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STRENGTHENING COOPERATIVES AND CREDIT UNIONS: *Four Key Takeaways from the Whole-of-Project Evaluation of USAID's Cooperative Development Program*

Local cooperatives are pivotal partners for USAID’s global Cooperative Development Program (CDP). Together, they share goals of enhancing cooperative business performance, creating a supportive enabling environment for cooperatives, and fostering community support.

Drawing from USAID’s whole-of-project performance evaluation of USAID’s CDP, primarily conducted in 2023, this brief spotlights **four key takeaways relevant** for the development community working alongside local cooperatives. To access the full evaluation, as well as blog sharing reactions from four USAID/Missions, visit <https://bit.ly/CDPEvaluation>.



Improved management and governance are important, and they can help to improve cooperatives’ financial performance



Improved access to finance is a nearly universal cooperative priority



Increased investment in wider cooperative ecosystems could help to improve sustained access to quality services and resources



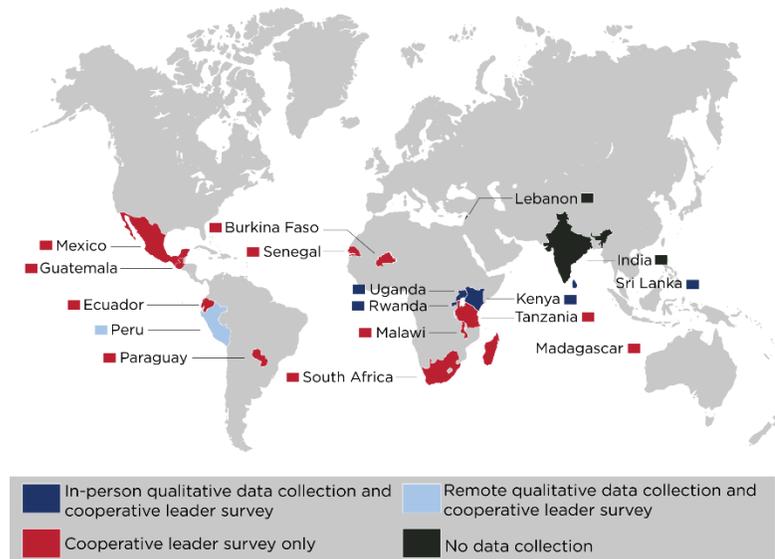
The more tailored an activity is to cooperatives’ specific needs, the better

Background

The United States Agency for International Development (USAID) Cooperative Development Program (CDP) supports activities that advance cooperatives as trusted local democratic institutions that provide value to their members in countries where USAID works. From 2018 to 2023, nine cooperative development organizations partnered with CDP, supporting hundreds of cooperatives in 17 countries. CDP primarily works with producer cooperatives (e.g., dairy, crops) but also supports financial, health, consumer, worker, and housing cooperatives.

In late 2022, USAID commissioned a whole-of-project evaluation to assess the extent to which CDP is achieving its purpose. Data for the evaluation was collected from December 2022 to March 2023, and an interactive virtual workshop supported USAID and implementing partners in interpreting and applying learnings. The map below shows the coverage of the evaluation in countries where CDP works.

Figure 1: Global CDP Reach and Evaluation Coverage



FOUR KEY TAKEAWAYS

While the evaluation was focused on the CDP program, many of its findings are more broadly applicable to organizations working with cooperatives.



Improved management and governance are important, and they can help to improve cooperatives' financial performance.

Management and governance are key to cooperatives' successful functioning. There is strong evidence to support CDP's contribution to advancements in these areas, and that those changes have led to better cooperative business performance. Three related types of management and governance improvements stood out: increased transparency, better recordkeeping, and better understanding of roles and responsibilities both for leaders and for members. Enhanced recordkeeping in particular had important benefits—cooperatives noted that it led to better access to finance because it gave financial institutions more ability to assess their creditworthiness.

Organizations working with local cooperatives should continue supporting improvements to cooperative management, governance, and business performance. These are areas in which CDP demonstrates considerable strength and plays a unique role in the development landscape.

In the cooperative leader survey, 60.7 percent reported that their management and governance were much improved since they had begun to work with CDP, 54.7 percent said their bylaws and policies were much improved, and 47.9 percent said financial performance was much improved.



Improved access to finance is a nearly universal cooperative priority.

In some countries, or with certain financial institutions, cooperatives still face major **challenges in accessing finance**. According to respondents, one of the driving factors is the lackluster reputation of cooperatives among financial institutions—a reputation that will take diligent effort on the part of cooperatives and those who support them to overcome.

In the CDP project, cooperatives often experienced improved access to finance when implementing partners specifically emphasized this as a goal. In places where implementing partners did not focus on access to finance, cooperatives often cited it as a remaining gap, indicating its status as a nearly ubiquitous priority. Thus, even as there were many examples of success, the findings point to room for even more emphasis on financing across implementing partners and geographies.



Increased investment in wider cooperative ecosystems could help to improve sustained access to quality services and resources.

Some CDP activities involved local actors in the **cooperative ecosystem** (such as apex organizations, local government, cooperative education institutions, and other cooperative service providers), often with an



Photo credit: Sarah Carson

emphasis on helping cooperatives form better linkages with these organizations. However, some respondents identified the capacity of those other actors as an important gap and indicated that CDP could do more to strengthen them and their ability to provide services and resources to cooperatives. Cooperatives also noted that there is a difference between accessing services and accessing *quality* services. Many noted that local government agencies, service providers, and other actors in the ecosystem have limited ability to support cooperatives, especially with regard to governance and management, even when they have a mandate to do so. Cooperatives frequently discounted the quality of services from actors in their local cooperative ecosystem as being inferior to the services they receive from CDP.

"I think we have a long way to [go with] capacity building in terms of the unions, federations, and confederations. They have to have a business which can sustain the primary cooperatives."

- Cooperative stakeholder, Rwanda

While it may be a tall order for an individual activity to improve all aspects of a local cooperative ecosystem, working with local actors in the ecosystem to make it stronger and more sustainable should be among implementing partners' objectives. To achieve this, activities should work with relevant government, apex organizations, community-based organizations, local training institutes, accounting firms, and other service providers to ensure that services and resources they provide are of high quality, and that these local actors have both the capacity and resources to engage more closely with cooperatives.



The more tailored an activity is to cooperatives' specific needs, the better.



One of CDP's greatest assets is an emphasis on **flexibility** when it comes to project implementation. Many cooperatives described implementing partners' adaptability in tailoring their activities to cooperatives' needs, and cooperative leaders generally perceived CDP support to be most effective when it was customized to their specific cooperative's needs. Models to achieve this customization varied, but the key factor for success seems to be responsiveness to cooperatives' demand and context. In a few cases, when implementing partners used structured training curricula or standardized tools, cooperatives reported confusion or challenges because they did not see the relevance of the activities to their needs, were not certain how to implement what they learned, or did not have access to the resources to do so.

Evaluation Methods



The evaluation team used qualitative and quantitative data including project documentation, monitoring data, 66 key informant interviews, 20 focus group discussions, and a phone survey of 134 cooperative leaders. The evaluation team combined, triangulated, and synthesized the data to assess CDP's contribution to its overall project purpose and intermediate results using a contribution analysis approach.