Assessing Cooperative Governance Training Needs in Developing Countries

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Abstract

It is widely known that a competent board of directors is an important factor in cooperative success. However, directors of local cooperatives in developing countries may be unfamiliar with democratic governance processes and the skills needed for effective directing. While there are significant impediments to good cooperative governance (e.g., inadequate training, weak leadership, and corruption), research has shown that cooperative boards benefit from high quality training designed to meet their specific needs. [2]

The Overseas Cooperative Development Council (OCDC) through its Research Group effort led by members of the Collaborative Group of OCDC member representatives, has developed a board capacity building initiative designed to meet the unique governance challenges faced by individual cooperatives. To achieve that end, we have developed a three-stage model (Creation/Startup; Direction/ Establishment; and Delegation/Institution) for identifying specific board development needs at various stages of cooperative growth. The model describes 13 characteristics of cooperative boards at each stage. Among the characteristics are board culture and composition, director attributes, board focus and decision making style.

Based on the model, we developed a checklist field researchers can use to identify the current development stage of each cooperative board. Unique board survey questionnaires have been developed for each of the three development stages. In addition, we developed a questionnaire to solicit member impressions of their board's performance. Survey training and implementation tools for use in the field were pretested with 19 cooperatives in 5 countries in late 2016. After revising and updating the research tools, an expanded governance training assessment was launched in 2017 with data collection currently underway with 35 cooperatives in 5 countries. This paper reports on our development stages model, research design, pre-test methods and results, implementation of the survey and next steps for the project.

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[2] The long-term intent of this project is to create a director training program to meet the unique governance needs of boards at different development stages and in different business environments, based on the research described here.

Why is this important for cooperatives? Assessment results should motivate/alert the cooperative about improvements needed in governance systems. Results will help identify opportunities for Boards to be more effective and will indicate how future director trainings might be tailored to the specific needs of the cooperative. Cooperatives can also use the classification tool to conduct self-assessments on a regular basis.

OCDC has begun what is expected to be an extended process to identify promising practices in corporate and cooperative governance training, which can be applied to the cooperative business model in developing countries. The long-term intent is to create a director training program designed to meet the unique governance needs of boards at different development stages and in different business environments. The effort will result in a set of guidelines, principles and tools to inform future cooperative development programming, particularly in training and developing boards of directors.

To our knowledge, an extensive international survey based on an articulated model of cooperative life cycle distinctions in the early stages of development is a new approach to develop grassroots-informed governance assessment and training tools. The project is also unique in that it focuses on the needs of cooperatives, group businesses and associations in developing countries.

Introduction
Throughout the world, cooperatives have proven their ability to transform the lives of members, employees and communities. Research has shown that good governance is a critical factor in the success or failure of cooperatives in both developed and developing countries and that boards of directors can benefit from targeted training programs. Directors need to be keenly aware of members' needs, understand good business practices, and be familiar with unique local and national legal, political, social and cultural settings., They need to be able to think and act strategically and provide leadership and direction to the cooperative's manager. One of the major obstacles to good governance is board members' lack of targeted training,

Weak governance has been widely identified as an issue that inhibits the development of sustainable cooperatives in developing countries. Researchers and practitioners have identified an array of governance challenges in developing countries including:
- inadequate training of members, directors, and cooperative managers and staff;
- "top-down" decision-making within cooperatives;
- corrupt or self-serving practices by managerial staff and/or board members;
- lack of diversity, gender parity and/or equitable member representation among directors;
- Inefficient and/or corrupt decision-making and self-serving behavior by the privileged at a national or regional level.

A group of U.S. cooperatives who have successfully developed cooperatives throughout the world are interested in providing board training for directors in developing countries. This paper describes a collaborative effort to design effective, targeted board training. Based on a model of stages of board development in emerging cooperatives, the group is conducting an international survey of cooperatives at three development stages to identify unique director training needs.

Literature review

In developing our model we relied on a number of references regarding cooperative life cycles, models for board governance, and board assessment methods. Primary among these are described below.

Cooperative Life Cycle

Figgs' *Board Basics: A Primer for Community Development Organizations* identifies four stages of development typical of non-profit boards: Coveralls (foundation-building); Shirt-sleeve (working board); Blue Suit (managerial); and Black Tie (governing). The article describes characteristics of each stage focusing on: important director attributes; board's focus; board's planning; board composition; committee structure; board's fund raising activity; and staff's role. Figgs emphasizes the importance of understanding the organization's needs, how the board can respond to those needs and whether the board should change the way it functions. We found the Figgs article particularly helpful in identifying board life cycle stages in the early stages of development.

Hannan's *Good Governance: The elephant in the Room with Rural Poverty Reduction* argues that good governance is a key component of the cooperative contribution to poverty reduction. Based on a theoretical framework linking cooperative governance to poverty, the article reports on fieldwork findings in Kenya, comparing a cooperative with strong governance processes with one facing a number of governance challenges. Hannan concludes that good governance allows processes (or activities) within cooperatives to be undertaken more effectively, impacting poverty outcomes at the village level. Policy implications for the way in which governments and development agencies work with co-operatives are included.

Mathiasen's *Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle* focuses on three nonprofit governance models: the organizing board, the governing board and the institutional board. Reshaping the board as an organization matures is seen as essential and transitions from one stage to the next can be unclear, painful, frustrating and laborious. Each stage and transitions between stages are described. The author concludes that: change is a requisite as an organization grows; board roles and functions also change, particularly in the relationship between boards and staff; in a large, institutional board it is difficult for board members to maintain a sense of being important and involved; and a key to the board's health is establishing an orderly rotation of board members (term limits).

In a 2009 paper, *A Cooperative Life Cycle Framework*, Cook and Burress' review of over 50 years of organizational life cycles identified general agreement that

> ...the stages are 1) sequential in nature, 2) occur as a hierarchical progression and 3) become increasingly complex over time. In general, organizational life cycle models predict [movement] from inception to growth, to maturity, to decline or to redevelopment.

Given this general outlook, the authors describe a five stage life style framework for cooperatives. The five stages include Phase 1: Economic Justification; Phase 2: Organizational Design; Phase 3: Growth-Glory-Heterogeneity; Phase 4: Recognition-Introspection; and Phase 5: Choice. The paper provides a limited description of Phases 1 (recognition of a shared problem arising out of identified market failures and

understanding that collaboration can address the problem) and 2 (development of a cooperative organization including formal incorporation, by-laws and policies, decision-making processes and risk-bearing responsibilities). Its major focus is Phases 3 – 5 a period of maturity, differences in members' expectations and behaviors, decline in member collaboration, loss of focus and eventual decline or regeneration.

The paper is a significant contribution to the literature on the latter stages of a proposed cooperative life cycle that provided us a context in which to describe the challenges to Board of Directors in the early stages of development, particularly in the case of emerging cooperatives in developing countries.

Governance models

Bradshaw and Hayday's article "Non-profit Governance Models: Problems and Prospects," argues that there is no agreement about a prescriptive or ideal model of non-profit governance. Based on experiences developing a new governance model for the Canadian Health Network, they advocate for selection of the best model based on a contingency approach. They identify four current governance models: Policy Governance, Entrepreneurial, Constituency and Emergent Cellular. Characteristics of each model are described including the positive and negative features of each. Based on that work, they describe a hybrid model which embraces the strengths of each model and capitalizes on some of the new ways of framing management in turbulent times.

Graber's *Governance Models: What's Right for Your Board?* describes how nonprofit boards tend to follow one of five different approaches to governance. Each approach emphasizes different dimensions of the roles and responsibilities of the board and each arises out of a different relationship between board members and staff members. These in turn reflect differences in the size, purpose, and history of the organization. Graber's models include: Advisory Board; Patron; Co-operative; Management Team; and Policy Board. He also suggests 22 questions to ask when considering changing a board structure.

Nadler's *Building Better Boards* identifies five board models from least involved to most involved: passive, certifying, engaged, intervening, or operating. A sample tool for rating current and desired levels of engagement in 10 activities (e.g., strategy, operations, risk management) is included. Nadler advocates inventorying each director's strengths to ensure that the group as a whole possesses the skills necessary to do its work. Additional suggestions are included to help the board achieve its highest potential.

Wedin's *Towards inclusive rural development? Effects of governance on economic equality in Uganda's coffee cooperatives* is based on qualitative survey data from Uganda's coffee sector. His report describes the effects of different governance and organizational structures on the capacities of cooperatives to realize a more equitable distribution of benefits among small producers while simultaneously achieving growth objectives. Some organizations are able to achieve both aims based on implementation of more democratic organizational structures. These producer organizations achieve reduced defection rates and expanded membership numbers by maintaining secondary organizational structures which allow disadvantaged members to better represent their interests against local elite capture of resources. Wedin focuses primarily on federated vs. centralized structures and size of cooperatives rather than governance, *per se*.

Board Assessment

The Canadian Cooperative Association's "*Development Ladder for Cooperative Enterprise*" describes a participatory capacity building assessment tool for cooperatives with four main components: Vision; Governance and Member Engagement: Management Capacity and Business Development; and Financial Management. The paper identifies strengths and weaknesses of the cooperative and identifies areas of action based on self-reflection and collective learning. Each component of the tool is described by major indicators and numerous yes-no questions are suggested to evaluate progress toward meeting the indicator and a scoring sheet. The paper includes a Governance and Member Engagement component.

The 2013 *Self-Evaluation Questionnaire* (Dalhousie University College of Continuing Education Board) describes an annual board evaluation intended to help a board answer the question: what are we as a board now doing well and what can be do better? The questionnaire includes questions on board effectiveness, board conduct, board-management relations, individual board member performance and board chair performance.

The Good Governance Barometer (GGB), presented in the *Guide to the Good Governance Barometer* is both a social accountability tool and a development planning tool. Through a participatory modeling and evaluation process, FHI 360 uses the GGB to translate the complexities of a specific local governance system into locally appropriate indicators. That distillation is used to plan development priorities across sectors, measure their effectiveness, and advocate for governance improvement. This guide details the GGB process as applied in Senegal by FHI 360 to the USAID/Senegal Program for Governance and Peace (PGP) from 2010-2015. It includes a description of the six phases of GGB implementation, follow-up and sustainability considerations, limitations of the GGB, and selected results from its application in Senegal.

Developed by two professors of Public Administration, Murray and Harrison's *Board Performance Self-Assessment Questionnaire* provides questions that illustrate issues that challenge the effectiveness of boards of nonprofit organizations. It includes clarity of the board's role, how well the board carries out its basic responsibilities, suitability of board makeup and structure, meeting effectiveness and supportiveness of the board's informal culture.

The *BRC Board Evaluation: Improving Director Effectiveness* provides a candid exploration of how directors can effectively use a self-assessment process to enhance performance and develop the board as a strategic asset. Includes templates and charts to facilitate self, peer and committee evaluations.

OCDC and its members

OCDC, the U.S. Overseas Cooperative Development Council, is a group of nine cooperative development organizations: ACDI/VOCA, Global Communities (formerly CHF International), Communications Cooperative International, Cooperative Resources International, HealthPartners, Land O'Lakes International Development, National Cooperative Business Association, National Rural Electric Cooperative Association International and the World Council of Credit Unions.

OCDC's commitment to equitable development underlies its decision to establish the OCDC Research Group, which is designed to:
- establish evidence of the usefulness and impact of cooperative development for alleviating poverty and inclusive economic growth; and
- understand more deeply the environments and conditions in which cooperatives flourish – or fail to flourish – and advance the economic and social well-being of their members

The Research Group studies the impact of cooperatives on the social and economic well-being of cooperative members, focusing primarily, but not exclusively, on local societies. At the heart of their agenda is a series of multi-year, multi-country, cross-regional and cross-sectoral research initiatives on several topics. The governance effort described here is one of those initiatives.

The challenges to and opportunities for improving effective governance apply across all cooperative sectors in developing countries. In February 2015, the OCDC Board of Directors selected "governance issues faced by cooperatives in developing countries, including strategies for improving governance" as a joint research and development theme to be included in all of the OCDC member applications to the Cooperative Development Program.

In October 2015, organizational members of the OCDC Collaborative Group committed resources to support a working group focused on cooperative governance. The self-selecting group members confirmed the objective of the working group as follows:

> *To enable cooperatives to meet their maximum objective and to respond to concerns from international development donors and other involved parties in cooperative development as an efficient mechanism for development, this working group will identify promising practices in corporate governance which can be applied to the cooperative business model. This effort will result in the delivery of a set of guidelines, principles and tools to inform future cooperative development programming.*

Research Methodology

Any board capacity building effort needs to begin with an assessment of current governance practices to ensure that interventions address priority needs. *The goal is to understand the unique governance challenges faced by individual cooperatives.* Research has shown that cooperatives experience many changes as they grow from startup to maturity. Assuming that this is also true for boards of directors, we have developed a framework for identifying specific board development needs at various stages of cooperative growth.

From a cooperative perspective, the benefits of participation in this assessment include:
- gaining a better understanding of governance issues and
- having the opportunity to use specialized tools and resources to improve governance practices that contribute to the cooperative's success

Primary Research Question

The OCDC project described here seeks to determine whether our Framework for Cooperative Governance Development Stages model provides useful indicators of board development needs

characteristic of the board's stage in its life cycle and to provide stage appropriate assessment tools for implementation in emerging cooperatives in developing countries.

Research Approach

Step 1: Governance Development Stages for Cooperatives
Any director improvement effort needs to begin with a careful identification of areas where directors can receive the most benefit. A governance assessment should result in a good understanding of the unique challenges each board faces. Any director of the cooperative has the responsibility and opportunity to make sure that the cooperative is providing the best business possible to meet its members' needs. One way to help improve performance as a board and as individuals is to ensure directors obtain training that is relevant to meeting the most critical needs of the cooperative.

One of the first items developed for this project was a framework for classifying cooperatives along a governance development continuum. The original framework described 4 development stages: Creation/Startup; Direction/ Establishment; Delegation/Institution and Consolidation/Permanence.[3]

However, in consultation with our advisory group, it was agreed that very few if any of the cooperatives with whom they worked could be considered as having reached the Consolidation/Permanence stage. As a result, we developed a three stage model (Creation/Startup; Direction/ Establishment; and Delegation/Institution) that describes 13 characteristics of cooperative boards at each stage. Table 1 below describes the basis of the project in terms of our assumptions and definitions and the models (results-based, policy governance and the sources listed on the table) that influenced it. Table 2 describes the three development stages in terms of the 13 characteristics including growth issues, culture, resources, management focus, board focus, board structure and many others.

OCDC Framework for Cooperative Governance Development Stages

Table 1. Assumptions, Definitions, Influences

No.	Assumption
A1	All boards experience developmental changes. Organizations move between stages and may have some characteristics of more than one stage at any particular time.
A2	Stage changes come when the balance between leadership and management changes, focus on mission vs. money shifts, leadership style differs, board/management roles change or a crisis occurs.
A3	Training is most effective if designed for appropriate the development stage and/or at a time when the board is moving to another stage. Training at each stage centers on building capacity.
A4	In all models, the board is responsible for: creating a vision; securing resources; defining clear roles and responsibilities, establishing and monitoring benchmarks for performance, and being accountable to stakeholders.
A5	All cooperatives who participate in this study have a board already established and in place.
No.	Definition
D1	Governance: "the processes, structures and organizational traditions that determine how power is exercised, how stakeholders have their say, how decisions are taken and how decision makers are held to account." Gill

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[3] Our original Consolidation/Permanence stage is similar to the Growth-Glory-Heterogeneity stage identified in the Cook and Burress paper cited above.

D2	Capacity: ability to effectively and efficiently accomplish the mission and goals; strong infrastructure, targeted and strategic programming; hiring, supporting and evaluating staff; solid financial and capital systems; appropriate leadership and management.
No.	Influence
I1	Results-based model (Gill): Exec. Director is a non-voting member of the board, carries substantial influence over policy making, and is viewed as a full partner with the board. Committees are organized around board responsibilities and lead planning, guide governance and monitor and audit performance of the board, General Manager and the organization. Exec. Committee is responsible for leading strategic planning and evaluating the General Manager. Governance committee: regular review of bylaws and governance policies and practices as well and board member recruitment, development and evaluation.
I2	Policy governance model (Carver): Board governs through policies that establish organizational aims, governance approaches, and management limitations. Executive Director has broad freedom to determine the means that will be used to achieve organizational aims *within limits established by the Board*.

Table 2: Cooperative Governance Development Stages Characteristics

Organizational Area	Development Stage 1 Creativity /Startup	Development Stage 2 Direction /Establishment	Development Stage 3 Delegation/Institution
Product / Program	*Single product or service*, Primary reason the organization was created.	*Success/expansion in original product*; expand services, enter new markets, bring in new members; raise new money.	*Eliminate some products, programs*. Performance standards/trend analysis influence product lines.
Board Focus	*Issues of formation*: basic operational systems and basic organizational structure (incorporation, bylaws, banking relationships, relations with granting agency, if any). Strong mission focus.	*Issues of process*: board focuses on mission and operations, but becomes more conscious of policies and process. Elects officers and may establish committees. Distinguishes between operations and governance work . Passion for mission d-creases with focus on building internal capacity.	*Issues of stabilization*: revisit and re-define the mission. Longer term strategic focus. Directors *monitor* operations and leave implementation to staff. More structured meetings; stronger policies; focus on accountability and strategy
Decision Making	*Consensus*	*Majority vote*	*Majority vote*
Board Culture	*The board is the organization*. Small, homogeneous, committed. Works mostly as an informal steering committee.	*Some formal systems in place*. Board assumes responsibility for well-being and longevity of the organization. Becomes more conscious of board development.	*Formalized relationships*. Continuous learning and asking key questions are valued. Board challenges management and each other and fulfills its fiduciary duties.
Organizational Culture	Strong sense of ownership, power shared, consensus leadership. Strong passion for mission. Tasks are simple and results are tangible	Organizational growth exceeds board's capacity to perform all operations. Hires staff. Begin to balance power relationships between board and staff. Functional systems (financial, marketing, evaluation, personnel) need development.	Committee structure allows more tasks to be delegated, staff gain new responsibilities and decision making power. Organization becomes increasingly professionalized. Board/staff continue to redefine roles. Board takes on governance roles (as opposed to operational).
Board Composition	*Founders*	*Founders and recruits*, board is enlarged and diversified	*Mostly recruits*, few, if any founders.
Director Attributes	Individualistic, visionary, charismatic, willing to work, lots of time available, and committed to the ideology and mission.	Willing to work, specific functional skills. Original board member role is becoming less important.	Start board assessment, intentional recruiting. Governance experience, strategic thinking, monitoring and planning and analysis skills, delegative.
Committee Structure	*Informal*, primarily functions as a committee of the whole. Committees support operations.	*May add committees*, primarily works as a committee of the whole. May add committees that support governance (e.g, Nominating).	*Functional and governance committees* in place (finance, HR, marketing, products; nominating, governance, audit). Committees begin to focus on board responsibilities. Board delegates more responsibility to committees.
Board Planning	Planning is *day-to-day*, or for the next few months at most.	Planning extends to *several months, seasons*	*Long-term* (3 – 5 year) planning
Organizational Growth Issues	*Start-up and survival*, attract members and business. Best outcome: operating co-op	*Expand range of services*, horizontal expansion, build infrastructure and relationships with stakeholders. May focus more on systems than mission.	*Examine lines of business*, vertical expansion. Challenge to balance with member needs and wants. Establish clear and decisive means of pursuing new opportunities.

Organizational Area	Development Stage 1 Creativity /Startup	Development Stage 2 Direction /Establishment	Development Stage 3 Delegation/Institution
Board Growth Issues	*Crisis of multiple roles*: Operational responsibilities expand beyond capacity of board members to respond.	*Crisis of direction*: Board needs to focus more on systems than on mission. Need for division of labor between board and staff becomes clear.	*Crisis of control*: Clear distinction of board and staff roles required. Effective monitoring and board-management relations systems needed.
Organizational Systems	*Few systems*, operations oriented, developed as needed. Tasks are simple, results are tangible.	*More centralized,* some policies in place. More delegation of work to committees. Functional systems in place.	*More sophisticated*, standardized systems and larger staff. Higher standards of accountability required.
Resources *(Financial)*	*Limited capital and revenue*, few sources of operating revenue. Funds raised from events, donations, small grants.	*More capital sources and earned income*, breakeven or net income generated, funding still needed from events and grants.	*Stable net income*, repeat, multiyear funding/capital sources and higher profits. Value decisions regarding use of profits and member ownership/ patronage refunds. Larger staff requires more financial resources. There may be mission drift prioritizing financial stability over fulfilling the mission.
Resources (Non-financial)	*Strong reliance on volunteers* and outside technical assistance. *High t*ime and energy commitment. At transition, expectations exceed resources of time, people, talent and money.	*Limited staff and basic systems* (accounting, product, processes). Operations grow to exceed volunteers' resources. Lots of passion and energy.	*General manager and larger staff* More jobs are delegated to paid staff. New systems needed to meet more complex funding realities, vendor relations. New reporting required by funders, suppliers, consumers, government, and members.
Top Leadership	*Individualistic, charismatic*, inspired members with a strong purpose to solve a problem or need. May have limited management strengths; willing to devote much volunteer time. Most of the focus is on mission.	*Directive*, focused primarily on original mission and operations. Expansion is horizontal (building size: products and services, revenue, membership), not vertical (building infrastructure).	*Delegative*, more involved in management and financial stability than mission, Accountability standards in place. Balance between board and management changes. Focus on policy, planning, oversight responsibilities;, and building management systems and structures;
Staffing	*No staff*; board does everything. Board makes all operational decisions: governs, manages, performs.	*Limited staff:* Board continues to do some operational work. Hires first staff member to handle increased volume of work. Micro-management may be a problem Begin development of functional job descriptions.	Hire *professional staff* for administration and program implementation. Heavy reliance on staff expertise. Confusion about board and management roles. Staff more involved in guiding/shaping the board. Standards of accountability in place.

Sources: Board Passages: Three Key Stages in a Nonprofit's Life Cycle, National Center for Nonprofit Boards
Board Developmental Phase Thumbnail, Lee Bruder Associates, **www.leebruderassociates.com**
Male, Richard, Life Cycles of Nonprofit and Nongovernmental Organizations (NGO's), Richard Male and Associates, **www.richardmale.com** downloaded March 14, 2016

Step 2: Selecting Cooperatives for Participation

Members of the OCDC Collaborative Group currently underway with program implementation awards from the USAID funded Cooperative Development Program confirmed interest from partner cooperatives to participate in the governance assessment work. From there, each representative coordinated with field staff and consultants to set up the assessment plan and implement. A full set of instructions, onboarding, and justification materials were developed for the data collection teams. The cooperatives were not selected on a random basis.

Step 3: Governance Classification

The Framework for Cooperative Governance Development Stages (described above) is the foundation for the Cooperative Governance Classification Tool, (attached as an appendix item, from this link). This tool is used to identify a cooperative's development stage and the development stage of its board or directors. Field researchers familiar with the participating cooperatives were trained to gather the information needed to choose the most appropriate response to each statement in the Cooperative Governance Classification Tool.

Each question had three potential answers, each with a different score (1, 2, 3). Upon answering all of the questions, the instruction is to sum up the total score in order to assign a development stage to the cooperative. The calculated score provides a numerical identification of a cooperative's governance development stage based on the following ranking:
- Score 20-32 = Development Stage 1: Creativity/Startup
- Score 33-46 =Development Stage 2: Direction/Establishment
- Score 47-59 =Development Stage 3: Delegation/Institution

Once the development stage of each cooperative's board was identified, researchers are asked to administer the corresponding assessment tool to each participating cooperative. The assessment tools are described in the next section.

Cooperative-level data is collected from tools described in the next section from board members and members, as follows:
- Maximum of 10 Board Member Questionnaires per cooperative. If there are fewer than 10 board members, then 100% board members (inclusive of general manager) participate.
- Maximum of 20 Member Questionnaires per cooperative. If there are fewer than 20 total members, then 50% of total members participation

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Step 4: Development Stage-specific Assessment Tools

In order to identify specific training needs relevant to the development stage of a cooperative board, unique survey questionnaires were developed for each of the three development stages. In addition, because an important part of a cooperative governance assessment is discovering how members evaluate the performance of their board, we developed a short member questionnaire to solicit their impressions of the performance of their board of directors. The same member questionnaire was used for cooperatives at all three development stages.

Each of the assessment tools are attached as appendix items, available from the following links:

Results to Date

2016 Pilot test results

During July-September of 2016, survey training and implementation tools for use in the field were pretested with 13 cooperatives in 5 countries. Results were analyzed and several suggestions were made to improve the questionnaires and the implementation tools. In general, however, we think the surveys will be an effective way to identify unique training needs of cooperative directors based on their stage in board development. One surveyor commented that, "...in my opinion it [the director survey] is an educative tool that will help the co-op do self-assessment on a regular basis. It motivates/alerts the co-op to improve on their systems. Am sure it would also generate very good results when assessing many coops supported by a program/project."

Selected results from the 2016 pilot survey are presented in Table 3. While we have not completed an analysis of the similarities and differences in recommended training needs for cooperatives at different development stages, a quick review indicates there are both differences and similarities in recommendations among the various stages and that some of those differences are due to the type of cooperative. For example, and as would be expected, financial services cooperatives recommended more financial management training than did other cooperatives. It should be noted that both interviewers and interviewees had many comments when asked open ended questions. We expect to do a content analysis of the open-ended question responses in the final survey.

Table 3: 2016 Pilot Results

OCDC member	Country	Governance Dev. Stage	Cooperative main products/services	Training recommendations
World Council	Kenya	3	Financial products/services	Board and management responsibility areas • Using policies to clarify the Board's relation with management Board competencies and skills Financial Management • Lending and Collections • Liquidity and Investment Management • Financial Reporting and Audit Member engagement & communication
		3	Financial products/services	Board competencies and skills • Succession planning / onboarding of new board and committee members Financial Management • Liquidity and Investment Management • Financial Reporting and Audit
Global Communities	Mongolia	2	Vegetables and milk/dairy	Board Mission, Vision, Statement What board members do • Duties and responsibilities • Using policies to clarify the Board's relation

OCDC member	Country	Governance Dev. Stage	Cooperative main products/services	Training recommendations
				with management Communication strategies with members • Member training • Member outreach
		1	Vegetables and milk/dairy	Cooperative financial management & accounting What board members do • Duties and responsibilities • Policy development Member outreach
		2	Vegetables and milk/dairy	What board members do • Duties and responsibilities • Skills and experience needed to lead a cooperative • Using policies to clarify the Board's relation with management Communication strategies with members • Member outreach Strategic Planning
		2	Vegetables and milk/dairy	What board members do • Duties and responsibilities • Using policies to clarify the Board's relation with management Communication strategies with members • Member outreach
		1	Vegetables and milk/dairy	Cooperative financial management & accounting What board members do • Duties and responsibilities • Policy development Member outreach
	Rwanda	2	Beans, maize, and milk/dairy	What board members do • Duties and responsibilities • Using policies to clarify the Board's relation with management • Board and management responsibility areas Board Policy Book Financial Management and Reporting Business planning Marketing
	Uganda	2	Beans, maize, and milk/dairy	What board members do • Duties and responsibilities • Using policies to clarify the Board's relation with management • Board and management responsibility areas Value chain financing • Partnership Strategies • Contract enforcement
CRI	South Africa	2	Cattle (dairy or beef)	What board members do • Duties and responsibilities • Using policies to clarify the Board's relation with management • Board and management responsibility areas Board Policy Book

OCDC member	Country	Governance Dev. Stage	Cooperative main products/services	Training recommendations
				• Financial Management & Reporting Member Communication and Development
		2	Cattle (dairy or beef)	What board members do • Duties and responsibilities • Board and management responsibility areas Financial Management and Reporting Board member skills and competencies Growth strategies
		1	Cattle (dairy or beef)	Cooperative financial management & accounting What board members do • Duties and responsibilities • Policy development Member outreach and growth
		1	Cattle (dairy or beef)	Cooperative financial management and accounting What board members do • Duties and responsibilities • Policy development Member outreach and growth
TOTAL	5	13		

2017 Governance Assessment

After revising and updating research tools, an expanded governance training assessment was launched in 2017 with data collection underway with 35 cooperatives in 5 countries. This will provide data from a larger and more diverse random sample of cooperatives in developing countries.

The countries and cooperatives involved are represented in Table 4.

Table 4: 2017 Governance Assessment Participants by country, development stage, and OCDC member

OCDC Member	Country	Dev. Stage 1 Cooperatives	Dev. Stage 2 Cooperatives	Dev. Stage 3 Cooperatives
NCBA/CLUSA	Kenya	1		1
HealthPartners	Uganda	3	1	
CRI	South Africa	1	3	
Global Communities	Mongolia	10	6	
LandOLakes	Rwanda	3	3	
World Council	Kenya		2	1
TOTAL		18	15	2

Next Steps

Once data collection is complete, OCDC will analyze the data, synthesize the findings and develop recommendations for targeted board training initiatives based on cooperative and board development stages and focused on emerging cooperatives in developing countries. In addition, we will prepare individual results reports and recommendations for each participating cooperative.

OCDC has begun what we hope will be an extended process to identify promising practices in corporate and cooperative governance which can be applied to the cooperative business model in developing countries. In the long-term, the intent is to create a director training program designed to meet the unique governance needs of boards at different development stages and in different business environments. The effort will result in a set of guidelines, principles and tools to inform future cooperative development programming, particularly in training and developing boards of directors.

Based on the availability of additional funding our next steps will be to develop board training models for each development stage including suggestions of currently available appropriate training resources and identification of areas where new materials need to be developed.

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Cooperative Governance Classification Tool

Question 1: The cooperative…

☐ A. recently submitted registration materials but does not have formal registration at this time

☐ B. Is already registered / incorporated

☐ C. regularly updates registration and maintains legal compliance.

Question 2: The cooperative…

☐ A. has no bylaws / does not refer to its bylaws.

☐ B. has recently made revisions to bylaws.

☐ C. actively refers to its bylaws and updates them as needed

Question 3: The membership of the cooperative is best described as:

☐ A. a small group of closely associated individuals (e.g., family, tribe members, close friends).

☐ B. a larger group of individuals still closely associated.

☐ C. many members with greater geographical and cultural differences.

Question 4: The needs (e.g. for a product or market, technical assistance, capital) of the members are best described as:

☐ A. limited and very similar, may be focused on one product or one service

☐ B. providing a wider variety of products to the same members

☐ C. expanding the co-op by attracting new member groups

Question 5: The most accurate way to describe communications with members is:

☐ A. Primarily oral, personal, board members know members, informal meetings, annual meeting, initial market surveys

☐ B. Occasional member newsletters, less personal, members not as well known to board, occasional member surveys

☐ C. Based on media communications (print or web based), members not personally known to board, annual member surveys, other systems to gain member input

Question 6: The composition of the board is most accurately represented as:

☐ A. either appointed or elected, chosen from original founding members. If elected, voting at an organizing meeting.

☐ B. elected by members, may include founders and others with functional experience. May be nominated from the floor. No formal nominations process. Voting in person at annual meeting.

☐ C. primarily made up of functional experts, may include individuals with governance skills (strategic planning, policy development). Nomination process in place, overseen by Nominations Committee. Voting may be by mail ballot and at annual meeting.

Question 7: The board structure is best described as:

☐ A. acting as a committee of the whole

☐ B. functional committees established

☐ C. has traditional governance committees (e.g. Audit, Finance, Nominations)

Question 8: The board's role with operations is most correctly described as:

☐ A. deeply involved in operations, doing the work

☐ B. work is delegated, board still maintains authority

☐ C. authority delegated to manager, board monitors operations and is accountable for the vision and mission of the cooperative

Question 9: Board meetings are best described as:

☐ A. informal, dealing primarily with operational decisions and organizational structure (incorporation, bylaws, banking relationships, relations with granting agency)

☐ B. more formal, agendas provided for all meetings, reports may be in writing

☐ C. scheduled with an annual calendar, agenda includes policies being monitored, major activities for each meeting (strategic planning, budget development/approval, member survey, audit)

Question 10: The board process is most accruately described as:

☐ A. Consensus decision making

☐ B. Decide by majority vote

Question 11: The focus of management is most accurately described as:

☐ A. No manager, per se, at this stage

☐ B. Operations management, basic systems development

☐ C. Operational authority, accountability, strategic planning,

Question 12: The cooperative's employees are best described as:

☐ A. Has no paid staff or very limited staff

☐ B. Has hired a manager who has hired a limited number of staff

☐ C. Staff organized into functional units

Question 13: The cooperative's accounting systems are best described as:

☐ A. Financial records very basic, limited to cash flow (cash-basis accounting)

☐ B. Basic accounting systems in place

☐ C. Accounting systems in accord with generally accepted accounting principles (accrual-based accounting)

Question 14: The board's financial expertise is best described as:

☐ A. Board has limited financial experience, not familiar with basic financial statements

☐ B. Board may have member/s with financial expertise or has received financial training

☐ C. Board has financial expertise or relies on competent financial advisor

Question 15: The cooperative's financial reporting is best described as:

☐ A. Financial reporting limited to income statements, may be irregular (not on a monthly basis)

☐ B. Regular financial reporting includes basic financial statements, performance expectations unwritten

☐ C. Financial policies in place, performance expectations in writing, expectations formally monitored

Question 16: The cooperative's annual financial review is best described as:

☐ A. May have annual financial review but no external financial audit

☐ B. Financial audits annually, may have qualified opinions

☐ C. Annual financial audits, unqualified opinions

Question 17: The board's planning is best described as:

☐ A. Planning is short term (e.g., one season/six months)

☐ B. Board and management plan together for longer term (eg 6 months – 3 years), may or may not have a written plan

☐ C. Formal 3 – 5 year written business plan in place

Question 18: The cooperative's processes and systems (e.g. Accounting, Operations) are best described as:

☐ A. Few systems in place

☐ B. Process systems being developed

☐ C. Process systems in place, governance systems and internal controls systems being developed

Question 19: Reporting to the Board is best described as:

☐ A. Informal, based on process results

☐ B. Informal management reports to board, primarily focused on financial results and internal processes

☐ C. Formal written management reports on topics specified by board in policies

Question 20: The cooperative's policy development is most accurately represented as:

☐ A. Few, if any, formal policies in place

☐ B. Written management policies focus on operational systems

☐ C. Written board policies being developed

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Board Member Questionnaire Stage 1 Cooperative

Cooperative Governance Board Member Assessment - Stage 1

Name of Cooperative	
Assessment number	
Date of Assessment	
Enumerator Name	

You have an opportunity to help design a new governance training initiative. Any director improvement effort needs to begin with a careful identification of areas where directors can receive the most benefit. A governance assessment should result in a good understanding of the unique challenges each board faces. As a director of the cooperative, you have the responsibility and opportunity to make sure that the cooperative is providing the best business possible to meet your members' needs. One way to help you improve your performance as a board is to assess the current health of your governance system. You will receive results of this survey so that you can begin thinking about possible governance improvements you might make.

Instructions: For each question below, please MARK WITH a X under the response that best describes the cooperative.	Agree	Disagree	Not sure	Does not apply
Question 1	Our members expect us to focus primarily on one product or service.				
Question 2	Most of our decisions deal with daily co-op operations.				
Question 3	We spend much of our time setting up the organizational structure of the co-op (getting incorporated, prooposing bylaws, recruiting members).				
Question 4	We make decisions when everyone can agree on what to do.				
Question 5	Our board members are deeply committed to the cooperative.				
Question 6	Our members are a group of people who have close ties to each other.				
Question 7	The board consistently represents the interests of the members in its decision making process.				
Question 8	The cooperative has equal voting rights for all members (one member, one vote).				
Question 9	Our most important goal is to achieve the mission of the cooperative.				
Question 10	Our most important job is to attract new members and build volume for the co-op.				
Question 11	The co-op has too much business for the board members to manage alone.				
Question 12	We hired a person who does most of the daily work of the co-op.				
Question 13	The cooperative has written rules and regulations that meet all official registration requirements.				
Question 14	We develop written procedures for operating our co-op as we need them.				
Question 15	Our board members are the founders of our co-op.				
Question 16	Our board members are elected by the members of the cooperative.				
Question 17	Our board members are willing to do whatever it takes to make the co-op succeed.				
Question 18	Our board members have a lot of time available to contribute to the co-op.				
Question 19	Our board conducts most or all of its work as an entire group (a committee of the whole).				
Question 20	The cooperative has a regular budget process.				
Question 21	We have a clearly articulated mission that is driven by the needs of our members.				
Question 22	Most of our income comes from member fees, events, grants and donations.				
Question 23	We have an experienced accountant/bookkeeper who keeps track of the organization's finances.				
Question 24	We have an accounting system that includes a chart of accounts, journal general ledger, and trial balance capability.				
Question 25	What is your board's biggest challenge?				

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Board Member Questionnaire Stage 2 Cooperative

Cooperative Governance Board Member Assessment - Stage 2

Name of Cooperative	
Assessment number	
Date of Assessment	
Enumerator Name	

You have an opportunity to help design a new governance training initiative. Any director improvement effort needs to begin with a careful identification of areas where directors can receive the most benefit. A governance assessment should result in a good understanding of the unique challenges each board faces. As a director of the cooperative, you have the responsibility and opportunity to make sure that the cooperative is providing the best business possible to meet your members' needs. One way to help you improve your performance as a board is to assess the current health of your governance system. You will receive results of this survey so that you can begin thinking about possible governance improvements you might make.

Instructions: For each question below, please MARK WITH a X under the response that best describes the cooperative.	Agree	Disagree	Not sure	Does not apply
Question 1	Our co-op has grown because we have added new products and services.				
Question 2	Our co-op has grown because of adding new members.				
Question 3	Our Board has established a clear current statement of purpose, goals and objectives for the cooperative.				
Question 4	Our board needs to spend more time developing policies for how we will do our work.				
Question 5	We need to spend more time being trained as directors.				
Question 6	Most of our board work is devoted to daily operations to keep the co-op open.				
Question 7	When making decisions, board members put the needs of co-op members first before their own.				
Question 8	All Board members understand the legal responsibilities and liabilities of the Board.				
Question 9	The Board communicates their actions and activities to the members on a regular basis.				
Question 10	We survey our members' needs at least once a year and give them priority in our organizational planning.				
Question 11	The basic operating procedures/policies we need (personnel, membership, financial) are in place.				
Question 12	Our board members represent all the stakeholders in the co-op.				
Question 13	We have analyzed the skills, expertise and experience we need on the board.				
Question 14	We recruit and retain board members who have specific skills we need on the board.				
Question 15	Some of our founding directors have left the board.				
Question 16	Most of our board decisions are made by the full board, not by committees.				
Question 17	We have a strategic plan in place for the coming year				
Question 18	We involve our stakeholders (board, staff, members, suppliers, community members) in our planning process.				
Question 19	The roles of our board and staff are clearly understood and appropriate for our co-op's needs.				
Question 20	We have hired a few people to take over some of the operational duties the Board used to perform.				
Question 21	Our co-op is meeting its financial responsibilities (such as paying taxes and wages) on time.				
Question 22	Our board has a clear understanding of our financial statements and their implications.				
Question 23	What is your board's biggest challenge? [Fill in]				

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Board Member Questionnaire Stage 3 Cooperative

OCDC 2017 Governance Board Member Assessment - Stage 3				
Name of Cooperative				
Assessment number				
Date of Assessment				
Enumerator Name				

You have an opportunity to help design a new governance training initiative. Any director improvement effort needs to begin with a careful identification of areas where directors can receive the most benefit. A governance assessment should result in a good understanding of the unique challenges each board faces. As a director of the cooperative, you have the responsibility and opportunity to make sure that the cooperative is providing the best business possible to meet your members' needs. One way to help you improve your performance as a board is to assess the current health of your governance system. You will receive results of this survey so that you can begin thinking about possible governance improvements you might make.

Instructions: For each question below, please MARK WITH a X under the response that best describes the cooperative.		Agree	Disagree	Not sure	Does not apply
Question 1	Our co-op has grown by adding new products and/or services. [Mark one]				
Question 2	Our board has passed a Code of Ethics that includes a provision for conflict of interest that we enforce when needed. [Mark one]				
Question 3	Our primary concern is that the cooperative has significant net earnings. [Mark one]				
Question 4	Our goals primarily focus on the long-term sustainability of the co-op. [Mark one]				
Question 5	It seems like protecting our employees' jobs has become our most important priority. [Mark one]				
Question 6	We decide issues by majority vote. [Mark one]				
Question 7	We effectively represents the Cooperative to the community. [Mark one]				
Question 8	As board members, we refrain from getting into the day-to-day management of the cooperative. [Mark one]				
Question 9	As a board, we provide overall policy direction and oversight for the co-op.[Mark one]				
Question 10	All of our board members are familiar with and agree with our vision, values and mission. [Mark one]				
Question 11	We regularly survey our members' needs and give them priority in our organizational planning. [Mark one]				
Question 12	We regularly update our written manual of Board policies and make them available to our members. [Mark one]				
Question 13	When appraising the GM/CEO's performance, the Board comments on progress against standards. [Mark one]				
Question 14	As our co-op has grown, we now focus more on financial stability than on our original mission. [Mark one]				
Question 15	We recruit board members based on specific skills needed by the Board. [Mark one]				
Question 16	We regularly conduct board assessments. [Mark one]				
Question 17	We have several committees that help the board conduct its work. [Mark one]				
Question 18	Our financial records are professionally audited every year or two. [Mark one]				
Question 19	The Board has approved comprehensive personnel policies which have been reviewed by a qualified professional. [Mark one]				
Question 20	Our board understands the different responsibilities of our board and our manager. [Mark one]				
Question 21	Our co-op has a variety of income sources. [Mark one]				
Question 22	Our co-op's financial system provides timely and accurate income statements, balance sheets, and projected cash flow and reports on performance related to budget. [Mark one]				
Question 23	We have written financial policies that are regularly reviewed by the board. [Mark one]				
Question 24	We conduct financial reviews/audits regularly to ensure financial transparency. [Mark one]				
Question 25	What is your board's biggest challenge? [Fill in]				

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Cooperative Member Questionnaire

Cooperative Governance Member Assessment		Name of Cooperative	
		Assessment number	
		Date of Assessment	
		Enumerator Name	

Background and Instructions: An important part of a cooperative governance assessment is discovering how members evaluate the performance of their board. This set of questions solicits your active participation in this process. For each question below, please carefully read the question and provide the requested response(s).

#	Question				
1	Check all the following statements that are true of your Board of Directors [Mark all that apply]:	Our Board is elected by the members.	Usually two or more people run for each open position.	Board members cannot serve for more than two terms	Board members reflect all types of members
2	How are members chosen to serve on the Board? [Mark one]	They are nominated by Board members.	They are nominated by an independent nominating committee	They are friends or relatives of the Board.	They are chosen by the government.	Not applicable (I don't know)
3	Do you trust that the management and board are fair and honest in their dealings with members? [Mark one]	They are completely fair and honest	They are mostly fair and honest	I suspect they are dishonest	They are dishonest and unfair towards the members
4	Did you attend the last annual meeting? [Mark one]	Yes	No		
5	Please provide an example of a recent decision made by the Board. Include in your example whether or not you were satisfied with the outcome. And why.	Fill in response here ->			
6	Do the board members and manager listen and respond to the views of members? [Mark one]	Members are consulted and their voice is heard	Members have opportunity to voice their views	Members are usually ignored	Members are completely ignored
7	Do the board and management have sufficient knowledge and experience to provide direction for the future of the co-op? [Mark one]	They have sufficient knowledge and skills.	They require more knowledge and skills.	They have no knowledge and skills.	
8	How would you describe the financial information members receive? [Mark all that apply]	Is it Understandable?	Is it Complete?	Is it Timely?	Is it Reliable?	Not Applicable (ie I don't receive financials)
9	Are you satistified with the amount of information you receive from the Board? [Mark one]	Yes. I receive all the information I need.	No. I would like to receive more information from the Board.	No. I do not receive any information from the Board.	
10	What information would you like to receive from the Board?	Fill in response here ->			
11	What suggestions do you have to improve the performance of your Board of Directors?	Fill in response here ->			

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