

THE DEFINITION OF A LEGAL AND OPERATIONAL FRAMEWORK FOR A MUTUALIST FINANCIAL NETWORK: WHAT THE ACTORS HAVE TO SAY - THE ATOBMS PROJECT EXPERIENCE IN SENEGAL *

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1. Introduction

In 1990, the Government of Senegal, with support from the World Bank and bilateral funding organizations, undertook a project within the framework of the Improvement of Financial Intermediation section of its banking system restructuring policy. Its aim was to foster the emergence and development of a private, independent mutualist financial mechanism².

This initiative, known as the "Assistance technique aux opérations bancaires mutualistes au Sénégal" (ATOBMS) project (*Technical Assistance for Mutualist Banking Operations in Senegal*), was entrusted for implementation to the Société de développement international Desjardins (SDID, referred to as the implementing organization in this text) which acted in an advisory capacity for the Ministry of Economy, Finance and Planning (MEFP). The Canadian International Development Agency (CIDA) provided most of the funding for the project.

The mandate was considerable: to develop a legal and operational framework for mutualist savings and credit institutions which:

- Would be acceptable to a wide range of actors already in place, with their own, often diverging interests (promoters of mutualist savings and credit institution networks, development projects offering savings collection or credit services, NGOs, etc.), and which would mobilize those actors despite the daunting nature of an exercise that was, *a priori*, technical and far removed from the more practical concerns of their everyday activities.
- Would reassure the country's financial and monetary authorities that the institutions could provide the required security for their members. The mutualist approach was chosen; in other words, an approach that was participative, democratic and formative. The cooperators were questioned, to ensure that the results would be relevant to their

* Our thanks go to Mr. Pierre Émond, African and Indian Ocean Director at the SDID, for his pertinent comments, which enable a number of improvements to be made to this text.

1 Founded in 1970, the Société de développement international Desjardins (SDID) is a division of The Mouvement des caisses populaires et d'économie Desjardins du Québec (Canada), a network of 4.7 million cooperators. It is involved in over twenty countries in Africa, the Americas, the Caribbeans, South-East Asia and Eastern Europe in the fields of savings and credit, agro-economica, agronomy, fishing, livestock, marketing and training. It works mostly with cooperatives or associations in urban and rural settings.

2 In Senegal, the designation "mutualist" or "mutual" is preferred, and is the equivalent of the designation "cooperative" used in other countries in the region.

realities and thus would have their support. This approach rallied the actors, creating solidarity and a more global, shared vision of their needs and hopes; a vision which they were able to share both among themselves and with their administrative environment.

Section 2 of this document describes the context in which the ATOBMS project was carried out, together with the general savings and credit situation in Senegal.

In Section 3, the implementing organization's guidelines during the definition stage are set out, and Section 4 contains a description of the issues and difficulties confronting the ATOBMS team during implementation of the mandate.

Section 5 explains the procedure and the major strategic decisions. Section 6 presents the main results.

Finally, Section 7 contains an outline of expected follow-up, and Section 8 sets out the main critical conditions which, in the authors' view, should be considered when mandates of this nature are undertaken.

2. Context of the ATOBMS project and the general situation of savings and credit institutions in Senegal

In the last few years, the Government of Senegal undertook a program to restructure the country's banking system. This program was intended to improve the health of the financial institutions themselves and to improve financial intermediation in general. The following paragraphs contain a brief outline of the context in which it was introduced.

2.1 Very limited access for the majority to modern financial services

Available data show that, as a result of the operating methods and isolation of banking outlets, less than 10% of Senegal's active population have access to a formal financial institution offering savings and credit services.

2.2 A large number of disjointed, often disparate experiments

The difficulty experienced by the vast majority of the population in gaining access to conventional sources of financing and savings mobilization has led to the creation in recent years of a large number of different savings and credit-related projects and

experiments (projects offering credit, mutualist savings and credit institutions, etc.), in addition to the mechanisms that have been in place for decades (tontines, money collectors, etc.).

Although these initiatives have a number of positive aspects, they nevertheless overlap and are sometimes inconsistent, with the result that users become confused. The very disparity of these initiatives is in fact damaging for their growth and for the extension of the country's banking services with, for result, an ensuing loss of opportunities. In addition, the fact that some experiments are concentrated in a limited territory has led, in some regions, to competition that does nothing to help promote orthodox banking operations. In contrast, other regions have been left aside almost completely. It is worth noting that certain regions of the country do not have a single banking outlet.

2.3 Very little confidence on the part of the authorities with respect to deposit security

The absence of specific legislation for the savings and credit activities in which the various structures, including the mutualist institutions, are engaged does nothing to reassure depositors or to secure the long-term survival of the organizations concerned. In the view of those involved (promoters, financial backers, State control structures), this was a crucial issue that needed priority treatment in the project.

2.4 The project

The Government of Senegal was anxious to correct these inconsistencies and deficiencies using a non-coercive approach to encourage joint action by the organizations involved. Its aim was to establish operating rules which would allow the organizations to flourish and at the same time provide the best possible security for their depositors.

To implement the project, it was agreed, with the support of the World Bank and the Canadian International Development Agency (CIDA), to establish a Technical Assistance Service for Mutualist Banking Operations within the Ministry of Economy, Finance and Planning.

The project was spread over a period of 25 months (April 1990 to May 1992). Its principal aims were *to identify and establish the conditions needed to facilitate the emergence and development of a private and independent mutualist financial system owned by*

its members and offering the security of sound management.

The actions carried out fall into three main categories:

- The creation of a favourable environment for the emergence of a mutualist savings and credit institution network.
- The formulation of a proposed strategic plan and policy statements to support and provide a framework for a mutualist banking network.
- The establishment of a support service within the Ministry of Economy, Finance and Planning and the definition of the role of a support-advisory-follow-up structure.

The human resources assigned to the project were as follows:

- For the implementing organization: a senior planning advisor acting as executive coordinator, and a research and development advisor.
- For the MEFP: a national coordinator, two financial economists and an agro-economist³.

3. Guidelines for the implementing organization

The project was implemented on the basis of the following guidelines:

- The conviction that, for a financial institution to succeed in a rural environment and with small economic agents, it must:
 - Be able to respond to the expectations of its users in a concrete way, that is by being physically and culturally accessible and by making available, at the right time and without unnecessary formality, the desired services and products in conditions that are consistent with their clients' capacities.
 - Be completely independent of public powers in terms of its development and orientation.
 - Be managed by people who are trusted by the clients and with whom the clients can identify.

3. Seconded from the Ministry of Rural Development and Hydraulics.

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- The assumed relevance of the mutualist model, which seemed to be achievable and adaptable to the West African context as a result, among other things, of the following factors:
 - Its positioning at the crossroads of the modern and the traditional worlds, thus facilitating consideration of customs and traditions combined with the use of modern, tested management methods and tools.
 - Its operation, based on the use of funds collected from the community, leading to better borrower behaviour and avoiding dependence - an even more important characteristic in the context of today's overindebted national economies.
 - Its deep community roots, made possible by the status of the members, who are both owners and users and thus able to play a real part in the operation and orientation of their financial institution; this kind of participation can be achieved through constant education of members, a fundamental principle of the mutualist approach.
 - The importance of taking account of current initiatives and what they have achieved.
 - The need to link credit and savings.
 - The need to pay special attention to the needs of women and young people and to reflect their specificity in the policies and regulations drawn up.

4. Fundamental issues

The final objective was as follows:

“To propose a form of private financial institution able to unite the people and bodies involved and reach the masses through its simplicity and social and cultural relevance, and based on management methods, structures and mechanisms that will guarantee its reliability, credibility, viability and community roots”.

To achieve this objective, four major issues had to be addressed. They are described and commented on in the following sections.

4.1 *Earning the trust of those involved as quickly as possible*

The main organizations involved in the promotion of mutualist savings and credit institutions in Senegal were supported mainly by American and French cooperation. By

its very nature as a body devoted essentially to the promotion of mutualist savings and credit institutions, the implementing organization could have been perceived as a potential competitor.

This perception could easily have jeopardized the collaboration of the other organizations, especially in terms of the provision of reliable information and consensus building. It was therefore essential that any such perception be avoided.

In addition, in the spirit of the project, there was no question of trying to impose operating rules on those involved. Instead, it was a question of basing what had to be done on what already existed. This aspect had to be made known, a task rendered all the more difficult by the fact that the ATOBMS project was based within a Ministry.

4.2 Adjusting the perception of the organizations in regard to the direct involvement of the MEFP in the development of strategies concerning the emergence of mutualist savings and credit institutions

The ATOBMS team, although operating relatively independently, was in fact directly attached to the MEFP. This relationship could have been interpreted by the various organizations concerned as an attempt by the central administration to interfere and to try to "take over" the emerging mutualist savings and credit institution movement.

Although the project's conditions clearly included a formal statement and recognition by the MEFP of the private, independent nature of the mutualist institutions, it was natural that the heads of some organizations should express doubts in this respect. The then-recent failure of the country's agricultural cooperatives, due in part to too much administrative interference, was still fresh in the minds of those involved. From the point of view of the State's progressive withdrawal and the handing over of responsibility to community groups, the establishment of a technical assistance service for mutualist banking operations could have been perceived as suspect, especially since the administration had done very little in that field up to that point.

4.3 Fostering joint action to encourage the emergence of a separate leadership outside the administrative apparatus

To ensure a greater likelihood of success and long-term impact, an important ATOBMS project objective was to work towards the emergence of a recognized leadership from within the institutions concerned, that would have the support of most of those involved,

and that would be above "private territory" issues.

This task seemed all the more difficult in that the majority of those involved were or perceived themselves to be in competition with other organizations. The implementation of effective joint action mechanisms was therefore a key factor in the project's eventual success.

4.4 Obtaining quick results and maintaining an iterative-type approach

The ATOBMS project framework (the Senegalese banking sector restructuring program) demanded quick, concrete results. This time factor posed a threat to the iterative process which was, however, essential if the objectives of the project - within the consensus-building procedure adopted - were to be achieved.

The organizations wishing to become actively involved in the mutualist savings and credit process showed greater interest in obtaining concrete tools to provide support in the promotion and development of mutualist institutions.

In this respect, it was important that the project not be perceived as a perpetual "taker" from its partner institutions, but rather as a resource that could make an effective contribution to the improvement of their operations.

5. Implementation of the mandate: Strategic choices and concrete activities

Given the issues and expected difficulties described above, a number of choices and activities seemed to be strategically desirable and will be described in the following sections. They pertain to the four fundamental issues set out in the previous chapter.

5.1 Earning the trust of those involved as quickly as possible

An ongoing concern for communication and transparency — a demanding but highly stimulating familiarization process — leading to sustainable results.

5.1.1. Repeated contacts

Given the importance of this aspect, and despite the strict time limits imposed on the project, the ATOBMS team, instead of starting its research immediately, opted to invest

time and energy in a vast contact exercise with all the organizations involved. The resulting meetings, almost always held in the organizations' own premises, gave the team the opportunity to explain the project objectives and procedures and to specify the contribution expected of each participant. At the same time, it was able to gain a better understanding of the overall situation and the interests of the various organizations involved. In all, more than one hundred and sixty organizations were contacted in this way, and the meetings were determining factors in the process of establishing a true relationship of trust.

This process provided the information needed to prepare and implement a follow-up strategy. An essential element of the strategy was the creation by the ATOBMS service of the contact bulletin "Trait d'union". The bulletin has since gone on to become a monthly publication, presenting the activities of the service and containing various articles on cooperation. At the end of the project, its circulation had reached 500 and was still growing.

5.1.2 A concrete task for each organization

The administrative authorities were kept regularly informed of the project's progress through the "Trait d'union" bulletin. For example, the circulation list included all the country's Governors, Prefects and Deputy Prefects. These people were contacted during the initial round of meetings, and their help was often sought in chairing round table discussions or facilitating dissemination of information within their territories.

Representatives of major institutions involved in the financing or follow-up of savings and credit projects were invited to contribute to the ATOBMS project by sitting on one or other of the decision-making committees (the assessment and steering committee, the select committee on validation or the network strategic development committee - please refer to Appendix 1 for a full description of their activities). This symbol of open-mindedness (institution leaders were directly involved in the decision process which determined the major project orientations) was a key factor in establishing a relationship of trust between the implementing organization and this group.

5.1.3 A sympathetic, situational approach

Research, in particular on the savings and credit habits and needs of the target populations and on informal financial intermediation (nearly 700 respondents from fourteen

districts), enabled the project team to gain a better understanding of the environment. As a result, it was able to propose a mutualist savings and credit development model more likely to meet the populations' needs.

5.1.4 *An orchestrator above suspicion*

An open policy was also employed with respect to the organizations involved in the project, in particular by the participation of the ATOBMS team in savings and credit-related events organized by the partner institutions, thus providing them with a form of publicity.

In no case was the implementing organization in conflict of interest during its project role. Care was taken to protect the confidential nature of the information gathered by the ATOBMS team on practices and growth objectives. To avoid giving fuel to critics, the implementation organization voluntarily set aside the idea of increasing its involvement in savings and credit issues in Senegal for the duration of the project.

5.2 *Adjusting the perception of the organizations with respect to the direct involvement of the MEFP in the development of strategies concerning the emergence of mutualist savings and credit institutions*

Although the State had an essential role to play by providing a safe context for savers through appropriate legislation, the target populations and institutions involved were nevertheless extremely distrustful as a result of negative experiences in the banking and cooperative fields. A formal commitment by the State to respect the private, independent nature of the mutualist savings and credit institutions was of utmost importance in establishing trust and delimiting the roles and prerogatives of the parties.

5.2.1 *A precise definition of roles and powers*

The first major step in safeguarding the independence of the ATOBMS service within the Ministry was to work with the Senegalese executives in the service to define its role within the MEFP. A process of in-depth reflection on the subject was begun with the preparation of the work plan. Independence was in fact easier to establish because the service had its own resources and a certain amount of latitude in using them. Its role within the MEFP was explained at length and submitted for discussion to those involved during the first series of round table discussions.

The role of the service was also the subject of an information and awareness campaign in the bulletin "Trait d'union". The Minister of Economy, Finance and Planning, in his contribution to a special issue in November 1990, confirmed his wish to preserve the private and independent nature of the mutualist institution and his intention not to interfere with their development.

5.2.2. Gradual awareness and training of the Senegalese executives

A sustained effort was made to create awareness among the service's Senegalese executives, in particular through an intensive training program. This program, which included practical training periods in savings and credit union networks in countries of the sub-region, gave participants an in-depth understanding of the operating methods of the institutions and the role of the supervisory Ministries. Courses were also given on the role of the State in the development of mutualist savings and credit institutions.

A need had been identified in the course of the project to create awareness of mutualist institutions not only among MEFP executives, but also among the executives of other Ministries or authorities with which the institutions would eventually come into contact (Justice, Central Bank, Territorial Administration, etc.). Contacts at this level would certainly be improved by a better knowledge of what the institutions are and what they do. For this purpose, another bulletin, more technical than "Trait d'union", entitled "Info-lien" ("Info-Link" in English), was launched to keep financial sector and administration leaders informed of what was happening in the field of mutualist savings and credit institutions.

5.2.3 Transparent communication methods

The strategy of keeping in regular contact with the partner organizations throughout the project, through contact meetings, the monthly information bulletin "Trait d'union", participation in round tables, seminars, a survey on their expectations and debate on commented results, together with the open-minded attitude adopted in their regard, meant that they were always able to follow the progress of the ATOBMS team's work and were thus able to form a fully-informed view of the situation.

5.2.4 Real consideration of the viewpoints of participating organizations

As the work progressed, it became clear to the organizations involved that their points

of view and hopes were not only welcomed, but given precedence. It was extremely stimulating to see that the public administrative structure actually listened, and to realize that the State itself would be willing and able to trust them and to understand their needs and realities for healthy growth.

5.3 Fostering joint action to encourage the emergence of a separate leadership outside the administrative apparatus

In contrast to the all-too-common top-down remote-controlled initiatives for creating mutualist networks, priority was given to the emergence of a bottom-up leadership which would involve the target populations, especially women and young people, in the ongoing process of designing and implementing a network.

5.3.1 Enhancement of existing viewpoints and experience: round tables and committees

Two standing committees (the assessment and steering committee and the select committee on validation), two ad hoc committees (the joint legal committee and the strategic development committee), two national round tables, four regional round tables and two sectorial round tables together contributed more than 800 person/days of discussion and work activities. These activities enable the various parties to get to know each other, to identify and discuss their realities and needs (which were often shared), and to contribute in a concrete way to the various products generated by the project.

The comments and suggestions of the participants were fully considered in the production of the final texts, as witnessed by the satisfaction expressed by many participants with the process as a whole and with the assiduity of the round tables.

5.3.2 An open-minded attitude

The sectorial round tables brought together the viewpoints of actors who, although outside the process of implementing the mutualist network, were nevertheless concerned (bank managers, representatives of employers' organizations, Chambers of Commerce and the heads of ministerial departments with an interest in the issue). The main interest of the sectorial round tables for the ATOBMS team was the opportunity to make itself known among actors from related or complementary fields. As a result, these actors realized that they were in no way threatened by developments in the mutualist field, and that they could even contribute to the process, thus helping create a new economic

agent and a future partner in development.

5.3.3 Definition and sharing of a global vision

The different practices and diversified interests of the organizations helped give the ATOBMS team a global vision of the issues involved. As a result, the proposals submitted were a true expression of the concerns of those organizations, which in turn meant that their support was more readily available. In some cases, a particularly important organization was invited to sit on several committees. For example, the CICM (Centre international du crédit mutuel), CNCAS (Caisse nationale de crédit agricole du Sénégal) and the CONACAP (Conseil national pour la promotion des caisses populaires au Sénégal) had representatives on the national and regional round tables, the select committee on validation, the network strategic development committee, and so on, which represents an extraordinary contribution and a measure of their interest in the project.

5.3.4 Examination of the cooperative laws of ten countries

In terms of the legal environment, the ATOBMS legal committees studied legislation in force in the other sub-region countries (the West African Monetary Union) and elsewhere in Africa.

Most of the publications produced were sent to all ATOBMS project partners, which helped improve their knowledge of the various practices and thus helped them master the legal environment.

5.3.5 A survey to identify expectations concerning mutualist institutions

A survey was carried out to identify the perceptions of ATOBMS project partners concerning the development of a mutualist savings and credit network. Approximately one hundred partner organizations filled out the questionnaire and mailed it back, giving a response rate of 53%.

The results helped the ATOBMS team identify the priorities to be considered in the preparation of the legal framework and the strategic development framework for a mutualist banking network.

5.4 Obtaining quick results while using an iterative-type approach

The number of previous, not necessarily successful, experiments had left many organizations sceptic in the face of a new project. Why should it be any different from the others? This presented a challenge and, from the outset, concrete and convincing results were needed as evidence.

5.4.1 Regular stimulation of participants

Special care was taken to ensure that the project did not become simply an information, data and comment-gathering exercise for the service's products, but that the flow of information was a two-way process. One method employed was large-scale dissemination of the team's products (for example, more than 400 copies of a document describing the proposed legal framework were distributed).

5.4.2 Mechanisms giving immediate results: seminars and research

At the request of the partner organizations, a week-long seminar was run on the theme "Operation and management of savings and credit unions". The seminar helped harmonize the organization leaders' understanding of how savings and credit unions actually work. Emphasis was placed on the two components of the mutualist binomial: enterprise having to assure its viability and financial stability, and association of people.

A survey carried out within the framework of the project revealed a number of practices and expectations concerning savings and credit. The survey, dealing with the habits and needs of the target populations, existing savings and credit practices and informal financial intermediation, was a precious source of information for the team members and, later on, for the World Bank which used it in its report on the macro-economic impact of informal savings and credit practices. The ATOBMS research team included resources with strong community roots.

6. Results obtained within the scope of the project

The major results achieved by project can be divided into three main types:

- Results providing more knowledge and better mastery of the environment.
- Results fostering a true appropriation by the participating organizations of the issue

of mutualist savings and credit institutions.

- Results likely to encourage the emergence and development in the medium-term of mutualist savings and credit institutions.

6.1 Results providing more knowledge and better mastery of the environment

Overall, the expectations expressed through the survey by ATOBMS project partners threw much-needed light on the priorities to be considered in preparing the legal framework and the strategic development framework for a mutualist banking network. The indicative data gathered could perhaps also be used as a basis for analysis in other countries in the same zone.

An important result was the publication of a directory of associations involved or interested in the development of mutualist savings and credit institutions, together with a comparative analysis of their different practices. The directory is useful in particular for publicizing the existence of the ATOBMS project among similar institutions and projects who may, eventually, wish to establish links and take part in cooperative action.

6.2 Results fostering a true appropriation by the participating organizations of the overall situation of mutualist savings and credit institutions

The many working sessions and discussions (round tables, committees, seminars, etc.), together with the informative and formative bulletins, have meant that all the actors and partners now have a better understanding of the reality, environment and needs of the institutions.

The information and discussion process maintained throughout the project clearly encouraged those involved to adapt the issue into their own terms. More specifically, the four round table series provided an opportunity for the partner organizations to develop a better mastery of the issues related to mutualist banking, within a context of mutualist exchange.

Approximately twenty organizations were invited and played an active role in one or other ATOBMS standing committees. The importance accorded to these various instances gave the organization leaders a better understanding of the situation, and thus encouraged the emergence of a leadership outside the ministerial apparatus. In fact, the whole process led some organizations to modify their relationship with the administration. On a local level, some groups found a tribune for their own concerns.

6.3 *Results likely to encourage the emergence and development in the medium-term of mutualist savings and credit institutions*

6.3.1 *Development of a legal framework*

One major result of the project, likely to contribute considerably to the long-term development of a mutualist savings and credit network, was the production of a document concerning the basic elements of a legal framework adapted to the needs of such a network. One of the major recommendations from the *Regional Seminar on the Basic Elements of an Adapted Legal Framework* held at the BCEAO head office was:

"That reflection on the fundamental elements of a legal framework adapted to the needs of savings and credit unions in the West African Monetary Union countries as a whole be taken further, under the auspices of the BCEAO, in order to harmonize legislation in the field and to promote the emergence of savings and credit unions as an additional mechanism in financial intermediation."

6.3.2 *State-mutual familiarization*

The project provided the country's administration with a better understanding of what mutualist savings and credit institutions are, of their potential and of what they need in order to realize that potential to the full (through the round tables and regular ATOBMS service publications). In addition, the mutualist institutions themselves now have a better understanding of the role that could be played by the State in the legislative, fiscal and regulatory fields.

6.3.3 *Visibility inside and outside Senegal*

The sectorial round tables enabled actors from related or complementary fields to get to know mutualist savings and credit institutions. As a result, they felt less threatened by the new developments and could even look forward to future cooperation.

A three-day regional seminar held in February 1992 on an appropriate legal framework for mutualist savings and credit institutions attracted a wide range of participants. In addition to delegates from eleven countries, some fifty Senegalese organizations were represented.

During regional seminars organized by the ICA (International Cooperative Alliance) in

Conakry (Cooperative Legislation in West African countries), and by the ACCOSCA (African Confederation of Cooperative Savings and Credit Association) in Abidjan (Development strategies for savings and credit cooperatives in French-speaking Africa), the ATOBMS project presentation and the presentation on the process for developing the basic elements of a legal framework were very well-received.

6.3.4 A standard agreement and an elected committee of signatory organizations

Another important result of the ATOBMS project has been the preparation of a draft agreement to govern savings and credit practices. The agreement represents a step towards self-regulation and will encourage progressive harmonization of savings and credit practices pending an adapted legal framework. Interestingly, enforcement of the agreement is the responsibility of a committee initiated and elected by the signatory organizations themselves.

6.3.5 A development plan

The planned emergence of a mutualist banking network will be helped along by a series of proposals for implementation and development, identifying among others the zones and sites most suited to this kind of institution.

6.3.6 The future role of the State

Finally, the ATOBMS team defined the role and eventual implementation of a structure within the MEFP to support a mutualist banking network. Their proposal was submitted to the organizations involved for approval, and it was these organizations which had the final word on the role of the structure and the nature of its eventual relations.

As a result, the structure will be flexible and will play its role discreetly. In order to be relatively independent, it will report directly to the Minister, and its role can be summarized as follows:

- No involvement in the management or promotion of mutualist structures.
- Providing advice to the Minister.
- Within the limits of the Minister's powers, controlling the mutualist structures.

7. Current spinoffs and foreseeable repercussions

7.1. *Products and dynamics*

Solidarity, self-confidence, a shared and more global vision of a common future, credibility and greater legitimacy in the eyes of the authorities, a certain pride in the region-wide dissemination through the end-of-project seminar, synergy between organizations working with the same target populations and often in the same communities; in this way, competing organizations have come to realize the importance of joint action and, consequently, the utility of consensus-building. This represents the emergence of a true dynamic at all levels.

7.2 *A leadership emerging from outside the MEFP*

On a regional basis, for example, the contacts and discussions initiated by some organizations within the framework of the round tables have led in a number of cases to better coordination of activities in the field.

On a national level, a NGO group was established at the end of the project, on the initiative of the member organizations, to continue the discussions. The group intends to formulate a plan of action which will include training seminars in which the heads of member organizations will be asked to take part as resource people.

7.3 *Quality standards and improved, harmonized methodologies*

Thanks to the participation of the organizations in the two project seminars, practices, mechanisms and standards have already shown signs of improvement and harmonization.

An impact study by the funding organization (CIDA) will be carried out in the second year after the end of the project to assess, among other things, this aspect of the progress made by the organizations involved.

7.4 *A better and more intense relationship with the environment*

At the level of the country's administration, the support structure within the MEFP, established at the end of the project and to be composed of the Senegalese executives from ATOBMS, should be able to advise the Minister and thus add to the activities of the NGO group.

As a result of the actions carried out within the scope of the project, the general level of knowledge among organization representatives, Ministries and other economic actors in terms of the general mutualist savings and credit situation has improved considerably. Even more important, perceptions at both civil service and mutualist levels of what a mutualist savings and credit institution is and what it should be have been harmonized. Finally, future relationships are likely to be more beneficial as a result of the increased confidence of the mutualist institutions, acquired by contact with the other economic actors and by the knowledge that those actors have a better understanding of realities in the mutualist sector.

7.5 Dissemination outside Senegal

In the opinion of all those involved, the ATOBMS experience contributed significantly to the thinking process at the regional level for the implementation of framework legislation suited to mutualist savings and credit institutions.

A support project for legislation on mutualist savings and credit institutions in the West African Monetary Union countries was launched within the BCEAO in June 1992, as a direct result of the regional seminar held at the end of the project and dealing with an appropriate legal framework for mutualist savings and credit institutions.

8. Conclusion

The project results presented above were achieved by observing three critical conditions, each of which seems to be a *sine qua non* for success:

8.1 The importance of working within a flexible, independent structure

In our opinion, the location of the ATOBMS service within a Ministry division and with no dividing line between the service and its supervisory Ministry may have blemished the impartial nature of the intervention. A distinction between the two would seem essential for the success of a project of this scale.

8.2 Procedures for allocating project resources

In the same line of thought, the relative autonomy in the use of project resources enabled many necessary adjustments to be made to meet the changing context.

8.3 *The capacity to maintain the support of the main actors throughout the process*

The importance of maintaining the confidence and effective involvement of the main actors throughout the process cannot be emphasized strongly enough. Their unqualified support was certainly a major factor in the eventual success of the project.

Appendix

The project's permanent joint-action mechanisms: Committees and round tables

1. Select committee on validation

This committee held a total of nine meetings (one every two months) during the project.

The committee was composed of members of the ATOBMS team, one representative from a national NGO group, one representative from each of the two largest mutualist savings and credit projects, the Caisse nationale d'épargne, the Caisse nationale du crédit agricole, the Banque centrale des Etats d'Afrique de l'Ouest, the Association professionnelle des banques et établissements financiers and the Secrétariat général de la Présidence.

The committee examined the main project products, and its observations often contributed to correcting orientations and fostering extremely valuable discussions for the project's future. This committee played its role to the full and acted in some ways as the project team's conscience.

2. Legal committee

Initially, this committee was composed of three members of the project team, one representative of the State's legal agent, and one representative from the BCEAO, the Treasury Board, the MEFP and the Minister for Emigrants.

However, the abundance of material on the legal environment led to the creation of a second, "extended" legal committee composed of the three team members and representatives of organizations or structures involved in savings and credit activities, i.e. the AGETIP, the ACEP, the IARA, the CESAG and the Cellule Après-Barrages.

The two were merged in February 1991 to form a single committee. Before the merger,

they had held, respectively, 11 and 9 meetings. The extended committee held 16 meetings between February 25 and September 11, 1991.

The committee members were asked, in turn, to make presentations on the issues raised, and experts from fields such as taxation, mutualist surety societies, banking disputes and land-related problems were invited to contribute.

In addition to a comparative study of the cooperative laws in ten African countries and a study of Québec legislation on savings and credit unions, the committee also reviewed the entire Senegalese legal environment before drawing up the basic elements for an adapted legal framework for mutualist savings and credit institutions in Senegal.

3. Strategic development committee

In addition to the three team members, the committee was composed of one representative from each of the CICM, the CONACAP, the PIP, the FONGS and the CONGAD. These organizations were all directly involved in the establishment and development of mutualist savings and credit institutions.

By proceeding in this way, an important step was also taken in harmonizing the practices of the actors already involved.

The committee held seven meetings, which at times coincided with visits to project sites.

4. Round tables

The large number of people and organizations met by the project team meant that various round tables had to be created.

The national round tables were composed of organizations working on a national scale, together with funding organizations. The various regional tables were composed of the administration and the organizations involved in the projects.

The two sectorial round tables enabled the project team to target the banking sector, representatives of employers and the business community, and the heads of the ministerial departments concerned.

In all, two national tables were created, each holding four meetings, together with four regional tables (16 meetings in seven regions) and two sectorial tables.

Although the mobilization and logistics were considerable, the round tables played an essential role in the overall project procedure.

Abstract

In 1990, the SDID was mandated by the Government of Senegal, the World Bank and the Canadian International Development Agency (CIDA) to develop a legal and operational framework, over a period of two years, for a mutualist financial network, which obtained approval from various mutualist organizations and the public administration. The mandate was carried out by the "Assistance technique aux opérations bancaires mutualistes au Sénégal" (ATOBMS) (Technical Assistance for Mutualist Banking Operations in Senegal) team through the creation of a climate of trust and cooperation and through constant reference to the points of view of the various actors and intervenors. The results obtained were such that the experience is now being repeated under the auspices of the Banque centrale des Etats d'Afrique de l'Ouest (BCEAO) (the West African States Central Bank) in seven countries belonging to the West African Monetary Union (WAMU).

The original nature of the procedure, the specificity of the mandate and the results obtained by the project in the complex field of mobilization and sound savings management led to the production of this document. Its aim is to present a brief outline of the project, of which the keystone was the extensive and permanent place accorded to the actors themselves.

This text presents the experience itself, seen through the eyes of the Canadian implementing organization. It in no way commits the Senegalese executives in the service established within the scope of the project.

DEFINITION D'UN CADRE JURIDIQUE ET OPERATIONNEL D'UN RESEAU FINANCIER MUTUALISTE: DONNER LA PAROLE AUX ACTEURS - L'EXPERIENCE DU PROJECT ATOBMS AU SENEGAL

RESUME

Élaborer en deux ans un cadre juridique et opérationnel pour un réseau financier mutualiste recevant l'adhésion des divers intervenants mutualistes et des autorités, voilà le mandat que le Gouvernement du Sénégal, la Banque mondiale et l'Agence canadienne de développement international (ACDI) confiaient à la SDID en 1990. C'est en établissant un climat de confiance et de collaboration et en faisant constamment appel aux points de vue des acteurs et intervenants que l'équipe du projet d'Assistance technique aux opérations bancaires mutualistes au Sénégal (ATOBMS) a pu réaliser son mandat et obtenir des résultats tels que cette expérience est maintenant reproduite sous l'égide de la Banque Centrale des États d'Afrique de l'Ouest (BCEAO) à l'échelle des sept pays membres de l'Union monétaire ouest africaine (UMOA).

L'originalité de la démarche, la nature particulière du mandat et les résultats obtenus par le projet dans le domaine complexe de la mobilisation et de la saine gestion de l'épargne nous ont suggéré la rédaction du présent texte destiné à présenter sommairement ce projet dont la clef de voûte aura été l'immense place faite en permanence aux acteurs eux-mêmes.

On notera que c'est l'expérience, telle que vécue par la société d'exécution canadienne, qui est présentée dans ce texte; elle n'engage pas les cadres sénégalais qui avaient été affectés à la cellule de travail créée dans le cadre du projet.

Book reviews

Revue bibliographique

K.P. Padmanabhan, **Development Challenges: Need for a New Value System**

Segment Books, New Delhi and SA International Minnesota, USA pp. 136 + xiv Price \$30 (Rs. 330)

Padmanabhan is not alone in asking for a 'new value system in development', but he is particularly well qualified as a result of his profound knowledge of the credit needs of the rural poor. Access to credit is an essential part of the empowerment of the poor. Padmanabhan is universally recognised as a leading international expert in that field. He is not alone: there is increasing dissatisfaction with a system which has resulted in steadily increasing numbers below the poverty line, in steadily growing inequalities in income distribution, growing threats to the environment - and with all that has not even managed to produce very impressive rates of economic growth.

But, although his views are increasingly shared, they are still minority views. Even where they are shared by those in control of the world's economic destinies, their support tends to be rhetorical rather than resulting in concrete action. Hence the importance of such books as this, which at the same time points out the need as well as the opportunities for such concrete action. One can only hope that this book will be read and pondered by those in control, both nationally and internationally, and that it will help to move not only minds but also action towards the priorities indicated in this book.

It is no accident that this book comes out of India, where the Gandhian tradition is particularly powerful and in fact formed part of the movement towards national independence. But it also has highly respectable precedents in Western thinking. Padmanabhan is in the intellectual tradition of Alfred Marshall, R.H. Tawney and he himself quotes Bowley in the sense that 'there is perhaps no better test of the progress of a nation than which shows what proportion are in poverty'. He could have gone much further back to Adam Smith, who stated in *The Wealth of Nations*: 'No society can surely be flourishing and happy of which the greater parts of its members are poor and miserable'. He also calls J.K. Galbraith among his intellectual ancestors (although fortunately he is still alive). But above all, I would link his book with the thinking of John Maynard Keynes, particularly as expressed in his famous essay 'The Economic Possibilities for our Grandchildren'.

In a talk given at the India International Centre in Delhi in 1988, I had drawn attention to the similarities between the Keynesian and the Gandhian systems of values. Both Keynes and Gandhi objected to the accumulation of material assets as an ultimate objective of a society and a test of its success. Naturally, the two were arguing in a different environment and a different framework. Keynes foresaw an economic system so much increased in efficiency and technically so progressive that all the material goods needed for a *civilised life could be produced* with ever less labour and effort, leaving increasing time for enjoyment of the arts and other leisure activities; in such anticipated circumstances he foresaw a need to shift the value system from an emphasis on the efficient use of resources to an emphasis on efficient use of leisure time. Mahatma Gandhi taught within the framework of a poor society and did not assume a state of abundance as Keynes did; even so, he also taught that once a minimum for decent survival was secured for all, progress and achievement of human peace and happiness could be based upon limitation of wants rather than accumulation of material goods.

For India and for the other 80 per cent of the world's population who live in Third World countries, we obviously want a position halfway between that of Keynes and Gandhi. Emphasis on distribution and reduction of poverty rather than growth should take place, well before the state of abundance and saturation with material goods visualised by Keynes is reached; but it should take place perhaps at a higher standard of living than the noble poverty which Gandhi accepted. Above all, what we need is a pattern of growth—nowadays described as 'labour-intensive growth' or 'growth with equity' or 'human-centred growth' or 'growth with a human face' or by many other names which from the beginning combines the raising of overall living standards with steady reduction not only of the number, but also of the proportion of those living below the poverty line. In my above mentioned 1988 talk I quoted Manmohan Singh and Tarlok Singh as expressing such a system of values in language and content appropriate to the circumstances of India.

Internationally, we face this problem in a new form. Can the West continue its unbridled material consumption of resources, while a large part of humanity has not enough to satisfy even its basic needs? In the West the environmentalists have questioned this in a direct physical form, reinforcing moral and economic arguments. Paradoxically, the poverty conditions in poor countries are as much a threat to the environment as the excess consumption in rich countries, as convincingly shown by the Brundtland Report, again quite apart from the moral and economic objections to such a situation.

H.W. Singer
Institute of Development Studies
University of Sussex.

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|--------------------------|--|
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in the 1980s |
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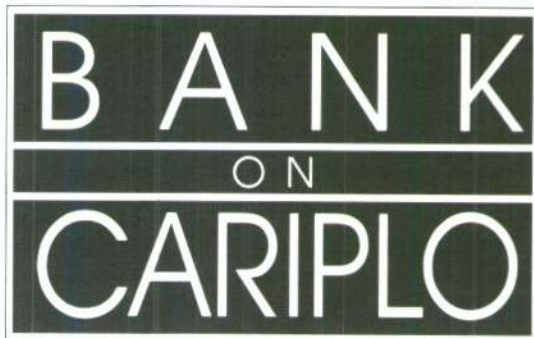
- | | |
|--|--|
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| A. Goldsmith | Demand, Supply and Institutional Development in
Africa |
| P. Plane | La réhabilitation des services publics au Sénégal :
modalités du processus et implications économiques et
sociales |
| J.B. Fournier
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She has also written extensively on women in the agricultural labour force in the developing world.

Dr. Heli Perrett is an independent consultant, specializing in social aspects of development planning and implementation. She is the author of numerous books and reports on communication, education and behavioural considerations in rural development planning. In addition to her extensive writing, she has continued to pursue a career as educator and has taught at the Catholic University of Peru in Lima, and the American University in Washington, D.C. among others.

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Summary

Rural women have been one of the most consistently neglected groups in development planning and programming, and, paradoxically, one of the groups with the greatest unrealized potential. Direct access to credit, accompanied by savings, can become a catalyst for change that brings benefits to rural women, as well as to their families and communities. The book will address this issue as follows:

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— Chapter 4 discusses women's demand for credit, its assessment and promotion, with reference to both institutional credit and to savings.

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