

PROJECT TITLE: LESOTHO CREDIT UNION LEAGUE DEVELOPMENT

PVO NAMES AND
LOCATIONS:

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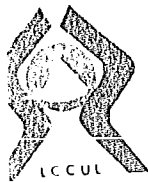
CONTACT PERSONS: MR. BARTHOLOMEW QUAINOO, EXECUTIVE SECRETARY,
ACOSCA
MR. THOMAS R. CARTER, PROGRAM DIRECTOR,
WOCCU/GPO

DATE OF SUBMISSION TO

AID: May 7, 1979 (Revised July 25, 1979)

DATE OF PROJECT START: October 1, 1979

TOTAL OPG REQUEST: USS. \$ 464,021



The Lesotho Co-operative Credit Union League Ltd.

P.O. Box MS 439,
Maseru, Lesotho.
Phone: Maseru 2760

4th June, 1979

The Director,
USAID,
Box Ms 333,
Maseru.

Dear Sir,

Re-Lesotho Credit Union League Development Project

Please receive herein enclosed (2) copies of the OPG proposal of the Lesotho Credit Union League Development for your consideration and approval.

This proposal was prepared as a result of the discussions we had in your office between Messrs Frank Campbell, John Figuera and John Clark - USAID- Maseru; Mr. Gordon Hurd - CUNA Global Project and Mr James Semata - LCCUL. During the discussions it was made clear that the government of Lesotho has a new policy that all projects must have the government approval before they can be founded by any International Agency. It was then agreed that a new OPG proposed be prepared to be submitted to AID Maseru and the Central Planning.

We have also submitted to the Central Planning (2) copies of this proposal for their consideration and recommendation.

We hope that the interest shown by AID in the project still stand and that you will influence its approval by the Central Planning.

With best regards and wishes,

Yours Sincerely,


J.A. Semata
MANAGING DIRECTOR

Encl.
cc. Director - Central Planning

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I. Project Purpose and Description

The purpose of this project is to make savings, credit and related cooperative services available to an increasing number of families in Lesotho.

Today in Lesotho there are 52 credit unions affiliated to the Lesotho Cooperative Credit Union League (LCCUL). Membership is approximately 22,000 with movement savings amounting to Rand 750,000 (\$862,000) and loans outstanding to members of Rand 648,657 (\$745,000). The LCCUL supports its affiliates and their members through field visits by staff, training programs and provision of a Central Liquidity Facility. With assistance from the Africa Cooperative Savings and Credit Association (ACOSCA), LCCUL also offers savings and loan protection insurance to members and has initiated a pilot project in small farmer production credit lending.

Based on a Five-Year Plan developed by the Board and Staff of LCCUL, this project proposes to strengthen the chain of services from the League, to the credit union, to the member. The increase in League staff and strengthening of capabilities will result in an expanded number of credit unions and improved performance by credit union leadership and staff. Improved credit unions will result in increased membership, savings, credit and services. A central element of the program will be expansion of small farmer production credit program to the majority of rural credit unions in Lesotho with a substantial increase in participants and

loans placed.

The project is presented as the first of two phases. The initial three year phase should result in the institutional development at the League and credit union levels necessary to accomplish the significant expansion and growth proposed in the second.

While the project proposes strengthening of the credit union movement, it is based on the thesis that credit unions have demonstrated the ability to positively affect the lives and welfare of Lesotho's people. During the last decade, credit unions have mobilized close to \$900,000 in savings; cumulative loans have amounted to an estimated \$3.2 million. The credit union movement has also served as a training for local and national leaders and professionals. League programs and the experience of managing credit unions and operating the League has both enhanced the skills available to the community as well as provided professional staff to government and private organizations in the country. These accomplishments have been achieved with very limited external resources. Fundamental to this project is the assertion that significant potential has been demonstrated; the provision of resources commensurate with that potential should accelerate its realization.

A. Project Objectives

The project includes three basic objectives reflecting the LCCUL Five-Year Development Plan. By the end of the project:

1. LCCUL technical capabilities will permit provision of essential technical and financial services to affiliated

credit unions and their membership;

2. Conditions for achievement of financial self-sufficiency by LCCUL within eight years will have been created;
3. The membership, savings and productive loans of affiliated credit unions will have been significantly increased.

Realization of these objectives will result in increased income to and capital formation by credit union members. Reflecting the predominately rural-agricultural membership, productivity in this sector will be increased through an expansion of the League's Small Farmer Production Credit (SFPC) program.

The stated objectives will require the following essential activities and resources in order to be achieved.

Objective 1 - Expansion and upgrading of LCCUL staff, with emphasis on intensive training will be undertaken. Budget support for additional personnel, and funding for an expatriate management advisor to define critical functions and to provide training will be required.

Objective 2 - Refinement of functions related to income-generating services, particularly the central finance operation will be performed. The SFPC program will be expanded to 33 credit unions by end-of-project; with corresponding increase in SFPC loan demand. Budget support for LCCUL field staff to expand SFPC, coordination with Ministry of Agriculture extension services, and funding for management advisor to refine central finance operations and SFPC program will be required.

Objective 3 - Membership and savings promotion strategies, to include expansion into urban areas, SFPC program expansion, and upgrading

service capabilities of local credit unions will be developed. Budget support for LCCUL field staff to implement promotion strategies and funding for management advisor to identify alternative approaches will be required.

It is useful to note that those objectives complement the GOL's development priorities which focus upon strengthening the agricultural sector through a coordinated effort to improve supplies, marketing, technical assistance, and credit services. As an already - established institutional system, credit unions offer the GOL an efficient means to reach large numbers of farmers with improved services. As an example, increased efficiency and cost reduction can be attained by the recently established Agricultural Development Bank by channeling funds through the League for the SFPC program. By working through the credit union system, the Government is relieved of some of the basic organization - building activities, allowing it to focus its resources directly on the improvement of available services.

B. Beneficiaries

Credit union membership in Lesotho is both rural and engaged in agricultural and related enterprise. This membership is now 22,000; more than 75 percent are women. With an average annual savings rate of just R3 per member, it is quite probable that average member income falls well below the

national average of \$160 per year. (assuming that members save at least 2 percent of their available income with their credit union). This project will result in an increase to nearly 40,000 members within 5 years and the SFPC program will be expanded from three to fifty credit unions, to include nearly 7,000 participants. Each SFPC borrower will be closely monitored to evaluate the impact of expanded credit and related services on productivity and income. In addition to providing savings services to members, expanded and more intensive League support will enable a significantly greater number of small farmers, traders and artisans to increase their productive capacity and their incomes. Lending for health, education and other provident purposes will increase beneficiary utilization of the social services infrastructure in Lesotho.

C. Project Design and Implementation

The premise of the project is that the scope and quality of services to credit union members depends on the efficient management and integrity of the society. A competently and honestly managed credit union both serves its existing membership and attracts increasing members and savings. Sound credit unions, in turn, depend on LCCUL to provide essential support and services. The project strategy is to systematically strengthen League and credit union capabilities by:

1. adding the new staff, supplies and equipment necessary to intensive technical support and servicing of credit unions;
2. defining the methods and procedures essential to effective and efficient provision of support and services;
3. training League staff to permit ongoing improvement in the quality of technical support and services to credit unions;
4. expanding production credit lending and services to attract the new membership and savings necessary to sustained credit union and LCCUL financial viability.

Implementation of the project strategy depends on:

1. provision of the financial resources necessary to employ and equip an adequate League staff;
2. provision of the technical assistance necessary to assist in development of methods and procedures and in training of League staff;
3. the support and cooperation of organizations and agencies within Lesotho with the capability to supplement League technical capabilities;
4. adequate grant funds for production credit lending to permit loan volume consistent with demand created.

The fundamental elements of the project design are outlined in the LCCUL 5-Year Development Plan. Support to this effort has been committed by several sources including Miseror, the World Council of Credit Unions (WOCCU), the Africa Cooperative Savings and Credit Association (ACOSCA) and the Institute of

Extra-Mural Studies (IEMS). The technical and financial resources obtained supplement income generated by the League through dues, Central Finance earnings, insurance commissions and other revenues. This project proposes those additional resources necessary to fully implement the Five-Year Development Plan, permitting sustained expansion and strengthening of the credit union movement.

The project proposes three-year funding of

	1979/80	1980/81	1981/82	Total
Technical Assistance	\$ 84,567	\$ 76,470	\$ 95,208	\$256,245
LCCUL Budget Support	71,840	72,468	63,468	207,776
Total	156,407	148,938	158,676	464,021

D. End-of-Project Conditions

The project will result in both qualitative and quantitative changes. Qualitative changes will include improved performance of essential League and credit union functions and processes. These will be measured using statements of minimal acceptable performance both during the initial six months and in the course of project assessment. It is anticipated that by the end-of-project LCCUL will perform all critical functions adequately or better. Credit unions will also demonstrate adequate or better performance of essential functions. These measures will permit objective assessment of the technical, managerial and financial development that has occurred.

The following quantitative measures will also be employed.

They are presented over the full eight-year period including both phase one (three years) and phase two (five years):

Indicator	Project Start	Year 3	Year 5	Year 8
Number of Credit Unions	52	68	80	90
Number of Members	22,000	31,470	39,320	49,740
Number of SFPC Members	100	2,653	6,998	12,445
Total Savings (Rands)	750,000	1,213,850	1,728,720	3,304,817
Total Loans (Rands)	540,000	1,072,347	1,815,536	3,117,456
LCCUL Revenues (Rands)	24,401	39,399	88,247	148,772
% Self-Sufficiency	46.7	40.0	74.6	98.2

II. Project Background

A. Credit Unions in Lesotho

In 1961 Lesotho's first credit unions were established by promoters from the St. Pius X College (now National University of Lesotho) Extension Department. . By 1968 rapid expansion of credit unions led to the formation of the Lesotho Cooperative Credit Union League by leaders within the movement in association with the University Extension Department and the Department of Cooperatives. The League was formed to provide support and services to affiliates as well as to promote and expand the movement in other areas of the country.

During the ten years since its formation, the League has

stimulated some significant accomplishments:

- credit unions have increased from 30 to 52;
- membership has increased from 10,800 to 22,000;
- savings have grown from R 190,000 to R 750,000 (R 17.50 to R 35.00 per member);
- loans outstanding have grown from R 168,000 to R 648,000; cumulative loans are estimated to be R 2.8 million;
- LCCUL played a significant role in initiating and supporting the Lesotho Credit Union Scheme for Agriculture (LECUSA) which brought tractor mechanization to communities;
- LCCUL pioneered in the introduction of Small Farmer Production Credit through credit unions, an ACOSCA program supported by the U.S. Agency for International Development;
- The League has supported introduction and expansion of a mohair spinning project through credit unions which has increased rural income;
- Staff trained by the League have moved into professional positions with government and a variety of organizations such as CARE, cooperative housing services and the like;
- League sponsored educational programs have trained hundreds of community credit union board and committee members in bookkeeping, loan analysis, agriculture and animal husbandry, adult education techniques.

Along with its many accomplishments, LCCUL has also faced problems and set-backs. While movement savings and loans have grown, economic conditions have retarded that growth to some extent. Credit unions presently serve 52 communities, but there are many more areas where cooperative financial services are needed. The rapid expansion of the LECUSA program overburdened the available personnel both at the credit union and League level, mitigating the success it might have

achieved. The successes of the SFPC program in educating farmers, stimulating loan demand and savings, and improving production were lessened by the withdrawal of the CUNA Technician in August of 1976. A U.S. Agency for International Development Evaluation conducted in February, 1977 highlighted problems with the program and established three conditions precedent for its continuation. These included:

- Development of an agricultural production program suitable for credit union financing including cost/returns analysis and strategies to deal with input supply and marketing problems;
- Preparation of a League staffing and organization plan;
- Preparation of a League plan for achievement of financial self-sufficiency.

The League was able to meet each of these conditions in the subsequent year. The Institute for Extra-Mural Studies assisted LCCUL to develop the methodology to assess the costs/returns impact of the SFPC program. A consultant provided by the Global Projects Office assisted the League to prepare a 5-Year Development Plan which detailed the required staffing plan and proposed a strategy to attain financial self-sufficiency. The objectives and strategies outlined in the 5-Year Plan serve as the basis for this proposal. As a result of this effort, it was recognized that achievement of the plan objectives implied the need for the additional assistance outlined in this proposal. In this context, it is noted that the major problems faced by LCCUL can be in large part attributed to the very limited resources available. Given this constraint, the League's accomplishments appear far more significant than its problems.

B. PVO Experience

1. ACOSCA

Formed in 1968 by the leaders of seven national credit union movements, ACOSCA presently represents 22 national affiliates, moves savings in excess of \$100 million, and a total membership of more than 1.25 million. ACOSCA serves its affiliates from headquarters in Nairobi, Kenya and through Regional Offices and Training Centres in Maseru, Lesotho; Bamenda, Cameroon; Bukuru, Zaire, Bobo Dioulasso, Upper Volta; Lome, Togo; and Nairobi. ACOSCA Headquarters personnel, in addition to the Executive Secretary and administrative staff, includes specialists in central financial systems, education/training, risk management/insurance, and credit union promotion, organization and development. ACOSCA has played the lead role in developing the African credit union movement and has a demonstrated capability in project development, management and evaluation. ACOSCA was instrumental in initiating the small farmer production credit programs in Lesotho and Cameroon. ACOSCA staff have also contributed to feasibility studies, project development and management in Ghana, Liberia, Zambia, Swaziland, Botswana and Togo.

2. WOCCU/Global Projects

The Global Projects Office of the World Council of Credit Unions is the major technical resource for international credit union development. Supported by the Credit Union National Association (CUNA) and by USAID grants through CUNA, the Global Projects Office responds to technical assistance, training and project development requests initiated by confederations affiliated to WOCCU.

CUNA participation in international development began in 1954 with a program designed to introduce the credit union concept to emerging nations. In 1962, the first of several agreements with USAID was signed, supplementing funds available from the U.S. credit union movement. A decade of technical assistance has supported formation of regional confederations in Latin America (COLAC), Africa (ACOSCA), the Caribbean (CCCU) and Asia (ACCU). Specific involvement in Africa dates to 1964 when a grant from the Michigan Credit Union League Foundation funded technicians who helped organize the credit union movement in Kenya, Tanzania and Uganda. Since 1974, Global Projects technical personnel helped coordinate small farmer production credit programs in Cameroon and Lesotho. Through its Washington staff and access to the technical resources of the worldwide credit union movement, Global Projects is in position to provide specialized assistance to the proposed project.

III. Project Analysis

A. Credit Unions

1. Membership

Credit union membership in Lesotho is 98 percent rural. Most members are farmers, artisans, small traders and rural teachers. Although Lesotho's per capita income places it among the world's poorest nations, the relatively even income distribution (the lowest 20 percent of rural Basotho receives 16 percent of a total income; the highest 20 percent receives 26 percent) ensures a relatively broad base of potential credit union membership.

An estimated 50 percent of Lesotho's male workforce presently is employed in South Africa. Their earnings are estimated at twice the Lesotho GDP; however, only 35 percent of these funds are remitted to Lesotho, and only 25 percent is reflected in savings and consumption expenditure within the country.

Lesotho's unique demographic and economic situation relates to credit union development in the following ways:

- 75 to 80 percent of credit union membership are women who borrow for agriculture, children's education and crafts production;
- the relatively low rate of adoption of improved agricultural technology limits agricultural loan demand to meeting maintenance requirements;
- the high risk and low return on agriculture and limited alternative rural vocations is a contributing factor in the migration of the male workforce to South Africa;
- limited income in the rural areas results in a modest increase in credit union savings on an annual basis;
- capture of an increasing share of elusive remittances from South Africa would substantially increase savings and investable resources within the movement.

Conditions in Southern Africa place Lesotho in a precarious situation. Sudden forced repatriation of Basotho labor would place severe strains on the socio-economic infrastructure.

The Government of Lesotho has given priority to development of commercial agriculture and creation of employment opportunities that both encourage and permit the return of its skilled workforce. Credit unions have a demonstrated potential to stimulate improvements in agricultural practices through credit and coordination of services. Expansion of the pilot SFPC pro-

gram should usefully complement Government development activities. Similarly, strengthening credit union management and expansion of services should act as a stimulus to savings mobilization, expanding the domestic capital available for investment in employment creation. The credit union movement has the potential to play a useful role in Lesotho's economic transformation.

2. Credit Union Technical Capabilities

LCCUL has carried out a long-term educational program for credit union leadership and officials. It has also encouraged employment of part-time staff. This combination has resulted in a relatively high quality in credit union bookkeeping and accounting and effective membership education programs. There remain areas of operation that require improvement if credit unions are to realize their potential in Lesotho:

- loan delinquency is high in a significant number of credit unions. This reflects both local economic conditions and the need for improvement in loan analysis, monitoring and collection;
- growth in movement and average member savings can be accelerated. This will require strengthening of member confidence, expanding needed services such as production credit, broadening the membership base, and establishment of office facilities for transaction of business;
- problems have been identified in risk management, maintenance of records, management of surplus savings investment, membership participation in credit union meetings and affairs.

One critical factor related to these problems has been the inability of a very limited League Field Staff to maintain the frequency and intensity of contact with credit union leaders and officials required to identify and systematically correct problems. As indicated, a major element of the project strategy is to pro-

vide LCCUL with the resources required to employ and train a staff adequate to the needs of its affiliates.

B. LCCUL Analysis

1. Technical Capabilities

The League has demonstrated technical capabilities in a number of its important functional responsibilities.

These include:

- credit union promotion and organization: more than 50 credit unions have been organized and registered in a country where the population is dispersed throughout areas where access is difficult;
- training and education: the League has reached hundreds of board members, officials and members of credit unions with effective programs in credit union philosophy, bookkeeping, production credit and adult education methods;
- supply services: credit unions are kept supplied with books and ledgers, membership cards, stationery, and other materials essential to their operation;
- insurance program: the League pioneered the introduction of share and loan insurance for credit unions in Africa and now virtually covers all member savings and loans.

Balancing the League's demonstrated capabilities are areas where improvement is required. Two principal factors account for deficient capabilities. First, LCCUL is seriously understaffed. Presently six professionals work at League Headquarters including the General Manager, Director of Administration and Planning (SFPC Officer), Director of Field Services, Director of Central Finance, an Insurance Officer and an Assistant Accountant. There are only three Field Officers to serve more than 50 credit unions, a ratio that would be inadequate in a geographical setting

far more favorable than Lesotho. The strengthening of credit unions requires frequent visits both to identify and correct problems and to carry out a systematic program of skill development. Until such time as the League has an adequate field staff, it cannot provide adequate technical support to its affiliates.

The addition of staff, alone, will not suffice to eliminate League performance problems. That staff must be equipped with the technical skills required to effectively and efficiently support and service League affiliates. Central to this project is both provision of financial resources to permit adequate staffing and the technical resources to strengthen the skills of that staff.

2. Agricultural Production Credit

Agricultural production lending to small farms first began on an experimental basis in three pilot credit unions in late 1974. SFPC loans have been issued for crop production, animal husbandry and cottage industry purposes. The experience gained from the SFPC program led to refinement of the various lending strategies, establishment of credit policy and capitalization policy guidelines, and the development of new farmer training and technical assistance programs to assist SFPC borrowers. The expanded loan demand also led to increased credit union income and, as a result of the forced capitalization requirement, significant increases in farmer savings. (Analysis of SFPC impact is described in detail in CUNA's 1977 Evaluation Report.)

Implementation of the pilot scheme, however, was not without problems. Both the AID and CUNA 1977 project evaluations pointed

up certain deficiencies in the project, primarily in the area of delinquency control, input supply and marketing, and the development of more reliable costs/returns data on SFPC loans.

The new project design places special emphasis on resolving these deficiencies. Based largely on experience gained in earlier years, the League's financial role in SFPC lending will be enhanced with the League providing SFPC loans directly to credit unions for on-lending to small farmers. Likewise, the League's role in supervising and coordinating farmer support services such as agricultural technical assistance, input supply and marketing will also be strengthened. Essential in this regard will be the establishment of an "SFPC coordinator" at the League level who will assist the League in better utilizing existing government support services provided by the Ministry of Agriculture (technical assistance), Coop Lesotho and BASP (input supply) and the Produce Marketing Corporation (marketing) in support of the project.

The expansion of the production credit program will be on a phased basis with ten new SFPC credit unions brought in during each of the project's three years. The intent of this phased approach is to ensure that it does not outpace the League's capacity to administer the program. SFPC lending targets estimate that 365 small farmers will be served in the first year of the project expanding to 2,653 at the end of the project. SFPC loan volume is expected to increase from R 27,225 in year 1 to about R188,375 in year 3.

3. Financial Status

LCCUL has operated at a deficit for several years. Even with a limited staff, operating expenses exceed League-generated revenues. In 1978 total expenses were estimated at R 52,332, while revenues were R 24,401. Donor support has met the deficit of more than R 27,000.

The financial situation of LCCUL entails a vicious circle. League revenues are linked to movement savings; progress toward self-sufficiency depends on the rate of growth of savings. This rate, in turn, is linked to the League's ability to promote and strengthen credit unions. The limited revenues produced by a slow growth in savings effectively eliminates that ability in the absence of sustained and substantial external assistance.

The project strategy which entails providing the resources required to improve the quantity and quality of League staff, represents an attempt to end the vicious circle by stimulating a vigorous acceleration in the growth of movement savings. This is supported by the SFPC program which will substantially increase both credit union and LCCUL lending, resulting in acceleration of movement revenues.

C. Strategy for Development

1. Project Objectives

As elsewhere, the credit union movement in Lesotho is a total system in which both problems and successes affect each of its elements: the member, the credit union and the League. Therefore this project, and the LCCUL Five-Year Development Plan on

which it is based, includes three objectives that treat the system as a whole.

Objective 1: By the end-of-project LCCUL technical capabilities will permit provision of essential technical and financial services to affiliated credit unions and their membership.

The project strategy related to this objective involves: 1) provision of the resources required to employ and retain sufficient LCCUL staff to strengthen an expanding credit union movement; 2) application of those technical resources necessary to define essential functions and procedures as well as to ensure League staff capability to perform these adequately or better. By the end-of-project the League will be fully staffed with personnel able to provide auditing, central finance, supplies, technical assistance, training, insurance, promotion, organization and small farmer production credit services to affiliates.

Objective 2: By the end-of-project conditions for achievement of financial self-sufficiency by LCCUL within eight years will have been created.

The project strategy involves: 1) strengthening LCCUL financial planning and management capability to ensure efficient utilization of available resources; 2) significant acceleration of movement savings and loan volume through expansion and strengthening of the movement and provision of small farmer production credit support to an expanded number of credit unions (see Objective 3) and 3) if both performance and demonstrable need so justify, provision of a \$500,000 capital grant during phase two of the project. These funds will be loaned to affiliated credit unions to meet increased demand created by an expanded SFPC

program. Interest earnings on these loans will represent an important revenue source and will greatly accelerate progress toward financial self-sufficiency.

(Note: the capital grant component would be examined prior to initiation of phase two (year 4) of the project. It should be considered only if: 1) LCCUL has demonstrated significant success in meeting project objectives; 2) loan demand projections indicate a real need for external capital funds. The latter could be partially relieved by a growth in movement savings that substantially exceeds current projections. It should be mentioned that an increase in LCCUL interest rates to credit unions to between 18 and 24 percent would produce an equivalent revenue. However in the absence of a country-wide increase of commensurate magnitude, such a change would substantially reduce credit union loan demand.)

Projecting current trends, LCCUL would require more than twenty years to achieve financial self-sufficiency. The project strategy, in sum, will modify those trends to permit growth rates that should result in financial break-even within eight years. An important evaluative measure will be League success in achieving this acceleration in growth of both savings and loan volume. By the end-of-project these should be consistent with financial self-sufficiency within eight years of project initiation.

Objective 3: The membership, savings and productive loans of LCCUL-affiliated credit unions will have been significantly increased.

The project strategy involves: 1) intensive promotional and educational efforts in areas with potential for substantial increase in membership of existing credit unions and for establishment of potential new credit unions; 2) intensification of the frequency and quality of technical support to existing credit unions, resulting in improved performance, strengthening of member confidence, and impetus to growth; 3) expansion of production credit programs responsive to member needs, producing increased loan volume, member income and derivative savings.

The tables below display the growth projections developed by LCCUL staff:

<u>Credit Unions</u>			
<u>Year</u>	<u>Rural</u>	<u>Urban</u>	<u>Total</u>
SOP	51	1	52
1	54	3	57
3	57	5	62
3	61	7	68
4	65	9	74
5	69	11	80

<u>Credit Union Membership</u>					
<u>Year</u>	<u>Existing</u>	<u>R u r a l</u>		<u>U r b a n</u>	<u>T o t a l</u>
		<u>New</u>	<u>Total</u>		
SOP	21,650	-	21,650	350	22,000
1	23,390	150	23,540	750	24,290
2	25,940	450	26,390	1,150	27,540
3	29,000	920	29,920	1,550	31,470
4	32,570	1,560	34,130	1,950	36,080
5	34,610	2,360	36,970	2,350	39,320
6					42,457*
7					46,097*
8					49,737*

*projection of trend established

SFPC Participants

<u>Year</u>	<u>Pilot Credit Unions*</u>	<u>New Credit Unions**</u>	<u>Total</u>
1	155	208	365
2	405	813	1,218
3	684	1,969	2,653
4	907	3,719	4,626
5	1,125	5,873	6,998
6	1,253	8,040	9,293
7	1,282	9,800	11,082
8	1,311	11,134	12,445

*Additional participants in 3 pilot project credit unions

**Participant-members of credit unions entering SFPC program (@ 10 new credit unions per year)

Credit Union Savings

<u>Year</u>	<u>R u r a l</u>			<u>U r b a n</u>	
	<u>Existing CUs</u>	<u>New CUs</u>	<u>Total</u>		<u>Total</u>
SOP	R 731,030	-	731,030	18,970	750,000
1	822,830	1,500	824,330	38,770	863,100
2	938,330	5,250	943,580	72,970	1,016,550
3	1,080,080	12,200	1,092,280	121,570	1,213,850
4	1,250,630	23,200	1,273,830	184,570	1,458,400
5	1,428,050	38,700	1,466,750	261,970	1,728,720
6					2,155,150*
7					2,569,216*
8					3,304,817*

*projection of trend established

Credit Union Loans Outstanding

<u>Year</u>	<u>Regular Loans</u>	<u>SFPC Loans</u>	<u>Total</u>
1	R 621,432	27,225	648,657
2	731,916	91,350	823,266
3	873,972	198,375	1,072,347
4	1,050,048	346,950	1,396,998
5	1,290,686	524,850	1,815,536
6	1,551,708*	696,975*	2,248,683*
7	1,849,836*	831,150*	2,680,986*
8	2,185,068*	932,388*	3,117,456*

*projection of trend established

The growth targetted represents the best judgement of League staff as to what is realistic. Although conservative the targets represent significant growth. By the end of the fifth year:

- 28 new societies will be formed, a 53 percent increase. The economic base will be broadened by a tenfold increase in urban credit unions with their wage-earning membership;
- total membership will be increased by more than 79 percent, including a 571 percent increase in urban members.
- movement savings will increase by 130 percent with the urban member share increasing from 2.5 to 15 percent.
- Nearly 7000 members will be brought into the SFPC program; SFPC lending will increase by almost R 500,000 and from 4 to 29 percent of the movement loan portfolio.
- Movement loan volume will increase by R 1,167,000 a growth of 180 percent; loan/savings ratios will increase from .75 to 1.05.

The nature of the growth, rather than the magnitude, is of the most importance. First, the LCCUL strategy involves intensive promotion in the urban areas. Here the wage-earning member has the ability to save regularly and in significant amounts. This effort will provide a stimulus to movement savings. The urban credit union member also tends to save more than borrow. Thus an increasing surplus saving becomes available for relending in the rural areas, reversing the normal flow of capital.

Second, the expansion of the SFPC program will substantially increase the availability of production credit. Experience in the three pilot project credit unions suggests that introduction of the program stimulates loan demand: Aggregate loan

volume increased by twenty-four percent between 1975 and 1976. Experience indicates that production credit loans, particularly those for spinning and livestock, have proved profitable and result in increased income to the members participating.

Third, there is an emphasis on stimulating movement savings. Lesotho's credit unions already have an admirable record of mobilizing substantial capital from persons once believed too poor to save. In many parts of the country, the credit union represents the only modern institution that offers a place to save and is most likely the only form of organization that can provide this service economically.

2. Estimated Impact

a. Credit Union Membership

The impact of this project on credit union membership includes:

- 1) expansion of the opportunity to save to as many as 10,000 new members in 10 rural communities and Maseru during three years;
- 2) increased access to production credit for almost 30,000 rural members of credit unions with an estimated R 198,000 available to almost 2,700 members by the end of the third year;
- 3) improved access to inputs, extension and marketing services for members of 25 to 30 credit unions by the end of the third year;
- 4) participation in LCCUL training programs in bookkeeping, financial management, adult education methods, and agricultural technology for several hundred credit union members by the end of year three.

b. Appropriate Technology

Appropriate technology usually focusses attention on production technology. In this respect the project will promote Government approved agricultural and animal husbandry technology as well as continue support for the CARE-sponsored mohair spinning project.

The concept of appropriate technology can also be applied to institutions. Credit unions with their largely voluntary staff, simple procedures, reliance on the community and cooperation, qualify as an appropriate institutional form.

The rapid growth of credit unions, in Lesotho and in 21 other African nations, is testimony to the appropriateness of the institution. Today in Africa there are almost 10,000 credit unions, more than 1.25 million members, and movement savings in excess of \$100 million. This growth would not have occurred had not the institution and its technology been appropriate.

c. Women in Development

More than 75 percent of credit union members in Lesotho are women. Women are also predominant on the Boards and committees responsible for credit union policies and operations and are a significant majority among credit union bookkeepers and accountants. The mohair spinning project, which provides credit for purchase of equipment and supplies, is almost 100

percent women. Similarly, more than 50 percent of the SFPC borrowers have been women. The LCCUL has consistently included women Accounts and Field Officers. In summary, the majority of beneficiaries of credit union activities as well as those responsible for direction and operation of the movement are women.

d. Poorest Majority

Fundamental to credit union membership is the ability to save, however limited. That segment of the population with no income available for savings does not belong to credit unions. By the same token, the credit union does not serve the wealthy who have easy access to commercial banks for both savings and loans. At present the composition of credit union membership in Lesotho is predominately rural and poor.

One of the principal benefits of the project is the expansion of the SFPC program to greater numbers of poor farmers. Without access to other credit channels, the rural poor must rely on their credit unions to provide the necessary financial resources. To assess the impact of the SFPC program on member productivity and income, information will be compiled via the loan application forms, supplemented by direct interviews and observations, for a sampling of SFPC participants.

One component of the LCCUL Five-Year Development Plan is the expansion of the credit union promotion to lower-middle and middle-income wage-earners. This group has the capacity to save in greater increments than the rural membership and thus expands the capital base of the movement. There is ample evidence from other African countries that the surplus savings created will move through the League's Central Finance Facility to meet the credit needs of rural credit union members. This should increase the movement's impact on its poorest majority.

e. Increased Employment

The direct employment impact of the project is limited. Positions for additional LCCUL staff and the employment of part- and full-time staff by credit unions will marginally affect employment.

Indirectly, the SFPC program through provision of credit will permit some movement from subsistence to surplus agriculture. This should modestly affect underemployment in the rural areas. Second, the training provided by the League equips participants for types of employment within the private and public sector. Third, increased capital formation is a necessary condition for development; it is essential to increased employment. Credit union savings mobilization has an indirect effect in this area.

f. Institutional Impact

Fundamental to credit union development is the assumption that sustained and expanded impact on individuals is contingent on a technically sound and financially viable institution. The objectives of this project are wholly directed to strengthening LCCUL technical and financial capabilities so as, in turn, to strengthen the credit unions. The purpose of the project is to expand and improve an institutional system that can provide cooperative savings, credit and related services to a growing membership.

3. Project Compatibility with Government of Lesotho Development Priorities

The Government of Lesotho's principal development objective is strengthening of the agricultural sector. The Government's Five-Year Plan emphasizes the need for an effective agricultural credit system. As of 1975, 85 institutions were involved in providing some form of agricultural credit; of these, 48 were credit unions. At that time, membership and assets of credit unions represented 63 and 69 percent respectively of the total cooperative sector. The Five-Year Plan specifically notes the success of the League pilot production credit program. The Government's policy clearly indicates that cooperatives will remain a principal vehicle for credit delivery. The Plan targets R 187,500 in funding and technical support to the credit union movement over the five year period.

A major emphasis of the Government's agricultural development efforts is the Basic Agricultural Services Program (BASP). This project will encompass the entire lowland and foothills

area of Lesotho where the majority of credit unions are located. The BASP project focusses on provision of inputs, marketing, technical assistance and credit. The latter is to be provided by the recently-established Agricultural Development Bank which is seen as the national apex organization for agricultural credit. Plans call for the ADB to initially be capitalized at R 500,000. The Plan states: "(ADB) will service the residual credit needs...that are not met by existing institutions... Every effort will be made to strengthen lending through credit unions, cooperatives, and perhaps farmers associations."

The close working relationship between the League and the Government is expected to be intensified via the proposed project. An example of this relationship is shown by the assistance recently provided by the League to define and clarify lending policies and procedures, based on its own experience, for the Agricultural Development Bank. Since the BASP program and the League's SFPC program pursue similar objectives the League will strive to coordinate its efforts with the GOL's to optimize resource utilization. It is quite likely that as the SFPC program expands, the Agricultural Development Bank will be interested in channeling credit through the credit union system. By so doing, the League will have access to additional credit resources, while the ADB will be able to lower its lending costs.

It is clear that the Government of Lesotho strongly supports cooperative development in general, and LCCUL programs specifically. The League's efforts in savings mobilization, lending, human resource development and adult education are a modest but useful complement to the Government's own efforts to develop the rural sector.

4. Analysis of Resource Utilization

Estimation of resource utilization for this project involves substantial complexity and requires measurement of benefit in areas where there is little uniformity or agreement on methodology. The complexity is inherent in the operation of project benefits at the member, credit union and League levels and in the sequence of institutional development relationships. Questions of methodology arise in assessing attributable movement growth both directly and in relation to their contribution to national development.

To deal constructively with problems of measurement, emphasis is given to the growth of the credit union movement membership, savings and loans, and to the intermediate impact on credit unions and LCCUL. To simplify the estimation of beneficiary ratios, funding is not allocated on a percentage basis to specific objectives; rather each element of benefit is related to total funding.

Movement Growth

Strengthening LCCUL capability is of value only to the extent that it results in a demonstrable increase in members served

by credit unions; in accelerated mobilization of savings; and in expanded lending to members. The ultimate financial viability of the movement at each level depends in turn on growth in these areas.

Savings

In assessing project impact on movement growth, two approaches can be used: 1) gross increase in growth divided by project costs; 2) attributable increase in growth divided by project costs. While both methods are used, the latter provides a more accurate assessment of project impact. The basic assumption is that credit union movement savings and membership growth trends, once established, can be reliably projected using linear regression. There is a high degree of probability that, in the absence of additional resources, member and savings growth will correspond closely to projections based on established trends. The table below compares movement savings growth at the third and eighth year at current trends with the growth targetted by LCCUL staff:

Total Movement Savings Projections at Current & Targetted Rates
(in Rands)

Year	Current Trend	Target	Difference
3	R 1,037,720	1,213,850	+ 176,130
8	1,492,612	3,304,817	1,812,205

This project proposes total three-year expenditure of R 525,571 (\$604,105) of which the USAID contribution would be R 403,698 (\$464,021). The total cost to AID of both phases over the eight-year life-of-project is estimated at \$1.36 million, including a \$500,000 capital grant to support expansion of production credit lending. Since the incremental difference in savings results primarily from the proposed AID inputs, a benefit/cost comparison indicates that by the end of year 3, R43 in additional savings will have been mobilized by each R100 in AID inputs. By year 8, R100 in AID inputs will have resulted in R153 in additional savings.

Application of basic macroeconomic theory substantially magnifies this impact. If it is assumed that marginal propensity to save in Lesotho is 0.2, a multiplier effect on income results equal to 5 (the reciprocal of MPS). Assuming the adequacy of the theory, the impact of increased savings on national income in year 3 would be R880,650; thus R100 of AID investment would produce R218 in national income. The impact of increased savings on national income by year 8 would reach R9,062,025, or R764 in increased national income for each R100 invested.

Two considerations relate to these estimates. First, credit unions in Lesotho compete marginally with other financial institutions. Savings in credit unions are unlikely to be captured by commercial banks, savings banks and other repositories. Second, the targets of accelerated growth in movement savings are conservative and are likely to be exceeded.

Loans

A second measure of impact is in loan volume. In examining impact attributable to the project, the following table compares cumulative lending at current trends with that targetted by the project:

CUMULATIVE INCREMENTAL LENDING AS A RESULT OF
PROJECT IMPACT

Year	Total Movement Loan Volume (Cumulative)			Total SFPC Loan Volume (Cumulative)		
	Current Trend	Targetted	Difference	Current Trend	Targetted	Difference
3	R 2,007,735	R 2,544,270	R 536,535	R 93,300	R 316,950	R 223,650
8	6,745,615	13,803,929	7,058,314	534,147	3,649,263	3,115,116

Over the initial three years, R 100 in AID investment will result in R133 in cumulative movement lending and R55 in SFPC lending. Over the full eight-year period, R100 in AID funding will return R595 in increased cumulative lending; the same amount will result in R262 in additional cumulative lending for small farmer production credit.

Movement Self-Sufficiency

Credit union and LCCUL financial self-sufficiency are directly linked to movement savings and loans. In the case of credit unions, revenues on loans less the cost of capital (dividend rate) and statutory reserve, represent the major source of earnings. If it is assumed that the project will produce an

increase in cumulative loan volume of R7 million and that the margin on lending averages 4 percent, funds available to meet operating costs will increase by R280,000, an average of R3,500 per credit union. LCCUL income is largely attributable to the margin on lending, dues based on loan volume, and insurance commissions based on both shares and loans. A subsequent section of this proposal details the impact on LCCUL financial self-sufficiency as a result of this project. In sum, it should permit bread-even within eight years as opposed to more than twenty.

The impact estimates provided should demonstrate that the project will produce benefits substantially greater than donor costs. As such the project represents a defensible use of available resources, comparing favorably with similar alternatives.

5. Project Institutionalization

The project purpose and objectives are directed at consolidating the technical and financial self-sufficiency of credit unions and ensuring the technical and financial self-reliance of LCCUL.

a. Technical Self-sufficiency. The objectives and design of this project include: 1) ensuring a technically self-sufficient national association with the ability to: 2) develop and maintain technically viable credit unions.

The approach involves: 1) establishing measurable outcomes for performance of essential national association and credit

union processes and procedures; 2) analysis of current performance and identification of factors inhibiting adequate performance; 3) establishment of an institutional development plan to systematically define procedures and develop skills; 4) periodic monitoring and correction of institutional development activities. Project personnel will focus their efforts on the procedures and skills necessary for LCCUL to both manage its operations and carry out the institutional development of affiliates.

b. Financial Self-Sufficiency. This is defined as meeting all real costs from internally-generated income. In assessing potential for self-sufficiency, the distinction must be drawn between the credit union and a national association. In the case of the former, costs are generally modest and potential revenues relatively high. The situation is reversed for the national association: costs are high and revenues, which are a direct or indirect derivative of credit union income, are initially low. National associations are victims of an unfortunate paradox. In the absence of a national association, growth of the credit union movement proceeds at an uncertain pace and is unlikely to reach a level that will sustain a national service organization; to promote the growth required to sustain a national association, that association is essential. However, during the interim until growth reaches the required levels, financial self-sufficiency remains a long-term goal rather than a present reality.

Financial break-even at the local level is largely dependent on savings mobilized. Savings levels determine loan volume which, in turn, determines interest revenues. These are the major source of income from which most expenses are met.

During the initial years, most credit unions have insufficient income to meet the expenses of part - or full-time employees.

In Lesotho, a substantial proportion of credit unions are small: twenty-five have savings less than R10,000; fourteen have savings between R10,000 and R20,000. While these credit unions could employ part-time staff, they could do so only by foregoing or significantly reducing dividends. Full break-even, which entails payment of a competitive dividend and meeting the operating costs necessary to provide adequate service, is attainable only with significant increase in savings.

Most credit unions in Lesotho presently show an operating margin: revenues exceed variable and fixed costs before calculation of reserves and dividends. This margin is generally between 1 and 4 percent of total savings, leaving little available for reserves and dividends.

Expansion of the SFPC program should provide a stimulus to the savings growth of participating credit unions. During 1975/1976, member savings in the three pilot project credit unions increased by twenty-three percent; this compares more

than favorably with the national average of 7,3 percent. This can be attributed to the following factors: 1) each SFPC borrower was required to augment his savings by 10 percent. In most instances the actual increase was approximately 30 percent; 2) the presence of a full-time manager not only facilitated the deposit of savings by all members, but also enhanced other services which, in turn, strengthened member confidence; 3) the stimulation of member interest caused by the SFPC program activity also led to high levels of saving; 4) the initial income gains experienced by SFPC participants found their way into increased savings. There is reason to believe that these factors will lead to accelerated savings mobilization in other credit unions that participate in the SFPC program.

LCCUL self-sufficiency represents a more substantial problem. Income from dues, insurance commissions, supplies, and loans to affiliated credit unions do not match the costs incurred by even a skeletal organization providing minimal services. The possibility of increasing revenues significantly lies mainly with the volume of the central finance program which, in turn, can be increased significantly by the SFPC program.

It is estimated that the additional loan demand generated by the SFPC program will exhaust surplus liquidity at the credit union and League levels by the end of the third year of the project. To meet projected demand during years four through eight, external loan capital will be required. Grant or concessional loan funds would provide a League lending

margin of up to 10 percent. By year 8, assuming the receipt and relending of such funds, LCCUL would reach breakeven. At that point, movement generated savings will have reached a level sufficient to meet total SFPC loan demand, eliminating the need for additional external funding.

IV. Project Design and Implementation

A. The project design includes two phases. An initial three years, supported by this Operational Program Grant, will create the foundation for the second, five year, phase. During the first phase, League staff will be employed and trained; SFPC credit unions will be identified and oriented to the program; savings and membership promotion campaigns will be initiated; and operational policies and procedures will be refined and defined for both the League and credit unions.

It is proposed that a comprehensive evaluation be conducted during the third year of the project. Participants would include the Government of Lesotho, ACOSCA, USAID, LCCUL and the World Council of Credit Unions. If the objectives of the first phase have been substantially achieved, initiation of the second phase could be funded under bi-lateral assistance programs and would include capital funds for SFPC lending in addition to technical assistance and LCCUL budget support.

LCCUL's analysis indicates that with the completion of efforts to strengthen and consolidate the movement during the first phase,

dramatic increases in membership, savings, loans, SFPC participation and services will occur during the second. Although divided into two phases, the project should be seen as a single development effort with the validity of the whole contingent on success in meeting the objectives of the first part.

1. First Phase: Three objectives form the focus of the first phase:

- By the end-of-project, LCCUL technical capabilities will permit provision of essential technical and financial services to affiliated credit unions and their membership;
- Conditions for achievement of financial self-sufficiency will exist;
- Membership, savings and productive loans of affiliated credit unions will have been significantly increased.

Critical design elements for each objective are summarized as follows:

a. Technical Capabilities

Required Inputs:

- Budget support for salaries, benefits and related administrative and operating costs for additional LCCUL staff;
- Sufficient qualified and motivated personnel to fill additional positions;
- Technical support to define critical LCCUL and credit union processes and procedures as well as to ensure adequate training of LCCUL staff in their operation.

Anticipated Outputs:

- Staffing of all positions specified in LCCUL Five-Year Development Plan with qualified and motivated personnel;
- Detailed definition of critical LCCUL and credit union processes and procedures consistent with statement of acceptable outcome and available skills and resources;
- Training of League staff resulting in ability to perform all processes and procedures as defined;
- Acceptable or better performance of critical credit union processes and procedures by committees and officials of representative credit unions, directly attributable to improved LCCUL technical capabilities.

b. Financial Self-Sufficiency

Required Inputs:

- Budget support for League personnel necessary to promote and expand credit union membership, savings, and loans;
- GOL Ministry of Agriculture extension services, input supply and marketing support necessary to expansion of SFPC program;
- Technical assistance in strengthening LCCUL Central Finance Department processes and procedures.

Anticipated Outputs:

- Establishment of 16 new credit unions; increase in membership by 9,470; increase in savings of R463,850; increase in loans of R423,690;
- Increase in credit unions participating in SFPC program from three to 33; increase in SFPC participants from 100 to 2,653; increase in SFPC loans from R27,225 to \$198,375;
- Definition of LCCUL Central Finance processes and procedures to ensure maximum return on investment consistent with acceptable levels of risk and provision of required financial services to membership;
- Increase in LCCUL revenues from R24,401 to R39,399; establishment of savings and loan trends combined with estimated increases in administrative and operating costs that suggest acceptable probability of LCCUL Revenues reach R88,247 by year five and R148,772 by year eight (equivalent to 98.2 percent self-sufficiency).

c. Significant increase in credit union movement growth

Required inputs:

- Budget support for required League Staff and related costs;
- Technical assistance in design and implementation of promotion strategies that produce maximum growth of movement indicators consistent with efficient use of resources and the League's mandate to serve its affiliates.

Anticipated Outputs:

- Movement savings increased by R176,130 over level projected by extrapolation of current trends; trend established that projects high probability of exceeding current trend by R 1.8 million by end of year eight;
- Movement loans increased by R536,535 over level projected by extrapolation of current trends; trend established that projects high probability of exceeding current trend by R 7 million (cumulative) by the end of year eight;
- Movement membership increased by approximately 5,000 over level projected by extrapolation of current trends; trend established that projects high probability of exceeding current trend by 15,000 members by the end of year eight.

B. Implementation

Four organizations will play significant roles in project implementation: LCCUL, ACOSCA, WOCCU and AID. The Ministry of Agriculture and the Institute of Extra-Mural Services (IEMS) will provide supporting services while continued financial support is anticipated from Miseror and other donor organizations. The major inputs of each participating organization are as follows:

1. LCCUL: LCCUL will provide the staff, organizational resources and an increasing proportion of project costs. At present the staff includes a General Manager, a director of Administration and Planning, a Director of Field Services, an SFPC Program Coordinator, an Assistant Accountant, and a Risk Management Program Officer, as well as three field officers and limited clerical support staff. Project implementation will permit employment of three additional field officers in the first year, increasing by one each year through year five, resulting in a total field staff of ten. LCCUL in its Five-Year Development Plan emphasizes that numbers alone will not suffice; the League is committed to an ongoing program of staff development to ensure continued improvement in the quality of services to affiliates.
2. ACOSCA: ACOSCA is the major resource available to the credit union movement in Africa. ACOSCA staff include professionals with technical capability in central finance development, risk management program operation, training and education. The ACOSCA Southern Regional Office, based in Maseru, will provide and coordinate training and technical assistance to LCCUL throughout the project. ACOSCA personnel will assist in League planning, financial management, evaluation of potential SFPC credit unions, and liaison with Government of Lesotho and other development agencies. ACOSCA Headquarters personnel in Nairobi will provide support to central finance program operation, risk management and training programs. ACOSCA will also play a central role in project monitoring and evaluation.

3. WOCCU/CUNA Global Projects: A resident advisor will be recruited and selected jointly by ACOSCA, LCCUL and Global Projects. This advisor will assist in League institutional development and expansion of the SFPC program. Specifically he will assist LCCUL staff to complete an institutional analysis; to develop minimal performance standards for LCCUL processes; to define processes and procedures; and to assist in development of on-the-job training programs to strengthen staff skills. He will also assist in developing systems for SFPC data collection and analysis and development of appropriate loan programs.
4. USAID: It is proposed that AID provide funding to support LCCUL administrative and operating costs as well as those costs associated with technical assistance. It is anticipated that AID will also monitor project progress, provide periodic technical backstopping, and participate in a project evaluation.

C. Monitoring and Evaluation

It is recommended that a joint evaluation be conducted by project participants during the third year of implementation. The purpose of the evaluation is: 1) to assess progress made toward achievement of project objectives and outputs; 2) to identify those factors related to achievement and non-achievement of objectives and outputs; 3) assess implications of achievement, non-achievement and problems on implementation of full eight year project; 4) present recommendations on initiation of second phase including, if appropriate, objectives strategies and resources required.

The project will be evaluated against the stated quantitative targets, e.g., movement membership, savings, loans, SFPC participants and loans, etc. Secondly, improvement in LCCUL and credit union institutional capabilities will be measured using an approach developed by Global Projects that compares actual performance against minimal standards for each institutional function and process. Thirdly, the financial status of LCCUL and the credit unions will be assessed primarily in terms of the degree of self-sufficiency attained. Finally, project impact on SFPC participants, in terms of resultant changes in productivity, income, and standards of living will be measured using information collected from loan applications, interviews, and observations for a sample of program participants.

Monitoring will be jointly carried out by ACOSCA and WOCCU/Global Projects. The monitoring approach will be based on registering achievement of interim objectives that will be developed by the LCCUL staff and resident advisor on a periodic basis. Where problems are identified that inhibit achievement of interim and/or project objectives or which imply modification of project design, a detailed analysis and recommended solutions will be provided to LCCUL's Board and General Manager. USAID and other participating organizations will receive bi-monthly monitoring reports.

V. Financial Plan

The total estimated three-year cost of this project is U.S. \$604,105. Of this amount, LCCUL is expected to contribute \$104,005 or 17 percent;

other donors are expected to provide \$36,079 or 6 percent of total costs. It is requested that USAID fund the project at the level of \$464,021 or 77 percent. It should be noted that the LCCUL contribution to non-Technician project costs will increase from 20.7 percent in the first year to 39.4 in the third year. Government of Lesotho indirect contributions of support services to the League and its SFPC program are not included in these calculations. Based on the current project these will be substantial.

A detailed project budget and supporting information are to be found on the following pages.

TABLES

I	Project Budget
IA.....	Technician Support Budget
IB.....	AID Sub-Grant to LCCUL
IC.....	LCCUL Project Contributions
ID.....	Other Donor Support
II.....	LCCUL Proposed A&O Costs
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IV.....	LCCUL Source & Movement of Capital Funds
V.....	Estimation of SFPC Participants and Loan Demand
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PROJECT BUDGET
I

	\$ Year <u>1</u>	\$ Year <u>2</u>	\$ Year <u>3</u>	\$ Total 3 Years <u> </u>
1. Personnel Costs				
AID-Technician Support	55,129	45,680	62,977	163,786
League Support	28,248	42,945	41,985	111,178
LCCUL	6,685	9,502	15,208	31,395
Other Donors	17,885	5,133	5,389	28,407
Total Personnel Costs	<u>107,947</u>	<u>103,260</u>	<u>125,559</u>	<u>336,766</u>
2. Training Costs				
AID-Technician Support	0	0	0	0
League Support	0	4,138	4,310	8,448
LCCUL	0	0	0	0
Other Donors	4,023	0	0	4,023
Total Training Costs	<u>4,023</u>	<u>4,138</u>	<u>4,310</u>	<u>12,471</u>
3. Commodity Costs				
AID-Technician Support	0	0	0	0
League Support	28,960	9,195	0	38,155
LCCUL	0	0	0	0
Other Donors	0	0	0	0
Total Commodity Costs	<u>28,960</u>	<u>9,195</u>	<u>0</u>	<u>38,155</u>
4. Other Costs				
AID-Technician Support	29,438	30,790	32,231	92,459
League Support	14,632	16,190	17,173	47,995
LCCUL	18,782	24,285	29,543	72,610
Other Donors	3,649	0	0	3,649
Total Other Costs	<u>66,501</u>	<u>71,265</u>	<u>78,947</u>	<u>216,713</u>
Total Project Cost				
AID-Technician Support	84,567	76,470	95,208	256,245
League Support	71,840	72,468	63,468	207,776
Sub-Total	<u>156,407</u>	<u>148,938</u>	<u>158,676</u>	<u>464,021</u>
LCCUL	25,467	33,787	44,751	104,005
Other Donors	25,557	5,133	5,389	36,079
TOTAL PROJECT COST	<u>207,431</u>	<u>187,858</u>	<u>208,816</u>	<u>604,105</u>

AID TECHNICIAN SUPPORT BUDGET

1-A

	\$	\$	\$	\$
	Year	Year	Year	Year
	<u>1</u>	<u>2</u>	<u>3</u>	<u>3 Years</u>
1. <u>Personnel Costs</u>				
Salary	24,159	25,850	27,660	
Fringe Benefits	4,899	5,243	6,146	
Allowances	9,766	10,303	10,870	
R & R	0	4,284	0	
Relocation	16,305	0	18,301	
Total Personnel Costs:	<u>55,129</u>	<u>45,680</u>	<u>62,977</u>	163,786
2. <u>Training Costs</u>	0	0	0	0
None				
3. <u>Commodity Costs</u>	0	0	0	0
None				
4. <u>Other Costs</u>				
In Country Travel	5,040	5,292	5,557	
ACOSCA Consultation	8,500	8,500	8,500	
Other Direct Costs	678	712	748	
Indirect Costs (overhead)	15,220	16,286	17,426	
Total Other Costs	<u>29,438</u>	<u>30,790</u>	<u>32,231</u>	92,459
Total Technician Support	84,567	76,470	95,208	256,245

ALLOWANCES 1/

<u>Item</u>	<u>Year:</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Year</u>
Housing/Utilities 2/		4,000	4,200	4,410	12,610
Education 2/		3,350	3,518	3,694	10,562
Post Diff.		<u>2,416</u>	<u>2,585</u>	<u>2,766</u>	<u>7,767</u>
Total		9,766	10,303	10,870	30,939

1/ Assume Family with 2 children, one under 5th grade, one G-12

2/ 5% inflation increase per year.

R & R

	<u>Year 1</u>
To Paris & Back 2 adults	\$2,856
2 children	<u>1,428</u>
	\$4,284

Relocation

	<u>Year 1</u>	<u>Year 3</u>
Air Fare	\$ 2,652	3,209
Temp. Lodging	2,520 (Maseru)	2,065 (Washington)
1 week Employee visit to Wash.	681	824
Accompanied Baggage	610	738 (88 lbs.)
Unaccompanied Bagge	1,624	1,965 (700 lbs.)
Surface Shipment	<u>8,218</u>	<u>9,500</u> (7,500 lbs.)
	\$16,305	\$18,301

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AID SUB-GRANT TO LCCUL

I-B

	<u>Year</u> <u>1</u> R	<u>Year</u> <u>2</u> R	<u>Year</u> <u>3</u> R	<u>Total</u> <u>3 Years</u>
1. Personnel Costs				
<u>Salaries</u>				
General Manager	6,615	6,946	7,293	
Dir/Adminis. Plan	5,400	5,670	5,954	
Dir/Central Finance		5,040	5,292	
Dir/Field Services		4,167		
<u>Field Officers</u>				
No.1	1,985	2,084	2,188	
No.2	1,890	1,985	2,084	
No.3-6	7,200	7,560	7,940	
No.7		1,800	1,890	
No.8			1,800	
Total Salaries	23,090	35,252	34,441	
Pension Manager				
(10%)	662	695	729	
Pension Contribution				
(5%)	824	1,415	1,357	
<u>Total Personnel Costs:</u>	R 24,576	37,362	36,527	
	\$ 28,248	42,945	41,985	111,178
 2. Training Costs				
<u>Member/Board</u>				
Courses		800	900	
Training/Clerks		2,000	2,000	
Staff Development		350	350	
Materials		400	400	
<u>Total Training Costs:</u>	R	3,600	3,750	
	\$	4,138	4,310	8,448
 3. Commodity Costs				
2 Filing Cabinets	200			
Desks and Chairs	1,000			
7 Pocket Calculators	245			
1 Desk Calculator	200			
1 Safe	1,000			
1 Vehicle		8,000		
1 Audio-Visual				
Mobile Unit	15,000			
Audio-Visual				
Training Mat.	2,500			
1 Typewriter	500			
1 Duplicating				
Machine	3,300			
10 Pigs for Breeding	750			
Extension of Pig				
Bldg.	500			
<u>Total Commodity Costs:</u>	R 25,195	8,000	0	
	\$28,960	9,195		38,155

4. Other Costs

Travel-Field Staff	3,980	4,260	4,540	
Maintenance Allowance	1,800	2,625	3,000	
Office Expenses	6,950	7,200	7,400	
<u>Total Other Costs:</u>	R 12,730	14,085	14,940	
	\$ 14,632	16,190	17,173	47,995
 Total AID Contribution	 R 62,501	 63,047	 55,217	
	\$ 71,840	72,468	63,468	207,776

\$1.00 = R 0.87

LCCUL PROJECT CONTRIBUTION

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I-C

	Year 1 <u>R</u>	Year 2 <u>R</u>	Year 3 <u>R</u>	<u>Total 3 Years</u>
1. Personnel Costs				
<u>Salaries</u>				
Dir./Field Services			4,376	
Ass't. Accountant		2,100	2,205	
Office Mgr.	2,100	2,205	2,315	
Sr. Secretary-Typist	1,654	1,736	1,823	
Secretary-Typist	945	992	1,042	
Janitor-Messenger	480	480	480	
Gardner	360	360	360	
Total Salaries	<u>5,539</u>	<u>7,873</u>	<u>12,601</u>	
Pensions 5%	277	394	630	
Total Personnel Costs:	R <u>5,816</u>	<u>8,267</u>	<u>13,231</u>	
	\$ 6,685	9,502	15,208	31,395
2. Training Costs				
None				
3. Commodity Costs				
None				
4. Other Costs				
Vehicles	1,000	1,000	1,000	
Vehicle-Insurance/ License		650	675	
Vehicle-Maintenance/ Repair		1,700	1,800	
Board Allowance		1,000	1,050	
ACOSCA Dues	600	690	813	
Depreciation-Vehicles	3,120	3,400	3,400	
Depreciation-Furniture/ Fixtures	650	650	700	
Audit	100	100	125	
Surety Bond	391	479	620	
Bank Charges	150	175	200	
Miscellaneous	400	400	450	
Interest-CU Savings	7,054	8,809	11,454	
Interest-Lecusa Deposit	390	390	390	
CU House-Operating Costs	2,485	<u>1,685</u>	<u>3,025</u>	
Total-Other Costs:	R <u>16,340</u>	<u>21,128</u>	<u>25,702</u>	
	\$ 18,782	24,285	29,543	72,610
Total LCCUL Contribution:				
	R <u>22,156</u>	29,395	38,933	
	<u>\$ 25,467</u>	<u>33,787</u>	<u>44,751</u>	104,005

\$ 1,00 = R 0,87

OTHER DONOR SUPPORT FOR PROJECT
I-D

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	Year 1	Year 2	Year 3	Total 3 Years
		R	R	R
1. Personnel				
<u>Salaries</u>				
(1 Dir./Central Finance	4,800			
(1 Dir./Field Services	3,969			
(2 Insurance Officer	3,150	3,308	3,473	
(1 Ass't Accountant	2,000			
(2 Risk Mgt. Clerk	900	945	992	
Total Salaries	14,819	4,253	4,465	
(1,2 Pension-All Others 5%	741	213	223	
Total Personnel Costs: R	15,560	4,466	4,688	
	\$ 17,885	5,133	5,389	28,407
 2. Training Costs				
(1 Member-Board Courses	750			
(1 Training/Clerks	2,000			
(1 Staff Development	350			
(1 Materials	400			
Total Training Costs: R	3,500			
	\$ 4,023			4,023
 3. Commodity Costs				
None				
 4. Other Costs				
(1 Board Allowance	950			
(1 Vehicle-Insurance-License	625			
(1 Vehicle-Maintenance-Repair	1,600			
Total Other Costs: R	3,175			
	\$ 3,649			3,649
 Total Other Donor				
	R 22,235	4,466	4,688	
	\$ 25,557	5,133	5,389	36,079
 (1 Misereor-Total R 17,982				
(2 ACOSCA-Total R 4,253				
		4,466	4,688	

\$ 1.00 = R 0.87

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LCCUL PROPOSED OPERATING & ADMINISTRATIVE COSTS

<u>Salaries</u>	<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>Total 5 Years</u>
General Manager		6,615	6,946	7,293	7,658	8,041	
Dir/Field Services		3,969	4,167	4,376	4,595	4,824	
Dir/Adm. & Planning		5,400	5,670	5,954	6,251	6,564	
Dir/Central Finance		4,800	5,040	5,292	5,557	5,824	
Insurance Office		3,150	3,308	3,473	3,647	3,829	
Ass't Accountant		2,000	2,100	2,205	2,315	2,431	
		<u>25,934</u>	<u>27,231</u>	<u>28,593</u>	<u>29,953</u>	<u>31,523</u>	<u>143,214</u>
<u>Field Officers</u>							
No.1		1,985	2,084	2,188	2,297	2,412	
No.2		1,890	1,985	2,084	2,188	2,297	
No.3-6		7,200	7,560	7,940	8,356	8,752	
No.7				1,890	1,985	2,084	
No.8			1,800	1,800	1,890	1,985	
No.9					1,800	1,890	
No.10						1,800	
		<u>11,075</u>	<u>13,429</u>	<u>15,902</u>	<u>18,496</u>	<u>21,220</u>	<u>80,122</u>
Office Manager		2,100	2,205	2,315	2,431	2,553	
Sr. Sec/Typist		1,654	1,736	1,823	1,914	2,010	
Sec/Typist		945	992	1,042	1,094	1,149	
Jan/Messenger		480	480	480	480	480	
Gardener		360	360	360	360	360	
		<u>5,539</u>	<u>5,773</u>	<u>6,020</u>	<u>6,279</u>	<u>6,552</u>	<u>30,163</u>
<u>Total Salaries:</u>		<u>42,548</u>	<u>46,433</u>	<u>50,515</u>	<u>54,708</u>	<u>59,295</u>	<u>253,499</u>
<u>Pension Contributions</u>							
Mgr. 10%		662	695	729	766	804	
All Others 5%		1,797	1,974	2,162	2,352	2,563	
<u>Total Pension Contribution:</u>		<u>2,469</u>	<u>2,669</u>	<u>2,891</u>	<u>3,118</u>	<u>3,367</u>	<u>14,514</u>
<u>Total Personnel Costs</u>		<u>45,017</u>	<u>49,102</u>	<u>53,406</u>	<u>57,826</u>	<u>62,662</u>	<u>268,013</u>
<u>Office Expenses</u>		<u>6,950</u>	<u>7,200</u>	<u>7,400</u>	<u>7,550</u>	<u>7,800</u>	<u>36,900</u>
<u>Staff Field Costs</u>							
Pub.Trans. (R 280. No.F.O.)		1,680	1,960	2,240	2,520	2,800	
Travel Reimbursement Fund		2,300	2,300	2,300	2,300	2,300	
Maintenance Allowance		1,800	2,250	2,625	2,625	3,000	
Vehicles		1,000	1,000	1,000	1,000	1,000	
Insurance/License		625	650	675	700	725	
Maint/Repair		1,600	1,700	1,800	1,900	2,000	
<u>Total Field Costs</u>		<u>9,005</u>	<u>9,860</u>	<u>10,640</u>	<u>11,045</u>	<u>11,825</u>	<u>52,375</u>
<u>Education/Training</u>							
Member/Board Courses		750	800	900	950	1,050	
Special Training/Clerks		2,000	2,000	2,000	2,000	2,000	
Staff Development		350	400	450	450	500	
Education Materials		400	400	400	400	400	
<u>Total Education Costs</u>		<u>3,500</u>	<u>3,600</u>	<u>3,750</u>	<u>3,800</u>	<u>3,950</u>	<u>18,600</u>
<u>Representation</u>							
Board Allowance		950	1,000	1,050	1,100	1,150	
ACOSCA Dues		600	690	813	971	1,167	
<u>Total Representation</u>		<u>1,550</u>	<u>1,690</u>	<u>1,863</u>	<u>2,071</u>	<u>2,317</u>	<u>9,491</u>
<u>Depreciation</u>							
Vehicles		3,120	3,400	3,400	3,600	3,600	
Furniture/Fixtures		650	650	700	750	800	
<u>Total Depreciation</u>		<u>3,770</u>	<u>4,050</u>	<u>4,100</u>	<u>4,350</u>	<u>4,400</u>	<u>20,670</u>
<u>Outside Services</u>							
Audit		100	100	125	125	125	
Surety Bond		391	479	620	804	1,023	
Bank Charges		150	175	200	225	250	
Miscellaneous		400	400	450	450	500	
<u>Total Outside Services</u>		<u>1,041</u>	<u>1,154</u>	<u>1,395</u>	<u>1,604</u>	<u>1,898</u>	<u>7,092</u>
<u>Total Operating and Administration Costs</u>		<u>70,833</u>	<u>76,656</u>	<u>82,554</u>	<u>88,246</u>	<u>94,852</u>	<u>413,141</u>
<u>Financial/Investment Costs</u>							
Interest-Member Sav/Dep.		7,054	8,809	11,454	14,894	19,475	
Interest-Lecusa Deposits		390	390	390	390	390	
C.U. Lecusa-Oper.Costs		2,485	1,685	3,025	1,925	3,550	
<u>Total Financial/Investment</u>		<u>9,929</u>	<u>10,844</u>	<u>14,869</u>	<u>17,209</u>	<u>23,415</u>	<u>76,266</u>
<u>Total Expenses</u>		<u>80,762</u>	<u>87,500</u>	<u>97,423</u>	<u>105,455</u>	<u>118,267</u>	<u>489,407</u>

LCCUL PROPOSED PROFIT AND LOSS STATEMENT

<u>Expenses</u>	<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>Total</u>	<u>9</u>	<u>10</u>
Salaries													
Professional-Headquarters		25,934	27,231	28,593	81,758	29,933	31,523						
Field Officers		11,075	13,429	15,902	40,406	18,496	21,220						
Support Staff		5,539	5,773	6,020	17,332	6,279	6,552						
Total:		42,548	46,433	50,515	139,496	54,708	59,295						
Pension Contributions		2,469	2,669	2,891	8,029	3,118	3,367						
Total Personnel Costs		45,017	49,102	53,406	147,525	57,826	62,662						
Office Expenses		6,950	7,200	7,400	21,550	7,550	7,800						
Staff Field Costs		9,005	9,860	10,640	29,505	11,045	11,825						
Education/Training		3,500	3,600	3,750	10,850	3,800	3,950						
Representation		1,550	1,690	1,863	5,103	2,071	2,317						
Depreciation		3,770	4,050	4,100	11,920	4,350	4,400						
Outside Services		1,041	1,154	1,395	3,590	1,604	1,898						
Total Operating /Adm.Costs		70,833	76,656	82,554	230,043	88,246	94,852	104,306	110,564	117,198	520,641	124,230	131,684
Financial/Investment Costs		9,929	10,844	14,869	35,642	17,209	23,415	24,277	28,974	34,323	122,723	40,318	46,965
<u>Total Expenses:</u>		<u>80,762</u>	<u>87,500</u>	<u>97,423</u>	<u>267,370</u>	<u>105,455</u>	<u>118,267</u>	<u>128,583</u>	<u>139,538</u>	<u>151,521</u>	<u>643,364</u>	<u>164,548</u>	<u>178,649</u>
<u>Revenues</u>													
Interest Income													
Non-CU Loans (11%)		1,100	1,100	1,100	3,300	1,100	1,100	1,100	1,100	1,100	5,500		
CU loans (10%)		0	1,378	11,790	13,168	26,846	45,932	62,470	74,780	83,665	293,693		
Fixed Deposits (7.5%)		2,385	3,559	1,658	7,602	3,775	6,459	8,785	10,516	11,765	41,300		
Savings (5%)		530	791	368	1,679	839	1,435	1,952	2,337	2,615	9,178		
Total:		4,015	6,828	14,906	25,749	32,560	54,926	74,307	88,733	99,145	349,671		
CU House Rent		13,721	13,721	15,780	43,222	15,780	18,146	18,146	20,000	20,000	92,072		
Dues (1% Loans Outstanding)		4,050	4,865	6,586	15,501	9,115	12,573	16,340	20,238	25,470	83,736		
Insurance Commissions		632	738	877	2,247	1,048	1,252	1,689	2,061	2,457	8,507		
Stationery Sales		750	800	850	2,400	900	950	1,100	1,200	1,300	5,450		
Other		400	400	400	1,200	400	400	400	400	400	2,000		
<u>Total Revenues:</u>		<u>23,568</u>	<u>27,352</u>	<u>39,399</u>	<u>90,319</u>	<u>59,803</u>	<u>88,247</u>	<u>111,982</u>	<u>132,632</u>	<u>148,772</u>	<u>541,436</u>	<u>167,108</u>	<u>185,213</u>
Surplus/(Deficit)		(57,194)	(60,148)	(58,024)	(175,366)	(45,652)	(30,020)	(16,601)	(6,906)	(2,749)	(101,928)	2,560	6,564
% Self-Sufficient		29.2	31.3	40.4		56.7	74.6	87.1	95.1	98.2			

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LCCUL - SOURCE AND USE OF MOVEMENT CAPITAL FUNDS

Section	Source/Use of Funds	Year	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
			Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
I	<u>Source of Funds & Cost of Capital</u>											
	A. Shares	0%	5,000	5,300	5,700	6,100	6,500	6,900	7,300	7,700	8,100	8,500
	B. Capitalization Fund	3%	33,707	43,168	66,218	97,218	145,279	179,262	215,515	256,922	303,482	355,195
	C. Members' Savings	6%	89,886	112,236	142,624	182,284	232,447	286,819	344,824	411,075	485,571	568,313
	D. Fixed Deposits	6 1/2%	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000	26,000	28,000
	E. Lecusa Deposits	5%	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
	F. Miscellaneous Creditors	0%	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000
	Total Sources & Costs of Funds		156,393	191,504	248,342	322,402	424,026	515,781	613,439	724,497	843,953	986,808
II	<u>Use of Funds</u>											
	A. Non-Revenue Producing Assets											
	1. Current Account		12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
	2. Fixed Assets, Working Capital, and Deficits		<u>40,000</u>	<u>40,000</u>	40,000	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
	Total		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
	B. Fixed Investments											
	1. CU House		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
	2. Non-CU Loans (11%)		<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	Total		62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
	C. Available for CU loans Fixed Deposits & Savings		42,393	77,054	134,342	208,402	310,026	401,781	499,439	610,497	734,953	872,808

ESTIMATION OF SFPC PARTICIPANTS AND SFPC LOAN DEMAND

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Average Membership per Credit Union:										
New SFPC	415	465	525	595	635	670	700	730	760	790
Pilot SFPC	1,030	1,080	1,140	1,210	1,250	1,285	1,315	1,345	1,375	1,395
Member of Credit Unions and Percentage of Member- ship in SFPC Program										
New SFPC										
10	5%	12.5	20	25	30	32.5	32.5	32.5	32.5	32.5
10		5	12.5	20	25	30	32.5	32.5	32.5	32.5
10			5	12.5	20	25	30	32.5	32.5	32.5
10				5	12.5	20	25	30	32.5	32.5
10					5	12.5	20	25	30	32.5
Pilot SFPC	3	5	12.5	20	25	30	32.5	32.5	32.5	32.5
Member of SFPC Participans										
New SFPC	208	581	1,050	1,488	1,905	2,177	2,275	2,373	2,470	2,567
		232	656	1,190	1,587	2,010	2,275	2,373	2,470	2,567
			263	744	1,270	1,675	2,100	2,373	2,470	2,567
				297	794	1,340	1,750	2,190	2,470	2,567
					317	838	1,400	1,825	2,280	2,567
Pilot SFPC	<u>155</u>	<u>405</u>	<u>684</u>	<u>907</u>	<u>1,125</u>	<u>1,253</u>	<u>1,282</u>	<u>1,311</u>	<u>1,340</u>	<u>1,360</u>
Total	363	1,218	2,653	4,626	6,998	9,293	11,082	12,445	13,500	14,195
SFPC Loan Demand at R 75 per Part.	27,225	91,350	198,375	346,950	524,850	696,975	831,150	932,388	1,045,657	1,170,958

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SFPC LOAN DEMAND AND ESTIMATION OF EXTERNAL LOAN FUNDS REQUIRED

<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
SFPC Loan Demand	27,225	91,350	198,375	346,950	524,850	696,975	831,150	932,388	1,045,657	1,170,958
C.U.Savings Available	<u>63,233</u>	<u>77,567</u>	<u>80,471</u>	<u>78,490</u>	<u>65,532</u>	<u>72,271</u>	<u>83,348</u>	<u>95,739</u>	<u>109,443</u>	<u>124,460</u>
Funds Required from League	0	13,783	117,904	268,460	459,318	624,704	747,802	836,649	936,214	1,046,498
League Funds Available for CU loans fixed deposits & Savings	42,393	77,054	134,342	208,402	310,026	401,781	499,439	610,497	734,953	872,808
External Funds Required	0	0	13,038	127,173	264,122	379,099	435,314	435,314	435,314	435,314
(Annual Increment)			(13,038)	(114,135)	(136,949)	(114,977)	(56,215)			
Total Fund for CU Loans Fixed Deposits & Savings	42,393	77,054	147,380	335,575	574,148	780,880	934,753	1,045,811	1,170,267	1,308,122
Used for CU Loans (80%)	0	13,783	117,904	268,460	459,318	624,704	747,802	836,649	936,214	1,046,498
Fixed Deposits (15%)	31,795	47,453	22,107	50,336	86,122	117,132	142,213	156,872	175,540	196,218
Savings (5%)	10,598	15,818	7,369	16,779	28,708	39,044	46,738	52,290	58,513	65,406

(1 starting in year 3)