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Credit Union Apex Change Study: An Analysis of the Impact of ILCU Foundation Support on the Development of NACCUG & Jehona

Summary

ILCU Foundation's (ILCUF) mission is to alleviate poverty in developing countries by supporting credit unions, their representative bodies and other cooperative type organisations as a means for socio-economic development through the provision of financial and technical assistance. The main focus of the ILCUF's work is the development of apex organisations in developing countries.

The purpose of this study was to assess the impact of technical and financial support provided by ILCUF to two credit union apex organisations in two countries; Jehona in Albania and the National Association of Co-operative Credit Unions of the Gambia (NACCUG). This impact study was undertaken by an independent consultant.

For the purposes of this study, impact was defined as changes in the development of the apex organisation (as perceived by the apex staff, board members and partners) to which ILCUF has contributed, and the likelihood these changes will be sustained. The methodology employed was mainly qualitative incorporating surveys and interviews with key ILCU Foundation, NACCUG and Jehona stakeholders as well as documentation analysis.

Overview of Credit Union Movements

Jehona credit unions have experienced steady growth over the past 20 years. In 2000, the year the apex was established, Jehona had a membership of 42 SCAs with 1,291 members. In the same year total members savings across all 42 SCAs amounted to €68,000 with loans of €55,000. By 2015 total member savings had risen to €4.6 million, with total loans of €5.48 million.

The Gambian credit union movement has experienced impressive growth over the past 20 years. In 2000

NACCUG had 82 member credit unions with a combined membership of 11,657. In the same year total savings in the movement amounted to 17.6 million Gambian Dalasi (GMD). By 2015 total member savings had reached 698 million GMD (or €16 million), with a total book of 572 million GMD (or €13 million).



Members of Tambasansang Credit Union with their savings boxes, provided by ILCU Foundation

Summary of Key Findings

The study found that support ILCUF provided through long term partnerships with NACCUG and Jehona has had a significant positive impact on the development of both apexes, across a number of areas, and has helped both organisations to arrive at where they are today; stable, professionally managed credit union apex organisations at the forefront of flourishing credit union movements that barely existed just two decades ago. The report's findings are structured around six key impact indicator areas:

1. Governance
2. Management
3. Human Resources
4. Financial Resources

5. Service Delivery
6. External Relations

ILCUF financial and technical support has influenced significant changes in each apex across five of the six key indicator areas with a lesser impact noted on the human resource function of each apex. Notable key areas of change in both apexes include stable governance structures, strong management team, financial self-sufficiency, prudent approach to financial management, enhanced ICT capabilities and improved advocacy capacity.

The work of the ILCUF resident technical advisers (TAs) in Albania and the Gambia was of critical importance to the early development of Jehona and NACCUG. In particular, the resident TAs provided key capacity building and mentoring support to the apex staff and assisted them to develop the skills and confidence needed to take on the challenge of managing a credit union apex organisation in a risky environment. Similarly, the study visits to Ireland proved to be an effective means of building the capacity and confidence of board members through exposure to governance standards and practices in a more advanced credit union movement.

The financial support ILCUF provided to Jehona and NACCUG allowed the apexes to meet running costs whilst working to support the expansion of the credit union movements in Albania and the Gambia. As the credit union movements have grown so too have the opportunities for the apexes to expand the services they provide to their member credit unions. With ILCUF support, NACCUG and Jehona have improved the range and quality of services provided to their members. This has helped both apexes increase revenues they raise from members and has helped them both achieve and exceed the target of 100% financial self-sustainability. Achieving self-sustainability is a landmark achievement for both apexes and provides a positive indication of the overall sustainability of the impact of ILCUF support to both NACCUG and Jehona.

Good Practice

The results of this report confirmed the effectiveness of the **methods of support** ILCUF provides to its partners which can be broadly categorised as;

- In Country Technical Assistance and Training,
- Remote Technical Assistance and Monitoring,
- Study Tours and Exposure Visits,
- General Budget Support,
- Co-funding of Asset Purchase.

The report results also highlighted that ILCUF could enhance its tool box of support in two ways. **Firstly**, expanding the successful study visit model to include visits for apex staff and board members to other apexes in their region, thus encouraging south-south links and learning. **Secondly**, the NACCUG experience points to the clear benefits of an apex owning its own HQ office by providing a source income and avoiding the negative impact of rising local rent prices. Whilst such an investment may not be possible in every context possible the option should be explored in the future with due consideration to the potential benefits and risks.

The experience of operating multi-year programmes with NACCUG and Jehona when funding from third party donors has been secured has shown to have a positive effect on the development of the apexes by strengthening the coherence and continuity of ILCUF support to its partners. Therefore it is advised that ILCUF consider adopting a **longer term strategic planning** approach to its partnerships as a matter of course- e.g ILCUF and its partners could adopt 10 year technical assistance plans with biannual benchmarks, reviewed every 3 years.



Credit union member Kristaq Janko pictured on his farm in Divjaka, Albania