



Interim Strategy Audit Report 2013-2016

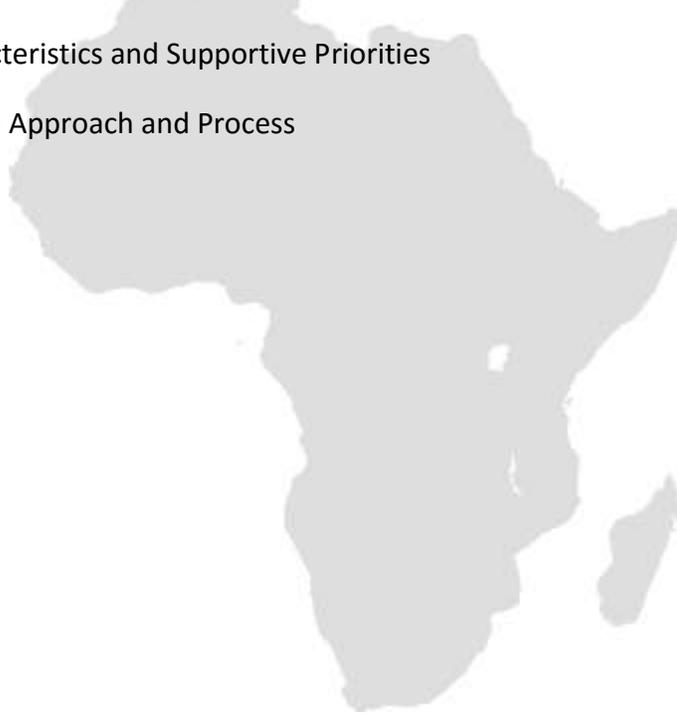
**The Alliance-Africa
May 2016**

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1. Prelude

The Four-Year Africa Co-operative Development Strategy (DS) 2013-2016 of the Alliance- Africa approved at a 17th Regional Board Meeting of 19th April 2013 at Sea Cliff Hotel Dar es Salaam and launched at the ICA General Assembly of November 2, 2013 in Cape Town, aims to assist member countries and organisations to achieve more inclusive growth by leveraging the benefits of co-operative enterprise. The DS proposes a complex, large-scale transformation programme for cooperatives participation in Africa's development. It identifies six operational priorities: agriculture and rural development, cooperative banking and insurance, cooperative housing, infrastructure and energy, artisan production and processing, governance and accountability, and skills and technology development. The DS also identifies and defines youth and gender, as areas of special emphasis.

The **DS established**, for the first time, a strategic approach to the Alliance-Africa's work in cooperative sector development in Africa. As the first Africa-wide strategic plan that created an umbrella under which national and sectoral cooperatives strategic plans could be developed and aligned, this DS sets the keynote for strategic actions. Thus, with this DS, a new era ensued for Alliance-Africa with a common vision and concerted effort of all regional, national and sectoral cooperatives toward the "African Leader."

The **purpose** of this review is to focus on the "big picture" providing both a retrospective view of the effectiveness of the DS, and a prospective view of the defining characteristics and supportive priorities to be considered for the next plan. This **Interim Summary Report (ISR)** provides a capsulated view of the most salient aspects of the review of DS, and the recommendations to consider as Alliance-Africa looks to the future.

The mission for 2016 *is to promote, develop, protect and strengthen the co-operative movement in the region and provide effective and efficient services through partnership and collaboration by:*

*Elevating **participation** within membership and governance to a new level*
*Positioning co-operatives as builders of **sustainability***
*Building the co-operative message and securing the co-operative **identity***
*Ensuring supportive **legal frameworks** for co-operative growth*
*Securing reliable co-operative **capital** while guaranteeing member control*

By doing this Alliance-Africa will become the African Leader in promoting a dynamic and democratic co-operative movement, leading the process of social transformation and sustained economic development and growth.

This ISR is prepared from the information received so far. A complete report with detailed evidence will be produced after the Maseru Meeting and after a detailed analysis of data collected through consultative meetings with key informants and from questionnaires to stakeholders.

2. Observable Results

It has been abundantly clear that the DS has been remarkably successful in taking Alliance-Africa to the "African Leader." Alliance-Africa has made very substantial progress with the DS in reaching the goals of *Participation, Sustainability, Identity, Legal Framework* and *Cooperative Capital* -- a refreshed progressive framework for the core purposes and commitments of a modern cooperative movement. More importantly, and perhaps of most long-lasting significance and impact, the DS along with the planning process have created a change in institutional culture - a new inescapable culture of strategic thinking, planning, actions, assessment, and accountability within the movement. This new culture is marked by innovation, visionary initiatives, aggressive resource development, and widespread connectivity with Alliance-Africa's constituencies. The DS has given the Alliance-Africa new energy, a

sense of excitement and accomplishment, and a sense of pride that have been echoing throughout the organisation among its internal and external constituencies, and seen the invitation of Africa-Alliance to a number of regional and international workshops, seminars and conference as voice for African cooperatives. Alliance-Africa's DS vision - The African Leader - should be seen and embraced as defining banner for the identity of the DS – galvanizing political and cooperative leaders to speak for the 'movement.

The progress toward the goal of *Participation* has been the renegotiation of space for cooperatives in social, economic and environmental development at local, national and global levels. This has been manifested in attendance at local, regional and global cooperative events. The DS envisaged realizing this by participating in review of national and regional plans, documenting best practices through surveys/case studies and development initiatives, and overseeing the establishment of regional structures and offices. The progress has been very slow, though what has been achieved points to the need for holistic, systemic and systematic approach to participation. The implementation of the DS witnessed:

- The involvement of the international ICA office, which afforded Alliance-Africa a website platform/portal, to contribute to case studies and provide input to developing leadership circles.
- At home, Alliance-Africa has awakened membership, and has recruited as many as it has lost. Infrastructure for participation of women and youth are being negotiated.
- The Alliance-Africa governance structure starting with Regional Assembly has ensured a widening membership to the Assembly and integration of more members from across the region.
- Successful organization of Ministerial conferences, Regional Assemblies and Government Official/Co-operative Managers and Leaders fora and exhibitions.

Further, participation in governance (Board) of the Alliance-Africa seems skewed towards East Africa (71.4%) and West Africa (14.3%) and Southern Africa (14.3%). Sector-wise banking and insurance sector 28.6%, Housing 14.3%, agriculture 42.8% and other sectors (industry, education and specialised coops) 14.3%.

The Alliance-Africa has also been successful at widening, from 16 countries to 22 (37.5% growth) than at deepening its participation by recruiting, developing and retaining membership (29 to 33 members 13.8% growth), as the number of active members dropped by 38.5% (from 26 in December 2013 to 16 in March 2016).

There is need to re-examine *participation* within the framework of challenges faced by the African region and available opportunities. It is clear that *participation* must be redefined as inclusion in social and economic development and afforded access to the resource platforms. This will define and deepen interlinkages with *sustainability*, *identity*, and *cooperative capital* and also define the path to be followed by Alliance-Africa in inspiring membership development, loyalty and retention.

The progress toward the goal of *Sustainability* has been the establishment of the Endowment Trust Fund and the formation of sectoral committees to define the required framework, products and mechanisms to enable cooperatives realize greater economic, social and environmentally sustainable growth and inspire their nations. With two committees and a youth network in place and more to be done in another year, this infrastructure is moving the cooperative operational environment to the next level, and transforming the cooperative enterprise culture in Africa with new energy, new learning opportunities and programs, and new ideas, innovations, and visionary initiatives. Although moving at a very slow pace due to financial and human resource constraints, when the sectoral committees become fully operational, cooperatives will move from being incubation centers for wealth

creation to productivity centres driving national incomes and standards of living. Alliance-Africa should make productivity the central focus of debate on economic policy. Since 1970s,¹ the growth of total-factor productivity (TFP) – the measure of efficiency of all inputs (labour and capital combined) to the production process - has declined or stagnated affecting the performance and survival of cooperatives to the extent that more than 60% of cooperatives in Africa are dormant on dead.

The progress toward the goal of Identity has been Alliance-Africa’s active role in regional and global cooperative development. With a refocused and restructured engagement enterprise, Alliance-Africa has elevated its visibility and reputation in Africa, and advanced its role and relevance to the African Leader in promoting a dynamic and democratic co-operative movement. Present and visible in 22, compared to 16 in 2014, of the 54 African countries, The Alliance-Africa can now develop a robust program:

- for addressing the specific growth needs of cooperatives and cooperative enterprise;
- for translating dormant cooperative potential into industrial and commercialized ventures,
- for empowering today’s youth to become tomorrow’s entrepreneurs in the global economy; and
- for revitalizing the cooperative movement as a mass initiative towards sustainable development

The progress towards the goal of cooperative capital is insignificant. The goals for financial resources to implement the strategic plan have not been met nor exceeded. The DS is yet to show its muscle in growing Alliance-Africa’s capital base. The DS set out to mobilize USD 44 million between 2013 and 2016. As at December 31, 2015 (Matrix 1 below) it had only managed 2.6% (USD 1.1 million).

Matrix 1: Summary of Sources of Funds and Funding 2013-2015

Source/Year	2013	2014	2015	Total USD (2013-15)
ICA Global	100,897.54	147,668.22	149,215.82	397,781.58
WE EFFECT	89,635.32	72,881.00	66,323.00	228,839.32
Canadian Cooperative Association	49,813.00	-	-	49,813.00
Membership and Member Activities	47,650.01	82,039.59	87,935.03	217,624.63
Endowment Trust Fund	80,614.60	139,212.72	20,025.00	239,852.32
Interest Income	506.82	-	1,657.02	2,163.84
Total USD	369,117.29	441,801.53	325,155.87	1,136,074.69

For the period 2013-2014 financial resource grew at 19.7% and this growth was wiped out by the decline in 2014-2015 of 26.8%. This is largely due to declining donor contributions and growing dependence on member subscriptions. These sources have not been benevolent. Despite low liquidity, Alliance-Africa has aggressively applied existing funds to strategic priorities -- to the tune of about USD 0.5 million by the end of 2014 -- demonstrating a culture of fiscal effectiveness and efficiency, and the ability and commitment to make choices. However, the Alliance still is below similar organisations on the continent by 100 percent in annual operating funds -- a gap that needs to be

¹ Growth in TFP can be attributed to many factors, but it is heavily influenced by advances in technology. Since the 1970s, innovations were not as effective or as numerous as they had been in the past and this explains why cooperatives in Africa which were in production and processing succumbed.

closed with aggressive funding strategies - primarily through (i) increased sponsored/paying programs (training, research and consultancy), and (ii) penetration of new and non-traditional funding sources (foreign direct investment, portfolio investment and remittances), which are becoming more attractive and targeting enterprise growth and productivity.

Private equity investment into Africa, and fund managers' ability to raise capital for funds dedicated to the continent, are both trending strongly upward. In 2011, private equity investors closed \$3bn worth of deals in Africa, up from \$890m in 2010. There are a number of sectors on the continent seen to be particularly attractive for private equity investment of which agriculture is certainly one. The interest into agricultural companies is fueled by the fact that Africa has the potential to serve as the world's bread basket.

Progress towards the goal of policy and legal framework has seen aggressive participation of African governments through their ministers and ministries of cooperatives in the activities of the movement and in the Africa Ministerial Cooperative Conference (AMCC). This goal aimed at increased quality and quantity of cooperative law and policies across the continent, and to grow the number of government agency associate members.

- Cooperative enabling environment has been approached at three levels: regional (for cross-border cooperative transactions), national (policy and legal framework) and cooperative (rules and regulations) levels. However, lack of research capacity has affected direct engagement at regional and national levels which has been left to national and apex cooperatives. At all levels the Alliance-Africa is providing technical assistance and advisory services in drafting legal instruments that properly reflect the interests of cooperatives. This approach limits the scope and depth of participation to those organisations that come in for assistance. So far the Alliance is reviewing three proposals from cooperatives.
- Since 2013 five new associate members have been recruited and three more government ministries, departments and agencies (MDAs) have joined the movement. The Alliance projects that at the next AMCC it would have record government representations compared to 2013 () and 2015 (27).

Investment in physical facilities and infrastructure (offices) has resulted from the DS initiatives. With nearly USD 0.5 million already invested in acquiring an office structure, Alliance-Africa will be investing a total of almost USD120 million in office upgrade, research and training, and hospitality facilities and infrastructure development on the new office site over the next five years. This enormous growth, resulting largely from the success of the capital campaign, will create great excitement in the Alliance-Africa fraternity and add to strengthening its identity and service delivery. More investment will be needed for business process design and related information technology development, which will transform the regional office in support of a data-driven culture resulting from this DS and future direction.

Member diversity has markedly improved, but Alliance-Africa still has a long road ahead to become a "diverse and inclusive" co-operative federation as measured inclusive representation and participation in the movement. Alliance-Africa has made considerable progress toward increasing member diversity – (a) with more than one-half of all new members in the last three years from francophone Africa, and (b) increasing the population of minorities and/or women and youth. The organisations has special initiatives toward implementing best practices in training, leadership, outreach, and assessment with the goal of enhancing demographic participation and representation, and broadening cooperative enterprise relationships across the region. It is yet to evolve structures that will enable equitable participation of all cooperative sectors in the development of Africa. In doing this it should also enable participation of all Africa in its governance.

Progress towards realizing a monitoring and evaluation framework was weak and was not realized. Creating a performance infrastructure can help ensure the successful execution of the DS and sustainability of results. The performance infrastructure consists of the people, process, and tools that work in concert to ensure superior execution and value delivery. It serves as the central nervous system for the DS effort and plays a vital role in the effort’s success. Evidence across the globe shows that 70 percent of complex, large-scale change programs do not reach their stated goals. Common pitfalls include a lack of internal capacity to undertake the program. In addition a lack of employee engagement, inadequate management support, poor or nonexistent cross-functional collaboration, and a lack of accountability. Furthermore, sustaining a transformation’s impact typically requires a major reset in mind-sets and behaviors—something that few leaders know how to achieve, which remains a challenge both to the political and cooperative leadership in Africa.

3. Where Does Alliance-Africa Go from Here?

Alliance-Africa is assuming the mantle of a great leadership in human and enterprise potential development in Africa. More importantly, the integrative view of Participation, Sustainability, Identity, Legal Framework and Cooperative Capital reflecting a renewed cooperative mission as a cooperative federation has begun to successfully render the Alliance’s leadership characteristics in the global arena. This stature brings with it great responsibilities to address the major challenges confronting the world -- energy resources; environmental change; food, health, technology, and quality of life; economic growth and related societal issues and policies; and education of leaders who can significantly shape tomorrow’s world -- among others. The Alliance-Africa now needs to provide leadership to the cooperative movement in solving challenging problems in such areas -- to ascend to a new level of global action that not only anchors a vital role for the Alliance in the future of the world, but also expands its partnership with Africa, moving on to the global arena.

Alliance-Africa is well positioned to embark upon such new challenges -- to initiate, develop, and enable world-class programs and leaders to innovate solutions to such new challenges in Africa. Success in formulating and executing its DS has provided ample evidence that the Alliance-Africa (with all its capacity problems) can both thoughtfully develop and then deliver on its promises.

This audit strongly suggests that future DS should position The Alliance-Africa to boldly go beyond fulfilling the core commitments to the movement, and further expand its reach into none conventional funding sources globally and toward a significant presence in cooperative investment and development, impact, and leadership -- with the range of great responsibilities that come with this stature.

The following recommendations (Matrix 2 below) attempt to capture the defining characteristics and supportive priorities that address the “big picture” as the Alliance-Africa looks to the future for renewed strategic development.

Matrix 2: Defining Characteristics and Supportive Priorities

Defining Characteristics	Supportive Priorities
<ul style="list-style-type: none"> • Continuation of the core mission and goals within the framework of key principles Participation, Sustainability, Identity, Legal Framework, and Cooperative Capital -- as the foundation of a renewed development strategy. 	<ul style="list-style-type: none"> • Pursuing government voluntary contributions and appropriations and program priorities of distinct value to the region and individual countries. • Proposing special training and technical assistance targeted to new strategic plan priorities that

<ul style="list-style-type: none"> • A refreshed vision recognizing the progress made, and reflecting the inspiration of the cooperatives to regional and global development • Reconfirmed or revised peer institutions consistent with a refreshed new vision. • Advancing interdisciplinary and collaborative events, and targeted programs toward strengthening membership, widening and increasing subscriptions portfolio, and establishing and expanding core membership development packages • A dynamic and robust information resource base responsive to changing needs and roles (information technology, library resources). • Learning innovations and assessment of cooperative outcomes that ensure a superior and broadened global understanding of cooperatives in human development. • Accelerated engagement of African governments in economic development with focus on entrepreneurships and enterprise creation. • Aggressive pursuit of institutional diversity -- including demographic mix, culture, climate, and business and other external relations. • Aggressive investments in high level cooperative education, research and consultancy infrastructure and signature initiatives. 	<ul style="list-style-type: none"> benefit cooperatives and their members, with due regard to maintaining market access, value chain development, and with an eye toward growing productivity. • Increasing supportive resources – consumer-facing sector; support for leadership and expertise to engage in formalized and systematic investment assessments. • Developing criteria for considering contributions in engagement in economic policy reforms. • Developing a post-campaign plan, and a plan to prepare for a new campaign to sensitize the region on and reinvigorate the Movement Dream. • Reexamining scope of reallocations and priorities for programs and services at the Alliance-Africa level. • Continued development of evaluation and learning facilities commensurate with membership recruitment, support program needs, and investments. • Developing a sustainability plan for the envisaged development of physical infrastructure at the office site • Promoting a model for systematic and pervasive attention to green development commensurate with investments by members and Africa Agenda 2063.
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As indicated earlier in this ISR, the DS introduced interventions targeted at transforming the cooperative industry in Africa. To achieve extraordinary results, we believe a comprehensive, highly disciplined methodology— encompassing both the “what” and the “how”—is needed. The “what” entails the smooth movement of the many specific transformation ideas and initiatives espoused in the five ICA pillars, through three phases: from independent diligence to planning to implementation (Matrix 3 below). However, we find that leaders in the cooperative industry in Africa tend to focus too much on individual initiatives rather than on how the movement must transform. Many leaders sense that this is an issue; they express concerns about execution risks and sustainability, knowing instinctively that the initiatives won’t stick unless the cooperative business fundamentally changes how it operates. Carrying this through is a slow process and needs dedication, commitment to action, and dynamism.

Matrix 3: Transformation Approach and Process

	Execution		
What To Do	1.Independent Diligence	2.Bottom-Up Planning	3.Implementation
	Establish the trajectory and full potential of the cooperative business using an investor-style due diligence	Develop a DS (initiatives and financial projections) that is fully owned by the primary stakeholder leaders	Launch a full-scale effort to drive value to the bottom line
	<i>Rapid Execution of Immediate Opportunities</i>		
How To Do It	4.Change Management	Take tactical action to change the mind-sets and behaviors necessary to sustain the DS	
	5.Performance Infrastructure	Put in place the people, process, and tools to ensure superior execution and value delivery to the bottom line	

4. Conclusion

In summary, Alliance-Africa’s DS -- The African Leader in promoting a dynamic and democratic co-operative movement -- has been effective in steering the Alliance toward its vision, with a new culture for progress. It also has begun several visionary initiatives that will need to be nurtured to bring them to fruition and lasting impact. However, supporting a turnaround and transforming the cooperative movement in Africa is not about determining what to do but rather how to do it. A new DS with a refreshed vision will build on Alliance-Africa’s strength and continuing progress, and render the Alliance as the model for transformative growth, and to inspire Africa and the World cooperatives collaborations and partnerships in elevating *Participation*, building *Sustainability*, securing *Identity*, supportive *Legal Framework*, and securing *Cooperative Capital* for growth and development.