCBA to develop a regional health program proposal that was submitted to REDSO/Abidjan in June 1997. This five year, \$9 million program would replicate the NCBA/CLUSA approach in six West African countries with the goal being the acceptance of the approach as the national model in each country.

In the area of participatory natural resource management the World Bank has funded a second project in Benin and is involving NCBA in exploration for assisting in a similar project in Cote d'Ivoire. The AID Mission in Zambia has requested that NCBA review with them possibilities for developing community-based NRM programs.

Core grant staff have also assisted field staff to adapt the NCBA/CLUSA methodology in the areas of decentralization and democracy and governance in Guinea and Mali.

B. Program Management

Goal: 14 long-term projects managed, 25 were managed.

A list of the long-term projects managed appears in Annex VI. Eight projects during the grant life. Several of those are still being assisted by NCBA/CLUSA. In Niger, NCBA/CLUSA continues to work with \$250,000 in local currency that USAID got allocated for continued assistance. In Sao Tome, work continues with program generated funds that were leveraged from UNDP. NCBA/CLUSA turned over project work to a local Sao Tome NGO, ZATONA, which it helped to create. ZATONA is now using the NCBA/CLUSA approach in its work with farmer organizations with NCBA/CLUSA as a subcontractor.

C. Program Services

1. Assistance to USAID Missions and AID

The goal of the program was to undertake 3 activities that would be of assistance to USAID. 10 were completed.

Eight of the assignments were performed for USAID Missions and two were for AID/Washington as follows:

- Kenya- NCBA supplied a Cooperatives Specialist for a World Bank team performing a cooperative sector analysis. USAID paid for the NCBA specialist and designated his work as USAID's input to the analysis.
- Burkina Faso- At the request of the AID Mission NCBA produced two videos on community health programs and the empowerment approach used by NCBA. These have been distributed to all USAID Missions in Africa.
- REDSO/East Africa- This office used the community health and empowerment videos at a major conference it held.
- Senegal- The NCBA Deputy Director for Africa participated in a USAID workshop on liberalization of markets for agricultural and natural resources products at the request of the Mission.
- El Salvador- NCBA assisted the USAID to get a staff member of the PROESA (Economic Assistance for Ex-conflictive Areas) Project enrolled in an MBA program in Central America.
- Mali- At the request of the Mission, the NCBA Deputy Director for Africa made a presentation on how the NCBA/CLUSA methodology applies to democracy and governance.

- **Guinea-** The NCBA Director and Deputy Director for Africa Programs completed an analysis of the current lending policies of five Guinean banks to small businesses, their willingness to lend to rural group businesses and steps USAID can take to facilitate such lending.
- **Nicaragua-** At the request of USAID NCBA reviewed and commented on a project design for credit, production and marketing assistance to the Union of Agricultural Producers and Cattlemen (UNAG), a national level organization whose members are cooperatives and individuals.
- **AID/PVC-** The NCBA Vice President for International Programs participated as part of the Capacity Building Work Group for NPI.
- **AID/PVC-** NCBA facilitated the visit of the PVC Deputy Director to the Guinea Strengthening Civil Society Project where she received an in-depth view of the NCBA/CLUSA methodology. She was able to see how the principles used in democracy and governance work with rural businesses are also used in crossover training with locally elected municipal government councils.

2. Assistance to Governments and International Organizations

The program goal was 2 assignments. 8 assignments were completed in this category including several for the World Bank. They were as follows:

- **World Bank-** The NCBA Africa Programs Deputy Director assisted the Bank in the following: participated in a Bank-sponsored workshop in community participation in forestry management in Cote d'Ivoire based on the work which NCBA is doing in Benin; completed an organizational assessment of the Bank-funded Forest Management Program in Niger; conducted a workshop for the Bank in Niger on participatory natural resources management; facilitated a Bank workshop on natural resources management for staff from NRM projects in West African countries.
- **Private Voluntary Organizations-** The Africa Deputy Director facilitated an evaluation workshop for World Education in Benin and a training workshop for the French government's international volunteers program.
- **Governments-** Core grant staff prepared the US program of visits to cooperatives and McCormicks Spice Company for the Minister of Cooperatives of Indonesia who was leading a trade delegation to the US. The staff also prepared the US program for the Minister of Agriculture of El Salvador. He saw a wide variety of types of cooperatives in Wisconsin in addition to visits in Washington to AID, USDA and IDB.

3. Assistance to national and Other Cooperative organizations

The program goal was 4 assignments. 4 were completed.

- Colombia- Assisted the President of La Equidad, a national level insurance cooperative, to learn about guarantee funding mechanisms during his US visit.
- Nicaragua- Assisted the Cajina Co-op and the Gulf Islands Association on Ometepe to secure an \$80,000 grant from the Canadian International Development Agency (CIDA) and other sources for certified organic coffee production and processing improvements.
- Nicaragua- Core grant funds were used for financing the study visit of a senior officer of UNAG to the NCBA-assisted projects in El Salvador. UNAG is seeking to increase its income-generating operations including non-traditional agricultural exports, an area in which NCBA has been assisting El Salvador for nine years. UNAG was also provided technical assistance in the development of a local currency/PL 480 proposal for the production of organic coffee in the department of Nueva Segovia.
- Trinidad and Tobago- Assisted cooperatives to define their specific needs for training and technical assistance.
- El Salvador Co-op to Co-op Program- Baxter and Colleen Ankerstjerne of the Farmers Cooperative Alliance, Peterson, Iowa, returned to the Cara Sucia Co-op and conducted training sessions on four topics covering health, nutrition, the role of women in cooperatives and co-op unions and alliances.

D. Post Project Follow-Up

Three of these were listed as the goal but seven were completed. They occurred in two countries:

- Rwanda- Hosted a meeting in Nairobi of the Board of Directors of the National Cooperative Training and Research Center (IWACU) which AID, NCBA and the Swiss government assisted for seven years and which has been run by Rwandan staff since 1988. Training activities were resumed in 1995 by the IWACU staff after a hiatus caused by the political crisis. At IWACU's request, NCBA assisted Center staff to locate sources of training in conflict resolution. The NCBA Director for Africa Programs also attended the IWACU General Assembly Meeting in Kigali in the fourth quarter of 1995. IWACU is a legally registered PVO with both the Rwandan government and USAID and had been given most of the responsibilities previously held by government relating to cooperative development. This transfer occurred before the political crisis of recent fame. Actions taken by one Government of Rwanda Minister at the General Assembly Meeting

aroused suspicions that the government's intent then was to take over the Center. A commission was set up to review the mission and objectives of IWACU. The NCBA Africa Director alerted the USAID Director and officials of the Swiss Embassy who prepared to take action with the government to defend the autonomy of IWACU, which enjoys great prestige, especially in the rural areas, because of its work in economic development. The General Assembly elected a new Board of Directors, which is dominated by people who wish the Center to continue as an autonomous, non-governmental organization. The NCBA Director of Africa Programs also spoke at the General Assembly Meeting on the importance of maintaining the autonomous, non- governmental status of IWACU.

- South Africa- As follow-up to the two years of technical assistance and training provided to the Community Development Organization (CDO) of the Mangaung Educational and Development Trust, Mangaung Township, NCBA maintains contact with the CDO which continues to foster enterprise development and home upgrading in the township. The CDO sells building supplies to generate income. Core grant funds paid for the services of two consultants to help the CDO strengthen its operations and develop an Institute for Sustainable Development. The Institute will assist other townships to launch similar organizations to address the housing and enterprise development needs of their residents.

E. Assessment and Evaluation

The program goal was 6 internal project assessments or evaluations. 6 were completed

Internal project evaluations were completed for the Egypt Small and Microenterprise Project, the Sao Tome and Principe Food Crop Production and Marketing Project, the Sao Tome and Principe Support and Promotion of Agricultural Groups Project and for the Nicaragua Non-Traditional Agricultural Exports Project for which three assessments/evaluations were completed.

At an all staff meeting of International Division staff in April/May, 1997 the participants shared experiences and methods used in different field projects and reviewed how and whether experiences of various geographical areas are applicable in other locations. Africa, Central America and Egypt were represented. The staff also agreed on the data to be reported by all projects to NCBA/Washington for a universal summary report of NCBA/CLUSA programs.

F. Institutionalization

NCBA/CLUSA has long wanted to see the creation of an African organization that will utilize the methodology used in the projects we now assist. In April 1997, the NCBA Director and Deputy Director for Africa Programs attended the meeting in Accra at which representatives of NGOs from eight countries established the Pan African

Organization for Sustainable Development (POSDEV). Accra will be the headquarters for the organization and the search for an African coordinator is underway with August the target date for selecting a person. Funds from the new core grant to NCBA will be used to help POSDEV become operational. The operations of this new organization are expected to significantly expand the use of the NCBA methodology. POSDEV is expected to be able to attract funds from donors that an American organization cannot. NCBA /CLUSA and POSDEV have signed a declaration of cooperation, a copy of which appears in Annex V.

The Africa Programs Director and Deputy Director also attended two meetings for preparatory work on POSDEV prior to its organization. These were held in October 1996 and January 1997. The April meeting accomplished the following: approved the vision, mission, norms/values, objectives and strategy statements; approved the constitution and bylaws; selected the name for the organization; decided on the headquarters location; selected its Executive Committee.

Core grant staff in Africa have also played a major role in helping project staffs in the field to strengthen the 15 NGOs developed in five countries as part of NCBA/CLUSA-assisted projects. These NGOs will continue to use the NCBA/CLUSA methodology when USAID-funded assistance ends. They exist in Sao Tome, Niger, Mali, Benin and South Africa.

G. Other Grant Activities

1. Non-AID Sources of Funds – Goal, 1 new non-AID funded project; 2 non-AID funded projects started

The World Bank provided funding for a second long-term project in Benin in natural resources management and IFAD provided funding for a project in Sao Tome and Principe for support and promotion of agricultural groups.

Contacts have been made with the following potential donors to acquaint them with NCBA work and build relationships that hopefully will result in funding for projects in the future. They include the World Bank (Washington and field offices in Africa), the overseas development programs of the Dutch, Swiss and Danish governments, the Government of Indonesia, the Multilateral Investment Fund of the Inter-American Bank, the European Union (which provided a small grant for some NCBA assistance in Nicaragua), the Kellogg and Pew Foundations, UNESCO, UNICEF, FAO/Rome, Club du Sahel, Shelter Afrique, the Consultative Group to Assist the Poorest (CGAP), and Associates in Rural Development.

2. Training Materials Development – Goal, 3 sets developed; 3 sets were developed

Core grant staff assisted in the development of the following: a microcredit financial analysis manual, a curriculum for training in financial management and a video in

community based health programs using an empowerment approach. The first two were prepared in connection with NCBA work in Egypt and the last is based on work done in Burkina Faso.

3. Africa Staff Meeting

After the International All Staff Meeting referred to above, the Africa staff held a separate meeting on the following: (1) adaptation of the NCBA/CLUSA approach to new sectors – health, education, natural resources management, and decentralization, (2) fostering the development of local organizations without becoming the promoter or dominant factor in the process, (3) publication of 6 newsletters/technical bulletins a year which will be done in the future, and (4) experiences of the NCBA Zambia and Guinea projects as part of the AID New Partnership Initiative and implications of this for the NCBA approach to development.

4. NCBA Member Involvement in International Programs

Besides the Co-op to Co-op program which has continued for several years linking US cooperatives with those in El Salvador, the International Committee of the NCBA Board continues to provide guidance and support for NCBA's international work. Six members of the Board of NCBA and of the Hamilton Farm Bureau Cooperative, Hamilton, Michigan, visited the Non Traditional Agricultural Exports Project in El Salvador. They visited seven cooperatives and one cooperative union and exchanged experiences with Salvadoran co-op boards and members on cooperative business development. In addition, they met with the USAID Director, Deputy Director and Program Officer. They paid their own expenses.

Following this visit in January 1996, Jeff Stroburg of the Hamilton Farm Bureau, initiated activity to market El Salvador organic coffee in Michigan. He is working with the NCBA International Programs Office in Washington, the NCBA/CLUSA office in El Salvador and UCRABROBEX, an El Salvador exporting cooperative. Arden Shisler, Chairman of the Board of Nationwide Insurance Companies, Columbus, Ohio, an NCBA member organization, was also on the El Salvador trip. He and his wife reported on the visit to the Dalton Community Historical Society, Dalton, Ohio. NCBA includes articles on international development projects in each of the ten issues it publishes yearly of its newspaper, the *Cooperative Business Journal*, which is read by cooperative leaders and members throughout the country.

III. DESCRIPTION OF THE METHODS OF WORK USED

A. Country Selection and Project Development

NCBA/CLUSA employs a clear set of criteria to select countries for program exploration and/or to determine whether to pursue specific project development. These criteria involve a determination by NCBA/CLUSA as to whether its efforts will result in the strengthening of specific local capabilities, the potential for involvement in new sectors of the economy, and the opportunity to test innovative approaches. Listed below are the criteria for program exploration and project development and the steps in project development.

B. Criteria for Program Exploration

- An evaluation of the current political/social situation of the country (through prior visits, news reports, contacts with knowledgeable persons) indicates an openness and receptivity to the development of group-based economic activities;
- In-country contacts through on-going relations with existing cooperative organizations in the country;
- Invitations from governments, cooperative organizations, or USAID missions;
- The potential availability of funding for the project activities.

The initial decision on program exploration may also be based on a field visit or on a general review of the potential conducted by the staff of the home office or regional office. In some instances, the decision may be to undertake a study of the potential for cooperative and group businesses. NCBA/CLUSA does not pursue programming possibilities in countries that do not meet its criteria for project development. Experience has demonstrated that close adherence to the criteria results in more efficient use of funds and staff time.

C. Criteria for Project Development

Based on the findings of the initial program exploration, NCBA/CLUSA employs the following criteria to determine whether to move ahead with the development of a project proposal:

- The degree of interest and potential of the target cooperatives or groups to participate in a program based on NCBA/CLUSA's specialized approach to business development.
- The extent to which the government policy and regulatory environments are conducive to private sector development.
- The extent to which the social and cultural context is favorable to the economic progress of the targeted groups and the development of member-owned business enterprises.
- The interest of a donor agency to assist the development of group-based economic activities in keeping with NCBA/CLUSA's approach.

Most of NCBA/CLUSA's funding agreements with USAID Missions are Operational Program Grants or Cooperative Agreements because the preference is to work with host country organizations in the design of a potential project and then submit an unsolicited proposal to obtain the required financing.

D. Steps in the Process of Project Development

The following description of NCBA/CLUSA's approach to project identification and design is based on the development and submission of unsolicited proposals to USAID Missions and other donor organizations. When the area of activity is directly related to NCBA/CLUSA's areas of technical assistance, solicited proposals for sub-contracts, etc., are prepared for specific, clearly defined activities. Non core grant funds are used for these solicited proposals. The steps in the process of project development include:

- Gathering of initial information through research and field visits, either in response to invitations or as a result of the identification of potential development opportunities in which the NCBA/CLUSA approach and methodology would be beneficial.
- An initial follow-up visit to discuss the potential project with the interested organizations, host governments and USAID missions. During this visit, NCBA/CLUSA will make a further evaluation of the potential for viable economic activities and assess the capacities of participating organizations.
- NCBA/CLUSA conducts a feasibility analysis or moves ahead with a project design. On most occasions, core grant funding has been used for the development of an unsolicited proposal.
- Once the proposal is completed and submitted to the USAID Mission, an agreement is negotiated with the Mission. This step usually involves an agreement between NCBA/CLUSA and the host government.

IV. PROGRAM CONTINUATION AND DIRECTION

Under the new core grant the funds provided are to be used primarily to provide direct technical assistance and training to field projects which have been agreed to by AID and NCBA rather than exploration and design of new projects. The main focus of new grant is to strengthen the capacity of indigenous cooperative development organizations (ICDOs) to carry out cooperative development activities which build and strengthen cooperative systems in their own countries. This focus on indigenous capacity-building represents a logical progression for NCBA's international program. NCBA will apply its methodology to developing and strengthening these ICDOs and will transfer the methodology to organizations so they can complement and/or replace NCBA as the provider of cooperative development services to primary cooperatives. This focus is consistent with PVC's sub-goal of strengthening NGOs and other local partners and with AID's New Partnership Initiative which seeks to strengthen local NGOs and build small business capacity through partnerships.

Beyond building the capacity of local ICDOs, NCBA will continue to assist in the development and strengthening of an Africa-wide cooperative support organization, POSDEV. This organization, to which African ICDOs can affiliate, will ensure synergy and mutual support among the ICDOs because of their use of and commitment to the NCBA/CLUSA Approach. It will also provide for information and technical exchanges, and enable the ICDOs to expand their work within their own countries and into other countries.

Because its objective is strengthening linkages among and between ICDOs, NCBA is taking a more regional approach in its new grant work. In West Africa the focus country is Mali, however the program is designed to work with ICDOs in Benin, Guinea, Niger and Sao Tome. In Central America the focus country is Nicaragua with potential to support ICDOs in El Salvador and Honduras. While not a "region", Indonesia occupies a greater land area and contains more people than either West Africa or Central America and presents an excellent climate for cooperative development activities.

NCBA proposes to broaden the base of financial support for its international activities by giving priority and effort to diversifying the sources of funds. \$529,500 is to be raised from NCBA-assisted ICDOs, NCBA's own resources and through volunteer participation in the program.

NCBA will work with its member organization, Cooperative Resources International (CRI) as it implements its subgrant to support rebuilding of cattle herds through cooperatives in Nicaragua.

V. FISCAL REPORT

In the grant quarterly report for April 1-May 31, 1997, NCBA/CLUSA reported that \$1,340,968 in expenses had been booked through May 31, 1997 against a total budget of \$1.4 million. There are still some expenses which have not been entered into the NCBA General Ledger so that the statement of final costs is not yet available. Final figures will be reflected in the 269 which NCBA prepares and submits to AID as an end of project Final Financial Report.

Under this grant \$50,000 was used to assist in the development of the Africa-wide organization which will expand the use of the NCBA/CLUSA methodology, POSDEV. NCBA/CLUSA will be using a program-based budgeting and reporting format during the new core grant.

ANNEXES

PROGRAM DESCRIPTION

ANNEX I

I. Goal

To empower the poor and disadvantaged of the world through the development of viable, member-owned and member-managed business enterprises to meet their own economic needs and improve the quality of their lives.

II. Purpose

Enable NCBA to develop projects and to provide program services for cooperatives, and other forms of group businesses, which transfer the skills and technologies needed for cooperatives and other groups to undertake and sustain viable business activities; to strengthen and expand NCBA's capacities to efficiently manage and support cooperative development.

III. Principle Activities

A. Program Outputs

The program outputs are particular program components which are fully or partially financed by the AID support grant:

- Program Development
- Institutionalization
- Program Services
- Post-Project Follow-up
- Research and Evaluation

1. Program Development Outputs

NCBA/CLUSA's program criteria is focused on countries where there are strong indications of potential project funding from USAID Missions and/or other donors. Project development concentrates on Africa, and to a lesser degree, Central and Eastern Europe and the NIS, but does not exclude approaches in Latin America or Asia should appropriate opportunities present themselves.

NCBA/CLUSA utilizes CPSP resources for project exploration and design, but actual project implementation is financed by specific project funds provided by USAID Missions or other donors. CPSP funds are also used to refine and expand NCBA/CLUSA's particular approach and methodology and to investigate how that approach and methodology might be applied in response to other, non-agricultural development issues.

a. Expanding the Application of NCBA/CLUSA's Approach and Methodology

The proven effectiveness of NCBA/CLUSA's development approach, and the continuing widespread need to improve

the income levels of the producing population, make it imperative that this be continued as a key area of NCBA/CLUSA's development activities. NCBA/CLUSA will continue to develop programs that contribute to sound economic growth, and seek to expand its well-tested methodology to a larger number of countries and larger numbers of beneficiaries. The support grant will be used to familiarize a larger number of USAID missions, and other donors, with the achievements of this approach with the objective of being able to implement it on a broader scale.

In certain instances, special sector studies, funded by the CPSP, will be undertaken to identify potential project activities.

During the life of the proposed CPSP, NCBA/CLUSA plans to initiate approximately seven (7) new country-specific long-term projects and will examine the potential for regional (multi-country) programs. In addition, NCBA/CLUSA will implement follow-on phases to four (4) currently-operating activities. Five (5) of the new projects will be in countries where NCBA/CLUSA is not currently operating.

b. New Program Initiatives

New efforts will be developed with CPSP support and, to the extent that they are successful and accepted by individual USAID missions or other donor organizations, implemented with funds from other sources. The first steps in refining and elaborating on these initiatives will be taken during FY 94 and continued throughout the period of the CPSP. It is expected that, among the seven new long-term projects, these special initiatives will lead to at least four (4) new long-term projects during the term of the grant.

These special initiatives include:

- Cooperative and community-based health care.
- Participatory natural resource management.
- Expansion of the NCBA/CLUSA approach to urban areas.
- Expansion of democratic participation through privatization and employee ownership.

2. Institutionalization Outputs

The institutionalization component involves a series of efforts to develop institutions capable of continuing project-implemented activities and of continuing to utilize

and expand NCBA/CLUSA's developmental approach and methodology.

3. Program Services Outputs

NCBA/CLUSA will continue providing technical support, on request, to NGOs, cooperative organizations and, to a limited extent, government agencies.

4. Post-Project Follow-Up Outputs

A key area identified by NCBA/CLUSA staff as requiring special attention, post-project follow-up, includes the monitoring of activities initiated under a project to determine whether they continue to be self-sustaining and the extent to which they have become institutionalized in the form of viable cooperative enterprises. The key factor in the institutionalization of project benefits is whether, and to what extent, the economic activities are continued once project funding is concluded. Support grant funds will be used to strengthen NCBA/CLUSA's capability to provide a higher level of post-project evaluation and monitoring.

5. Research and Evaluation Outputs

With the assistance of the support grant, NCBA/CLUSA will improve its capabilities in the areas of research and project evaluation. A first step will be to enhance the ability of headquarters staff to make effective use of the findings of project evaluations; a second step is to systematize, within the organization, the means of incorporating this information into future project designs. The intent is to enable NCBA/CLUSA to improve its institutional capability to make use of project reports and project evaluations as a means of strengthening both the design and implementation of projects; and to improve its ability to collect data relevant to established benchmarks. As a part of this activity, NCBA/CLUSA will strengthen the data-collection components of field projects, and develop standardized guidelines for project design, implementation and the orientation of new field staff.

B. Summary of Outputs

The categories of outputs are summarized as follows:

(1) Sector and Feasibility Studies	5
(2) New and Extended Projects	11
(3) New Project Countries	5
(4) Assistance to USAIDs and AID (assignments)	3
(5) Assistance to governments and international agencies (assignments)	2

(6)	Assistance to intl. and natl. cooperative organizations (assignments)	4
(7)	Training materials development (activities)	3
(8)	Non-AID project support (number of projects)	1
(9)	Food Aid consultancies	1
(10)	Internal Project Evaluations	6
(11)	Post Project Follow Up (activities)	3

C. PROGRAM MANAGEMENT

All activities under the support grant will be implemented and administered by NCBA/CLUSA's International Division, under the direction of the Vice President for International Development. NCBA/CLUSA's management approach is non-bureaucratic and aimed at efficiently carrying out the organization's overall responsibilities. Long-term staff positions are held to a minimum; and short-term consultants are utilized to fulfill certain project development and evaluation requirements.

In the operation of projects, primary authority is delegated to the field staff. The African Regional Office has primary responsibility for all currently on-going regional programs, as well as for new project development in Africa.

Outside of the International Division, a number of other NCBA/CLUSA staff will be involved in international activities and, to some extent, will assist with technical backstopping.

COOPERATIVE PROGRAM SUPPORT GRANT PROGRESS CHART

LIFE OF GRANT OBJECTIVES 12/1/94 – 5/31/97	STATUS TO DATE, END OF GRANT 12/1/94 – 5/31/97
I. Objective: To develop viable, member owned and managed group businesses in developing countries.	I. Objective: Remains unchanged
II. Goals and Indicators	II. Goals, etc. Accomplishments
A. 11 new and extended projects, including 7 new and 4 extended	A. 15 new and extended projects, 7 New: Zambia, Russia (MOFSA), Benin II, Guinea, Mozambique, Sao Tome (IFAD), El Salvador CRECER project; 8 extended: Mozambique, Egypt SME, El Salvador NTAE, El Salvador PROESA, Indonesia, Nicaragua, Benin I, Sao Tome (USAID), Niger II.
B. 5 new project countries	B. 4 Zambia, Mozambique, Guinea, Nicaragua.
C. 14 long-term projects managed.	C. 25 long-term projects managed.
D. 1 new non-AID-funded project	D. 2: Benin, 1 project, World Bank and Sao Tome, IFAD funding.
E. 5 sector analyses or feasibility studies completed.	E. 2 sector analyses completed (Mali and Kenya).
F. 3 assistance assignment to USAID Missions and AID.	F. 10 completed: Kenya, Burkina Faso, Senegal Nicaragua, REDSO/East Africa, El Salvador, Guinea, Mali, AID/Washington (2)
G. 2 assistance assignments to governments and international agencies.	G. 8 completed: Indonesia, 2 in Niger, Kenya, El Salvador, Benin, Burkina Faso and West Africa Region.
H. 4 assistance assignments to national/international co-op organizations; includes co-op to co-op activities.	H. 5 such assignments: El Salvador, Nicaragua (2), Colombia and Trinidad/Tobago.
I. 3 sets of training materials developed.	I. 3 completed: 1 Community-based, health care video, 2 Microcredit financial management manual and curriculum.
J. 1 food aid consultancy.	J. 2 consultancies, Nicaragua and Indonesia.
K. 6 internal project evaluations.	K. 6 completed: Egypt, Sao Tome (2), Nicaragua (3).
L. 3 post project follow-up activities.	L. 7, South Africa and Rwanda.
M. 1 Africa-wide organization established.	M. 1 organization being established; expects to begin operations in September, 1997.

SUMMARY OF LONG-TERM PROJECTS

NCBA/CLUSA INTERNATIONAL PROGRAMS
PROJECT STATUS PROFILE

	CPSG Yrs --->																			
	1994				1995				1996				1997				1998			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
AFRICA																				
BENIN I			8/94												6/97					
BENIN II										3/96										12/98
BURUNDI				12/94																
BURKINA FASO Health							10/95													
GUINEA								9/95												9/00
MOZAMBIQUE							9/95							9/97						Proposal for 3 year extension
MALI														10/97						Possible extension
NIGER II												12/96								
SAO TOME USAID												10/96								
SAO TOME PANPAF							7/95					12/96								
SOUTH AFRICA					1/95															
ZAMBIA											5/96									5/01
NORTH AFRICA/MID-EAST																				
EGYPT SME II																			6/98	
WEST BANK/GAZA (ACDI)							4/95													
MOROCCO (Chemonics)												9/96								
ASIA																				
INDONESIA IETDP II			IETDP I	12/94																7/99
EASTERN EUROPE AND NIS																				
RUSSIA ESOPS			11/94																	
RUSSIA GROUP BUSINESS							8/95													
RUSSIA MOFSA (Chemonics)											3/96						11/97			
LATIN AMERICA																				
EL SALVADOR NTE II																			6/98	
EL SALVADOR PROESA			5/94											8/97						
EL SALVADOR CRECER (Chemonics)											9/95									9/00
HONDURAS/ACDI																				
NICARAGUA NTAE				9/94											10/97					Extension proposal drafted
WORLD-WIDE																				
Project SUSTAIN													3/97							
Non-Ag IQC				10/94											9/97					
CPSG CORE GRANT				12/94										5/97	6/97					New Core Grant Approved

NEW AND EXTENDED PROJECTS, CPSG, DECEMBER 1, 1994-MAY 31, 1997

New Projects

1. Guinea Strengthening Civil Society Project	\$	3,900,000
2. Zambia Rural Groups Business Development		4,900,000
3. Mozambique Rural Group Enterprises		1,400,000
4. El Salvador Rural Equitable Economic Growth (subcontract)		2,300,000
5. Sao Tome Support to Agricultural Groups (IFAD)		1,060,000
6. Benin II (World Bank funds to Benin Government)		154,000
7. Russia MOFSA		173,000

Project Extensions

1. Indonesia Enterprise and Trade Development Foundation		2,128,000
2. Nicaragua NTAE		600,000
3. Mozambique Rural Group Businesses		800,000
4. El Salvador PROESA		440,000
5. Egypt SME		1,600,000
6. El Salvador NTAE		1,900,000
7. Sao Tome Food Crop Production and Marketing		300,000
8. Niger II		100,000
	GRAND TOTAL	21,755,000

DECLARATION OF COOPERATION

BETWEEN

**THE PAN AFRICAN ORGANIZATION
FOR SUSTAINABLE DEVELOPMENT**

AND

**THE COOPERATIVE LEAGUE
OF THE UNITED STATES OF AMERICA**

Whereas The Pan African Organization for Sustainable Development (POSDEV) and The Cooperative League of the United States of America (CLUSA)

-share a common vision of an Africa that takes responsibility for its own development and the elimination of poverty and other socio-economic ills;

- believe in the promotion of local initiatives and the development of local organizations to address development issues;

- and practice a participative and entrepreneurial approach to development.

and,

Recognizing that POSDEV is in an early stage of its institutional development, CLUSA, at the request of POSDEV, will make every effort to assist in:

- the training and technical assistance to members of POSDEV,

- the promotion of POSDEV, and

- the development of POSDEV as a sustainable institution.

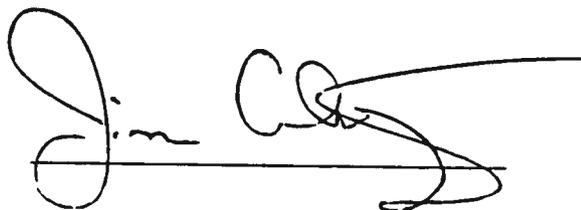
As and when funds become available, the two organizations will enter into formal contracts to implement an assistance program to POSDEV.

The two organizations will work together to design and implement projects and programs for sustainable development throughout Africa.

Accra, Ghana, April 10, 1997



Wilbert Tengey
President
Pan African Organization
for Sustainable Development



Jim Alrutz
Director for Africa
Cooperative League of the USA

LONG –TERM PROJECTS MANAGED, DECEMBER 1, 1994-May 31,1997

1. Benin Natural Resources Management Project (World Bank financing)
2. Benin PGRN, Oueme Superieur Forest/Benin II (World Bank financing)
3. Sao Tome and Principe Food Crop Production and Marketing Project
4. Sao Tome and Principe Support and Promotion of Agricultural Groups (IFAD funds)
5. Burundi Rural Enterprise Development Project
6. Burkina Faso Community-based Health Project
7. Guinea Strengthening Civil Society Project
8. Mozambique Rural Group Enterprise Project
9. Zambia Rural Group Business Development Project
10. Mali Village Association Development Project
11. Morocco Tadla Resources Management Project (Subcontract with Chemonics)
12. South Africa Township Economic Empowerment Program
13. Niger Cooperative Management Assistance and Training
14. Indonesia Enterprise and Trade Development Foundation II
15. Egypt Small and Micro-enterprise Project
16. Russia Market Oriented Farm Support Project (Subcontract with Chemonics)
17. Russia Group Business Development
18. West Bank Cooperatives Development Project (Subcontract with ACDI)
19. El Salvador Non-Traditional Agricultural Exports Project
20. El Salvador Assistance to Economic Development in Ex-Conflictive Areas
21. El Salvador Rural Equitable Economic Growth (Subcontract with Chemonics)
22. Nicaragua Non-Traditional Agricultural Exports Project
23. Honduras Small Farmer Agribusiness Development Project (Subcontract with ACDI)
24. Worldwide Non-Agricultural Cooperatives IQC
25. Cooperative Program Support Grant

