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THE COOPERATIVE LEAGUE OF THE USA

PROP FOR TASK ORDER 2

1/9/70

The Cooperative League of the USA
1012 - 14th Street, N. W.
Washington, D. C.

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NONCAPITAL PROJECT PAPER (PROP)

Country: Latin American Regional

Project No. 598-15-995-098

Submission Date: January 9, 1970

Original: X

Revision No. - -

Project Title: Cooperative League of the U.S.A. (CLUSA) - Task Order 2

Physical Implementation Span: FY 1963 through FY 1974

Gross life-of-project financial requirements:

U.S. Dollars:

1963 thru

Sept. 1969: \$1,058,000

FY 1970: 339,700

FY 1971: 371,500

FY 1972: 387,700

FY 1973: 323,800

FY 1974: 286,000

Total:

\$2,766,700

U. S.-owned local currency: - - -

Cooperating country cash contribution: - - -

Other Donor:

1963 thru

1969:

\$1,003,226*

- Although omitted for this purpose it is estimated that the value of donor inputs FY 1970-74 will follow FY 1963-69 averages.

Grand Total:

\$3,769,926

* For a detailed explanation of this figure, see Appendix A, p. 36.

SUMMARY DESCRIPTION

Necessity and Justification for Project

This project is in direct implementation of Title IX, the 1966 amendment to the Foreign Assistance Act, which emphasizes the use of economic and technical assistance "to stimulate the development of local programs of self-help and mutual cooperation through such measures as loans to small farmers; encouragement of cooperatives, labor unions, and savings-and-loan type institutions..."

As the result of work over a number of years in many countries, CLUSA has amassed considerable experience, knowledge, and expertise in cooperative development affairs. Regional funding provided under Task Order 2 enables CLUSA to serve as a "transfer agency" of this knowledge and experience between local USAID Missions in the various Latin American nations. Furthermore, an input via regional funding of modest resources by CLUSA in a given country can have the catalytic effect of motivating the local USAID Mission and/or the local government to underwrite the continuation of a project by means of a Mission Task Order or local government program. The increased input made available in this way in turn makes it possible to seek out, enlist, and coordinate a wide variety of valuable inputs from many local sources--both public and private--which are interested in sound cooperative development programs.

Through a system of Project Advisory Committees, CLUSA will bring to these development tasks the efforts of experienced U. S. cooperative leadership personnel--including managers of highly successful cooperatives operating in a wide range of business fields. There presently are 11 such committees serving CLUSA in the areas of oilseed processing; insurance; retail food distribution; agricultural production, supply, and marketing; cooperative banking and credit, etc. The major share of such inputs will be a direct contribution by these committee members and not charged against Task Order 2.

Project Goals and Targets

The overall goal of CLUSA's effort in Latin America under this Task Order is to: Build and strengthen cooperatives throughout the region as a means of enhancing socio-economic development. In pursuance of this overall goal, CLUSA will direct its efforts and energies into these six specific areas of activity:

1. Establishment and development of cooperative federations.
2. Work with USAID Missions and host governments on co-op program and project identification, feasibility, and implementation.
3. Development of indigenous cooperative financial institutions.
4. Development of indigenous insurance cooperatives.
5. Technical assistance to OCA.
6. Administration of Task Orders (including recruiting) in Washington and in the field.

Whenever possible, planned targets have been specified for the work to be carried on in these activity areas. These will be found on pages 14, 19, 20, 22, 26, 27, 31, and 33.

It is not possible to repeat them here and still observe the requirement of a Summary limited to not more than

Minimum Levels of Achievement

The planned targets which have been set in the various activity-areas are based on the assumption of minimum level conditions, i. e., sufficient political stability in the particular Latin American nations to permit the origination and continuation of the types of cooperative development programs described in this PROP; success in arousing local interest in the various countries, developing local leadership, stimulating action, and marshaling financial and human resources within each country.

Given conditions less optimal than these, less will be achieved than has been set as planned targets. However, if less than 65 percent of the targets are not realized, then this program should be further reviewed regarding continued funding under Task Order 2.

General Approach

CLUSA will carry out the work described in this PROP via a combination of these methods of approach:

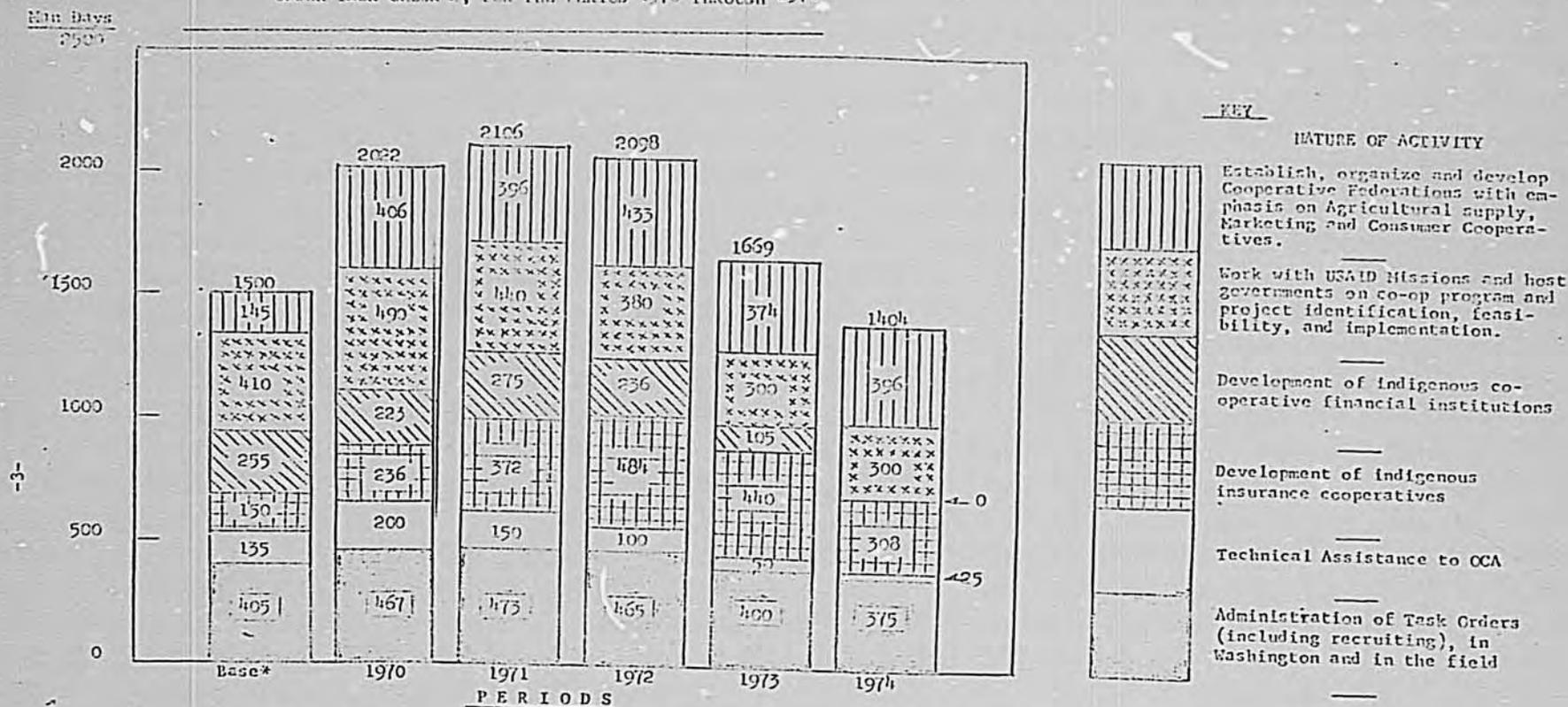
1. Utilization of U. S. cooperative leaders and project advisory committees.
2. Establishment of direct relationships on a continuing basis between individual U. S. cooperatives and the cooperatives of a developing country.
3. Intensive development and involvement of local leaders and host government officials in the planning and implementation of assistance supplied.
4. Close collaboration with USAID Missions and all interested international organizations.

Details concerning each of these four headings listed above will be found on pages 10-13 of this PROP.

Essential Inputs

The necessary inputs to carry out this work are submitted in Tables I, II, and III on the pages immediately following.

TABLE I - SUMMARY OF MAN-DAY INPUT REQUIREMENTS FOR FUNDING UNDER TASK ORDER 2, FOR THE PERIOD 1970 THROUGH 1974

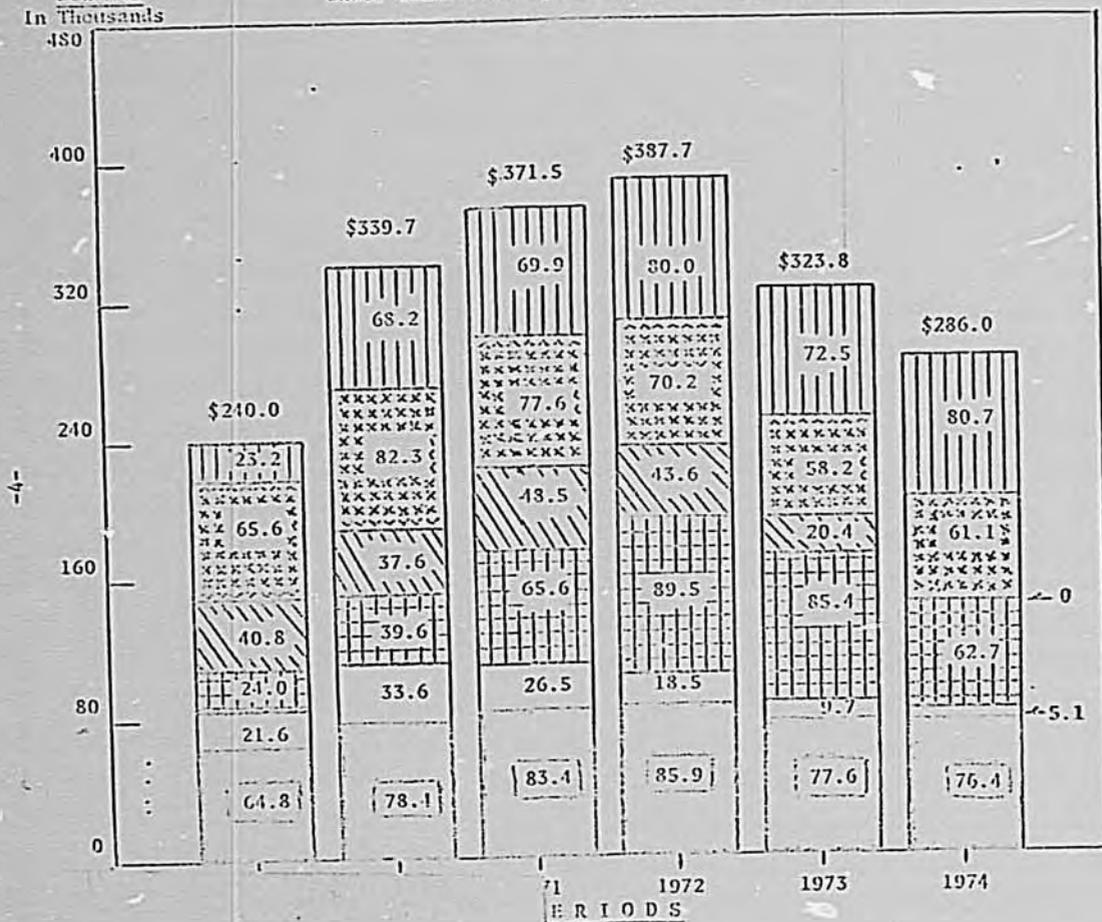


*Base Period: Derived from work actually carried out by CLUSA under T.O. 2 during the 17-month period from May 1968 to Sept. 1969, and adjusted to 12 months for purposes of comparison with the other years shown on this Table.

Note: The man-days shown above are compiled from Table V, p. 17; Table VI, p. 23; Table VII, p. 28; and Table VIII, p. 32.

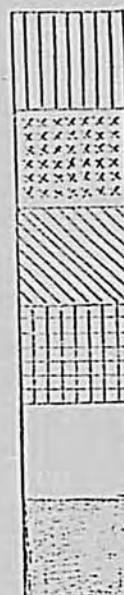
Table II - Summary of Financing Requirements for Funding Under Task Order 2, for Period 1970 through 1974

DOLLARS
In Thousands



KEY

NATURE OF ACTIVITY



- Establish, organize and develop Cooperative Federations with emphasis on Agricultural supply, Marketing and Consumer Cooperatives.
- Work with USAID Missions and host Governments on co-op program and project identification, feasibility, and implementation.
- Development of indigenous co-operative financial institutions
- Development of indigenous insurance cooperatives
- Technical Assistance to CCA
- Administration of Task Orders (including recruiting), in Washington and in the field

PROP DATE No/Day/
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 Project No. 598-15-

TABLE III

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

COUNTRY: Latin American Regional Project Title: CLUSA -- Task Order 2

Fiscal Years	Ap	L/G	Total	Cont	Personnel Serv.			Participants		Commodities		Other Costs	
					AID	PASA	CONT	U.S. Agencies	CONT	Dir. U.S. Ag	CONT	Dir. U.S. Ag.	CONT
Prior 1962 through Sept 1969			1,058.0			740.6							317.4
Oper. FY 1970			339.7			237.8							101.9
Budg. FY 1971			371.5			260.0							111.5
B + 1 FY 72			387.7			271.4							116.3
B + 2 FY 73			323.8			226.7							97.1
B + 3 FY 74			286.0			200.0							86.0
All Subs.													
Total* Life			2,766.7			1,936.5							830.2

-5-

SETTING AND ENVIRONMENT

The overall goal of CLUSA's efforts under Task Order 2 in respect to the Latin American setting and environment is: To build and strengthen cooperatives throughout the region as a means of enhancing socio-economic development.

In this overall goal, CLUSA will in the period ahead direct its efforts and energies into these six specific areas of activity:

- I - Establishment and development of cooperative federations.
- II - Work with USAID Missions, host governments, and indigenous cooperative leaders on co-op program and project implementation.
- III - Development of indigenous cooperative financial institutions.
- IV - Development of indigenous insurance cooperatives.
- V - Technical assistance to OCA.
- VI - Administration of Task Orders (including recruiting) in Washington and in the field.

In the pages which follow, these activities are pinpointed by country, and input requirements are given in terms of the number of man-days per year necessary to achieve the desired results. It is intended that, whenever possible, qualified Latin American technicians will be utilized. However, the extent to which this can be done in each area cannot be predicted. Much depends upon the availability of qualified Latin American technicians to carry out this projected program of cooperative development.

CLUSA's role in the development of these activities through regional funding provided by Task Order 2 merits a few comments on its organization and operations.

The Cooperative League of the USA (CLUSA) is the only national federation which represents all types of American cooperatives--consumer, farm supply and marketing, insurance, etc.--with a total of 19 million member-families. Rural electric cooperatives, credit unions, and housing cooperatives are represented as well via the membership in CLUSA of the National Rural Electric Cooperative Association (NRECA), the Credit Union National Association (CUNA), and the Foundation for Cooperative Housing (FCH).

Although CLUSA commenced cooperative development work under Task Order 2 as recently as 1963, its international experience in work of this type goes back much further --to 1944. In that year CLUSA's board of directors approved creation of the Freedom Fund which established an impressive record of helping rehabilitate European cooperatives after World War II. (Among other

things, CLUSA's Freedom Fund played a leading role in the organization of CARE--the Cooperative for American Remittances to Europe, later called Cooperative for American Relief Everywhere.)

In 1955 the Fund was made perpetual, and its chief focus shifted to providing technical help to cooperatives in the developing nations. Now known as the Cooperative League Fund, it serves as the international development arm of CLUSA. Over these years (including the period of Task Order 2), CLUSA's international development activities have encompassed a wide variety of work in many countries--all carried out on a nonprofit basis. A sample tabulation of these activities follow:

Feasibility surveys and technical assistance to cooperative insurance companies in: Bolivia, Chile, Colombia, Ecuador, Guyana, Korea, Malaysia, Nigeria, and Peru.

Cooperative Education programs, including assistance to training centers and cooperatives in: Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala, Honduras, India, Jordan, Kenya, Nigeria, Nyasaland, Panama, Philippines, Tanzania, Thailand, Venezuela, and Vietnam.

Technical assistance to consumer cooperatives in: Brazil, Colombia, India, and Thailand.

Establishment of permanent revolving loan funds for cooperatives in: Colombia, Honduras, Panama, and Peru.

Technical assistance to agricultural cooperatives, including conducting feasibility studies in: Algeria, Brazil, Colombia, Ecuador, Ghana, Guatemala, Honduras, India, Kenya, Nigeria, Panama, Peru, Philippines, Thailand, Uganda, Uruguay, and Vietnam.

Assistance to handicraft cooperatives in: Bolivia, Brazil, Colombia, Ecuador, India, and Peru.

Feasibility studies for cooperative banks in: Bolivia, Chile, Colombia, Dominican Republic, Ecuador, Panama, Peru, Thailand, and Venezuela.

General cooperative studies and assistance in: Cameroon, Chile, Colombia, Costa Rica, Laos, Nigeria, Nyasaland, and Panama.

Assistance to rural health center in: India.

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As a result of such activity, CLUSA has amassed considerable knowledge, experience, and expertise in cooperative development affairs which might be likened to the memory bank of a computer. The regional funding provided under Task Order 2 enables CLUSA to serve as a "transfer agency" of this knowledge and practical experience between local USAID missions in the various Latin American nations. Based on this store of information and supported with completed feasibility studies and the progress of implemented activities CLUSA has selected specific countries for its program

Regional funding makes it possible for CLUSA to initially assist a number of local missions in identifying and evaluating cooperative development opportunities, as a method of achieving overall mission development objectives.

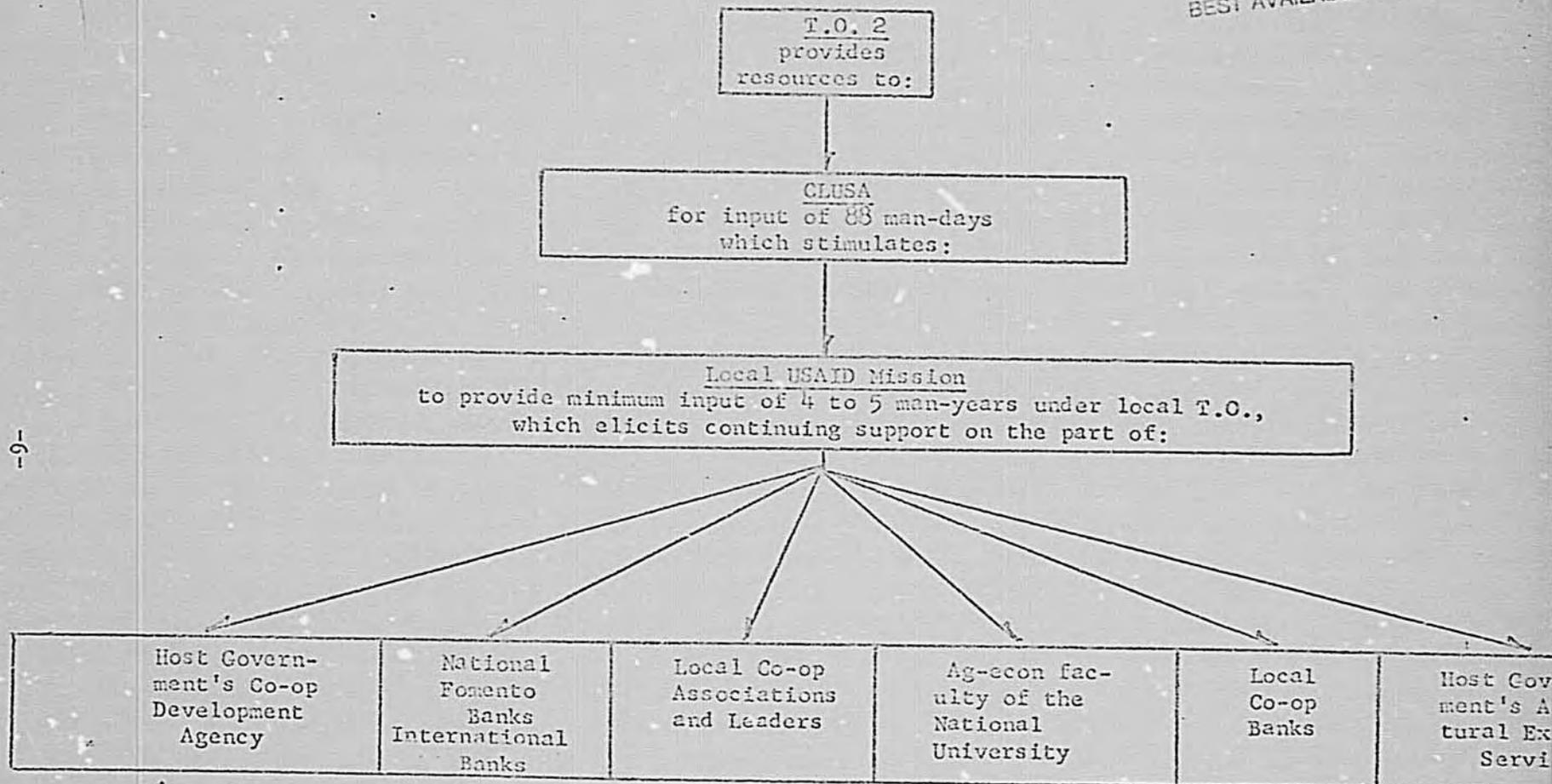
For example, an input via regional funding of modest resources by CLUSA in a given country can have the catalytic effect of motivating the local USAID Mission and/or the local government to underwrite the continuation and expansion of the program via a Mission Task Order or program. The increased input made available in this way, in turn, makes it possible to seek out, enlist, and coordinate a wide variety of valuable inputs from many local sources--both public and private--which are interested in sound cooperative development programs. Such a pattern is illustrated in Figure I on page 9. This "spread effect", in fact, already has taken place in Ecuador and is commencing in Chile and Costa Rica. In each of these instances, the local USAID Mission is giving effective leadership to cooperative development programs and mobilizing local resources in support of them. Regional funding of Task Order 2 has made this possible.

Although the growth rate of cooperatives in Latin America during recent years has been spectacular, cooperatives in Latin America still face immense obstacles in the way of establishing sound business enterprises. Surveys conducted by CLUSA in 1968 and 1969, by OCA in 1963 reveal: inadequate information about cooperatives, their purposes, functions, costs, and benefits; limited or non-existing resources for adequate cooperative financing; obsolete cooperative laws; poor management of most cooperatives and federations; and lack of realistic approaches to cooperative promotion, establishment, growth, and integration into economically viable federations.

These problems still exist today and can be solved with proper resource backing. Emerging cooperative programs in which CLUSA is playing a leading role are designed to provide a mechanism--a system--by which the Latin American people themselves, both rural and urban, can overcome many of these obstacles to economic growth and social and political progress.

FIGURE I - SPREAD EFFECT OF T.O. 2 INPUT

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STRATEGY

Utilization of U. S. Cooperative Leaders and Project Advisory Committees

CLUSA's primary strategy involves a most significant resource in helping other nations develop their own cooperative systems: the utilization of experienced U. S. cooperative leadership personnel, including managers of eminently successful cooperatives. CLUSA has increasingly acted as a conduit during this last decade to overseas cooperative projects. Gradually CLUSA has organized a group of cooperative project advisory committees in the United States to assist in the assessment of international programs and projects. Currently, there are 11 such committees serving in such fields as: oilseeds processing; insurance; retail food distribution; agricultural production, supply, and marketing; cooperative banking and credit; etc.

The cooperative project advisory committees (1) review the projects under discussion; (2) determine whether or not there is a contribution which can be made by the U. S. cooperatives; (3) organize a project team; (4) assist in recruiting personnel, both short and long-term, for the projects; (5) assure employment upon the return of the personnel who will be going overseas; and (6) provide experienced knowledge and a broad constituency of interest behind international cooperative development activities. The overseas project advisory committee members become knowledgeable as to the needs, problems, and workable methods in developing countries and thus are an increasingly valuable input to new overseas cooperative development projects.

The work of committee members has been indispensable in moving forward projects which are currently underway in other parts of the world. Assistance has been given by the voluntary committee to the cooperatives of India in establishing their own \$112 million fertilizer plant and distribution system; to Chile, in carrying out a comprehensive study of the country's food production and distribution systems; and to Indian cooperatives, to plan, establish, and operate 14 oilseed processing plants.

Establishing of Direct Relationships on a Continuing Basis Between Individual U. S. Cooperatives and the Cooperatives of a Developing Country

This technique multiplies the resources made available to cooperative development. An excellent example of the multiplier effect is the Indian case where in 1954 the Indian Cooperative Union, through CLUSA, invited U.S. cooperatives to provide specific technical assistance. The direct contact established has continued, expanded, and demonstrates a pattern which can be applied in many other countries.

The first project in India involved technical assistance for supervised credit to a large group of some 3,000 farmers working small farms in the New Delhi area. Assistance to marketing cooperatives followed and later a health clinic was supported. Subsequently, this technical assistance was extended to a hybrid seeds cooperative, 14 oilseed processing cooperatives, a fertilizer cooperative, and in addition to all of these, facility planning and educational assistance to the Intensive Agricultural Directors Program (IADP).

The Latin American cooperative development activities projected by CLUSA from 1970 to 1974 include a significant portion of this valuable input from cooperative leadership sources in the United States. This is made possible through the support of CLUSA's member-cooperative business organizations in this technical assistance work. These organizations allow their most competent managers and leaders to participate on technical assistance advisory committees established for each international project. In this way CLUSA is able to mobilize technical competence at least equivalent to, if not greater than, that existing in the largest profit corporations in the U. S. While CLUSA's services are rendered on a cost reimbursement basis, there is the added advantage of bringing cooperative business institutions of the U. S. into direct contact with those in Latin American countries. Once these contacts are established a continuing relationship develops and cash and kind contributions from U. S. cooperatives, including management advice, may be possible.

Another aspect of this type of support is that it embodies the mobilization of resources with which to transfer the experience of U. S. cooperatives to the developing nations. In several countries where the Agency for International Development does not have cooperative assistance, the Cooperative League has used its private resources to begin such work, specifically to encourage AID support. This is one way in which the Cooperative League uses its limited amount of private funds to stimulate or increase the involvement of other organizations in cooperative development work.

The contributions to the Worldwide Co-op Partners, a fund raising program of the League, come from private individuals and cooperatives. The League uses these funds to draw the participation of other organizations. For instance, in Colombia, the League contributed \$2,000 to help launch a revolving loan fund for young cooperatives. CARE then contributed \$20,000; the fund then evolved into the Foundation for Cooperative Development and the Colombian organizations stepped up their contributions to it. As of December 31, 1968, the Foundation had \$115,000 in assets and was dispensing long-term, low-interest loans.

Intensive Development of Local Leaders and Host Government Officials
in the Planning and Implementation of Assistance Supplied

Local cooperative leaders and institutions, in coordination with host government officials will be involved in every phase of activity. In many instances, project implementation will be entirely in their hands while CLUSA will perform a catalytic function. The OCA local consultative councils, as organized nuclei of responsible cooperative leaders, will also be involved not only in the planning, but also in the investigative and implementation stages to assure a strong popular support, as well as a firm institutional base upon which the development process will rest when external assistance is withdrawn. The Cooperative League and U. S. cooperative personnel strive to complement and supplement the knowledge and experience of local personnel where assistance is given. Technical assistance, wherever possible, is provided with the consent and participation of local cooperative leaders and the concurrence of host government officials. CLUSA has learned that such involvement brings added impact to overseas technical assistance, greatly stimulates their initiative, improves local support for the project, and enhances its possibilities for success.

Close Collaboration with USAID Missions and all Interested International Organizations

Such action will involve evaluating results obtained from on-going cooperative programs: Such action will include reviewing the need for additional programs; identifying opportunities which are consistent with national priorities, and are feasible within local resource limitations; developing guidelines for specific projects, assessing the technical requirement needs of a project or program; supervising and/or conducting feasibility studies for specific projects, providing project implementation guidance and recruiting competent personnel for either short or long term.

CLUSA relationship to OCA

The Organization of the Cooperatives of America (OCA) is an international association of cooperative institutions from North, Central, and South America. It was established in 1963 as a result of the efforts of CLUSA working in collaboration with Latin American cooperative leaders, and with funding from USAID under Task Order 3. OCA headquarters are in San Juan, Puerto Rico, and it maintains five regional offices strategically located throughout Latin America.

An important point of strategy concerns how CLUSA is to work with OCA on the development of cooperatives in Latin America. One meaningful way to identify the OCA/CLUSA relationship is to assign each either a major or a supporting responsibility for each of the specific programs contributing to the development of indigenous cooperative leadership and institutions in Latin America.

"Major Responsibility" is defined as being accountable for initiating, implementing, and completing assigned programs. "Support Responsibility" is defined as assisting in every way possible in the furtherance and completion of the assigned programs. In Table IV on the following page Major Responsibility is indicated by the letter "M" and Support Responsibility by the letter "S".

These can be quantified by giving "M" a numerical value of 3 and "S" a value of 1. Thus, by adding these "M" and "S" values in the first two columns of Table IV, we find that the total for OCA is 23 and for CLUSA is 29. These figures represent the current "Responsibility Total" for each organization. Then, moving over to the two right-hand columns of Table IV, we find that the Responsibility Totals of the two organizations for 1975 are 25 for OCA and 19 for CLUSA. This represents a decrease of approximately one-third for CLUSA over this period of time -- from the present to 1975.

CLUSA Relationship to CUNA

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In its work with USAID, CUNA carries on a number of programs of credit union development in Latin American countries. In some of these countries CUNA is using credit unions as a source of agricultural production credit for the small farmer. Work in agricultural credit has a close relationship with CLUSA's activities in cooperative development, which include agricultural marketing and farm supply cooperatives. The availability of adequate production credit to the co-op members has long been a bottleneck to the growth of cooperatives in the agricultural sector in many Latin American countries.

On many occasions CLUSA and CUNA have worked closely together in cooperative and credit union programs. A recent example of this was CUNA's able assistance to CLUSA in compiling data for the Report on and Recommendations for the Cooperative Sector of Costa Rica, submitted by CLUSA to USAID-Washington in October 1969. CLUSA will continue to work with CUNA on credit programs whenever it is appropriate.

PLANNED TARGETS, RESULTS, AND OUTPUTS

The remaining pages of this PROP set forth in some detail the planned targets for the specific areas of activity listed on page 6, as well as the inputs necessary to achieve these targets. Each of these activity areas will serve to implement the overall goal of building and strengthening cooperatives in Latin American countries as a means of enhancing socio-economic development.

I - Establishment and Development of Cooperative Federations

Experience of many years in this country and others has clearly shown that the creation of strong cooperative federations is essential to the growth and development of cooperatives as successful business institutions. At the same time, studies conducted by CLUSA and other organizations reveal that the absence of viable cooperative federations is a major bottleneck to cooperative development in most Latin American countries.

For this reason, CLUSA's principal thrust in its Latin American programs in the years ahead will be in the building and strengthening of cooperative federations of all types, with particular attention given to those in the fields of agricultural supply and marketing and urban retail food distribution.

The importance of the federation concept becomes immediately apparent when one recognizes the simple principle underlying it: in union there is strength. A federation organized by and for a group of cooperatives can provide a variety of essential services to its member-cooperatives which no one of them alone could begin to undertake. For example, an agricultural federation might serve its member-cooperatives in any--or all--of these ways:

- (1) Buying, storing, processing, marketing the agricultural commodities produced by the farmer-members of each member-cooperative.
- (2) Centralized purchase of farm supplies--in large quantities and at lower costs--for distribution to the member-cooperatives, which they in turn distribute to their farmer-members.
- (3) Technical assistance to member cooperatives in a variety of areas--including management and business administration, accounting, finance, key personnel training, membership and public relations, etc.

No single cooperative can usually afford to retain experts in all of the fields indicated, but via the federation such expertise is made available to each of the member cooperatives. In this way, the economic and business effectiveness of each cooperative is greatly enhanced and the total strength of the group is much greater than the sum of its individual parts.

Since cooperatives world-wide have achieved repeated successes by pooling their resources in federations, CLUSA's thrust in the forward planning will concentrate in federation building especially in Panama, Colombia, Costa Rica, and Ecuador. In these countries -- and in others

Need will be identified and followed up via consultation with in-country cooperative leaders, host government officials, USAID Missions, and close reference to the sectoral analyses already conducted by CLUSA in the countries mentioned above. In carrying out this work CLUSA will draw heavily upon the experience and advice of leading cooperative personnel in the United States--men who are widely recognized for their roles in building and managing successful cooperative federations in this country.

Input requirements for this task, in terms of man-days per year, are shown by country in Table V. Expected results are an appreciable strengthening of cooperative enterprise in these Latin American countries. Actual results, of course, will depend upon the development authorities' interest, desire and determination to stimulate cooperative effort and activity within each country, motivate key personnel, and generally mobilize local resources--human and financial--in this undertaking.

TABLE V

MAN-DAY INPUTS REQUIRED FOR ESTABLISHMENT AND STRENGTHENING
OF COOPERATIVE FEDERATIONS UNDER T.O. 2

	<u>1970</u>	<u>1971</u>	<u>1972</u>
<u>Panama</u>	Assist in organizing an Agricultural Supply and Marketing Co-op Federation: 88	Continuing Activity: 44	Continuing Activity: 22
<u>Colombia</u>	Strengthen National Federation of Consumer Co-ops: 88	Continuing Activity: 44	Continuing Activity: 22
	Expand scope of the National Federation Co-op Union (UCOPAN): 66	Continuing Activity: 33	Continuing Activity: 15
	Merge & consolidate co-ops within Regional Federations 44	Strengthen Central of Ag-Co-ops of the West: 44	Fed. of Ag. Co-ops of Dept. of Valle 44
<u>Costa Rica</u>	Strengthen National Agricultural Union: 88	Continuing Activity: 44	Continuing Activity: 22
<u>Ecuador</u>	Strengthen Cooperative Rice Federation: 22	Continuing Activity: 11	---
	Strengthen National Coffee Co-op Federation: 10	---	New Federation: 44
<u>*Other Countries</u>	Strengthening & building Cooperative Federations: 0		
		<u>176</u>	<u>264</u>
	<u>TOTAL MAN-DAYS EACH YEAR:</u>	<u>396</u>	<u>433</u>

*For an explanation of this item, see the Note on Table V on the following page.

.. . .
Note to Table V

These "other countries" indicated in Table V might include Brazil, Peru, Paraguay, Chile, Guatemala, Honduras, the Dominican Republic.

Commencing in 1971 plans are to enter two such new countries with an input of 88 man-days for each, for a total of 176. The following year (1972) the man-day input for each of these two countries is reduced by one-half, for a total of 88 man-days. But, at the same time, work will commence in two other new countries with an input of 88 man-days for each, or 176 combined. This 176 figure plus the 88 man-days for the two countries in which work commenced in 1971 brings the total for this activity to 264 man-days for the year 1972. This process is repeated in 1973, again with a 50 percent reduction in man-days devoted to the new countries of the two previous years--for a 1973 total of 308 man-days devoted to this activity. In 1973 the same process continues, giving a total of 330 man-days for this activity in that year--and then this same figure of 330 is carried forward into 1975 and 1976.

Course of Action and Planned Targets

The course of action in this activity-area for each country is listed below. The planned targets are the achievement of each task described.

1. In Panama:

- a. Strengthen and implement existing national cooperative agricultural supply and marketing federation. Farm supply cooperatives are realizing for their producer members overall savings ranging from 15 to 20 per cent on their purchases, as compared with prices charged by other merchants in the same community. Such savings could be broadened and enhanced still further if these cooperatives pooled their purchases of the farm supplies they sell to their farmer-members. They would gain the advantage of volume procurement, improve their competitive position, and be able to pass additional savings back to their producer-members.
- b. Organization and implementation of a new producer-owned wholesale food distribution center for Panama City. Available evidence indicates that such a wholesale food distribution center, properly planned and well-managed, would result in an estimated net savings of 25 per cent in annual wholesaling costs. In the case of losses from spoilage and pilferage, savings could amount to an estimated 50 per cent. Both producers and consumers would share in these benefits.

2. In Colombia:

- a. Restructure the National Federation of Consumer Cooperatives to expand its membership and greatly increase its overall effectiveness so that it becomes truly a national federation instead of representing only a few consumer cooperatives in one city, and through volume operations realize significant savings through quantity discounts and lower costs of distribution, and additionally offer a variety of technical and administrative services to its member-cooperatives which it presently is unable to provide.
- b. In respect to UCOPAN (National Agricultural Cooperative Union), expand the limited scope of the farm supply function to a truly national level through membership integration of the three regional agricultural federations; Central of Agricultural Cooperatives of the West; Federation of Agricultural Cooperatives of the Valley, and the Federation of Agricultural Cooperatives of the Tenza Valley. The resulting concentration of farm supply volume would strengthen Regionals and benefit the ultimate cooperative farmer-member in lower costs of farm supplies.

- c. In respect to the Federation of Agricultural Cooperatives of the Tenza Valley, encourage the merging and consolidation, through the efforts of the three Regional Agricultural Federations, of small and marginal cooperatives in their sector into strong viable entities commanding a voice in the production and marketing of cooperative products.

3. In Costa Rica:

Assist La Union, a new national cooperative federation so that it is in a position to provide its member-cooperatives with a variety of needed services, including marketing, supply of ag-inputs, insurance services, legal services, etc.

4. In Ecuador:

- a. In respect to the Cooperative Rice Federation, to have in operation a viable production and marketing cooperative federation by 1971 with 30 local units and some 3000 member families who will become owners of land at the same time.
- b. In respect to the National Coffee Cooperative Federation, to expand its services to include educators, extension, finance, market information, annual local member quota negotiation services, and source of production supply materials.

5. Other Countries: Listed below, in order of descending priority, are planned targets, by country, in this activity-area of building cooperative federations:

- a. Brazil: Restructure FECONIPE, a federation of consumer and farm-supply cooperatives in the State of Pernambuco, so that it serves a much-needed marketing function for the many farmer-members of the FECONIPE cooperatives.
- b. Peru: Major assistance will be necessary with small farm cooperatives and federations if plans related to land reform are to move forward in viable business ways.
- c. Chile: To federate for mutual service functions, old and newly formed marketing cooperatives, concentrating in areas of fruit and vegetables for both domestic and foreign markets.

II - Development of Cooperative Programs for USAID Mission and Host Governments

The objective here is to assist USAID Missions in Latin America to use cooperative techniques of business organizations as a significant element of their economic development programs, and to respond to their requests, as well as to those of local governments and indigenous cooperative institutions, for technical assistance in any of the phases indicated below.

In furtherance of this objective, CLUSA will provide experience personally drawn from its affiliated organizations, or through OCA from the Latin American cooperatives, in response to requests which may be received. It is anticipated that requests may cover several phases of activity--including project identification, assessment of technical assistance needed, evaluation to determine the feasibility of implementing proposed projects, and actual project implementation. CLUSA has capabilities and experience for effectively providing technical assistance in all of these areas of work. A more detailed description of the activities which may be included under each phase follows:

Phase I - Project Identification

This involves:

- a. Surveying the situation within a country to determine the present status of its cooperative sector.
- b. Evaluating various opportunity-areas for cooperative development, such as in the field of agricultural marketing or supply, consumer goods and services, production credit, housing, etc.
- c. Identifying specific co-op development projects for possible implementation.

Phase II - Assessment of Technical Assistance and/or Feasibility of Project Implementation

Here, CLUSA would undertake preliminary assessment of situations and needs related to those identified by USAID Missions, to national or international planning, to financing, and to development institutions, as well as private and public cooperative entities; make recommendations for technical assistance backstopping requirements; and conduct pre-feasibility or feasibility studies as may be required for project implementation, or develop timetables for implementation of courses of action recommended.

When a feasibility study is conducted, it sets forth in great detail the inputs required to implement the project (in terms of financial and human resources); the expected financial returns to be realized by the project for 5, 10, or 20 years hence; and the "break-even" point of the project, chronologically and in terms of volume of business operations.

Phase III - Project or Program
Implementation

This phase involves recruiting personnel to represent CLUSA; locating them within a Mission to implement a specific project; providing necessary technical and administrative backstopping services for the lifetime of the project; monitoring program implementation, performance, and progress, and recommending needed action

Man-day requirements in this activity-area for funding under Task Order 2 are set forth in Table VI on the following page, along with the specific countries in which activity is projected. Project Implementation, Phase III, will of course require many more man-days than indicated in Table VI. The assumption is that additional man-day inputs will be funded under local USAID Mission task orders.

It is, obviously, impossible to set down any meaningful "planned targets" for this activity area. This is simply because what is done depends entirely upon (1) what specific opportunities for cooperative development are discovered as the result of the work carried out in Phase I, Project Identification, (2) whether these projects are shown to be technically and economically feasible as the result of work carried out in Phase II of this activity area, and (3) whether USAIDs determine to mount programs of this nature.

Frequently, because of the nature of the project the Identification of Phase I is so well defined that Implementation - Phase III- follows without the necessity of Phase II.

TABLE VI
 REPORT IDENTIFICATION PROVIDED WITH LEADS INDICATED AND HOST GOVERNMENTS ON COOPERATIVE
 PROGRAM AND PROJECT IDENTIFICATION, FEASIBILITY AND IMPLEMENTATION
 UNDER TASK ORDER 2

Phase	Activity	1970		1971		1972	
		Country	Man days	Country	Man days	Country	Man days
Phase I	PROJECT IDENTIFICATION	Guyana ^{1/}	100	Guatemala ^{3/}	100	Honduras ^{1/}	100
Phase II	ASSESSMENT OF TECHNICAL ASSISTANCE/ Feasibility of Project Implementation	Bolivia ^{5/}	100			El Salvador	100
		Peru ^{3/}	100	Venezuela ^{6/}	100		
Phase III	PROJECT OR PROGRAM IMPLEMENTATION	NE Brazil ^{4/}	170				
		Ecuador	20	Guyana	20	Guyana	20
		Dem. Rep.	20	Ecuador	20	Ecuador	20
		Peru	20	Dem. Rep.	20	Dem. Rep.	20
		Panama	20	Peru	20	Peru	20
		C.R.	20	Panama	20	Panama	20
		Colombia	20	C.R.	20	C.R.	20
		Colombia	20	Colombia	20	Colombia	20
				Guatemala	20	Guatemala	20
				Bolivia	20	Bolivia	20
TOTAL MAN-DAYS			<u>490</u>		<u>440</u>		<u>380</u>

- 1/ Guyana has indicated interest.
- 2/ Peru has demonstrated interest in reviewing specific project dealing with implementation of Agrarian Reform.
- 3/ Northeast Brazil - Planned \$54,000,000 Agriculture Sector Loan will cover FECOMIFE operations with which CLUSA has been closely associated.
- 4/ Mandays shown indicate CLUSA's input from Regional funds to assist program in getting started. It is anticipated that USAID will defray cost of any implementation assistance over 44 mandays through a PIO/T.
- 5/ Interest was indicated subject to fund allocations.
- 6/ President Caldera's plans call for substantial inputs to accelerate cooperative development. Confederation of cooperatives working already in this direction.
- 7/ Plans laid out during 1969 postponed due to political developments.

III - Assistance in the Establishment and Development of Cooperative Financial Institutions in Latin America

The objectives within this activity-area are to develop national cooperative financial institutions in countries where there is a demonstrated need, once feasibility has been proven and to assist those institutions already organized in becoming self-sufficient and operationally successful. The need will be identified either independently through national sources, through SIDEFCOOP, through OCA, or through national cooperative surveys conducted by CLUSA.

The work to be carried out can be broken down into four complementary and mutually-reinforcing facets:

- (1) Work with individual cooperative banks in selected Latin American countries (other than Argentina and Chile), for the purpose of improving their performance standards and operational procedures. (Specific examples of this are given on pages 26 and 27.)
- (2) Direct assistance to SIDEFCOOP to help it establish and enhance its capabilities in drawing up proposals which will elicit financial support from international banking institutions such as the Inter-American Development Bank (IDB) and the International Cooperative Bank (ICB). (With this purpose in mind, CLUSA already has become a member of ICB.)
- (3) Encouragement of investment by U.S. cooperatives in Latin American cooperative financial institutions. (One example of the possible potential in this area is seen in the Indian cooperative fertilizer program already referred to. As a result of CLUSA's efforts, U.S. cooperatives evidenced their willingness to invest \$14 million in this project.)
- (4) Continuing counsel and advice to Latin American cooperative financial institutions in the years ahead, as they grow, expand and face new opportunities of broader dimensions.

CLUSA's activities as set forth in this section of the PROP are designed to develop concurrently with the efforts pursued by SIDEFCOOP. In 1970 SIDEFCOOP will inaugurate an office in Buenos Aires to service cooperative financial institutions already operating in Argentina, Chile, and Ecuador. In its work in specific countries, as shown in Table VI, CLUSA's financial economist will perform the functions described below in Phases I through V:

Phase I - Conduct of pre-feasibility study

The CLUSA financial economist will visit the country, conduct discussions with cooperative leaders, government institutions, the USAID Mission, international organizations, and other pertinent institutions, and determine the need and opportunity for a cooperative bank. This visit will determine whether the conditions warrant a full feasibility study,

Phase II - Feasibility Study

A complete feasibility study, if warranted, will be directed and/or personally conducted by CLUSA's Financial Economist.

Phase III - Implementation Assistance

CLUSA's Financial Economist or technician will assist in the drafting of operational methods and procedures necessary for the orderly and timely implementation of the proposed financial institution.

Phase IV - Monitoring Operations & Expansion

CLUSA's Financial Economist or other designated technician will: (1) review periodically all bank operations to detect progress and/or difficulties, and assist in the solution of financial and operating problems; (2) assist in procurement of additional financing; (3) review organizational procedures and methods, and suggest pertinent amendments; (4) review relationships of the cooperative institution with national banking authorities; and (5) review credit policies, bank/client relationship, and overall development.

Phase V - Integration and Training

CLUSA will: (1) assist in organization of training seminars for the staff of all Latin American cooperative financial institutions; (2) participate in workshop group discussions; (3) maintain the necessary statistical records on the operations of cooperative financial institutions and related organizations in Latin America.

In the above activities CLUSA will work closely with SIDEFCOOP, and the technical assistance personnel working for that organization. It is understood that CLUSA's role will be to strengthen the technical capacity of SIDEFCOOP and its ability to provide the necessary professional backstopping for cooperative banking throughout Latin America.

Course of Action and Planned Targets

Here, by country, is the course of action CLUSA will follow in 1970 in the development of cooperative financial institutions. In each case, the present status of the project is briefly described, followed by the goal or planned target CLUSA hopes to achieve in respect to the particular project by the end of 1970.

Peru:

Present Status: The Cooperative Bank of this country is still in the early process of organization. Assets of the Central Credit Cooperative (CCC) and its functions are to be absorbed by the Cooperative Bank. Arrangements for subrogation of a \$700,000 U.S. loan from IDB have to be completed. Recent assistance provided by the Argentine Co-op Bank was not sufficient for Peru's Cooperative Bank to achieve full operational status.

Planned Targets: (a) To develop a sound working relationship between the Cooperative Bank and Peruvian credit unions which have operated independently of the credit union federation and the CCC; (b) To assist in obtaining enabling legislation from the Peruvian government; (c) To smooth out initial operational difficulties.

Ecuador:

Present Status: BANCOOP is ready to receive an AID loan earmarked for supporting an agricultural development program with possible additional funds for a Land Purchase Guarantee Program, Supervised Credit, and Technical Assistance from USAID. Preparation of an ag-credit program has been pending for over three months. CLUSA's recent pre-feasibility study, as well as expanded Ecuadorean agricultural programs, will make assistance by CLUSA even more urgently required.

Planned Targets: To assist in strengthening BANCOOP's capability in the agri-credit field.

Panama:

Present Status: A pre-feasibility study was completed over a year ago, and now GOP is interested in developing a financial institution similar to the one in Colombia. For this purpose, funds already have been pledged.

Planned Targets: Follow the recommendations of the earlier pre-feasibility study and determine the feasibility of a cooperative bank.

Dominican Republic:

Present Status : A co-op finance project was proposed earlier, but

.....
Planned Targets: To actualize the project and determine if it is feasible to proceed.

Central America:

Present Status: A co-op finance project was previously proposed and needs actualization. There is interest on part of LARO in Panama and AID/W. It is likely that if action is not taken now, previous efforts will be totally lost. SIDEFCOOP previously has authorized expenses for two of its personnel to visit Central America, along with a CLUSA technician.

Planned Targets: Must be determined in consultation with SIDEFCOOP personnel after visit to the area and meeting with LARO in Panama.

Colombia:

Present Status: The Colombian Cooperative Financial Institution has now been in operation for a year. It already has received the first tranche of a \$500,000 loan from the Government of Colombia.

Planned Targets: To assist with initial operational difficulties which may arise, and make technical evaluation of progress at end of year.

Venezuela:

Present Status: A feasibility study for a Cooperative Financial Institute has been completed and turned over to the Venezuelan cooperative confederation for presentation to the government. Issuance of a decree by the government authorizing the creation of this Institute is expected soon.

Planned Targets: (a) To complete the bank's statutes; (b) prepare internal regulations for the bank; (c) prepare credit regulations; (d) assist in initial selection of personnel; (e) provide pre-organizational assistance to place the bank in operation.

Table VII on the following page gives the man-day inputs required to carry out these tasks during 1970 and to perform similar tasks in other countries in the years ahead.

TABLE VII
 MAN-DAYS REQUIRED FOR DEVELOPMENT OF
 INDIGENOUS COOPERATIVE FINANCIAL INSTITUTIONS IN LATIN AMERICA, 1970-1974

Nature of Activity:	1970		1971		1972		1973		1974				
	Country	Man-Days	Country	Man-Days	Country	Man-Days	Country	Man-Days	Country	Man-Days			
Phase I - Conduct Pre-Feasibility Study	Dom. Rep.	10	Uruguay	10									
			Paraguay	10									
			Guyana	10									
Phase II - Feasibility Study	Panama	22	Uruguay	22									
	Dom. Rep.	22	Paraguay	22									
	Gen. Amer.	44	Guyana	22									
	Bolivia	22											
Phase III - Organizational Assistance	Peru	22	Dom. Rep.	33	Uruguay	44							
	Colombia	22	Gen. Amer.	44	Paraguay	44							
	Venezuela	22	Bolivia	44	Guyana	44							
	Panama	22											
	Ecuador	15	Peru	22	Peru	15	Panama	15					
			Colombia	22	Colombia	15	Dom. Rep.	15					
			Venezuela	22	Venezuela	15	Gen. Amer.	15					
			Panama	22	Panama	15	Bolivia	15					
					Dom. Rep.	22	Uruguay	15					
					Bolivia	22	Paraguay	15					
							Guyana	15					
Phase V - Integration and Training (Banks in this phase would be already in operation)	Ecuador)	15	Ecuador)	15	Ecuador)	15	Ecuador)	15	Ecuador)	15			
	Chile)				Chile)				Chile)			Chile)	
	Argentina)				Argentina)				Argentina)			Argentina)	
									Peru)			Peru)	
									Colombia)			Colombia)	
					Venezuela)		Venezuela)						
							Panama)						
							Dom. Rep.)						
							Gen. Amer.)						
							Bolivia)						
							Uruguay)						
							Paraguay)						
							Guyana)						
Total Man-days Required Per Year		<u>238</u>		<u>299</u>		<u>257</u>		<u>120</u>		<u>15</u>			
Less portion funded by CLUSA and other organizations		- 15		- 15		- 15		- 15		- 15			
Net Man-days Required under Task Order 2		<u>223</u>		<u>275</u>		<u>236</u>		<u>105</u>		<u>0</u>			

IV. Development of Indigenous Insurance Cooperatives in Latin America

The objective here is to organize and place into operation insurance cooperatives in 17 Latin American countries by 1972: In pursuance of this objective, a course of action has been designed to provide technical assistance in all four phases of activity required for effective development of insurance cooperatives, as detailed here:

Phase I - Preliminary Organizational Assistance

- (1) Conduct preliminary investigations and/or feasibility studies
- (2) Promote support among interested groups and/or cooperatives
- (3) Review and draft necessary adaptations in local legislation
- (4) Raise the required equity, guarantee and operational capital
- (5) Prepare internal regulations and operational manuals
- (6) Select and train top management personnel
- (7) Obtain an operational license or registry

Time element for completing this phase: Normally these activities are spread over one year. Experience indicates that on the average an estimated 44 field man days of short-term technicians' time are required for each country.

Phase II - Operational Assistance

- (1) Starting actual operations
- (2) Obtaining reinsurance services for excess risks
- (3) Training of second-level managers
- (4) Periodic review and solution of operational problems
- (5) Joint review of first-year operations
- (6) Forward planning

Time element: These activities continued over a two-year period. A minimum of 44 man days per year of technical assistance is estimated for each country.

Phase III - Consolidation and Expansion

- (1) Develop indigenous training facilities for promotion and sales
- (2) Expand into new risks
- (3) Monitor operations to increase efficiency
- (4) Annual review of coop welfare and growth

Time element: These activities will extend over one year's time, at the end of which the Insurance Cooperative should be able to operate on its own. It is anticipated that funds or donated services to cover the technical assistance inputs for this phase will become available from local USAID's or from fees to be paid by those cooperatives operating in the black, as well as from U. S. and European cooperative insurance organizations. An input of 30 man-days has been estimated as being sufficient for each cooperative assisted.

Phase IV - Integration and Continued Training

- (1) Preparation of technical seminars for all cooperatives participating in the program.
- (2) Continuous training of key personnel

Time element: This phase is expected to last one year, at the end of which CLUSA hopes to be able to transfer its program responsibilities to local institutions to carry out the balance of the work plan laid out on the accompanying sheets. The man-day input will need to be provided by CLUSA under AID contract for the years 1970, 1971 and 1972. Assistance will also be obtained when possible from OAS, ICA, and other organizations for this phase.

Manpower Requirements

Table VIII sets forth total man-day input necessary for this insurance activity.

The program is designed to utilize Latin American Insurance technicians on an increasing basis wherever possible with due regard to competence and quality. It is expected that these technicians will be for the most part the managers of successful insurance cooperatives. In the past two years,

CLUSA has employed this technique with relative success, particularly in those countries where insurance operations have been started to cover group life and loan savings insurance. Short-term technicians mostly from U. S. cooperatives will be required to provide the necessary expertise in some of the more sophisticated tasks listed under Phase I, and particularly during Phase III, Consolidation and Expansion. CLUSA expects to be able to draw these technicians from the U. S. Cooperative Insurance sector.

Planned Targets, or
Projected Results, from Insurance
Operations

These are shown in Table VIII on the following page. The column headings across the top of the table are years, from 1970 forward; listed along the left side of the table are the four phases of activity required for the development of insurance cooperatives. Thus, the table indicates which phase of activity is underway in which country in each year. It can be seen that the table "grows" as one moves from the upper left to the lower right. Given the man-day inputs shown in the table, this rate of growth of indigenous insurance cooperatives is a reasonable one. It could be accelerated or decelerated, with the input of a greater or lesser number of man-days. Wherever possible, Latin American insurance technicians will be employed.

The assumption is that all man-day inputs in the third phase of this activity will be funded by the local USAID Mission, rather than by Task Order 2. Such funding already has been assumed by the Chilean Mission. Man-days required for the fourth phase of activity will be contributed by cooperative insurance executives in the U. S. Task Order 2 will not be charged for their time, but only for their travel costs involved.

In summary, the planned target for this activity-area is to organize and establish as operational cooperative insurance organizations in 17 Latin American countries by the end of 1972. This will be done by following the course of action detailed in Phase I through Phase IV on the previous two pages.

TABLE III

ESTIMATED MAN-DAY REQUIREMENTS FOR DEVELOPMENT OF INDIGENOUS INSURANCE COOPS IN LATIN AMERICA, 1970-1974

Technical Assistance Activities	1970		1971		1972		1973		1974	
	Country	Man-Days	Country	Man-Days	Country	Man-Days	Country	Man-Days	Country	Man-Days
<u>1st Phase - Preliminary Organizational Assistance</u>										
(Time Interval - 1 Year)	Ecuador	10	Venezuela	44	Nicaragua	44	Uruguay	44		
	Guyana	44	Costa Rica	44	El Salvador	44	Paraguay	44		
	Colombia	44	Guatemala	44	Brasil	88	Haiti	44		
	Panama	44								
	Dom. Rep.	44								
<u>2nd Phase - Operational Assistance</u>										
(Time Interval - 2 Years)	Ecuador	34	Ecuador	44	Guyana	44	Nicaragua	44	Nicaragua	44
	Peru	20	Guyana	44	Colombia	44	El Salvador	44	El Salvador	44
	Honduras	20	Colombia	44	Panama	44	Brasil	88	Brasil	88
			Panama	44	Dom. Rep.	44	Venezuela	44	Uruguay	44
			Peru	20	Venezuela	44	Costa Rica	44	Paraguay	44
			Dom. Rep.	44	Costa Rica	44	Guatemala	44	Haiti	44
					Guatemala	44				
<u>3rd. Phase - Development and Expansion</u>										
(Time Interval - 2 Years)	Chile	44	Chile	44	Ecuador	30	Guyana	30	Venezuela	30
	Bolivia	30	Bolivia	30	Peru	30	Colombia	30	Costa Rica	30
	Honduras	24	Honduras	44	Honduras	30	Panama	30	Guatemala	30
							Dom. Rep.	30		
<u>4th Phase - Integration and Continued Training</u>										
	Peru	)	Peru	)	Peru	)	Peru	)	Peru)
	Honduras	)	Honduras	)	Honduras	)	Honduras	)	Honduras)
	Chile	) 25	Chile	) 25	Chile	)	Chile	)	Chile)
	Bolivia	)	Bolivia	)	Bolivia	) 25	Bolivia	)	Bolivia)
					Guyana	)	Guyana	)	Guyana)
					Colombia	)	Colombia	) 25	Colombia)
					Panama	)	Panama	)	Panama)
					Dom. Rep.	)	Dom. Rep.	) 25	Dom. Rep.	) 25
					Venezuela	)	Venezuela	)	Venezuela)
					Costa Rica	)	Costa Rica	)	Costa Rica)
					Guatemala	)	Guatemala	)	Guatemala)
							Nicaragua	)	Nicaragua)
							El Salvador	)	El Salvador)
							Brasil	)	Brasil)

V. Technical Assistance to OCA

The objective is to provide adequate quantity, quality, and types of technical assistance to support balanced structural growth of OCA, its capabilities, and its activities.

In furtherance of this objective, CLUSA will pursue the following course of action:

(1) Make available to OCA the resources of CLUSA in respect to cooperative management training, co-op membership education, cooperative legislation, and trade promotion.

(2) Suggest innovations which OCA can utilize on an experimental basis, or can draft into proposals for submission to--and funding by--donor organizations.

(3) Provide liaison between OCA and Washington-based organizations which have cooperative programs in Latin America, or which can assist OCA in accomplishing its objectives. Among these are AID, OAA, IDB, PADF, various foundations and universities.

(4) Act as a source of information on OCA programs to U. S. cooperatives, with a view to their affiliating with OCA as member-organizations.

(5) Assist in the improvement of OCA's organization and administration through periodic attendance at OCA meetings, frequent consultation with OCA headquarters in San Juan, Puerto Rico, and review of OCA's reports and operating procedures.

(6) Help OCA in its recruitment efforts, providing guidance and standards for program staffing and implementation.

Thus far under Task Order 2, a total of 191 man-days have gone into this activity. An input of 200 man-days is projected for 1970. This will drop to 150 man-days in 1971, 100 in 1972, 50 in 1973, 25 in 1974, as shown in Table I.

The planned targets for this activity-area have been set forth in Table IV page 14. They consist of arriving at the "major responsibility" role for OCA in each of the specific program areas.

VI. Administration of Task Orders

The principal objective in task order administration is to provide adequate backstopping and administrative support to achieve task order activities and programs both in Washington and in the field. To this end CLUSA will pursue the following course of action:

1. Review of financial matters, projected budgets, scope of work, with field representatives; provide planning, programming, and operational guidelines, as well as administrative support to CLUSA representatives working through USAID Mission.
2. Recruitment of specialized personnel and consultants for field activities.
3. The development of ancillary support relationship with other organizations to establish a liaison between U. S. cooperatives and host country cooperatives.
4. Periodic supervisory trips to field projects for the purpose of reviewing country programs and consulting with the representatives and USAID Mission officials on activity progress and expansion possibilities.
5. Presentation of proposals to AID/W and to USAID Missions for the finalization of agreements.
6. Review and editing of field reports to consolidate pertinent information reflecting program activity.
7. Preparation of Quarterly Progress Reports for AID/W and on regional task orders entailing the collection of data, summarization of information, and preparation of reports.
8. Furnish field representatives with timely information, techniques, and developments of national cooperative survey reports.
9. Setting up arrangements for special training and institutional specialized training for candidates from the field.
10. Handling all travel arrangements pertaining to staff movement.
11. Handling and maintaining an adequate inventory of Spanish language publications to fill requests for such information.
12. Provide information and time to foreign visitors to Washington under the sponsorship of other government agencies or cooperative contractors.

13. Maintain statistical and informational data on each area of activity.
14. Preparation of brochures for project advisory teams to reflect their backgrounds, objectives and accomplishment.
15. Participate in meetings with AID/W officials to keep them informed of various activities and to constantly review programs, administrative and financial matters.

In addition, the maintenance of the secretarial and an office staff of a calibre necessary to carry out the various in-house activities under regional task orders.

This particular activity-area--Administration of Task Orders--obviously is in support of, and essential to, the successful consummation of the previous five activity-areas described in the preceding pages:

- I - Establishment and development of cooperative federations.
- II - Work with USAID Missions and host governments on co-op program and project identification, feasibility, and implementation.
- III - Development of indigenous cooperative financial institutions.
- IV - Development of indigenous insurance cooperatives.
- V - Technical assistance to OCA.

Thus, no planned targets can be set down for this activity-area in itself--except to state that they consist of providing the necessary administrative support for the other five activity-areas listed above, so that the planned targets for each of these may be realized.

APPENDIX A



The COOPERATIVE LEAGUE of the USA

a national federation of cooperatives

Stanley Dreyer, president

February 4, 1970

1.	CY 1969 - Total privately funded assistance to Latin American cooperative development by the Cooperative League, including expenditures on administration of programs in Latin America and program expenditures overseas (does not include any AID funds) <u>1/</u>	\$ 86,369
2.	CY 1968 - Total privately funded assistance to Latin American cooperative development by the Cooperative League, including expenditures on administration of programs in Latin America and program expenditures overseas (does not include any AID funds) <u>2/</u>	\$138,386
3.	CY 1963 thru 1967 - Total privately funded assistance to Latin American cooperative development by the Cooperative League, including expenditures/ ^{on} administration of programs in Latin America and program expenditures overseas (does not include any AID funds) <u>3/</u>	\$778,471
	Total:	\$1,003,226

1/ based on four quarterly reports for CY 1969 to the Office of Private Resources, AID.

League

2/ Based on Cooperative/financial records

3/ Based on report entitled "Report on Use of Cooperative League Private Funds in International Development Work, Including Selected Financial Data (Part I) and Descriptive Material (Part II)", submitted to the Office of Private Resources, May, 1968

Activities and Accomplishments May 1, 1968 through September 1969

Background

In 1967 CLUSA, with AID support, conducted a mission-to-mission review of cooperative developments in Latin America. The evaluation of this study indicated the need for more intensive in-depth planning and implementation to strengthen and create viable cooperative entities.

It was recognized that the cooperative concept was the ideal vehicle for fulfilling the intent of Title IX, Section 281 of the Foreign Assistance Act, "In carrying out programs authorized in this chapter, emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of developing countries, through the encouragement of democratic private and local governmental institutions."

Early in 1968 the League suggested that AID/W provide cooperative expertise assisting the Latin American USAID Missions to identify and implement successful financial, technical, and educational cooperative activities. It was agreed that more accurate sectoral analyses would be required to build a sound foundation for committing resources in an orderly manner for cooperative development and subsequent inputs for implementation of projects to insure maximum effectiveness. It was proposed that surveys be conducted in selected countries by CLUSA technical assistance teams drawn from the U. S. cooperative movement, and led by CLUSA staff members. It was understood that such teams would assist USAID programming staffs to reach decisions as to how, where, and when economically viable cooperative institutions could be organized in the context of a total economic and social development program.

In addition to pinpointing existent opportunities for sound cooperative development, CLUSA also emphasized its earlier efforts to strengthen both OCA and SIDENSCOOP, and continued its assistance in the organization and establishment of insurance cooperatives and cooperative banks.

In late 1968 CLUSA conducted its initial cooperative sector analysis in Panama and concluded as a result of this experience that participation of short-term U. S. cooperative management specialists would provide these advantages, viz., (1) their long operating experience would lend excellent insight to the analysis; (2) greater opportunities would be developed to cement closer relationships and a useful exchange of ideas between Latin and North American cooperative leadership; (3) support would be gained within large U. S. cooperatives for cooperative development programs and they, in turn, would report favorably on AID efforts to their congressmen;

(4) CLUSA would be certain of high-quality analyses and recommendations from the best brains of the U. S. cooperative community; (5) a source of cooperative technicians for future overseas assignments would be developed.

Types of Major Activity

As a result of the understanding established with AID/W and the funding provided since April 1968 CLUSA has carried on three major types of activity: (1) identification of possible projects and programs, (2) determination of feasibility, and (3) implementation. This has been done on behalf of host country cooperative institutions, planning boards, ministries, local cooperative federations, and other cooperative supporting entities. The nature of these three types of activity is set forth briefly below:

Identification

Cooperative sector analyses have been conducted to: (1) describe the present status of cooperative development in a national economy and provide a frank appraisal of cooperative potential with problems, obstacles, and possible solutions; and (2) recommend cooperative projects and programs which can be utilized as effective tools in achieving high priority national development goals. Special emphasis is given to cooperative operations of a size and scale which, through inherent economies and strength, will have a significant measurable impact on social and economic development.

Feasibility

This activity encompasses review and evaluation of specific cooperative program and project development needs identified by USAID, national or international planning, financing, and/or development institutions, private and government cooperative development institutions, etc. Recommendations are made for technical assistance backstopping requirements, pre-feasibility or feasibility studies and time-tables for implementation are developed. U. S. Cooperative Technical Assistance Teams are organized for these functions by drawing on qualified leaders in operating and management positions in U. S. cooperatives.

Implementation

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CLUSA proposes the assignment of a cooperative representative to the host government or to USAID to supervise project development and implementation, when appropriate, and assists with selection and procurement of personnel. This representative arranges with key host governments, USAID, or other appropriate agencies for the proper utilization of technical assistance personnel sent to a given country to carry out functions and activities earlier recommended. These representatives discharge a broad cooperative advisory function and are often involved in a supervisory and coordinating role that results in the expansion of cooperative abilities to other sectors of the economy.

These three types of activities have been carried on within five principal areas of Latin American Cooperative Development described under the following headings.

1. Establishment and Development of Cooperative Financing Institutions

CLUSA has contributed in a major way to the development of national cooperative financing institutions in countries where there is a demonstrated need. The need is identified through national development and planning sources, OCA, the national cooperative surveys conducted by CLUSA, through USAID, international development banks, etc. The availability of capital and the cooperative bank's ability to administer financing to developing cooperatives is an important link in the success of a cooperative system.

CLUSA's Financial Economist has visited a number of host countries, when invited, to determine the existing opportunity and need for a cooperative bank. If conditions warrant it, a feasibility study is proposed. The Financial Economist visits the country to direct or conduct the study. CLUSA provides assistance in the organization and structuring of the financial institution in addition to the follow-up assistance, through periodic visits, once the institution has been organized and in operation. Assistance is also provided the newly developed or established financial institution by continuing reviews in the areas of financial and operating reports, organizational structure, procedures, credit policies, relations with national authorities and clients, and bank business development plans. Finally, CLUSA assists in funding sources for obtaining additional bank financing.

In the above activities CLUSA has worked closely with SIDERCOOP and technical assistance personnel from that organization. It is understood that CLUSA's role is to strengthen the technical capacity of SIDERCOOP and its ability to provide the necessary professional backstopping for cooperative banking throughout Latin America.

2. Establishment of National Insurance Cooperatives

a. CLUSA has assisted viable cooperatives in Latin American countries to organize their own insurance societies.

b. CLUSA, in strengthening on-going insurance cooperatives, has suggested organization, higher productivity, higher levels of insurance protection and business volume.

c. CLUSA has worked with international cooperative insurance groups reviewing insurance situations and evaluating the feasibility of establishing a cooperative insurance institution to coordinate all cooperative insurance efforts in Latin America.

d. CLUSA has worked closely with the Insurance Advisory Committee to obtain technical assistance on a consulting basis.

e. CLUSA initiated through the International Cooperative Alliance a

3. Assistance to OCA

a. Provided liaison services for OCA with Washington-based organizations which have cooperative programs in Latin America or can assist in accomplishing its objectives. Among these are AID, OAS, IDB, PADP, World Council of Churches, several foundations, and colleges and universities.

b. Acted as a source of information on OCA programs to U. S. cooperative organizations with a view to obtaining their affiliations to OCA.

c. Continued to assist in the improvement of OCA's administration through periodic attendance to their meetings, frequent consultations with their center of operations in San Juan and review of their reports and operating procedures.

d. Assisted in OCA recruitment efforts, providing guidance and standards for program implementation.

e. Provided program guidelines until such a time as a program coordinator was hired by OCA.

f. Provided information to OCA on CLUSA's programs and capabilities for backstopping management training and technical assistance programs.

g. Suggested ideas on new programs with which OCA can either experiment or draft into proposals for funding by donor organizations.

4. Support to CLUSA Representatives Contracted Under USAID Field Mission Task Orders

CLUSA/W has provided planning, operational, and administrative support to CLUSA representatives working as contract employees for USAID Field Missions. Their primary function is to give guidance and suggestions to the USAID programming staff in developing a cooperative program and to carry out the assignments designated by a local USAID. This has led to requests to CLUSA for recruitment of specialized personnel and consultants; the procurement of equipment for projects; the development of ancillary support relationship with other organizations; information on cooperative development in other countries; assistance in handling visitors from the assigned countries; setting up arrangements for special training in Puerto Rico, ICTC, or other institutions; budget review and revision; preparation of contracts and task orders; and arranging with CLUSA regional personnel for national cooperative surveys.

5. Education and Training

CLUSA has provided education, training guidance and services for cooperative development to assist AID/W, Regional, USAID, and host country cooperative specialists in achieving their informational resource and material needs. This assistance consists primarily of on-site management inputs from U. S. cooperatives to improve the management performance of cooperatives in host countries.

Additionally, CLUSA has published in Spanish books and manuals on the many aspects of cooperative organization and operation. CLUSA also has produced films and slides designed especially for Latin American audiences.

CLUSA's activities under Task Order 2 for the 17-month period May 1968 through September 1969 are summarized in Table IX on the following page.

TABLE IX - SUMMARY OF PROFESSIONAL MAN-DAYS FOR
THE LATIN AMERICAN COOPERATIVE DEVELOPMENT PROGRAM

May 1, 1968 to September 30, 1969 - 17 Months

Program	Man-Days Contributed by U.S. Cooperative Movement	Man-Day Funded by Task Order No. 2			
		Number	Program Development		Trips to Latin America
			Washington %	Latin America %	
National Cooperative Sectoral Analyses	130	637	38%	62%	30
Assess Technical Assistance Require- ments and Terms of Reference	45	148	-0-	100	
Financial Institutions and SIDEFCOOP	10	360	18	82	8
Insurance Institutions	25	212	15	85	12
Support of OCA Activities	10	191	58	42	5
Administration of TO's in Washington and Field	-	445	50	50	8
Other Informational Contacts, Visitors and General Develop- ment Assistance	-	127	80	20	-
TOTAL	220	2,120	43%	57%	63

Results and Outputs

National Cooperative Surveys

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Panama - A complete survey was made in July and August 1968 and submitted in draft form to USAID/P and AID/W in October with the final report published January 1969 after intensive review. Implementation of projects identified in the survey were discussed with USAID/P and the Panamanian Ministry of Agriculture resulting in strong support of CLUSA's recommendations. The full array of information provided by this national cooperative survey remains a valuable compendium of program projects for USAID, the GOP, and the private cooperative sector.

At the request of the GOP, with USAID approval, CLUSA's representative in Panama prepared a proposal for the establishment of an Agricultural Cooperative Federation to provide a broad range of services to cooperatives. The project has the support of the Mission staff and the Programming Office and awaits final funding approval of the Mission Director.

Colombia - A cooperative survey undertaken in February was completed in August 1969. A CLUSA team composed of an Agricultural Marketing Economist, a Consumer Cooperative Consultant, a Credit Union Specialist (from CUNA), a Cooperative Generalist, a Financial Economist, and a Programmer conducted the initial investigation. Subsequently, a U. S. cooperative project advisory team utilizing the experiences of a retired Senior Vice President and General Manager of FS Services, Inc., Illinois, an agri-business regional cooperative, and the General Manager of the Puerto Rican Federation of Cooperatives, a consumer cooperative, reviewed the special problems in Colombia. The resulting recommendations were submitted in draft form to AID/W November 1969. Currently both CLUSA and the interest of the Colombian cooperative movement are waiting for the report release by USAID/C.

Costa Rica - A cooperative survey was started in June and completed in July 1969. First investigations were made by a technical team composed of the team leader, a lawyer-economist and former CLUSA representative in Latin America for six years, an Agricultural Credit Specialist, and a Farm Supply Technician. The last two drawn from the U. S. cooperative movement. A cooperative industry advisory team comprised of a Management Development Specialist from Farmland Industries, a large Midwestern cooperative federation, and an Agricultural and Supply Specialist with LANDMARK, a regional farm supply and marketing cooperative in Ohio, also assisted as consultants to the CLUSA technical team. The resulting survey with technical assistance requirements were submitted in a draft report to AID/W and USAID/CR in October 1969.

The report has been favorably received by USAID/CR to the extent that a translation for country distribution has been requested. Additionally, the survey report with CLUSA's technical assistance recommendations will be a base for USAID/CR at such time as AID/W responds to a proposed agricultural sector loan.

...
Ecuador - At the request of the USAID Mission to develop Terms of Reference for the development of Ecuadorean cooperatives a CLUSA Cooperative Project Advisory Team composed of the General Manager of Associated Cooperatives, Inc., a large California based consumer cooperative; the retired Senior Vice-President and General Manager of FS Services, Inc.; an agri-business regional cooperative, and the CLUSA representative from Chile visited Ecuador from October 26 to November 7, 1969. As a result of this study the team suggested that USAID/E direct its support to: (1) Agricultural Production Cooperatives and Supply and Marketing Federations and (2) cooperative education and management training related to project areas. Currently USAID has requested a CLUSA team of specialists to assist in establishing guidelines for the development of these projects. A team visit to Ecuador is scheduled for January 1970.

Peru - Discussions with the GOP early in 1968 regarding Terms of Reference were temporarily postponed principally because of political developments in Peru. Recently discussions were held at the request of the USAID Mission and the new Office of Cooperative Development, OMSDEOP, of the GOP. CLUSA may be requested to assist in cooperative development activities relating to an emerging GOP agrarian reform program. At that time, estimated early 1970, CLUSA will send a Project Advisory Team to Peru to assess technical assistance requirements.

Chile - At the request of USAID/Chile CLUSA sent a Cooperative Project Advisory Team to review problems concerning the low farm income and high consumer food costs. The team consisted of the retired General Manager of Sunkist Growers, Inc., the largest citrus cooperative in the U. S. and the President of Greenbelt Consumer Services, Inc., a large multi-service consumer cooperative operating in several eastern states. Based on their evaluation, a proposal for technical assistance was forwarded to USAID/Chile on August 22, 1969. CLUSA has been informally advised that the Mission will forward a PIO/T to AID/W as soon as cleared by the Chilean National Development Corporation. CLUSA expects to be involved in providing a substantial amount of the required technical assistance.

Assistance in the Establishment and Development of Cooperative Financial Institutions

Peru - While attending the Cooperative Bank Seminar in Lima in July, 1968, CLUSA's Financial Economist assisted the Central Credit Cooperative in Lima in laying plans for the organization of the Cooperativa Bank. This bank is now organized and initiating operations. At CLUSA's suggestion it has also received important technical assistance from the Argentine Cooperative Bank through SIDEFCOOP. CLUSA has a request for assistance from the Bank which will be met as specialized staff personnel becomes available.

Ecuador - To overcome problems of liquidity faced by the Bank for Cooperatives, CLUSA attempted in 1968 to promote a private loan of \$4,600,000 for this bank. Unfortunately, this request came at a time when the U. S. faced an unfavorable balance of payments which precluded U. S. Treasury acceptance of investment guarantee supporting the loan application. In the second quarter of 1968 CLUSA reviewed the operations of the Cooperative Bank and helped develop a series of measures to cope with their operating problem. CLUSA is advised that a USAID loan of 1.2 million dollars has just been approved for this bank.

Colombia - The Colombian Cooperative Financing Institute became a serious subject for discussion in March 1968 when CLUSA's Financial Economist prepared bylaws, a proposed organizational structure, regulations for the functioning of the bank, and position descriptions of its personnel. The bank was inaugurated in October 1968 initiating operations with 200 affiliated cooperatives and US\$13,000 paid-in capital. The GOC has pledged \$5,000,000 Colombian pesos to the Institute. Meantime, the bank is obtaining technical assistance from the Chilean Cooperative Bank, IFICOOP, at CLUSA's suggestion.

Venezuela - A pre-feasibility study of a cooperative financial institution was prepared in 1968 with CLUSA's assistance. A feasibility study was then undertaken by several Venezuelan cooperative leaders under the direction of CLUSA's Financial Economist and completed in May 1969. At this moment the Venezuelan Confederation which sponsored the study is awaiting the issuance of a decree by the government to authorize operations and capital for the proposed bank.

Panama - CLUSA's Financial Economist visited Panama in March 1968 to determine pre-feasibility of a cooperative bank. A small Foundation for Cooperative Development was started by the CLUSA's Panama representative and local personnel. The foundation is established with seed capital of \$11,000 in part contributed by CLUSA, and is lending money to pre-cooperatives and cooperatives with no other source for loan funds. Several steps have been taken already to organize a Cooperative Financing Institute similar to that established in Colombia.

Cooperative Bank Seminars - The first seminar for Latin American cooperative banks was held as a CLUSA-OAS sponsored activity in Lima in the summer of 1968 with representatives from 15 Latin American countries attending. This activity has been taken over by SIDEFCOOP which organized a second seminar in Buenos Aires in October 1969 with collaboration of OAS, OCA, and CLUSA.

Table X on the following page gives the latest available year end date concerning four cooperative financial institutions in Argentina, Chile, Ecuador, and Peru.

Summary Data on Cooperative Banks and Financing Institutions as of December 31, 1963
 TABLE X
 All Figures US \$

	Argentina Agricultural Bank	Chile Cooperative Finance Institute (FICOP)	Ecuador Ecuador Bank for Coops. (Bancoop)	Peru Peruvian Bank for Coops. (Bancoop)
1. In operation since	1965	1965	1965	1965*
2. Number Co-op Members	606	315	180	225
3. Financial Resources	5,837,400	3,013,600	1,290,200	1,594,300
4. Outstanding Loans	4,028,600	2,803,000	1,097,600	561,600
5. Volume Loan Operations	5,442,800	3,082,700	691,700	561,600
6. Number of Loans Granted	765	738	62	77
7. Annual Rate of Interest	12-15%	7.5% Readjustable 18.9 Nonreadjustable	6%	8-9%
8. Estimated Volume 1969	7,650,000	4,500,000	1,300,000	500,000

*Figures shown represent assets, members, etc., of Central Credit Cooperatives which is former organization of the bank.

Promotion and Assistance to Insurance Cooperatives

This activity has been performed for the most part through visits by short-term insurance consultants contracted by CLUSA and under the guidance of CLUSA's cooperative insurance committee.

Initially an evaluation is made to determine the need and feasibility of developing a local, indigenous cooperative insurance society with CLUSA technical assistance. Once feasibility is established, assistance is given in promoting, organizing, and structuring the cooperative; training of prospective employees; and raising the necessary capital to support the cooperative. As the cooperatives come into being, reinsurance services are provided through U. S. insurance cooperatives. Operations are analyzed periodically to strengthen areas of weaknesses.

Chile - The thrust of CLUSA's assistance in this country has been to strengthen COOPREV, the national insurance cooperative. Through the efforts of CLUSA's representative with USAID/Chile and visits by insurance consultants during the period, COOPREV has been extricated from possible failure. Full recovery will require continued assistance for another year. However, control is now firmly in the hands of member cooperatives. COOPREV has developed sufficient business volume to operate well above a break-even point and is in the process of improving the managerial capabilities of its personnel through the overseas training of key staff members. COOPREV insured until very recently some 17 groups with monthly premiums of US\$5,200. As a result of assistance from CLUSA's consultants it has been able to triple its monthly premium income, reduce substantially insurance costs to the cooperative membership, and is following a dynamic expansion program in the untapped Credit and Housing Cooperative sectors. Additionally, the advent of COOPREV and its plans to introduce new approaches including premiums and benefits adjusted to current devaluation has served to attract greater interest in Chilean life insurance.

USAID/Chile considers this activity as sound and essential. It has commended CLUSA on the orientation of the effort and the calibre of the consultants it has employed. The Mission is supporting the program from its own funds.

In addition to COOPREV, there is a group of cooperatives, sponsored by IFICOOP (Cooperative Finance Institute) which has started organizing to cover fire and fidelity and surety bond risks. This will be a second-level organization requiring assistance along the same lines as COOPREV.

Peru - The Insurance Cooperative of Peru organized under T. O. #8 in January 1967 has been assisted continually in an annual review of its operations, the training of its personnel, providing recommendations for additional risks it should cover and reinsurance services to cover excess loss and catastrophe. The cooperative has doubled its operations in the past two years as follows:

		<u>1967</u>	<u>1968</u>
Assets	s/	3,332,795	s/ 7,964,747
Reserves		-	152,164
Capital		2,314,251	6,165,247

At present it insures 18 cooperatives with a total membership of 67,200. It underwrites risks totaling s/ 845,148,861. It has paid off 131 claims totalling s/ 2,262,408.61. It covers the following risks: loan, life savings, and mortgage life. It has started its own training school for promoters and agents and has assisted Ecuador in training its personnel.

Honduras - At the request of the Credit Union Federation (FACACH) and USAID/Tegucigalpa, CLUSA made arrangements with Michigan League Life and the Insurance Cooperative in Puerto Rico for training an insurance technician in the mortgage life field. As a result, the FACACH inaugurated its own insurance services for loan life and life savings in February 1969. During his latest visit the CLUSA Insurance Consultant assisted the Federation in a review of its policies, procedures, and claim processing. Re-insurance services are being provided for excess loss.

Ecuador - The visit made by the CLUSA Insurance Consultant in February 1969 rekindled the interest which had prevailed in 1966 and which languished due to the change in government. A feasibility study was completed in the first half of 1969 by the Credit Union Federation under guidance of the CLUSA Advisory Committee. The Federation is now actively raising the capital required. Arrangements have been made to grant \$6000 to the Credit Federation from several U. S. insurance cooperatives so that it can qualify for a loan from All Nations, Inc., and thus be able to start operations by February 1970.

Colombia - Information on the potential volume of business and premiums was collected and analyzed by a CLUSA Insurance Consultant last July. The Colombian Financing Institute has taken leadership for raising the necessary capital. It is planning to hold the constituent assembly of the Insurance Cooperative in March 1970.

Panama - Assistance has been limited to developing contacts and information. A CLUSA Insurance Consultant in February 1969 met with the Panamanian Credit Union Federation. At CLUSA's suggestion the Local #900 AFL-CIO, Panama Canal Zone Trade Union initiated conversations with the Panamanian Credit Union Federation during this last fiscal year and is moving ahead to establish a cooperative insurance society in collaboration with the Panamanians. Mr. Ellis Wohlner, Insurance Actuary of Michigan League Life, and Mr. Alfredo Lanza of the Bolivian Credit Union Federation (and a cooperative insurance consultant for CLUSA) have convened meetings with the General Manager and directors of Local #900 of the Canal Zone. The latter is prepared to organize their federation in Panama outside the Zone and establish an insurance society completely Panamanian in origin and get the operation underway in the near future. Mr. James Olson of the CUNA-LARO staff in Panama, an insurance specialist, will be working with the two groups in an effort to establish the insurance cooperative at an early date.

Guyana - Conversations were initiated in August with a representative of the Guyana Government. He has visited Michigan League Life Insurance in Detroit, the Puerto Rico Insurance Cooperative and observed their operation. An Insurance Consultant has just visited Guyana to assist with the initial promotion and organization of a cooperative insurance society.

Assistance to OCA and SIDEFICOOP

CLUSA helped create OCA in 1963 and has actively supported its development. Until 1967 CLUSA acted as the vehicle for channeling AID inputs to OCA. In agreement with AID/W CLUSA currently assumes a monitoring role in its relation with OCA. Relative to this, CLUSA developed a joint work plan with OCA's Executive Secretary outlining objectives to be reached within two years and provided measures to improve OCA's administrative functions. The resulting improvements have been recognized by AID in granting OCA funds directly for major problems related to technical assistance, management training, and trade promotion.

CLUSA has worked closely with SIDEFICOOP in strengthening its technical capacity and its ability to provide the necessary professional backstopping for cooperative banking in Latin America.

To a large extent, CLUSA has provided these two organizations, OCA and SIDEFICOOP, a solid viable base that has resulted in direct AID relationships with these entities.

Recognizing OCA's increasing importance as a Latin American institution and the role it can play long range in strengthening cooperative development in the hemisphere, CLUSA has designated one employee of its international staff to work closely with OCA. This person is acting pro-tem as official representative of OCA in Washington, attends all meetings of OCA's Executive Council and Board of Directors, keeps himself abreast of program developments in OCA, assists OCA's Executive Secretary in the implementation of AID funded programs and coordinates CLUSA's role in strengthening OCA's administrative and operational responsibilities.

OCA has now hired an Education and a Trade Promotion Director to carry out its programs under a recent AID grant. CLUSA continues to assist in program direction and coordination.

Support to USAID Field Mission Task Orders

The backstopping support which CLUSA provides these task orders has been administrative. From time to time there are special requests for recruitment of specialized personnel, consultants, procurement of supplies, development of ancillary support relationships with other organizations such as CARE, requests for information on cooperative developments in

other sectors and countries, assistance in handling visitors from these countries while in the States, arrangements for training at ICRC or some other institution, budget revision, business review, and preparation of task orders. Task Orders presently effective are:

Task Order No. 23 - Panama - One Cooperative Advisor works with USAID/Panama. He concentrates his effort in assisting in the following areas: passage of cooperative legislation; preparation of annual work plans for the National Superior Agency of Cooperatives; development of an agricultural cooperative supply and marketing federation; planning cooperative training for the USAID Mission; developing an insurance cooperative.

Task Order No. 12 - Ecuador - One U. S. National employed by CLUSA and its representative in Ecuador. Twenty-three (23) Ecuadorean Nationals are now working under this task order. They are primarily involved in the development of a Cooperative Rice Production, Supply, and Marketing Federation. This is to be expanded and broadened to include a number of activities recommended in CLUSA's recent guideline study prepared for USAID/E.

Task Order No. 14 - Chile - One General Cooperative Advisor is attached to the Mission in Santiago. He operates a broad range of cooperative activities and assists the Mission in formulating its entire cooperative development program.

1. Historical Development of Scope of Work of Task Order 2 (L. A. Regional)
June 1963 - April 30, 1968

A. June 28, 1963 - April 1966

During this period the Task Order provided a recruiter and part-time secretary to compile a listing of firms and individuals from the cooperative movement who might be interested in overseas assignments under contract with AID. Travel for recruitment purposes was provided and the recruiter was required to conduct language aptitude tests on individual candidates as well as other types of aptitude tests. A Washington office was provided for the recruiter.

B. April 1966 - October 1966

The title of the person provided under the Task Order was changed to Recruiter Administrator and the scope of work enlarged. In addition to the above listed responsibilities, the new scope of work included the following:

1. act as administrator of CLUSA/AID Latin American task orders,
2. advise AID/W and USAID's in Latin America on technical matters related to cooperative projects,
3. assist in developing country or regional cooperative programs and prepare recommendations for their establishment and implementation,
4. supervise and direct personnel under Latin American task orders of CLUSA's basic contract with AID,
5. participate in preparation of task order proposals requested by L. A. USAID's for submission to AID/W,
6. confer with AID representatives concerning inquiries and contemplated projects, feasibility studies, proposals submitted by CLUSA, and other matters relating to inquiries, proposals and projects in connection with task orders issued in the L. A. region,
7. work closely with The Organization of the Cooperatives of America and the Inter-American cooperative bank development program and other groups to help bring about a unified cooperative development program in Latin America,
8. be available to carry out assignments under task orders when the normal functions of the L. A. Recruiter/Administrator permits such assignments.

In October 1966 the L. A. regional insurance development program was transferred to T. O. 2.

C. . . .
C. October 1966 - March 31, 1968

During this period the scope of work was enlarged to include providing education and training aid services and conducting surveys, gathering data and analyzing cooperative requirements of Latin American nations. (The analyses were to be according to Amendment 9 which became effective October 1, 1967.) The same amendment provided for the assumption of responsibilities and functions formerly assigned to the Fund for International Cooperative Development (FICD) for establishing national cooperative financing institutions throughout Latin America.

During this period, the five OCA field men and editor were funded under Task Order 2 for nine months. Besides the Administrator, Latin American Programs, Task Order 2 also had the services of the following:

1. Assistant Latin American Administrator - 6 man months.
2. Regional Field Man - September 1966 - present.
3. Insurance Specialist - 12 man months.
4. Professional personnel on Latin American cooperative finance institutions development - 19 man months.

The work of the above was supplemented by the use of consultants, including an economic consultant employed from May 1967 to July 1968.

II. Results of Work Under Task Order #2, June 1963 - April 30, 1968

A. Recruitment

During the period June 1963 - April 1968 the Task Order 2 staff placed 50 long-term specialists and short-term consultants overseas in Latin American programs. (This figure does not include personnel recruited by the T.O. #7 (Artisan Handicraft) staff and the Organization of the Cooperatives of America for its field offices). An additional 392 persons were active candidates for overseas positions during this period and hundreds of inquiries concerning overseas positions were handled. A resource file of persons and organizations used to locate candidates was established and includes state cooperative councils, agricultural colleges, cooperatives and individuals.

B. Establishment and development of cooperative finance institutions

During the first quarter of calendar year 1968 the cooperative bank development program was reorganized under Task Order #2. It had previously been under contract AID, LA-188 with the Fund for International Cooperative Development. Immediately work was begun on feasibility surveys for cooperative banks in Panama and Venezuela, assisting the Colombian cooperatives in a review of the proposed bylaws for their Cooperative Finance Institute and arrangements for a private U. S. loan of \$4,600,000 to the cooperative bank

in Ecuador. (See "Activities and Accomplishments, May 1, 1968 - September 1969" in this annex for further information). Technical assistance was also given to the Agricultural Cooperative Bank in Argentina in preparing a loan application for \$5,000,000 to the Inter-American Development Bank.

C. Establishment of national insurance cooperatives

In 1964 two consultants were employed who completed a six-week study on the feasibility of establishing nonprofit insurance companies in Peru. This work was done under Task Order #4.

In October 1964 a cooperative insurance specialist was employed under Task Order #8 to assist in establishing cooperative insurance institutions on a regional basis. In October 1966 Task Order #8 was incorporated into Task Order #2 and the specialist continued his activities until August 1967. During this time cooperative life insurance companies were established by credit union federations in Peru and Bolivia and excess of loss reinsurance was secured for both companies from U. S., Puerto Rican and Canadian cooperative insurance companies. Feasibility studies on the establishment of similar companies in Colombia, Ecuador, and Panama were completed. A preliminary study was made of the possibility of establishing a cooperative life insurance company for Central America and Panama in connection with a Central American common market. The specialist prepared a step-by-step history of the organization of the Peruvian insurance cooperative for use by other countries in Latin America. He also prepared an accounting and office practices manual and a discussion guide of the problems of keeping cooperative insurance cooperative. He also accomplished the following work not strictly related to cooperative insurance development.

1. Developed a plan for mortgage insurance (MIA type) for Peru.
2. Developed savings and loan property and life insurance for the Housing Bank of Peru which caused the Association of Insurers to lower the price of commercial insurance. This, in turn, saved the Peruvian home buyer about \$200,000 a year.
3. Assisted CUNA International in developing "bankers blanket bond" (crime insurance for credit unions).
4. Advised two groups in Bolivia and one in Peru concerning the establishment of cooperative group health plans. They were put in touch with Group Health Association of America for further information.

In April 1967 a one-day cooperative insurance seminar was held during the OCA Second Assembly in Vina del Mar, Chile. Two CLUSA cooperative insurance consultants planned the seminar and presented papers there. Technical and nontechnical material was included and the various organizations, which could provide technical assistance to groups wanting to begin companies, were discussed.

During the latter part of 1967 and early 1968, technical assistance was given to COOPREV, the National Insurance Cooperative of Chile. Reinsurance was established for the company and it, as well as the companies in Bolivia and Peru, began to expand their original risk coverage. An advisory committee of U. S. cooperative specialists was established and five consultants assisted the program from 1964 to April 1968. (See "Activities and Accomplishments May 1, 1968, through September 1969" this annex).

D. Assistance to the Organization of the Cooperatives of America (OCA)

Task Order #2 assistance to OCA from June 1963 through April 1968 consisted primarily of the following:

1. Liaison services for OCA with Washington based organizations having cooperative programs in Latin America or having similar objectives to OCA.
2. Technical assistance to OCA in improving its administration and program planning.
3. Providing information to OCA on U. S. cooperatives and on CLUSA programs and capabilities for backstopping management training and technical assistance programs.
4. Acting as source of information on OCA programs to U. S. cooperative organizations with a view to obtaining their affiliations to OCA.
5. Suggesting ideas on new programs.

The results of the work of OCA itself and the assistance efforts of the Cooperative League have been the basis for two AID grants to OCA. These results are documented in the PROP on OCA, the final report to AID on Task Order #3 (OCA), which is dated December 31, 1966, and the booklet, OCA, Its Development and Progress, dated January 1966 which is available from the Cooperative League.

In addition to assisting OCA under Task Orders #2 and #3, the Cooperative League, as a member, paid dues of \$35,000 and contributed approximately an additional \$100,000 to the development of OCA during the years 1963 - 1967. It has continued to pay dues and make grants to OCA each year.

E. Support to CLUSA Representatives Contracted Under USAID Mission Task Orders.

CLUSA has provided planning, operational and administrative support to CLUSA representatives working as contracted employees for USAID missions. This support has included the following: recruitment of specialized personnel and consultants for projects; procurement of equipment for projects; development of ancillary support relationships with other organizations; providing technical material on how cooperatives handle specific problems in the United States and in other countries; assistance in handling visitors from the assigned countries; arranging for special training in Puerto Rico at ICTC and other institutions; budget review and revision; preparation of contracts and task orders.

Task Orders ending prior to April 30, 1968 for which CLUSA provided support are as follows:

1. Task Order #3 (Organization of the Cooperatives of America) five field men and secretarial staffs.
2. Task Order #4 (feasibility study on non-profit insurance companies in Latin America) two consultants.
3. Task Order #6 (administrative and program assistance to Cooperative Education Institute of Chile) one Cooperative Education Advisor.
4. Task Order #8 (development of non-profit insurance institutions in Latin America) one cooperative insurance advisor.
5. Task Order #9 (technical advice to cooperative wholesale organization Bogota, Colombia) two consultants.
6. Task Order #10 (evaluate operations of FENECO, Uruguay) one cooperative specialist, one bank specialist.
7. Task Order #13 (Administrative and program advice to Cooperative Education Institute, Chile) one Cooperative Education Advisor.
8. Task Order #19 (assistance to Ministry of Agriculture, especially in cooperative education, Guatemala) one cooperative advisor.
9. Task Order #27, (feasibility study on development of agricultural service centers in the Mogiana Region, Brazil) six consultants.

Further information on these task orders is contained in the end-of-tour report on each, which is available from AID or the Cooperative League.

Regarding the active task orders, support to Task Order #12 was begun in January 1966; support to Task Order #14 was begun in March 1966 and support to Task Order #23 was begun in January 1967.

F. Assistance to AID Missions, April 1966 - April 1968

1. The Artisan Handicraft program (Regional Task Order #7) was converted into four country task orders. The Missions in Ecuador, Peru, Colombia and Bolivia were assisted in making the changeovers.
2. The regional fieldman under T. O. #2, stationed in Lima, provided backstopping services to the artisan handicraft project from January 1, 1967 until his departure in March, 1968 in the absence of a Cooperative Advisor. In this connection he assisted Artesanias del Peru in evaluating its sources of handicraft supply in designated geographical areas of Peru. He also assisted the artisan handicraft program in Ecuador by performing liaison functions for OCEPA, the National Handicraft Marketing Organization.
3. A study of cooperative development in Peru was completed for the Mission in 1967.
4. A study was completed to determine the feasibility of converting company stores operated by the Bolivian Mining Corporation (COMIVOL) to cooperatives, October 1967 (funded by the Mission).
5. Management analysis was completed of the Chiricana Livestock Cooperative in David, Panama, April 1967 (funded by Mission).
6. TDY assistance given to USAID Mission in Brazil in planning rural development programs utilizing cooperatives, February 1967.
7. Provided cooperative consultant in controlling and auditing to the Ministry of Agriculture, Cooperatives Division, of Panama to establish an over all accounting system compatible with Panama's cooperative laws, June - July 1967.
8. Planning assistance provided to the USAID Mission Honduras on development of comprehensive cooperatives development programs which was subsequently adopted by the Mission, March, 1966.

9. Assistance was provided to USAID Dominican Republic and cooperative leaders of the Dominican Republic in developing loan application in connection with proposed cooperative program including further development of agricultural cooperatives, a cooperative bank and cooperative education programs.
10. Advice on development of comprehensive cooperative programs provided to AID Missions in Colombia, Ecuador and Peru, February 1967. Advice on development of comprehensive cooperative programs provided to AID Missions in Argentina and Chile, June, 1967.

G. Education and Training

During the period June 1963 - April 30, 1968, the Cooperative League developed a number of education and training materials for use on Latin American programs. Among others these include:

1. Simplified Accounting System (booklet in English and Spanish).
2. Basic Cooperative Management Manual (book in English and Spanish).
3. 10 Basic Lessons In Cooperatives (booklet in English and Spanish).
4. 10 Advanced Lessons In Cooperatives (booklet in English and Spanish).
5. Motivation movie, "La Cooperative de San Andres" (Spanish).

Although the development of these materials was not financed by AID, copies were widely distributed in Latin America as a part of the work of Task Order #2.

Table XI Total disbursements of funds under Task Order 2 beginning June 1963 to September 30, 1969 are shown in Table XI, Page 58, that follows. These expenditures are analyzed by period and nature of cost activity.

TABLE XI: ANALYSIS OF ACTUAL EXPENDITURES UNDER T.O. 2
Period Inception through September 30, 1969

	Jan 05 to Jun 15 '64 12 months	Jan 16 '64 to Jun 22 '65 12 months	Jun 23 '65 to Apr 30 '66 10 months	May 1 '66 to Apr 30 '67 12 months	May 1 '67 to Apr 30 '68 12 months	May 1 '68 Apr 30 '69 12 months	May 1 '69 to Sep 30 '69 5 months	TOTAL
<u>Payroll</u> - includes salaries paid to regular staff members	\$ 8,200	\$ 14,700	\$ 6,650	\$ 79,138	\$ 177,195	\$ 93,579	\$ 32,688	\$ 410,216
<u>Travel</u> - cost of all travel on U.S. and international staff members and consultants	1,330	2,373	1,527	13,195	23,107	14,924	7,241	63,703
<u>Supplies</u> - for office supplies including	612	1,039	633	12,617	17,916	9,714	3,608	46,405
<u>Printing</u> - and social activities only to staff members	218	307	696	9,150	23,437	12,231	3,461	49,500
<u>Telephone</u> - includes but not limited to: postage, long distance telephone, tele- grams, research material, passports, visas, airplane tickets, etc. (includes reproduction cost, con- sultant fees, etc.)	1,168	2,160	47	9,197	29,780	14,265	6,092	62,649
<u>Other Direct Cost</u> - includes but not limited to: office supplies, rent, recruitment assistance, bonding, furni- ture, equipment maintenance, consultant fees, etc.	2,793	6,773	4,026	14,650	65,110	52,539	35,058	180,949
<u>Total Direct Cost</u>	\$ 12,303	\$ 27,372	\$ 13,629	\$158,147	\$336,545	\$197,252	\$88,148	\$813,426
<u>Indirect Cost - Provisional overhead cost</u>	1,383	3,031	8,207	27,630	67,307	39,449	17,629	164,616
<u>GRAND TOTAL</u>	\$ 13,686	\$ 30,403	\$ 21,836	\$185,777	\$403,852	\$236,701	\$105,777	\$978,042

Total 201,222 Funds June 1963 thru September 30, 1969 \$1,058,000
Total Disbursements June 1963 thru September 30, 1969 978,042

Available Funds obligated as of Sept. 30, 1969 \$ 78,958