

528-0106
5280106 (2)
PD. AAB-975-81

OPERATION PROGRAM GRANT (OPG) PROPOSAL

91 p.

PROJECT TITLE: Uruguay Credit Union Development Program

PROJECT LOCATION: Urban and rural communities of Uruguay

PVO NAME & LOCATION: Federación Uruguaya de Cooperativas de Ahorro y Crédito (FUCAC)
Calle Buenos Aires 568 - Tel. 89929
Montevideo

CONTACT PERSONS: Sr. José Alcides Muniz, President
Sr. Nelson Pedrazza, Secretary of Education
Sr. Emilio Baragiola, Vice President

DATE OF SUBMISSION: October 26, 1976

TOTAL OPG REQUEST: U.S. \$ 200,000 for three year period

FY 1977	US\$	100,000
FY 1978	US\$	75,000
FY 1979	US\$	25,000

TABLE OF CONTENTS

	Page
Section I - PROJECT PURPOSE AND GENERAL DESCRIPTION	2
A. Project Purpose	2
B. Project Target Group	2
C. General Description of Project	3
1. General Administration	4
2. Financial Management & Resource Mobilization	4
3. Credit Union Auditing Service	5
4. Technical Assistance Service	5
5. Credit Union Leadership & Management Training Program	5
a. Special Course for Credit Union Organizers	6
b. Credit Union Administration & Management Course	7
c. Credit Union Accounting Course	7
d. Family Finance Counselling Course	7
6. Furniture & Equipment	7
D. Conditions Expected at End of Project	8
1. Growth & Development of Credit Union System	8
2. Institutional Development of FUCAC	9
a. Trained Personnel	9
b. Services for Credit Unions	9
c. Financial Viability	10
d. Resource Mobilization	10

Table of Contents (continued)

	Page
3. Consumer Education	10
4. Trained Credit Union Leaders & Administrators	11
Section II - PROJECT BACKGROUND	11
A. The Setting	11
B. Experience in Credit Union Development	16
C. Development of Credit Unions in Uruguay	19
Section III - PROJECT ANALYSIS	23
A. Project Economic Impact	23
B. Outreach Potential of FUCAC Credit Union System	24
C. Cost Benefit Analysis	26
D. Appropriateness of Credit Union Technology	29
E. Viability of FUCAC's Credit Union System	33
F. Social - Cultural Impact	37
G. Relationship to Foreign Assistance PVO Guidelines	39
Section IV. - PROJECT IMPLEMENTATION	40
A. Implementation Plan	40
1. Action Plan - November 1, 1976-March 1, 1977	41
a. FUCAC Accounting System	41
b. Chartering of FUCAC	41

Table of Contents (continued)

	Page
c. Administrative Organization Manual	41
d. Job Descriptions	42
e. Information to Affiliated Credit Unions	42
2. Project Implementation - Year One	45
3. Project Implementation - Year Two	53
B. FUCAC Project Monitoring Procedures	53
C. Fund Disbursement and Procurement Procedures	54
Section V - PROJECT EVALUATION PLAN	56
A. Quarterly Project Reviews	56
B. Annual Routine Evaluations	57
C. End of Project Evaluations	58
D. Logical Framework	58
Section VI - FINANCIAL PLAN	58
A. FUCAC's Five Year Financial Plan	58
B. The OPG Financial Plan	64
Section VII - GOVERNMENT APPROVAL AND AVAILABILITY OF NON-AID SUPPORTIVE RESOURCES	68
A. Government of Uruguay Project Approval	
B. Availability of Non-AID Supportive Services	68
Annex 1 - List of Potential Credit Groups	
Annex 2 - List of Furniture and Office Equipment	
Annex 3 - Comparative Study - Installment Credit Purchases	
Annex 4 - Law 13.988 - Central Bank Circular N° 714 and GOU Project Approval	
Annex 5 - Logical Framework	

SECTION I - PROJECT PURPOSE AND GENERAL DESCRIPTION

A) PROJECT PURPOSE.

The purpose of the project is to assist the Federación Uruguaya de Cooperativas de Ahorro y Crédito (FUCAC) to establish a minimum level of technical assistance, auditing, leadership and management training services and to strengthen its general administration and resource mobilization capabilities with the objective of: (1) improving the quality of credit union services to the more than 15,000 present membership, (2) expanding the system to benefit a larger number of individuals belonging to lower income groups of society and which have no access to institutionalized sources of credit at reasonable cost and (3) expanding the economic base of FUCAC credit union system so that within a five year period its national representation and service organization can become financially self-supporting and with a capability for further expanding benefits of the credit union system to an even greater segment of the Uruguayan population.

B) PROJECT TARGET GROUP

The beneficiaries of this project are the members of an incipient credit union movement in Uruguay being promoted by FUCAC among lower income industrial workers, government civil servants, employees of private businesses, dwellers of rural communities and to a lesser extent, workers of rural agro-industries.

Broadly speaking, the target groups identified by FUCAC fall into the lower half of the wage and salary scales in their respective places of employment. Included in Annex 1 is a listing of the potential groups identified by FUCAC for organizing credit unions.

The benefits that the target groups are expected to derive from participating in FUCAC credit union system are the following:

1. An increase in their purchasing power.
2. Stimulation of their personal savings.
3. Improved financial management of their family income.
4. Access to an opportune source of credit at reasonable rates for provident purposes and emergency situations.
5. Greater participation and experience in the development of mutual help service facilities and the development of administrative and technical skills to operate them.

C) GENERAL DESCRIPTION OF PROJECT

The proposed project consists of AID financial assistance to FUCAC over a 3 year period to strengthen its general administration, program planning and resource mobilization capabilities and to establish a minimum set of services for its affiliated credit unions. The increased administrative and service capacity contemplated under the project is expected to play a critical role in FUCAC's successful implementation of the five year credit union development program it has formulated. Specifically, the OPG project is designed to assist FUCAC in the following operational areas:

1. General Administration

This project component is designed to strengthen FUCAC's general administrative capability through the hiring of a full-time professional manager, who will assume the overall responsibility for executing FUCAC's five-year development plan, organize and coordinate the service facilities contemplated under the proposed project, maintaining relationships with member credit unions, other national cooperative groups and Uruguayan governmental agencies. The manager is also expected to act as the principal liaison person with AID under the OPG project and with other international development agencies that FUCAC expects to establish relationships in the near future..

2. Financial Management and Resource Mobilization

This project component contemplates the establishment of financial department that will have the functions of financial planning, financial administration and preparation of project funding proposals for submittal to support FUCAC in the third and fourth year of its 5 year development plan. Eventually this department will also have the function of managing FUCAC's central finance program contemplated for implementation in the later part of FUCAC's 5 year development plan.

3. Credit Union Auditing Service

This project component is designed to establish in FUCAC a high quality auditing service for its affiliated credit unions to comply with the Central Bank regulations governing credit unions in Uruguay, which require annual audits with specified norms to be established by the Central Bank and which must be performed by the national credit union federation. This department will be staffed with a Chief Auditor and an Assistant Auditor.

4. Technical Assistance Service

This project component contemplates the establishment of limited range of technical assistance services for affiliated credit unions and new groups that need assistance to organize their credit unions. Technical assistance services will be provided in such areas as drafting of bylaws, financial planning, credit administration membership expansion programs, accounting systems and procedures, general office procedures and the functioning of a board of directors and committees.

5. Credit Union Leadership and Management Training Program

This project component is designed to educate credit union leaders in credit union philosophy and basic principles of credit union administration. A very important element of this program is the credit union management training courses that FUCAC will conduct each year to prepare full-time managers and treasurers of credit unions in such areas as general credit union administration, financial

planning, credit union administration, membership and savings promotion and accounting practices and procedures.

A noteworthy feature of this education and training program will be the effective use of the more experienced and talented credit union leaders in FUCAC's leadership management training courses and thus obtain a multiplying effect from its investment in human resource development. The participating volunteer credit union leaders in FUCAC's education and training activities will be coordinated by FUCAC through the organization of a Credit Union Volunteer Corps. Initially FUCAC will train a group of 15 to 20 volunteer leaders from various parts of the country in credit union practices and procedures and basic principles of adult education. Later FUCAC will mobilize these volunteer credit union instructors to participate in the various training activities that have been previously programmed for each year in various parts of the country.

Concerning the credit union management training activities, FUCAC will carry out each year the following courses:

a. Special Course for Credit Union Organizers: This course will be of a two week duration to prepare volunteer leaders to assist interested groups in the organization of their credit union. This course will be given each year to no more than 20 participants that have been previously selected.

b. Credit Union Administration and Management Course: This course will be offered once a year for a duration of 3 weeks to a total number of 25 participants that will be selected through the use of course participation. Minimum eligibility criteria to be established by FUCAC.

c. Credit Union Accounting Course: This course will be offered at least once a year to a total of 25 participants and will have a duration of 2 to 3 weeks. These courses are intended for the managers and treasurers of credit unions.

d. Family Finance Counselling Course. FUCAC plans to offer a special course, on an experimental basis, for credit union managers and credit committee members on the philosophy and practices of family finance counselling through credit unions. A total number of 25 participants per year is expected in this activity.

6. Furniture and Equipment

A complementary component of the project is financial assistance to FUCAC in the first year to purchase basic office furniture and equipment that will be required for program expansion. Procurement of required furniture and equipment is expected to take place from local sources. A list of needed furniture and equipment is provided in Annex 2.

D) CONDITIONS EXPECTED AT THE END OF PROJECT

The proposed project is expected to have a very significant impact in setting the foundations, during the first three years of a five year development program, on which FUCAC can project itself to become a financial viable, effective and efficient national representational and service organization for credit unions in Uruguay. Presented below are the conditions that are expected at the end of the proposed OPG project as well as those expected at the end of FUCAC's five year development program.

1. Growth and development of credit union system

The conditions expected at the end of the project period in terms of growth and development of the credit union system promoted by FUCAC are presented in the table below:

	<u>Beginning Project Period</u>	<u>End of Project Period</u>	<u>End of 5 Years</u>
N° of credit unions organized and operating	38	80	120
N° of credit union members	15,000	38,000	65,500
Total member savings	N\$230,000	N\$4,880.300	N\$16,000,000
Outstanding Loan Portfolio	N\$190,000	N\$4,392.000	N\$14,380,000
N° trained C.U. leaders	100	300	1,000
N° trained administrators	10	60	100
N° C.U. with adequate office facilities	20	60	80
N° C.U. with consumer education programs	-	40	75
N° C.U. with full-time administrators	5	60	80

2. Institutional development of FUCAC

a. Trained personnel: By the end of project period FUCAC is expected to have a basic corps of well trained professional personnel to effectively and efficiently administer FUCAC's program and to continue with the remaining 3 years of FUCAC's 5 year Credit Union Development Program. Specifically, FUCAC expects that the following key personnel will be fully trained to direct the activities of their respective departments:

- Manager of Finance Department
- Director of Education Department
- Chief Auditor and Director of Auditing Department
- Director of Technical Assistance Department

b. Services for Credit Unions: By the end of the project period it is expected that FUCAC will have three new services for credit unions fully operational on a reduced scale. These new services are Auditing, Credit Union Leadership and Management Training and Field Technical Assistance for established and newly organized credit unions.

FUCAC also expects to have completed by the end of the project period two very important feasibility studies that could lead to the establishment of new services and programs for credit unions. The two studies expected to be completed are:

- A feasibility study for the establishment of a Central Finance mechanism in FUCAC to: a) integrate financially the national credit union system, b) serve as a source of credit for member

credit unions of short term liquidity and serve as a conduit through which external supplementary capital resources can be effectively and evenly distributed.

- A study to determine the role that credit unions can perform in the Uruguayan rural saving credit system with particular emphasis on how credit unions can assist the small scale producers and workers of agro-industry complexes in the rural areas.

c. Financial Viability: Assuming a minimum level of services described Section C as a point of reference, FUCAC expects to have contributed 50% of its operating budget requirement at the end of the 3 year project period and it expects to be 100% financed at the end of the 5 year Development Plan.

d. Resource Mobilization: By the end of the Project Period, FUCAC will have mobilized or negotiated at least \$30,000 in financial assistance from different international development agencies to support its activities during the remaining 2 years of its 5 Year Development Plan.

3. Consumer Education

Through FUCAC educational activities it is expected that credit unions members will achieve a better understanding of the value of practicing sound family finance management and thus extend the purchasing power of their gradually diminishing real income.

4. Trained Credit Union Leaders and Administrators

By the end of the project period, FUCAC expects to have trained at least 300 credit union leaders in: 1) the application of the cooperative philosophy and principles to credit unions operations. 2) How the elected leaders of the credit unions (Board of Directors, Supervisory Credit Committee and others) should function, 3) Legal and administrative aspects of the credit unions, such as the legal framework within which the credit union operates, financial planning, credit administration, membership promotion and education programs.

On another front FUCAC expect to have trained at least 60 full and part-time administrators of credit unions in such areas as financial planning, budget forecasting and control, accounting, credit administration, membership and saving promotion, family finance counseling and other related areas.

SECTION II - PROJECT BACKGROUND

A) THE SETTING

Since the early 1960's the real income level of most Uruguayans has gradually declined each year due to a combination of a high annual rate of inflation and annual wage increases that generally fell from 10% to 20% below annual rate of increases in the cost of living index. As real net income position of Uruguayans has deteriorated particularly among the lower income working groups they have found it increasingly more difficult to make financial means meet their basic needs in housing, clothing, food, education and health. As their real

income position declined, so did their saving potential. In fact, the reasonably good personal saving process that prevailed amongst many Uruguayans in the late 1940's and 1950's was inverted in the next decade and a half when many Uruguayans have had to draw on whatever accumulated savings they have had to meet the increases in cost of living and to meet unexpected emergency situations.

As their limited personal savings became depleted, lower income groups of society -- the industrial workers, low and middle echelon, government employees and employees of private enterprises -- were forced to resort more frequently to credit in order to meet basic needs and to take care of unexpected financial needs.

The principal suppliers of personal credit during the early 1960's consisted primarily of commercial banks, the Caja Nacional de Ahorros y Descuentos, commercial establishments, moneylenders and members of the extended family. However, personal loans from commercial banks for the working classes were practically non-existent as these types of loans were made principally to the banks' preferred clientele who had sizeable deposit accounts and who could meet the banks' conservative loan guarantee requirements. With the reorganization of the Uruguayan banking industry in the mid 1960's and later, the enforcement of the Central Bank policy directing the banking system's credit resources to the productive sectors of the economy, commercial banks have dropped out almost completely from the small personal loan market.

The Caja Nacional de Ahorros y Descuentos, a subsidiary agency of the Banco de la República, was established in 1911 to provide government employees with a source of short-term (10 months) credit. While this institution was to become an important source of personal credit, its "modus operandi" became and still is awesomely bureaucratic and centralized in Montevideo. To obtain loans from the Caja Nacional requires a waiting time ranging from 2 to 6 weeks as the loan granting process requires approval of several authorities in separate governmental entities. The Government employees living outside the Montevideo area have to travel to the capital and spend from 1 to 3 days to process their loan applications. In many ways, the few advantages the Caja de Ahorro loans have in terms of their cost vis-a-vis other alternative sources of credit, are nullified by the loss of time and the travel costs the loan applicant has to incur to follow-up on the loan approval process. In the years 1970 through 1975 the Caja de Ahorro y Descuentos significantly reduced its lending operations and did not begin normal operating until 1976. During this time, government employees were forced to go to unscrupulous money lenders, who did not fail to take advantage of the situation by charging interest rates ranging from 150% to 300% per annum.

For the industrial worker and employees of private businesses their only access to personal credit were the retail establishments that sold their goods on 5 to 10 monthly installments at one to two times the cash

purchase price and the well financed moneylenders that operated in the factory premises. See Annex 3.

It was and still is common practice by moneylenders to charge anywhere from 200 to 500% on short term loans to industrial workers and other individuals that had no access to an alternative source of credit. While high interest rates could be justified to some extent in high inflationary situation such as that experienced in Uruguay, the level of interest rate being charged by the commercial establishments and moneylenders were and are still extremely usurious and overtime have caused a very significant income transfer from the working classes of Uruguayan society to reduced groups of entrepreneurs.

A limited source of credit for the average Uruguayan workers have been the various consumer cooperatives that have been organized primarily in the Montevideo metropolitan area where 40% of the country's population lives. Generally speaking, credit is available in limited amounts for periods of 30 days to buy basic foodstuffs and clothing. In recent times, consumer cooperatives have been plagued with insufficient working capital to maintain adequate inventory stocks and to pay their creditors who supply goods and products on 30 day terms. Thus they have been forced to significantly curtail their credit sales to their membership.

In the rural communities, the personal credit market is not much different than the urban areas. Perhaps the major difference is that borrowing from family members and close personal friends in the rural communities is more prevalent than in the urban areas. Borrowing from the local merchants is also a more common practice among rural community dwellers. A general practice among commercial and retail establishments in the rural areas is to factor in the cost of credit into their retail prices. For those that buy with cash discounts ranging from 10 to 20% are obtainable if the client requests and insists on getting one.

With regard to credit for agriculture production activities the Banco de la República is the principal supplier. However, the principal clientele for the BOR are large and medium scale farmers and to a lesser extent small producers organized in producer cooperatives.

There are at least 15,000 thousand small scale farmers dispersed throughout the country that do not have access to the BOR credit they cannot meet the banks lending criteria, do not live close to BOR branch office or their method of farming does not make them credit worthy. It is a common practice among small scale tenant farmers 1 to 30 hectares to rent small parcels of land from the larger land owners for an agreed percentage of year production.

Potentially, small groups of these small scale farmers could be organized into producers cooperatives to purchase land and work. it; organize themselves to develop services commonly needed such as credit, farm inputs, farm machinery, and others. However, the feasibility of such schemes still requires a greater deal of study. In the meantime, the small scale farmer has to fend for himself the best he can.

Among the workers of agro-industries, their family finance situation is similar in many ways to the industrial worker in the urban centers, with the major difference being that he earns 40% to 60% less than his urban counterpart. While he might be able to have access to basic foodstuffs at cheaper prices, they also have to pay higher prices for goods and products produced in Montevideo and transported to and retailed in the rural communities. With the yearly decline in real income being experienced in Uruguay, the agro-industry workers easily fall prey to the local moneylenders because they are the principal source of credit they can go to when he is in need of money to confront emergency situations and frequently just to meet basic needs.

B) EXPERIENCE IN CREDIT UNIONS DEVELOPMENT

In the late 1960s labor union leaders, pressed by the workers to find practical solutions to their declining real income position, began to promote in their leadership training programs the idea of saving

and credit cooperatives as an effective instrument to assist the worker to resolve, in part, his day to day financial problems. To some extent, the American Institute for Free Labor Development (AIFLD) collaborated with the labor leaders promoting credit unions by making limited financial contributions to pay for credit union training courses, printing of education material and occasionally paying the travel costs of labor leader assisting groups in the interior to organize themselves into credit unions.

Over the period 1969 to 1972 volunteer leaders organized a total of eight credit unions among different industrial groups, employees within public institutions and private businesses. During this period organized credit unions functioned informally and without legal recognition. The Uruguay Cooperative Legislation did not contemplate the functioning of savings and credit cooperatives in the country.

Operationally, the credit unions that were organized provided a rapid and opportune source of credit to its members at a reasonable cost. Credit Unions were 50% lower than the Caja Nacional de Ahorros y Descuentos and 300% to 500% lower than that lending rate charges of money lenders.

By borrowing from their credit unions and paying cash for merchandise at the commercial establishment members were able to save as much as 30% of the cost of merchandise previously bought at the same place on credit.

The ability of credit unions to provide a practical response to their credit needs stimulated other groups in both the urban and rural area to become interested in organizing their own credit unions. The lack of adequate legislation allowing credit unions to legally operate, however, soon became a major constraint for organizing new credit unions. Leaders of those credit unions that were already organized became somewhat reluctant to expand their credit union operation for fear of encountering difficulty with the government regulatory agencies.

Legislation to allow credit unions to function legally in Uruguay, thus became one of the principal needs for the 8 credit unions existing in 1972. This situation led them to organize a national Federation of Credit Unions (FUCAC) in April of 1972. The first task given to the Federation was to seek legislation that would allow credit unions to function legally in the country. After an intense year of lobbying efforts, FUCAC was able to convince government officials of the need for special legislation under Public Law N° 13.988 to allow credit unions to operate legally. This special credit union regulation is now known as Circular N° 714 issued by the Central Bank of Uruguay. See Annex 4.

Parallel to its legislation efforts, FUCAC has since made a noble effort, with an extensive participation of volunteer leaders, to meet the increasing technical assistance needs of its affiliated credit unions in such areas as leadership and management training, credit union administration, credit administration, financial planning, membership education and other areas.

Since the special credit union legislation has been approved by the Government of Uruguay, organized credit unions are now requesting FUCAC's assistance to obtain approval of their bylaws by the Central Bank. New potential groups are also calling on FUCAC to assist them in organizing their credit unions.

On another front, as a result of Central Bank Circular N° 714; FUCAC must perform the supervisory function for its affiliated credit unions by conducting annual audits under certain specified norms to be established by the Central Bank.

The increased demand for technical assistance by member credit unions and new group plus the performance of a supervisory function has far outstripped FUCAC's capability to respond effectively to these needs. This critical situation has led FUCAC leaders to seek financial assistance of some external agency with the purpose of establishing a minimum level of services it can provide its affiliated credit unions over a period of 5 years and eventually become self sustaining with the increased supporting dues and service charges to be paid by member credit unions.

C. Development of Credit Unions in Uruguay

Although there has been considerable cooperative experience in Uruguay in the agriculture, consumer, housing and transportation sectors, it can be safely stated that cooperative savings and credit (credit unions) are relatively new on the Uruguayan cooperative scene.

As a matter of fact, the General Cooperative Law N°10-761 passed in 1941 explicitly excluded savings and credit cooperatives and special provisions were included in the Law to prohibit consumer and production cooperatives from engaging in personal and corporate credit operations. Apparently, the strong private banking system that existed during this period, effectively lobbied to prevent the organization of credit cooperatives as they were seen as potentially undesirable competitors.

Previous to the passing of the 1941 General Cooperative Law, during the period 1920 to 1940, a type of savings and credit cooperative movement known as the Cajas Populares developed in the rural communities of Uruguay, much along the lines of the Raiffasen Cooperative Bank system in Germany. The Cajas Populares functioned essentially as small rural banks providing credit to members for agriculture and livestock raising activities and to a much lesser extent to the other community dwellers that became members.

With the 1941 Cooperative Law and its provisions prohibiting the function of any type of cooperative credit system, the existing Cajas Populares were practically obliged to reorganize themselves into commercial banks or disappear. The financially stronger Cajas Populares reorganized and the weaker ones either consolidated themselves with larger ones or simply dissolved their operations. Thus for almost two decades following the passing of the Cooperative Law of 1941, there were few attempts to organize cooperative credit schemes.

As the Uruguayan economy accentuated its decline towards the end of the 1960-70 decade and the working people began to feel more and more the effects of their rapidly declining purchasing power, they began to look towards a cooperative solution to their credit needs since very little of this service was available from the commercial banking system and other institutionalized sources of popular credit.

As has already been narrated in this document in the late 1960s and early 1970s credit union groups began to surge among groups of civil servant and industrial workers, even though they were not allowed to function under the General Cooperative Law.

In 1972 FUCAC became the first national savings and credit cooperative to become organized in 1972 and began to operate without being formally recognized by the government. It lobbied effectively to include special provisions in the new cooperative law of 1972 and later lobbied to get special regulations governing credit unions and national federations. Later after the special credit union regulations were passed, a second federation, known as the Cooperativas Federadas de Ahorro y Crédito (COFAC) was organized under the auspices of the Centro Cooperativo Uruguayo (CCU), a cooperative education and study center. COFAC has directed its efforts mostly to establishment of cooperative credit departments within a few rural cooperatives and to lesser extent, urban groups. The latest available figures indicate that COFAC has approximately 14 credit unions with 4,000 members with U\$S12,000 / savings.

Due to ideological differences of the principal leaders of FUCAC and COFAC and diversity of opinions over the objectives to be pursued by their respective group of credit unions, no substantial efforts have been made to reconcile differences and join forces in a common effort. The possibility of getting together in the near future does not seem plausible at the present moment. Perhaps with time when the need for common effort is more readily seen and when the political differences are resolved, the path for an integration of the two systems may be feasible. In the meantime, FUCAC and COFAC have chosen to work independently.

In summation, it can be stated that credit union experience are a new cooperative experience for Uruguay. Much needs to be done to provide credit union leaders with the means to study and learn the vast credit union technology that has been developed in the surrounding Latin American countries. Notwithstanding the newness of credit unions in the country, the pressing financial problems of the average Uruguayan worker, a relative ample experience in other cooperatives and high level of education among Uruguayans, are conditions that offer relatively good prospects for the development of a viable and effective national credit union movement. Their present need is finding the initial stages of development to get the system going.

SECTION III - PROJECT ANALYSIS

A. Project Economic Impact

The economic impact of this project on the targeted beneficiary group will be an increase in their purchasing power. This is expected to be achieved by encouraging credit union members to save on a regular basis to capitalize a commonly owned pool of financial resources from which they can borrow on favorable terms and at a cost that is 30% to 200% below the cost of borrowing from alternative sources of credit that are available to the targeted groups. By borrowing from their credit union at lower interest rates it allows credit union members to purchase needed goods and services on a cash basis at the various commercial and retail establishments. By buying on cash terms the member is able to negotiate a better price than if he were to buy on credit. Also by having money to pay cash, he has the opportunity to select what particular retail establishment he wants to do business with, an opportunity that is not available to most working people. They purchase where credit is available and always on very onerous terms.

Also, the large transfer of income from the working classes of society to reduced groups of entrepreneurs and retail establishment owners through excessive charges on credit purchases will decrease in direct relationship to the growth of the FUCAC credit union system and its participation in the consumer credit market of Uruguay. In many ways this consumer credit situation existing today in Uruguay

is similar to that which existed in the industrial cities and urban cities of the United States during the 1920s and 1930s, when the credit union movement in that country really took roots and began to serve the credit needs of the common worker, government employees and employees of private enterprises.

Another way in which the FUCAC credit union system is expected to help its credit union members to increase the purchasing power of their limited monthly income is by providing family finance counselling. Through family finance courses to be offered by the credit unions to their members on such subjects as determining product quality, information on retail pricing methods, home food processing and conservation methods, diet substitution and other related topics that can help credit union members to better manage their limited family finances.

As the credit union system reaches a greater number of people (50,000 to 100,000) the potential for organizing buyers' clubs among credit union members to make direct purchases from local manufacturers or wholesale outlets is indeed great. However, to materialize this potential may take another 3 to 5 years, since FUCAC first needs to develop the economic base of its credit unions and their membership base.

B. Outreach Potential of FUCAC Credit Union System

During the first year of the project, it is expected that a total of 19,500 credit union members belonging to the FUCAC system will be benefitted by credit union services. According to FUCAC's

Five Year Credit Union Development Program, a total of 38,000 individuals are expected to benefit from credit union services at the end of three year project period, and a total of 65,000 individuals are expected to benefit from FUCAC credit unions at the end of its Five Year Development Program in 1981.

With regard to the potential for expanding the FUCAD Credit Union System to reach a greater number of individuals within the identified target groups, a recent market survey performed by FUCAC reveals that there are at least 220 groups of workers and employees in industrial plants, public institutions, banks and private businesses that could be organized into credit unions. These 220 groups represent a total of 200,000 potential credit union members. In addition to this, there are a number of rural communities that have been identified, where credit unions could be organized to provide services to dwellers of the communities and those individuals living in the peripheral villages where it is not economically feasible to organize their own credit unions. The potential credit union membership identified by FUCAC in rural communities has been identified at approximately 50,000.

The ability of FUCAC to penetrate this potential will of course depend on how effectively and efficiently it performs under this project and whether it can reach financial self-sufficiency by the end of its 5 Year Development Program to continue with its credit union expansion program without the need of outside assistance. In any event, it will take FUCAC at least another 5 years beyond the end of its initial 5 Year Development Plan to penetrate 60-70% of the identified potential. This assessment is made assuming that FUCAC will

continue after the end of its first ~~first~~ Five year Development plan, its promotion effects with its own resources. With outside financial assistance to acomplement its own resources, the expansion of the FUCAC system could conceivably come about at a much faster pace. However, this is a matter that is outside the raalm of this project and is an issue that FUCAC will need to consider at some future date.

C. Cost Benefit Analysis

Assuming that FUCAC's projections for credit union growth at the end of the 3 year project period and those at the end of its Five Year Development Program will be achieved, the cost ratio of this project is indeed very favorable. For a modest investment of U\$S 200,000 on the part of AID, not only can a total of 23,000 more low income workers ^a benefit from credit union services, but also/solid footing will have been established to allow FUCAC to become a financially viable national credit union service organization which no doubt will continue to expand the system to reach a greater number of people. Credit union development experiences in other Latin American countries have demonstrated that once the economic base of the national credit union system has grown sufficiently (2 to 5 million dollars) other complementary services benefitting credit union members soon begin to be organized such as life insurance on member savings and loans, cooperative funeral services, buyers' clubs, cooperative health clinics, etc.

Therefore, a thorough cost benefit analysis of a US\$ 200,000 investment in the institutional development of FUCAC cannot be done because there are many dimensions to the project that at this moment are difficult to quantify and measure ^{it} as/ will take several years before ancillary services begin to evolve. At this point, the best we can do is to use as a basic point of reference the evolution of credit union-movements of other Latin American countries that were extensively financed by AID during their initial formative years during the 1960s and early 1970s. Generally speaking, evaluations that have been made of these credit union development programs in other Latin American countries indicate a relatively high level of benefits related to investments made by AID. One of the most significant achievements of these AID-financed credit union development programs has been the fact that in other countries a self-sustaining system has been installed that continues to expand its services after AID financing has terminated. In Uruguay the conditions for achieving a similar result to those experienced in other countries, can be said to be quite good, the major difference being that the AID investment for developing the system would be around 60% to 80% less than the average investment made in other countries. The higher cost/benefit ratio projected for the FUCAC project in Uruguay vis-a-vis other Latin American credit union development programs will be attributed to the following key factors:

1. The initial stages of credit union promotion and organization of a national credit union system have been going on in Uruguay for the past 5 years. The concept of credit unions among industrial workers, public employees and similar groups has already been accepted.
2. The general high level of basic education among Uruguayans facilitates a rapid understanding of the benefits that credit unions offer and how credit unions function. These are conditions that favor a rapid credit union growth.
3. Approximately 80% of the Uruguayan population lives in urban centers and works in industrial plants, public institutions, banks, private businesses, a condition that makes the organization of "closed bond" credit unions easier.
4. Credit union legislation issued by the Central Bank requires that credit members agree to a minimum obligatory monthly savings program during the time that they are members of the credit union.
5. Credit unions, by virtue of provisions included in the cooperative legislation, are eligible for a payroll deduction arrangement with employers where credit unions have been organized.

D. Appropriateness of Credit Union Technology

Despite the fact that Uruguayan credit union leaders have not had much direct contact with credit union movements of neighboring countries and have not participated in regional training programs of COLAC and its predecessor organization, the CUNA Latin American Regional Office (LARO), credit union technology in Uruguay has been surprisingly well assimilated. To a large extent, the existing credit union technology in Uruguay has been obtained from credit union literature and manuals published by CUNA, COLAC, RFAC, the Pan American Union and material requested by mail from other Latin American credit union federations. The more direct contact between Uruguayan credit union leaders and those of other countries has been with Argentina, which has been a source of technical assistance in the initial stages of credit union development work in Uruguay. Also the AIT/ID program in the early 1970s was another source of technology. The occasional regional credit union forums sponsored by COLAC and other regional cooperative organizations have also made contributions to present credit union technology in Uruguay.

While Uruguayans have done a remarkable job of researching and developing their own credit union technology (it can be said that it has been adequate for the initial formative stages of a national credit union system), it is not adequate to accommodate the rapid growth of existing credit unions and those to be organized under FUCAC's Five Year Development Plan. This appraisal is even

more applicable when one considers the fact that FUCAC's 5 Year Development Plan proposes to institutionalize many of the credit union promotional and technical assistance activities that have been performed up to now by volunteers to increase effectiveness and efficiency in these areas.

However, given the high caliber of ^{human} ~~human~~ resources heading FUCAC's present activities, their high degree of motivation and past experience of doing things on their own, certainly are favorable conditions that will facilitate the assimilation of the more advanced credit union technology that will be needed to successfully carry out the project.

Needed technology improvement at the credit union level will fall into the areas of more efficient accounting systems, better methods for financial planning, consumer education programs for credit union members and family finance counselling. Improvements in these areas are expected to be achieved by the publication of manuals by FUCAC for distribution to credit unions and for use in FUCAC's Credit Union Leadership and Management Training Courses contemplated under the project. The assimilation of these new methods on the part of credit unions is expected to be greatly enhanced as they grow and their level of operations allows them to pay for the services of full-time managers. No major problems are anticipated in getting adequate personnel to become credit union managers as there is an abundance of well-educated persons available for such jobs due to the high unemployment situation in Uruguay.

At another level the technology requirements to bring about the institutional development objectives for FUCAC as contemplated in its Five Year Development Program will be more sophisticated than those projected at the credit union level. Human resources of high caliber and specialized training in such areas as adult education, auditing economics and general business management will be needed to staff the various FUCAC service departments completed in the first year of the project. These individuals are expected to play a crucial role in assimilating the specialized technology that is to be provided by the Latin American Confederation of Credit Unions (COLAC), through periodic visits by its technicians and through short-term training programs which COLAC will help FUCAC arrange with neighboring COLAC affiliated federations (Paraguay, Bolivia, Brazil). Additional training of FUCAC personnel is expected to be achieved through COLAC by means of specialized regional training seminars that are geared to upgrade the technical skills of federation personnel in specialized areas.

An assessment made of FUCAC's human resources indicates that there are several individuals that now collaborate on a voluntary basis with FUCAC's credit union/activities which could effectively function in full-time technical positions under the projected operational structure. The advantage of using this type of resource is that they are already familiar with the philosophy, principles and practices of credit unions.

This is particularly important in the areas of credit union promotion and leadership and management training. In the areas of auditing services and financial management functions, outside human resources already trained in auditing, finance and economics seems to be the most desirable path to follow to rapidly staff up to get on with the implementation of projected FUCAC program activities.

Assuming that FUCAC selects high quality personnel to head up its various service and administrative departments, the training of these resources can be greatly accelerated by the transfer of technology that has already been highly developed by federations of neighboring countries such as Bolivia, Paraguay and Brazil. Their technology is more attune to the needs of FUCAC at this initial stage of its institutional development than what is available in Argentina, where credit union technology is far too sophisticated and advanced for FUCAC's present needs.

Through well designed two to 3 week training programs in specialized operational areas with neighboring federations and complemented with COLAC's technical assistance visits and the supplying of technical manuals developed by COLAC and CUNA, the technical training of FUCAC's staff could be brought to an acceptable level within the first year ^{and a half} of the project. Subsequent upgrading of their skills could be achieved through the periodic regional seminars sponsored by COLAC and continued on-the-job training visits to other Latin American federations.

E. Viability of FUCAC's Credit Union System

One of the major goals of FUCAC's Five Year Credit Union Development Program is to become a financially self-supporting national service organization for credit unions. This goal is expected to be achieved essentially by expanding the economic base of FUCAC affiliated credit unions to permit them to pay annual supporting dues in increased amounts each year until 1981 when it is expected that the need for outside financial assistance to support FUCAC's operations will have terminated.

The supporting dues system being contemplated by FUCAC under the project represents a 1% per month surcharge on the 3% per month lending rate charged by credit unions on their loans to members. In effect, credit unions would be charging a 48% per annum rate of interest on their loans. While this rate may be considered to be extremely high by U.S. standards, within the context of the Uruguayan consumer credit market ^{and} ~~as~~ a high inflationary economy, a 48% rate of interest is indeed very low. Alternative sources of credit available to FUCAC's target groups are charged anywhere from 80% to 600% effective annual rates of interest depending on the particular source of credit that is used. Credit unions compete very favorably within the Uruguayan consumer credit market, thus making a 48% rate of interest entirely feasible. As a matter of fact, there are already 3 credit unions that are

charging 48% per annum. Given these conditions, FUCAC anticipates no major difficulties in establishing proposed supporting dues system especially when one considers that credit unions will be able to have a wider scope and obtain better quality services from FUCAC than in the past.

Presented in the table^{1 & 2} below are some figures indicating the economic growth of credit unions projected by FUCAC and the contribution of affiliated credit unions to support FUCAC's operations.

Table 1

<u>Indicators</u>	<u>Credit Union Growth Projections</u> (Uruguayan New Pesos)				
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
a) N° of credit unions	48	63	80	100	120
b) N° of C.U. members	19,800	28,000	38,300	50,400	65,500
c) Amount of savings at end of year	701,400	2,013,000	4,880,300	9,389,800	16,000,000
d) Average outstanding loans during year	392,800	1,377,900	3,364,350	6,836,100	12,100,000
e) FUCAC supporting dues based on 12% of (d)	47,200	165,300	403,700	820,300	1,453,000

Table 2

<u>Indicator</u>	<u>Projected FUCAC Operating Budgets</u> (Uruguayan New Pesos)				
	<u>1977 through 1981</u>				
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
a) Projected Annual Budget	400,880	615,000	716,324	972,600	1,202,270
b) Funding Income	<u>400,880</u>	<u>615,000</u>	<u>716,324</u>	<u>972,600</u>	<u>1,453,000</u>
FUCAC dues	47,200	165,300	403,700	820,300	1,453,000
AID contributions	353,680	449,700	200,000	-0-	-0-
Other sources			112,624	152,300	-0-

<u>Indicator</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
c) Operating deficit or surplus budget FUCAC	-353.680	-449.700	-312.624	-152.300 +	250.750
d) % contribution to operating budget	12%	27%	56%	84%	100%

Concerning the feasibility of achieving the annual growth projected by FUCAC, the analysis of the approach used and basic assumptions used will indicate that the projections arrived at by FUCAC are indeed quite conservative. To arrive at the projected annual growth figures, FUCAC has carefully selected from a list of potential credit union groups, those that could be most easily organized and represent a large number of workers or employees or community dwellers. Their growth was then projected over a five year time frame. Likewise modest annual growth in members and member savings of existing credit unions were projected. The two sets of projections were then consolidated to arrive at aggregated annual growth projections.

The basic assumption used in projecting the growth of member savings was that each member would save at least one U.S. dollar per month. This saving rate is considered to be very conservative, especially in light of the fact that several credit unions already have monthly savings programs by members reaching 4 to 6 dollars per month. In any event, the monthly savings by members do not represent more than 2% of their annual income.

Added to the above conservative monthly member savings projection, there are other conditions that favor a systematic growth of the FUCAC system. Perhaps the most significant one is the Central Bank's decision to begin the chartering of credit unions. In past years the lack of a legal charter has been a major constraint to the growth of the FUCAC system because potential credit union members were reluctant to join an organization that was not recognized legally and which provided no guarantee for their rights in the credit union. Also many credit union managers have been reluctant to actively promote the credit union because of their fear that the government regulatory agencies would intervene an operation that was not legally permitted to function. As credit unions receive their charters, they can openly promote their services to potential new members.

Another favorable condition is that the vast majority of the existing credit unions and those that will be organized will have a close common bond (factory workers, employees of private business and government employees). Closed bond credit unions are much easier to organize and require little overhead cost to operate as they can establish payroll deduction systems with the employees to collect member savings and loan payments.

One other condition that favors a rapid and systematic growth of the FUCAC system is the provision in the Central Bank circular regulating credit unions which requires each credit union member to agree, upon entering the credit unions, to a minimum monthly saving plan that he must maintain as long as he is a member of the credit union. The Uruguayan credit union legislation is perhaps the only one in the world that

requires a minimum obligatory savings program with their credit union.

Given the above conditions and taking into consideration the high literacy rate of Uruguayans and the fact that they have an extensive exposure to other types of cooperative enterprises, the credit union growth projections arrived at by FUCAC appear to be realistic and achievable.

Concerning the institutional development of FUCAC, at the present moment it has a vast reservoir of talented and experienced credit union leaders that can be mobilized to collaborate with FUCAC in the implementation of the OPG. Some of them are hired to provide services on a full-time basis and others can collaborate on a voluntary basis. The fact that for the past 6 years the FUCAC people have been operating on their own with very little outside assistance and have, through these efforts, developed the present FUCAC system, is ample testimony of their high level of motivation and their ability to do things on their own. Under the OPG, the complexity of FUCAC's operations will increase substantially from its present operations. However, it is considered entirely feasible that with a limited amount of external technical assistance and the opportunity for its people to get specialized credit union training, that FUCAC should not have any difficulty in implementing the OPG project, and achieving its institutional development goals.

F. Social-Cultural Impact

As has been indicated in Section I of this document, credit unions in Uruguay have gained acceptance among the intended beneficiary groups as well as on the part of the Uruguayan Government. The approval by the

Central Bank of special credit union regulations under the General Cooperative Law is evidence that the Uruguayan Government after more than 3 decades of prohibiting the functioning of credit cooperatives, has come to recognize the need for appropriate cooperative legislation under which interested groups can organize cooperative savings and credit schemes to meet their common financial needs. In interviews held with officials of the Central Bank, they have demonstrated a positive attitude towards FUCAC's credit union development activities and have offered to collaborate closely with FUCAC particularly in the chartering of credit unions and setting norms for the auditing service to be performed by FUCAC.

In terms of interest groups that may be affected by the FUCAC project, these will probably be the numerous moneylenders that operate on factory premises or other places of employment. Retail shops and commercial establishments eventually will become affected as the FUCAC system grows. However, during the first three years under the proposed project the impact on these interest groups will not be that great to provoke any major opposition to the FUCAC system. Regarding the commercial banking system, no opposition is expected as this sector of the financial community has over the past decade reduced their consumer lending operations to a level where it represents a very small portion of their total loan portfolio. When they make this type of loan it is only to those clients that have good guarantees and represent corporate accounts with their banks.

Concerning the participation of women in FUCAC's credit union system, they are amply represented in all aspects of its operations. At the present moment 11 of FUCAC's 38 affiliated credit unions have women presidents. In FUCAC itself, 3 members of its Board of Directors of seven are women. There are also 5 credit unions where over 90% of the members are women. FUCAC sees the active participation of women as a valuable asset to the development of credit unions because of their insight of family finance management. Women are expected to play a very important part in providing the consumer education programs that it projects to help member credit unions to establish. In terms of borrowing from the credit union, women are considered as equals to their male counterparts, with the capacity to pay being the basic criteria used to determine the level of loans they can obtain from their credit union.

G. Relationship to Foreign Assistance PVO Guidelines

In many ways this project responds well to the guidelines set up under the Foreign Assistance Program for private voluntary organizations. The FUCAC project is based on the principle of self-help, is directed to the lower income working groups of Uruguayan society, has the potential for reaching a large number of people over time and has the potential to become a self sustaining system. In addition to these features, the FUCAC project has the dimension of developing a capital base which credit union members can eventually use to develop other needed services that are not being provided adequately by the government or private institutions as has been the case in other Latin American countries. The FUCAC project will also make a major contribution to teaching average working people how to administer and operate their own service organization within the

democratic framework that has traditionally characterized the cooperative movement throughout most of the world.

With regard to a possible linkage of the FUCAC project activities with other programs, there is the distinct possibility that credit unions at some point in the future, once they have developed a sufficient capital base, to have a greater outreach for small scale farmers and artisans that do not have access to institutionalized sources of credit. In this effort, FUCAC is expecting the assistance of the Latin American Confederation of Credit Unions (COLAC) initially by conducting a feasibility study of credit union services for small farmers and possible relationships with other rural cooperative programs such as CALFORU and the National Federation of Agriculture Cooperatives. If this study demonstrates that credit unions can provide a useful service to these small farmer and artisan target groups, FUCAC will then seek COLAC capital assistance to finance a part of its expansion activities in this area.

SECTION IV - PROJECT IMPLEMENTATION

A. Implementation Plan

Assuming the ORG project will be authorized and signed by January 31, 1977 and that fund disbursements will begin by March 1, 1977, FUCAC has formulated the following project implementation plan.

1. Action Plan-- November 1, 1976 to March 1, 1977

To prepare the ground work for rapid project implementation FUCAC has considered it opportune to accelerate the completion of a number of activities over the next four months that are intimately related to the OPG. The principal action items to be completed during this period are the following:

a. FUCAC Accounting System. FUCAC's accounting system will be redesigned to incorporate new accounts and controls that will be necessary to handle the increased level of operations under the OPG and to generate the financial reports that will be needed for sound project management.

b. Chartering of FUCAC. At the present moment, the Ministry of Finance is in the final stages of reviewing FUCAC's bylaws before issuing its legal charter. FUCAC expects to intensify its efforts to get approval of its bylaws by December 1, 1976.

c. Administrative Organization Manual. Anticipating the need to have the administrative and operational structure clearly defined before entering the project implementation stage, FUCAC will have completed an administrative organization manual describing the functional activities that each administrative and operational unit will have and the lines of communication that will be established within the organization. This activity is to be completed by February 15, 1977.

d. Job Descriptions. As a prelude to the time when FUCAC will be recruiting and hiring the personnel contemplated under the OPG, FUCAC expects to have defined job descriptions for each position with an indication of the educational and professional skills that are expected to be met by candidates aspiring to these positions.

e. Information to Affiliated Credit Unions. FUCAC will call an extraordinary general assembly of affiliated credit unions to provide ample information on OPG project design and to explain the nature and extent of their commitments (financial and otherwise) to the project.

More details on this four month action plan are provided on following page. All activities included in this action plan are to be performed by FUCAC's present volunteer human resources with the assistance of a few local consultants and legal counsel that collaborate with FUCAC activities on an ad-honorum basis.

FUCAC PROGRAM ACTIVITIES - October 15, 1976 to February 23, 1977

Activities	1976			1977	
	October	November	December	January	February
<u>1. CHARTERING OF CREDIT UNION ORGANIZATIONS</u>					
1.1 Reach agreement with GOU to expedite C.U. chartering					●
1.2 Obtain chartering of FUCAC now pending with Min. of Finance			●		
<u>2. EXTRAORDINARY GENERAL MEETING OF AFFILIATED CREDIT UNION</u>					
2.1 Preparation of meeting			●		
2.2 Presentation FUCAC 5 yr. Development Plan General Meeting of affiliated C.U.				●	
<u>3. ADMINISTRATIVE ORGANIZATION</u>					
3.1 Prepare administrative organization manual				●	
3.2 Identification of Technical Personnel for implementation of OPG project			●		
3.3 Identification office space facilities					●
<u>4. RESOURCE MOBILIZATION</u>					
4.1 OPG approval by GOU	●				
4.2 Negotiate OPG agreement with AID				●	
4.3 Make arrangements with Bolivia and Paraguay C.U. federations and COLAC for training of FUCAC personnel				●	

Activities	1976			1977	
	October	November	December	January	February
<u>5. FINANCIAL ADMINIS-</u> <u>TRATION</u>					
5.1 Redesign FUCAC accounting system to manage OPG project		—————●			
5.2 Audit of 1976 FUCAC financial statement				—————●	

2. Project Implementation -- Year One (1977)

For purposes of being consistent with FUCAC's annual fiscal periods, the first year under the OPG has been defined by FUCAC to be the period beginning March 1 to December 31, 1977. Presented on pages 49 thru ⁵² is a general plan of activities to be completed during the first year of project implementation. Succinctly, the implementation of the various project components is described in following paragraphs.

Within 15 days of project initiation, FUCAC will hire its executive director to take charge of project implementation activities. Recruitment and hiring of other personnel is expected to take place within the first 30 days as FUCAC will have had a number of candidates selected by the time the project begins.

By April 15, 1977, the new personnel is expected to have a clear understanding of the program goals sought by FUCAC through its Five Year Development Program, the design of the OPG and expectations, and how FUCAC administrative and operational structure is expected to function.

By May 1, 1977 FUCAC expects to have completed the organization of its office facilities, procurement of basic equipment and materials that will not be purchased through GSO.

By May 1, 1977 FUCAC will have a detailed plan of activities for its credit union promotion and technical assistance program covering the remaining 8 months of the year. Within this initial 2 month period,

a series of operational guideline and instructional guidelines will have been prepared to define the role of FUCAC's field extension agents vis-a-vis the credit union volunteer corps that will be organized in four geographical areas to assist FUCAC in the promotion of credit unions within their assigned geographical region and to provide basic technical assistance to credit unions. A handbook defining the role of the volunteer credit union leader providing services under the Volunteer Corps will also be prepared.⁹ To equip credit union leaders to better perform their activities under the Volunteer Corps, FUCAC will conduct a two week course to upgrade their knowledge and skill in such areas as credit union philosophy, organization of credit unions, legal framework within which credit unions operate, general credit union administration and accounting practices and procedures. To carry out these project implementation activities, FUCAC does not anticipate the need for any outside technical assistance as it has extensive experience in this program area.

Concerning the implementation of FUCAC's Educational Program component, FUCAC expects to initiate its basic credit union leadership training courses during the month of May 1977. The first credit union management course is expected to be carried out in June of 1977. FUCAC will not require any outside technical assistance in this program area, except an occasional outside credit union expert from a neighboring national credit union federation (Brazil, Paraguay, Argentina, Bolivia or COLAC) who may be called upon to collaborate in highly specialized credit union operational areas. Otherwise

there exists a vast reservoir of experienced management talent in Uruguayan private enterprises, universities and within the credit union movement that can be called upon to mobilize to collaborate in FUCAC's management training programs.

The implementation of the auditing service contemplated in the OPG will take longer than other project components to get it to its operational stage, as at the present moment there are no specialized credit union auditors in Uruguay. However, there are high quality auditors available, on the job market, but they need to get a practical exposure to credit union auditing methods and procedures and formulae for determining the price structure of FUCAC auditing services. To overcome this vacuum FUCAC is planning to arrange a one month on-the-job training visit of its Chief Auditor to be hired under the OPG with the Bolivia National Credit Union Federation, which has more than 10 years experience in managing a credit union auditing service. FUCAC's auditing service is expected to become operational by July 1, 1977.

The FUCAC financial administration capability contemplated in the OPG is expected to be achieved by the hiring of a competent and experienced professional economist or finance manager. Initially, the activities to be performed by this staff member will be rather straightforward and rather simple, primarily the establishment of sound budget controls and cash receipt and disbursement procedures.

Beginning in the second year of project implementation FUCAC's Finance Manager is expected to play a critical role in formulating project funding proposals to mobilize the external funding requirements contemplated for the third and fourth year of FUCAC's Five Year Development Plan. This staff member is also expected to head a feasibility study in 1978 to determine the feasibility of establishing a central credit union financing unit under the FUCAC organizational structure and to determine alternatives for bringing about a financial integration of the FUCAC credit union system. Given the fact that this is a program area where FUCAC has had little experience, FUCAC's Finance Manager will, during 1976, carry out basic research on central finance models used by other Latin American Credit Union Federations. If it can be arranged, FUCAC will also be sending its Finance Manager to a COLAC sponsored Federation Finance Management Seminar scheduled for mid 1977.

FUCAC PROGRAM ACTIVITIES - MARCH 1 - DECEMBER 31, 1977

Activities	M	A	M	J	J	A	S	O	N	D
<u>1. Administrative</u>										
1.1 Arrange office rental lease & organization of office facilities	→									
1.2 Hiring and orientation of personnel	→									
1.3 Procurement of office equipment:				•						
1.4 FUCAC quarterly board of directors meetings	→			→			→			→
<u>2. Program Planning & Evaluation</u>										
2.1 Design basic planning framework 1977	→									
2.2 Formulation of concrete monthly work April-Dec.1976 - FUCAC program activities		→								
2.3 Performance quarterly program progress reviews				→			→			
2.4 Preparation of 1978 Program Plan of Activities									→	
<u>3. Financial Administration</u>										
3.1 Installation of new accounting system	→	•								
3.2 Preparation of quarterly financial reports				→			→			
3.3 Formulation of project proposals for: a) Consumer educ. prog. b) FUCAC central fund revolving fund								→	→	

3. Project Implementation - Year 2

Prior to the beginning of FUCAC's 1978 fiscal year, a detailed work plan will have been prepared for fiscal year 1978. This plan will include the program goals sought during the year, activities to be performed, operating budget requirements and indication of the technical assistance required to implement the plan.

Outside of the normal program activities described for fiscal year 1977, there are two major studies to be performed during the year. These are (1) a study to determine to what extent credit union services can be made available to small scale farmer groups and artisans in Uruguay and (2) a study to define a model for the financial integration of the FUCAC credit unions through FUCAC and the feasibility of its implementation. To carry out these studies, technical assistance will be sought from COLAC, CUNA.

B. FUCAC Project Monitoring Procedures

To monitor the progress being made on project implementation FUCAC will establish a reporting system that will cover the critical program activities indicated in the work plan outlined on pages 49 thru 52. During the first four months under the OPG project monthly staff meetings will be held to evaluate progress being made on project implementation, identify problems being encountered and to decide on courses of action to overcome them. After each staff meeting a report will be written by FUCAC's management and distributed to FUCAC's board of directors. Copies of these reports will also be submitted to AID and COLAC.

Beginning with the quarter ending June 30, 1977, FUCAC will prepare quarterly reports to be prepared by FUCAC's Executive Director and will be presented at FUCAC's Board of Director meetings. Copies of these reports will also be shared with AID and COLAC during the life of the project.

In addition to the above, it is anticipated that COLAC will make periodic checks on project implementation by FUCAC. During the visits of the COLAC technician, it is anticipated that technical advice will be given to FUCAC in those areas where it needs assistance in implementing the project. At the end of these visits the COLAC technicians are expected to meet with FUCAC Board of Directors to share with them his appraisal of progress being made on the project, implementation and recommended course of action.

C. Fund disbursement and procurement procedures

Regarding the fund disbursement procedures, FUCAC proposes the establishment of a Revolving Fund of US\$ 25,000 to cover operating costs during the first three months of the project and make procurement of supplies and equipment that will be purchased locally. The US\$ 25,000 Revolving Fund would be deposited by FUCAC in a dollar savings account with the Banco de la República or another bank acceptable to AID. As funds are needed to cover operating costs or to make purchases, the required amounts would be converted to local currency and deposited in a checking account in the same bank. All payments made and charged to the OPG will be made through a pre-numbered check voucher system requiring authorized signatures duly authorized by the Board of Directors. The authorized signatures would be the

Executive Director and FUCAC's Treasurer.

By using this procedure, FUCAC will be able to take advantage of the frequent mini-devaluations of the Uruguayan Peso and thus it can get greater mileage out of the U.S. dollar funds advanced to FUCAC by AID on a periodic basis.

At the end of each month, FUCAC will prepare a report of all expenditures made under the OPG and will submit reimbursement voucher to AID. AID would then reimburse FUCAC for approved expenditures under the agreed budget line items. At the end of the project, the US\$ 25,000 Revolving Fund would be totally used and the separate account would be closed.

Concerning the internal procedures to control the use of funds, FUCAC has a supervisory committee elected by affiliated credit unions. This committee has the responsibility of making periodic audits of FUCAC's financial affairs. Reports of these periodic checks are made known to FUCAC's Board of Directors for corrective action, if any is needed. In addition to these controls, it is expected that the Central Bank of Uruguay will perform annual audits of FUCAC's operations.

Concerning the procurement of materials and equipment with OPG funds, FUCAC would like to acquire the major portion of its office equipment and material through the AID GSO purchasing service. Procurement of equipment and material through AID is proposed because the prices are cheaper, quality on some products is better and more equipment can be bought than buying on the local market. Local procurement of equipment and materials on the local market would be

limited only to those items that are needed to begin project implementation and which could be purchased at a cheaper price without sacrificing quality.

SECTION V - PROJECT EVALUATION PLAN

FUCAC's Project Evaluation Plan will consist of three types of activities performed at distinct periods during the life of the project. These activities are (1) Quarterly project reviews to be performed by FUCAC's own staff members and Board of Directors (2) Annual routine evaluations and (3) An End of Project Evaluation.

A. Quarterly Project Reviews

During the life of the project FUCAC will perform quarterly reviews of project implementation to determine whether program activities are on target and whether project purposes and outputs are being achieved. The quarterly project reviews will be performed by FUCAC's own staff resources and members of its Board of Directors. After each review session, FUCAC's Executive Director will produce a written report of the conclusions arrived at and new courses of action that may have been agreed upon to assure sound project implementation. Copies of these quarterly reports will be made available to AID and COIAC. The 1977 and 1978 Project Implementation Plan will be used as a basic instrument to perform these quarterly evaluations.

B. Annual Routine Evaluations

Routine evaluations are scheduled to be performed within 30 days following the end of FUCAC's fiscal year 1977 and 1978 to determine/what extent project purposes and outputs have been achieved in accordance with what was indicated in the project logical framework. See Annex 5. To coordinate the performance of these joint evaluations, a committee comprised of one representative from AID and FUCAC will be established.

The basic function of this committee will be to determine the timing of the evaluations and the method to be used in performing them. In the performance of these evaluations, COLAC and CUNA Global Projects Office will be called upon to serve as technical sources to support the joint committee's evaluation activities. Both COLAC and CUNA have experienced technical capabilities to evaluate this type of project.

The routine evaluation will have the basic objectives of determining the extent to which (1) project purposes are being achieved (2) project outputs are being produced and (3) AID project funding that will be needed in FUCAC fiscal years 1978 and 1979.

Written reports will be produced on the results of these annual evaluations and these should include a summary of the principal conclusions reached, and an indication of what are the major problems being encountered in project implementation. (3) the recommended course of actions to overcome these problems and (4) who is to be responsible for carrying out the recommended

action items.

C. End of Project Evaluation

At the termination of the project a final evaluation will be conducted to determine the overall success of the project. It is recommended that these evaluations be conducted by CUNA Global Projects in coordination with the Latin American Confederation of Credit Unions. A final evaluation report is to be prepared that should include the major conclusions reached and the recommendations to both AID and FUCAC that may be appropriate, particularly to FUCAC who will be continuing to implement its Five Year Development Program.

D. Logical Framework

Included in Annex 5 are the logical framework sheets developed by FUCAC for the proposed three year AID Operating Project Grant.

SECTION VI - FINANCIAL PLAN

A. FUCAC's Five Year Financial Plan

Previous to its actual OPG planning and design exercise, FUCAC had already formulated a five year credit union development program to determine: (1) The minimum level of services and administrative capabilities that FUCAC would need to implement a 5 year program, (2) the means by which the development program could be financed, (3) the level and timing of external financial assistance that would be needed to launch and implement the program and (4) the break-even point in FUCAC's operations - where external financial assistance to cover its operating costs would no longer be needed.

Based on the results of this initial 5 Year Development Plan, FUCAC made a preliminary proposal to AID for an OPG in late September of the current year. After discussing this initial OPG proposal with AID, agreement was reached in principle, that AID would consider a formal OPG proposal from FUCAC that would not exceed U\$S 100,000 in the first year, U\$S 75,000 in the second year and U\$S 25,000 in the third year, in the event that FUCAC could not mobilize all the external funding needs from other donor agencies for that year. USAID/Uruguay was hesitant in openly considering a three or more years project because AID's operations in Uruguay are scheduled to close at the end of FY 1978. Therefore the question of whether a U\$S 25,000 AID contribution could be made under the OPG to support FUCAC's development program in its third year is an issue that needs to be discussed and resolved at the time the proposal is reviewed by AID. For the time being, FUCAC has assumed that this would be possible and has planned accordingly.

Having defined the parameters of a possible OPG funding during the first three years of its credit union development program, FUCAC proceeded to review its original financial plans to scale down the size of operations originally proposed to AID. The result of this five year planning exercise is the projected 5 year operating budget and organizational structure presented on pages 61 and 62.

The organizational structure reflects a minimum acceptable level of services and administrative capabilities that FUCAC needs to launch its five year development program. As financial means permit it in the future, FUCAC would then increase the level of present services or add additional service components as needed by member credit unions.

According to this financial plan, FUCAC could reach its break-even point by the end of 5 years. In the first four years, FUCAC would need external financial assistance as indicated below:

PROJECTED FUCAC OPERATING BUDGETS
(Uruguayan New Pesos)

For Annual Fiscal Periods Ending December 31, 1977
through December 31, 1981

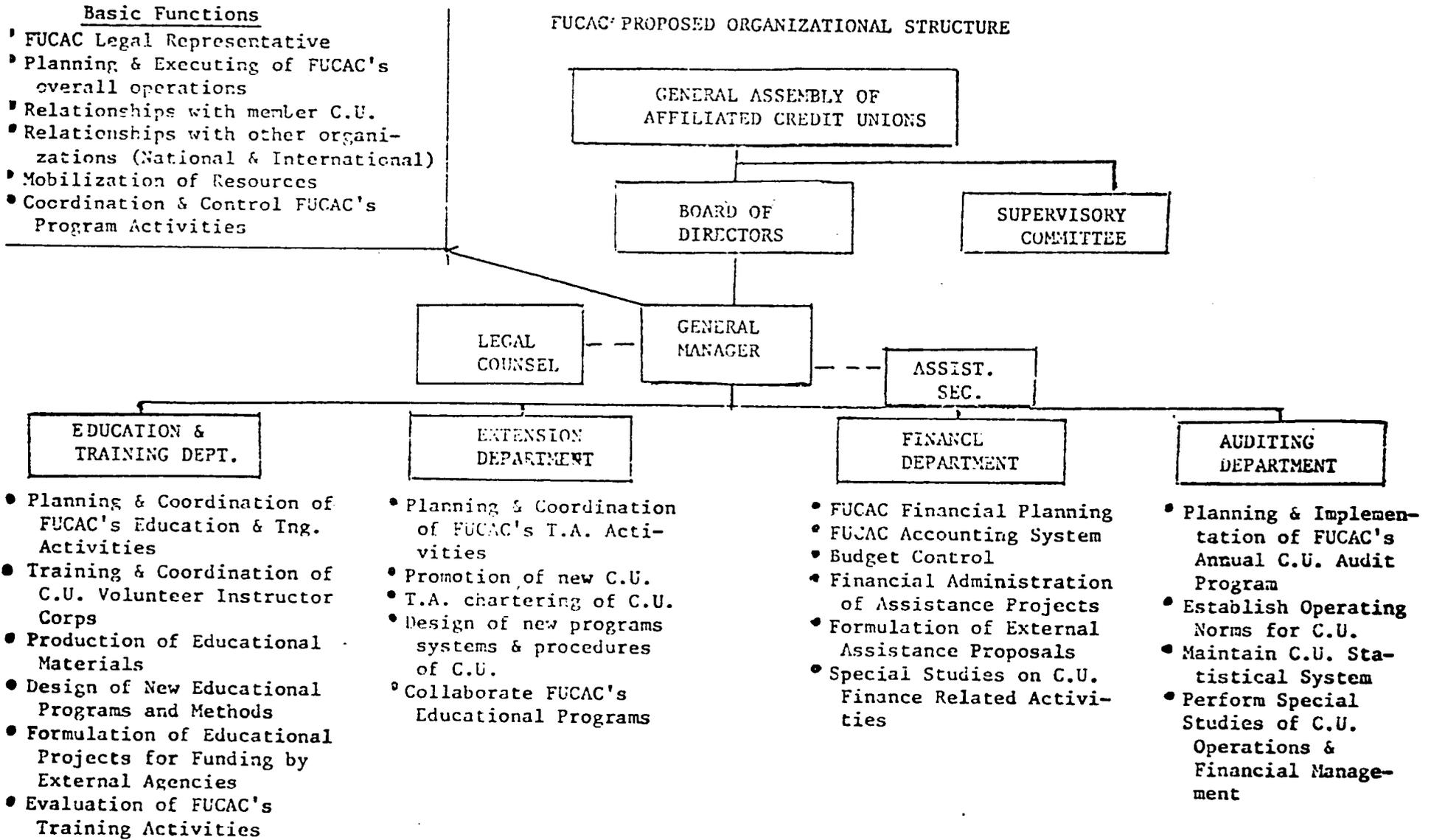
BUDGET ITEMS	CY 1977	CY 1978	CY 1979	CY 1980	CY 1981
<u>Sources of Income</u>					
Annual Supporting Dues	47,200	165,300	403,700	820,300	1,453,000
TOTAL INCOME:	47,200	165,300	403,700	820,300	1,453,000
<u>Operating Expenses</u>					
1. Salaries	176,000	246,400	295,680	400,810	451,920
2. Fringe Benefits	52,800	73,920	88,704	120,000	135,600
3. Local Travel & P.Diem	42,400	66,780	86,810	133,630	176,680
4. International Travel	10,600	19,840	19,240	21,730	28,340
5. Office Rent	12,000	14,400	16,270	21,150	27,500
6. Electricity & Other					
Public Utilities	4,400	7,390	9,600	12,480	15,600
7. Telephone & Cables	3,000	5,040	7,050	9,880	12,850
8. Office Supplies	4,000	6,700	9,380	13,130	18,380
9. Postage-Corresp.	2,200	3,960	5,460	7,640	10,700
10. Equip. Maintenance	2,000	3,360	5,040	6,550	8,520
11. Materials-Educ.Prog.	2,800	9,480	6,270	8,150	10,600
12. FUCAC Prom. Material	1,500	2,100	2,730	3,510	4,560
13. Seminars & Workshops	39,980	55,970	83,960	109,150	141,330
14. External Audit	-o-	2,000	2,600	3,380	4,390
15. Board of Direc.Meet.	1,200	1,560	1,030	2,640	3,430
16. Bi-Annual Gen. Meet.	2,000	-o-	3,200	-o-	5,120
17. Public Relations	1,200	1,680	2,180	2,830	3,680
18. Legal & Consult.Fees	4,800	6,240	8,100	9,720	1,170
19. COLAC Annual Dues	4,000	7,500	10,000	12,000	15,000
20. Deprec. of Equipment	9,600	16,300	19,600	28,170	32,400
21. FUCAC Personnel Tng.	15,000	30,000	-o-	-o-	40,000
22. Feasibility Studies	-o-	8,000	-o-	-o-	-o-
23. Contingencies	9,400	26,380	33,420	46,000	54,500
TOTAL OPERATING EXPENSES:	400,880	615,000	716,324	972,600	1,202,270
Net Operating Loss or Surplus:	-353,680	-449,700	-312,624	-152,300	+ 250,730
AID Contribution	353,680	449,700	200,000	-o-	-o-
Other Donor Contributions	-o-	-o-	112,624	152,300	-o-
Exchange Rate (Average/Yr.)	N\$4.75=\$1.-	N\$6=\$1.-	N\$8=\$1.-	N\$9.75=\$1.-	N\$11=\$1.-

PROJECTED FUCAC OPERATING BUDGETS
(U.S. Dollars)

For Annual Fiscal Periods ending December 31, 1977
through December 31, 1981

BUDGET ITEMS	CY 1977	CY 1978	CY 1979	CY 1980	CY 1981
<u>Sources of Income</u>					
Annual Supporting Dues	9,937	27,550	50,463	84,133	132,091
TOTAL INCOME:	9,937	27,550	50,463	84,133	132,091
<u>Operating Expenses</u>					
1. Salaries	37,053	41,066	36,960	41,109	41,084
2. Fringe Benefits	11,116	12,320	11,088	12,308	12,327
3. Local Travel & P.Dicm	8,926	11,130	10,851	13,706	16,062
4. International Travel	2,232	3,307	2,405	2,234	2,576
5. Office Rent	2,526	2,400	2,034	2,169	2,500
6. Electricity & P. Util.	926	1,232	1,200	1,280	1,418
7. Telephone & Cables	632	840	881	1,013	1,168
8. Office Supplies	842	1,117	1,173	1,347	1,671
9. Postage-Correspondence	463	660	683	784	973
10. Equipment Maintenance	421	560	630	672	775
11. Materials - Educ. Prog.	589	1,580	784	836	964
12. FUCAC Promotional Mat.	316	350	341	360	415
13. Seminars & Workshops	8,417	9,328	10,495	11,195	12,848
14. External Audit	-o-	333	325	347	399
15. Board of Directors Meet.	253	260	129	271	312
16. Bi-Annual Gen. Meeting	421	-o-	400	-o-	465
17. Public Relations	253	280	273	290	335
18. Legal and Consult. Fees	1,011	1,040	1,013	997	106
19. COLAC Annual Dues	842	1,250	1,250	1,231	1,364
20. Depreciation of Equip.	2,021	2,717	2,450	2,839	2,945
21. FUCAC Personnel Trng.	3,158	5,000	-o-	-o-	3,636
22. Feasibility Studies	-o-	1,333	-o-	-o-	-o-
23. Contingencies	1,979	4,397	4,178	4,718	4,955
TOTAL OPERATING EXPENSES:	84,397	102,500	89,543	99,756	109,298
Net Operating Loss or Surplus:	-74,460	-74,950	-39,080	-15,623	+22,793
AID Contribution	74,460	74,950	25,000	-o-	-o-
Other Donor Contributions	-o-	-o-	14,080	15,623	-o-
Exchange Rate (Average/Yr.)	N\$4.75=\$1.-	N\$6.--=\$1.-	N\$8=\$1.-	N\$9.75=\$1.-	N\$11=\$1.-

FUCAC PROPOSED ORGANIZATIONAL STRUCTURE



FUCAC 5 Year Financial Plan
(Fiscal Years Ending December 31)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
A) Supporting Dues Income	47,200	165,300	403,700	820,300	1,453,000
B) Operating Costs	400,880	615,000	716,324	972,600	1,202,270
C) Net Loss or Surplus	-353,680	-449,700	-312,624	-152,300	+ 250,730
D) AID Contributions	353,680	449,700	200,000	-0-	-0-
E) Contributions Other Donor Agencies	-0-	-0-	112,624	153,300	-0-
F) Average Exchange Rate During Year (Pesos to U.S. Dollars)	4.75 to 1	6 to 1	8 to 1	9.75 to 1	11 to 1

The projected dues income indicated above is expected to be achieved by a 12% per annum surcharge to the 36% lending rate presently charged by credit unions. As the financial base of the FUCAC credit union system increases as a result of its development program activities, so would the amount of its lending operations and contributions to support FUCAC services.

To mobilize the external assistance from non-AID sources in the third and fourth year of the Five Year Financial Plan, FUCAC will seek the assistance of COLAC and the World Council of Credit Unions (WCCU). While no concrete evidence can be given that these resources will be available at the time this proposal is submitted to AID, COLAC and WCCU have already demonstrated their effectivity in raising money for credit union development programs similar to that of FUCAC's. The only provision is that sufficient leadway is given to mobilize the resources

before they are actually needed and that a sound project proposal be formulated.

In this case FUCAC will have two years to prepare and market funding proposals with the assistance of COLAC and WOCU.

Concerning the feasibility of FUCAC's 5 Year Binancial Plan, the COLAC/CUNA advisor assisting FUCAC in the formulation of the OPG indicates that it can be realistically achieved. In several ways the FUCAC credit union development program has the basic characteristics of other credit union development programs financed by AID in other Latin American countries during the mid 1960s and early 1970s. However, in the case of the FUCAC OPG project, the level of AID funding being considered is substantially lower than in other countries.

B. The OPG Financial Plan

FUCAC's three year OPG cost budget is presented on page 66. The cost budget is broken down into the four categories indicated in AID's Operating Project Grant Guideline for PVO's. The project cost budget reflects the total cost of carrying out FUCAC's credit union development program during the initial three years. Also included in the three year cost budget are the values of services rendered by credit union leaders that will be collaborating with FUCAC on a volunteer basis in the performance of its program activities. The value of these services is normally not included in the more traditional income and expense operating budget used by FUCAC. This will explain the basic differences that may be identified between cost figures included in its five year

operating budget and the cost figures included in the OPG cost budget.

Another consideration worth mentioning is that the OPG cost budget does not include the savings mobilized by FUCAC's affiliated credit unions during the project period as counterpart funding. This was not done since it was not clear whether this would be consistent with AID criteria for counterpart funding. If it were to be considered as counterpart funding, then the ratio of FUCAC's contribution to total project costs would be substantially improved.

Concerning where the procurement of the US\$ 25,000 in equipment and materials budgeted for the first year of the project, this will be determined more specifically after the project has been approved. At that time a comparative study will be made by FUCAC of procuring equipment and materials from local supplies, the U.S. or other countries using product availability, maintenance service, price and quality as key factors to be analyzed. In the meantime, a total of US\$ 15,000 has been fixed for U.S. procurements and US\$ 10,000 for procurement of office furniture and materials from local suppliers. These figures are subject to change depending on the results of the comparative study to be made once there is project approval.

A human resource budget has been also prepared to indicate the level of staff resources to be used in project implementation. This budget is presented immediately after the OPG cost budget on page 67.

PROPOSED FUCAC OPG COST BUDGET CY 1977, 1978, 1979
(Uruguayan New Pesos)

Cost Categories	Budget Contribution 1977			Budget Contribution 1978			Budget Contribution 1979			
	AID	FUCAC	Total	AID	FUCAC	TOTAL	AID	FUCAC	Other	Total
a. Personnel Costs	206,640	40,000	246,640	224,770	120,000	344,770	100,000	311,690	100,000	511,690
1. U.S. technicians	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2. Third Country	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
3. Local Personnel	206,640	40,000	246,640	224,770	120,000	344,770	100,000	311,690	100,000	511,690
b. Training Costs	95,640	16,640	112,280	159,720	24,450	184,170	75,000	62,300	86,200	223,500
1. Training in U.S.	25,000	-0-	25,000	30,000	-0-	30,000	-0-	-0-	-0-	-0-
2. Training 3rd Count.	70,640	16,640	87,280	129,720	24,450	154,170	75,000	62,300	86,200	223,500
3. Local Personnel										
c. Commodity Costs	118,750	4,000	122,750	-0-	6,700	6,700	-0-	9,380	-0-	9,380
1. U.S. Procured	71,250	-0-	71,250	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2. Third Country	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
3. Locally Procured	47,500	4,000	51,500	-0-	6,700	6,700	-0-	9,380	-0-	9,380
d. Other Costs	52,700	3,100	55,800	65,510	38,300	103,810	25,000	59,430	52,940	137,370
1. Office Rent	12,000	-0-	12,000	14,400	-0-	14,400	16,270	-0-	-0-	16,270
2. Electric/Pub.Util.	4,400	-0-	4,400	7,390	-0-	7,390	3,730	-0-	870	9,600
3. Communications	5,200	-0-	5,200	9,000	-0-	9,000	-0-	-0-	12,510	12,510
4. Maintenance & Depreciation	11,600	-0-	11,600	19,660	-0-	19,660	-0-	38,460	-0-	38,460
5. External Audit	-0-	-0-	-0-	-0-	2,000	2,000	-0-	2,600	-0-	2,600
6. FUCAC Meetings	3,200	-0-	3,200	-0-	1,560	1,560	-0-	4,230	-0-	4,230
7. Public Relations	-0-	1,200	1,200	-0-	1,680	1,680	-0-	2,180	-0-	2,180
8. Legal Fees/Consult.	4,800	-0-	4,800	6,240	-0-	6,240	-0-	-0-	8,100	8,100
9. COLAC Dues	2,100	1,900	4,000	-0-	7,500	7,500	-0-	10,000	-0-	10,000
10. Feasibility Studies	-0-	-0-	-0-	-0-	8,000	8,000	-0-	-0-	-0-	-0-
11. Other Direct Costs	9,400	-0-	9,400	8,820	17,560	26,380	-0-	1,960	31,460	33,420
TOTAL COST OF PROJECT:	473,730	63,740	537,470	450,000	189,450	639,450	200,000	442,800	239,140	881,940

Average Exchange Rate: (N\$4.75 to US\$ 1.00)

(N\$6.00 to US\$ 1.00)

(N\$9.75 to US\$ 1.00)

PROPOSED FUCAC OPG COST BUDGET - CY 1977, 1978, 1979
(U.S. Dollars)

Cost Categories	Budget Contribution 1977			Budget Contribution 1978			Budget Contribution 1979			
	AID	FUCAC	TOTAL	AID	FUCAC	TOTAL	AID	FUCAC	OTHER	TOTAL
a. Personnel Costs	43,503	8,421	51,924	37,462	20,000	57,462	12,500	38,960	12,500	63,960
1.U.S. Technicians	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2.Third Country	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
3.Local Personnel	43,503	8,421	51,924	37,462	20,000	57,462	12,500	38,960	12,500	63,960
b. Training Costs	20,135	3,503	23,638	26,620	4,075	30,695	9,375	7,788	10,775	27,938
1.Training in U.S.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2.Training 3rd Ctry,	5,263	-0-	5,263	5,000	-0-	5,000	-0-	-0-	-0-	-0-
3.Local Personnel	14,872	3,503	18,375	21,620	4,075	25,695	9,375	7,788	10,775	27,938
c. Commodity Costs	25,000	842	25,842	-0-	1,117	1,117	-0-	1,173	-0-	1,173
1.U.S. Procured	15,000	-0-	15,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2.Third Country	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
3.Locally Procured	10,000	842	10,842	-0-	1,117	1,117	-0-	1,173	-0-	1,173
d. Other Costs	11,095	653	11,748	10,918	6,383	17,301	3,125	7,429	6,618	17,172
1.Office Rent	2,526	-0-	2,526	2,400	-0-	2,400	2,034	-0-	-0-	2,034
2.Electricity/P.Util.	926	-0-	926	1,232	-0-	1,232	1,091	-0-	109	1,200
3.Communications	1,095	-0-	1,095	1,500	-0-	1,500	-0-	-0-	1,564	1,564
4.Equip.Main.& Dep.	2,442	-0-	2,442	3,276	-0-	3,276	-0-	4,807	-0-	4,807
5.External Audit	-0-	-0-	-0-	-0-	333	333	-0-	325	-0-	325
6.FUCAC Meetings	674	-0-	674	-0-	260	260	-0-	529	-0-	529
7.Public Relations	-0-	253	253	-0-	280	280	-0-	273	-0-	273
8.Legal Fees/Consult.	1,011	-0-	1,011	1,040	-0-	1,040	-0-	-0-	1,013	1,013
9.COLAC Dues	442	400	842	-0-	1,250	1,250	-0-	1,250	-0-	1,250
10.Feas.Studies	-0-	-0-	-0-	-0-	1,333	1,333	-0-	-0-	-0-	-0-
11.Other Direct Costs	1,979	-0-	1,979	1,470	2,927	4,397	-0-	245	3,932	4,177
TOTAL COST OF PROJECT	99,733	13,419	113,152	75,000	31,575	106,575	25,000	55,350	29,893	110,243

Average Exchange Rate: (NS\$4.75 = \$1.00)

(NS\$6.00 = \$1.00)

(NS\$8.00 = \$1.00)

PROJECTED FUCAC SALARY COSTS AND MAN-MONTHS
(Uruguayan New Pesos)

Fiscal Years 1977, 1978 and 1979 (a)

POSITION	FY 1977		FY 1978		FY 1979	
	MM(b)	Salary	MM	Salary	MM	Salary
A) Administration						
1 Executive Director	10	30,000	12	42,000	12	50,400
1 Secretary/Assistant	10	10,000	12	14,000	12	16,800
Sub-Total:	20	40,000	24	56,000	24	67,200
B) Finance Department						
1 Finance Manager	10	16,000	12	22,400	12	26,880
1 Accounting Assistant						
Sub-Total:	10	16,000	12	22,400	12	26,880
C) Extension Department						
1 Director	10	16,000	12	22,400	12	26,880
1 Secretary	10	8,000	12	11,200	12	13,440
1 Field Consultant - Zone 1	10	12,000	12	16,800	12	20,160
1 Field Consultant - Zone 2	10	12,000	12	16,800	12	20,160
1 Field Consultant - Zone 3						
Sub-Total:	40	48,000	48	67,200	48	80,640
D) Audit Department						
1 Chief Auditor	10	16,000	12	22,400	12	26,880
1 Secretary	10	8,000	12	11,200	12	13,440
2 Auditors	20	24,000	24	33,600	24	40,320
Sub-Total:	40	48,000	48	67,200	48	80,640
E) Education Department						
1 Director	10	16,000	12	22,400	12	26,880
1 Secretary	10	8,000	12	11,200	12	13,440
Sub-Total:	20	24,000	24	33,600	24	40,320
F) TOTAL SALARY COSTS:						
	130	176,000	156	246,400	156	295,680
G) FRINGE BENEFITS (30% of F)						
		52,800		73,920		88,704
H) TOTAL SALARIES & FRINGE BEN.						
		<u>228,800</u>		<u>320,320</u>		<u>384,384</u>

a) FUCAC's FY January/Dec. each yr.

b) Assuming personnel will be hired when project begins March 1, 1977.

PROJECTED FUCAC SALARY COSTS AND MAN-MONTHS
(U.S. Dollars)

Fiscal Years 1977, 1978 and 1979 (a)

POSITION	FY 1977		FY 1978		FY 1979	
	MM (b)	Salary	MM	Salary	MM	Salary
<u>D) Administration</u>						
1 Executive Director	10	6,316	12	7,000	12	6,300
1 Secretary/Assistant	10	2,105	12	2,333	12	2,100
Sub-Total:	20	8,421	24	9,333	24	8,400
<u>E) Finance Department</u>						
1 Finance Manager	10	3,369	12	3,733	12	3,360
1 Accounting Assistant	-0-	-0-	-0-	-0-	-0-	-0-
Sub-Total:	10	3,369	12	3,733	12	3,360
<u>F) Extension Department</u>						
1 Director	10	3,369	12	3,733	12	3,360
1 Secretary	10	1,684	12	1,867	12	1,680
1 Field Consultant- Zone 1	10	2,526	12	2,800	12	2,520
1 Field Consultant- Zone 2	10	2,526	12	2,800	12	2,520
1 Field Consultant- Zone 3	10	2,526	12	2,800	12	2,520
Sub-Total:	40	10,105	48	11,200	48	10,000
<u>G) Audit Department</u>						
1 Chief Auditor	10	3,369	12	3,733	12	3,360
1 Secretary	10	1,684	12	1,867	12	1,680
2 Auditors	20	5,052	24	5,600	24	5,040
Sub-Total:	40	10,105	48	11,200	48	10,080
<u>H) Education Department</u>						
1 Director	10	3,369	12	3,733	12	3,360
1 Secretary	10	1,684	12	1,867	12	1,680
Sub-Total:	20	5,053	24	5,600	24	5,040
F) TOTAL SALARY COSTS:	130	37,053	156	41,066	156	36,960
G) FRINGE BENEFITS (30% of F)		11,116		12,320		11,088
H) TOTAL SALARIES & FRINGE BEN.		<u>48,169</u>		<u>53,386</u>		<u>48,048</u>

a) FUCAC's FY January/Dec. each yr.

b) Assuming personnel will be hired when project begins March 1, 1977.

SECTION VII - GOVERNMENT APPROVAL AND AVAILABILITY OF NON-AID
SUPPORTIVE RESOURCES

A. Government of Uruguay Project Approval

Included in Annex 4 is a copy of the letter sent to USAID by the Planning Office in which it states its conformity with the proposed Operating Project Grant being submitted by FUCAC to AID.

B. Availability of Non-AID Supportive Services

To implement this project, FUCAC will obtain a certain level of technical and financial assistance from non-AID sources. The required technical assistance is expected to be obtained from COLAC, with whom FUCAC expects to be affiliated as soon as it gets its legal charter from the Central Bank. As a member of COLAC, FUCAC will be in a position to request technical assistance as other COLAC affiliated National Credit Union federations do.

US\$ 112,624 N\$153,300
Concerning the ^ and ^ in budget support required for 1979 and 1980 from non-AID sources, these are expected to be mobilized through the good offices of COLAC and the World Council of Credit Unions (WCCU). While at this point no concrete indication can be made to FUCAC that the required budget support will be available, COLAC is committed to assist FUCAC in this area. COLAC itself has close working relationships with the World Council of Credit Unions in the area of mobilizing financial resources for member organizations and with a two year lead way, no major problems are anticipated in getting the needed resources. WCCU has extensive liaison with Canadian, U.S. and European foundations and development agencies and in the past has been quite successful in mobilizing project fundings.

ESTADÍSTICA DE ORGANIZACIONES COOPERATIVAS DE AHORRO Y CREDITO

REGIÓN NOROCCIDENTAL

Subregión Occidental

	Afiliados potenciales
Trabajadores madereros del Puerto	1,000
Viajeros industria y comercio	1,200
Empleados de la Previsión Social	2,000
Vendedores diarios y visitas	2,500
Vendedores ferias ambulantes (pequeños negocios)	1,800
Centro cooperadores minoristas (pequeños propietarios)	2,700
Trabajadores de comercio nacional y familiares directos	2,000
Trabajadores de comercio familiar del estado	4,000
Trabajadores industria del caucho	500
Trabajadores municipales	8,000
Maestros y profesores	2,000
Trabajadores de industrias (patrones y empleados)	1,500
Trabajadores industria del cuero	750
Trabajadores industria textil (Cajonera y Coahuila)	1,100
Trabajadores Hospital Hospital Hospital	1,000
Trabajadores de comercio de comercio	2,200
Trabajadores de comercio (industria lechera)	2,000

Subregión Oriental

Médicos	750
Trabajadores de comercio (trucadores de Mantos)	600
Maestros y profesores	1,400
Trabajadores de comercio	700
Trabajadores de comercio (comercio de comercio y comercio de comercio)	250
Trabajadores de comercio	400
Trabajadores de comercio	1,100
Trabajadores de comercio	650
Trabajadores de comercio (industria lechera)	350

Subregión Central

Trabajadores municipales	1,100
Trabajadores de construcción	350
Trabajadores de comercio	500
Pequeños productores rurales	800
Trabajadores de comercio (patrones y obreros)	200

Subregión del Sur

Trabajadores de comercio (Teléfonos y energía eléctrica)	250
Pequeños productores rurales	700
Trabajadores de comercio y comercio	400
Centro cooperadores minoristas (pequeños negocios)	200

Subregión del Norte

Maestros y profesores	500
Trabajadores de comercio y familiares directos	200
Trabajadores de comercio	200
Trabajadores de comercio y comercio	200
Trabajadores de comercio (industria lechera)	200
Trabajadores de comercio (Centro Experimental Agrícola de Comercio)	500
Trabajadores de comercio "La Industrial" de Juan Lacayo (industria textil)	1,500
Pequeños productores rurales	600

Subregión del Este

Maestros y profesores	600
Trabajadores de comercio y familiares directos	400
Empleados industria y comercio	300
Centro cooperadores minoristas (pequeños negocios)	300

RESERVADO

<u>Vínculo con</u>	<u>Afiliados</u> <u>patronales</u>
Trabajadores UT-/INTEL (Teléfonos y energía eléctrica)	320
Pequeños productores rurales	400
<u>INDIA, N. C. 1964</u>	
Trabajadores municipales	1,000
Pequeños productores rurales	600
Maestros y profesores	450
Empleados industria y comercio	220
<u>INDIA, N. C. 1965</u>	
Centro Almacenamiento minoristas (pequeños negocios)	300
Trabajadores familiares directos	450
Pequeños productores rurales	700
Trabajadores públicos (Instituciones del Estado)	800
Trabajadores municipales	1,000
<u>INDIA, N. C. 1966</u>	
Empleados industria salud (bebidas gaseosas)	300
Trabajadores transporte y familiares directos	200
Trabajadores municipales	150
Funcionarios policiales	500
Trabajadores salud (Alcoholes y Combustibles)	700
<u>INDIA, N. C. 1967</u>	
Trabajadores salud (Azucareros de La Sierra)	700
Maestros y profesores	600
Trabajadores casales y familiares directos	700
Trabajadores transporte y familiares directos	950
Trabajadores hoteles y restaurantes	1,000
Trabajadores salud pública y familiares directos	800
Trabajadores construcción	700
Trabajadores comercio	500
Escadotes (pequeños propietarios)	450
<u>INDIA, N. C. 1968</u>	
Trabajadores fábrica Cemento Portland (ANCAP)	600
Trabajadores salud (Industria Textil)	800
Trabajadores salud (Industria del cuero)	650
Trabajadores construcción	200
Trabajadores municipales y familiares directos	2,000
Trabajadores transporte y familiares directos	350
Trabajadores ferroviarios	500
Trabajadores azucareros y familiares directos	240
Pequeños productores rurales	1,300
Trabajadores campo frutas y verduras	600
Vendedores de diarios y revistas	200
Trabajadores portuarios	400
<u>INDIA, N. C. 1969</u>	
Trabajadores familiares directos	1,350
Maestros y familiares directos	400
Pequeños productores rurales	900
Empleados comercio y familiares directos	600
Trabajadores salud pública y familiares directos	600
Trabajadores construcción	1,200
<u>INDIA, N. C. 1970</u>	
Trabajadores hoteles y restaurantes	320
Trabajadores municipales	850
Empleados comercio	600

DEPT. ANALISIS 00007

Vínculo común

Afiliados
potenciales

Maestros y profesores 630
Trabajadores UTE/ATLAL (telefónicos y energía eléctrica) 300

DEPTO. MOCTEZUMA

Maestros y profesores y familiares directos 1,100
Pequeños productores rurales 750
Ejecutivos y familiares directos 400
Empleados Comercio 300
Trabajadores construcción 400
Funcionarios (pequeños propietarios) 350
Trabajadores hoteles y restaurantes 350

DEPTO. SAN JUAN

Trabajadores construcción 1,250
Trabajadores hoteles y restaurantes 450
Pequeños productores rurales 1,000
Médicos y familiares directos 470
Trabajadores transporte y familiares directos 500
Trabajadores mineros 750
Trabajadores campo frutas y verduras 800
Trabajadores públicos (Instituciones del Estado) 600
Trabajadores azucareros (El Espinillar-ACAF) 1,100

DEPTO. SAN JOSE

Maestros y profesores 870
Empleados Comercio y familiares directos 400
Pequeños productores rurales 650
Trabajadores Construcción 400

DEPTO. SAN JUAN

Trabajadores Salud Pública y familiares directos 450
Trabajadores azucareros 500
Trabajadores industria del papel 1,000
Pequeños productores rurales 650
Trabajadores públicos y familiares directos 400
Centro de Almacenes (pequeños negocios) 380

DEPTO. TACUBAY

Trabajadores municipales 1,250
Maestros y profesores 650
Trabajadores Esforificos 1,300
Empleados Industria y Comercio 600
Pequeños productores rurales 800
Trabajadores construcción 350
Trabajadores industria tabacalera 400
Trabajadores públicos (Instituciones del Estado) 870
Trabajadores industria lana 600
Trabajadores UTE/ATLAL (telefónicos y energía eléctrica) 400

DEPTO. DE ALTA Y TRIN

Trabajadores Salud Pública y familiares directos 350
Pequeños productores rurales 700
Trabajadores postales, telefónicos y energía eléctrica 600
Trabajadores mineros 800
Funcionarios policiales 670
Centro Almacenes (pequeños negocios) 340
Trabajadores rurales (empleados) 1,000

OFFICE EQUIPMENT

	N\$ <u>Per Unit</u>	N\$ <u>Sub-Total</u>
12 Desks	600	7,200
12 Chairs	160	1,920
12 Sets of office accessories	240	2,880
4 Electric typewriters (100 spaces)	4,000	16,000
1 Electric typewriter (180 spaces)	4,400	4,400
8 Metal filing cabinets (4 drawers)	800	6,400
3 Metal bookstands with movable shelves	740	2,220
3 Electric calculating machines (w. paper roll)	2,000	6,000
2 Portable mini-calculators	660	1,320
2 Bookcases	740	1,480
30 Chairs with detachable side flap for use by participants taking courses or attending seminars, etc.	200	6,000
1 Table and chair for instructor	600	600
1 Complete slide projector equipment including cassette attachment	3,200	3,200
1 16 mm. movie projector	4,800	4,800
1 Adjustable blackboard	1,000	1,000
1 Portable blackboard	400	400
1 Flannel graph	240	240
1 Revolving Card Index	160	160
1 Overhead projector	1,200	1,200
1 Automatic electric mimeograph machine	8,000	8,000
1 Photocopy machine	4,000	4,000
1 Table for Board Meetings (15 persons) with 15 chairs	4,000	4,000
1 Strongbox	4,800	4,800
1 Large stapler	240	240
1 Large perforator	180	180
1 Paper cutter	260	260
2 Portable typewriters	1,600	3,200
1 Bookshelf for printed material	1,600	1,600
1 File for used stencils	800	800
32 Pendeflex	10	320
800 Pendeflex folders	2	1,600
50 Boxes of stencils	40	2,000
50 Boxes of carbon paper	40	2,000
200 Boxes paper for copies (100 green-100 pink)	50	10,000
1 Telephone equipment (including installation)		4,330
1 Transcriber	4,000	4,000
Total:		N\$ 118,750

COMPARATIVE COSTSFinancing by commercial firms and by
Credit Cooperatives

(Uruguayan New Pesos)

Product	Cash Price (1)	Financed by commercial firm	Financed by Cooperative				Saving Thru Coop. Financing
			Loan	Interest	Total	Quota	
"ANGENSCHELDIT" TEH Cooker	686.00	12 c.x \$99.00 ea. = <u>\$1,188.00</u>	686.00	133.77	819.77	68.31	<u>368.23</u>
"EL MUNDO DEL HOGAR" General Electric Refrigerator	1,280.00	13 c.x \$189.00 ea. = <u>\$2,457.00</u>	1,280.00	268.80	1548.80	119.13	903.20
"EL MAGO" Clothing	490.00	(Down p. \$93.10 9 c.x 63.70 ea. (Total: <u>\$666.40</u>)	490.00	80.85	570.85	57.08	95.55

(1) When cash payment is effected for articles for domestic use, there is a discount of between 10% and 25% depending on the article and business establishment. These discounts, which show an even greater difference in favor of cooperative credits, are not included in this report.

FEDERACION URUGUAYA DE COOPERATIVAS DE AHORRO Y CREDITOREGLE EN LEGAL DE LAS COOPERATIVAS DE AHORRO Y CREDITOLEY No 13.988, DEL 19 DE JULIO DE 1971

Artículo 1o Las Cooperativas de ahorro y crédito se registrarán por las disposiciones de la presente ley y por la ley No 10.761, de 15 de agosto de 1946, no rigiendo para este tipo de cooperativas la prohibición establecida en el artículo 11 del decreto de 5 de marzo de 1948.

En lo pertinente estas cooperativas quedarán sometidas a las normas que dicte el Banco Central del Uruguay, en el marco de las disposiciones vigentes.

Artículo 2o Serán consideradas cooperativas de ahorro y crédito las formadas por personas físicas o personas jurídicas sin fines de lucro, relacionadas entre ellas por un vínculo común debidamente acreditado (ya sea territorial, ocupacional o de cualquier otra especie) y que tenga por objeto promover el ahorro permanente y sistemático de sus socios y proporcionarles créditos y otros servicios, a fin de obtener una mayor capacitación económica y social de los mismos. Estas cooperativas podrán operar solamente con sus socios.

Para poder fundar una cooperativa de este tipo se necesitarán 20 (veinte) personas como mínimo. A los dos años de su fundación deberá contar, para poder seguir funcionando, por lo menos, con 100 (cien) socios.

Artículo 3o Deberán incluir obligatoriamente en los estatutos los siguientes principios:

- A) La Asamblea General o el Consejo Directivo deberán designar un Comité de Crédito de tres personas como mínimo, a cargo del cual estará la aprobación de los préstamos, de acuerdo a la Reglamentación de Préstamos que apruebe la Asamblea o el Consejo Directivo, según lo prevean los estatutos;
- B) La distribución de excedentes estará sujeta a las siguientes normas:
 - 1o Se destinará un 20% (veinte por ciento) a la constitución de un fondo de reserva para préstamos incobrables;
 - 2o Un 10% (diez por ciento) para un fondo de educación cooperativa;
 - 3o Del resto se pagarán intereses a las partes sociales hasta con el máximo del interés corriente en plaza;
 - 4o El remanente se distribuirá entre los socios que hubieren retirado créditos de la sociedad y en proporción a los intereses pagados en el año.
- C) Ningún socio podrá tener (en partes sociales o ahorros) más del 10% (diez por ciento) del total de partes sociales y ahorros de la cooperativa;
- D) Ningún miembro del Comité de Crédito, del Consejo Directivo o de la Comisión Fiscal, podrá obtener créditos superiores al monto de sus partes sociales y ahorros, a menos que su solicitud sea aprobada por un número no menor de los 2/3 de los restantes miembros de los tres referidos cuerpos, reunidos en sesión especial convocada a ese fin;

- E) Deberán depositar en cuentas en el Banco de la República Oriental del Uruguay propias, o de los organismos de segundo grado cuando ellos se creen, el efectivo recaudado, ya sea por partes sociales, ahorro o amortización de créditos;
- F) Ningún socio podrá percibir créditos superiores al 5% (cinco por ciento) del monto total de partes sociales y ahorros de su cooperativa, salvo que su solicitud sea aprobada mediante el mecanismo previsto en el literal D) de este artículo. Pero en ningún caso se podrá superar el 10% (diez por ciento) del monto total de partes sociales y ahorros;
- G) Para que sus Asambleas puedan sesionar válidamente, se necesitará un quórum del 50% (cincuenta por ciento) de sus socios habilitados.

Artículo 4o Las cooperativas podrán constituir centrales, federaciones o confederaciones, por el voto conforme de dos tercios de presentes de su Asamblea General. Las disposiciones de esta ley serán aplicables, en lo pertinente, a los organismos de segundo grado o tercer grado que se creen. Toda cooperativa deberá estar afiliada obligatoriamente a una Federación. Para que su Balance General pueda ser aprobado por la Inspección de Hacienda, deberá contar, necesariamente, con un informe de auditoría a cargo de la Federación.

Artículo 5o Se las autoriza a gestionar y obtener créditos para financiar la producción de sus socios, en fuentes nacionales o extranjeras. Con referencia a estos fondos no regirá la prohibición establecida en el literal F) del artículo 3o de esta ley.

Artículo 6o Cuando las cooperativas se organicen de acuerdo a la presente ley, las instituciones o empresas públicas o privadas, estarán obligadas a descontar del sueldo de sus funcionarios las retenciones que las cooperativas les comuniquen y entregar el dinero dentro de los cinco días subsiguientes. Las retenciones, ya sean por aportes de partes sociales, ahorro y amortización de créditos, no podrán superar el 20% (veinte por ciento) del sueldo nominal.

Artículo 7o Comuníquese, etc.

BANCO CENTRAL DEL URUGUAY

Montevideo, 26 de diciembre de 1975.
" AÑO DE LA ORIENTALIDAD "

C I R C U L A R N° 7 1 4

75/5/16

Ref.: Reglamentación de las Cooperativas de Ahorro y Crédito.

Se pone en conocimiento, en lo pertinente, el texto de la Resolución adoptada por el Directorio de este Banco Central, en sesión del día 28.11.75.

Artículo 1.- (REGIMEN APLICABLE) - La estructura y funcionamiento de las cooperativas de ahorro y crédito quedará sujeta a las disposiciones legales y reglamentarias vigentes, a las normas y órdenes que dicte el Banco Central del Uruguay y a las contenidas en los artículos siguientes. Las mismas normas serán aplicables, en lo pertinente, a las centrales, federaciones y con federaciones de cooperativas de ahorro y crédito:

I.- REGISTRO

Artículo 2.- (ORGANIZACION DEL REGISTRO) - El Banco Central del Uruguay organizará el registro de cooperativas de ahorro y crédito, sean de primer grado o centrales, federaciones y confederaciones.

Artículo 3.- (INSCRIPCION PREVIA) - Las empresas comprendidas en este reglamento sólo podrán funcionar una vez obtenida la inscripción en el registro que se organiza por el artículo 2. Las inscripciones podrán ser denegadas o revocadas por el Banco Central del Uruguay teniendo en cuenta razones de legalidad, oportunidad y conveniencia.

Artículo 4.- (SOLICITUD DE INSCRIPCION) - La solicitud de inscripción en el registro a que hace referencia el artículo 3, deberá ser suscrita por las personas autorizadas a representar a la cooperativa y contendrá los siguientes datos: a) denominación; b) domicilio; c) constancia de la aprobación de los Estatutos y de su inscripción en el Registro Público de Comercio; d) integración del Consejo Directivo, Comité de Crédito y Comisión Fiscal; e) Federación a la que está afiliada; f) dependencias del Banco de la República O. del Uruguay en las que deposita sus fondos y números de identificación de sus cuentas; g) fecha de cierre del ejercicio económico. Conjuntamente con esta declaración, presentarán una nómina con los nombres completos y domicilios de cada uno de los socios fundadores, con indicación del importe de las partes sociales que se ha comprometido a integrar cada uno y forma de integración de las mismas.

Artículo 5.- (DATOS POSTERIORES A LA INSCRIPCION) - Las cooperativas de ahorro y crédito inscriptas en el registro respectivo deberán comunicar al Banco Central del Uruguay: a) la fecha de iniciación de actividades, dentro de las 48 horas hábiles siguientes; b) toda modificación que se produzca en los datos

R. G. B.

//

//

C I R C U L A R N° 7 1 4

contenidos en la solicitud de inscripción, en la forma establecida en el artículo 25.

II.- NORMAS DE FUNCIONAMIENTO, LIMITACIONES Y PROHIBICIONES

Artículo 6.- (NORMAS DE FUNCIONAMIENTO) - El Banco Central del Uruguay para orientar el funcionamiento de las cooperativas de ahorro y crédito y el de las centrales, federaciones y confederaciones podrá: a) Determinar el capital mínimo requerido para iniciar las actividades, la forma y plazos de inscripción así como fijar periódicamente la responsabilidad patrimonial mínima exigida de acuerdo a las condiciones económicas y financieras, la importancia de la plaza en que actúen y la situación y actividad económica de los asociados. b) Determinar los planes de ahorro y reglamentos de crédito que aplicarán las empresas. c) Establecer el mantenimiento de encajes mínimos obligatorios en moneda nacional. d) Establecer contralores cuantitativos y cualitativos del crédito. e) Establecer los plazos máximos de vencimiento para las obligaciones que integren su crédito activo así como la clase y monto mínimo de las garantías que aseguren su recuperación. f) Establecer el mínimo y el máximo del monto de las tasas de interés, de las comisiones o de cualquier otro cargo que puedan cobrar o pagar, en cualquiera de las operaciones de su giro. g) Establecer otras normas de prudencia que, según los casos, permitan mantener la debida liquidez y la mayor seguridad de las empresas pudiendo intervenirlas a efectos de velar por su estabilidad. h) Reglamentar las condiciones y plazos dentro de las cuales podrán contraer obligaciones internacionales que impongan pagos al exterior. i) Prohibir o limitar temporalmente aquellas operaciones que resulten contrarias al interés nacional. j) Determinar los límites territoriales dentro de los cuales deberán funcionar.

Artículo 7.- (LIMITACIONES AL USO DEL CREDITO) - Para la obtención de créditos en fuentes extranjerías a los que se refiere el artículo 5° de la ley N° 13 988 de 19.9.971, se requerirá la autorización previa del Banco Central del Uruguay.

Artículo 8.- (LIMITACIONES PARA MODIFICAR LA RED FISICA) - Para la apertura, clausura o traslado de sucursales o dependencias, estas cooperativas deberán requerir la autorización previa del Banco Central del Uruguay.

Artículo 9.- (PROHIBICIONES) - Las cooperativas de ahorro y crédito no podrán: a) recibir ahorros ni conceder créditos antes de otorgada la autorización pertinente ni fuera de los planes habilitados; b) adquirir inmuebles u otros bienes del activo inmovilizado que no fuesen necesarios para su uso propio; c) invertir en bienes de uso propio y gastos de constitución una suma superior al 50% del monto de partes sociales integradas; d) realizar por cuenta propia o de terceros, negocios u operaciones ajenas a su actividad específica; e) recibir ahorros en moneda extranjera; f) operar con los miembros del Consejo Directivo, de la Comisión Fiscal y del Comité de Crédito en condiciones más favorables que con respecto a los demás socios; g) dejar de hacer constar en su documentación y propaganda su carácter de cooperativa de ahorro y crédito.

R.G.B.

//

//

C I R C U L A R N° 7 1 4

III.- OPERACIONES

Artículo 10.- (PLANES DE AHORRO Y CREDITO) - Las cooperativas de ahorro y crédito deberán solicitar la aprobación por el Banco Central del Uruguay de los planes de ahorro sistemático que se propongan llevar a cabo, el reglamento de créditos y todo otro servicio financiero que proyecten brindar a sus socios, con especificación de las diferentes tasas de intereses y comisiones que cobrarán y pagarán por sus operaciones activas y pasivas. En oportunidad de proceder a la inscripción a que hace referencia el artículo 3 de este reglamento, deberán proponer al menos un plan de ahorro y el reglamento de créditos con el que proyecten iniciar sus actividades.

Artículo 11.- (AHORRO SISTEMATICO) - Los planes de ahorro sistemático que se propongan podrán ser de capitalización o de depósito. Cada empresa podrá proponer más de uno. Todos los socios de la cooperativa deberán estar necesariamente inscriptos en algunos de los planes y al día con las obligaciones que éstos impongan para poder hacer uso de los servicios financieros que brinda.

Artículo 12.- (TOPE DE LAS OBLIGACIONES DE LOS SOCIOS) - Las obligaciones a que se comprometan los socios por concepto de integración de participaciones sociales, cuotas de ahorro o de amortización de créditos, no podrán superar el 20% de sus ingresos regulares mensuales. Esta disposición sólo podrá ser obviada por resolución fundada del Consejo Directivo, de la que quedará constancia en actas, y siempre que se cuente con garantía real o personal suficiente. Los integrantes del Consejo Directivo serán responsables del eventual perjuicio que pudiera ocasionarse a la cooperativa por esta resolución.

IV.- RESPONSABILIDAD PATRIMONIAL

Artículo 13. (DETERMINACION DE LA RESPONSABILIDAD PATRIMONIAL) - La responsabilidad patrimonial de las cooperativas de ahorro y crédito y la de sus centrales, federaciones y confederaciones, se determinará sumando: a) las partes sociales integradas; b) las reservas obligatorias y de previsión, creadas con cargo a excedentes; c) las reservas de revaluación, creadas con los importes provenientes de las revaluaciones de activos admitidas por el Banco Central del Uruguay. La responsabilidad patrimonial se disminuirá con las pérdidas que resulten de su gestión, desde la fecha de cierre del ejercicio económico y con el monto de las deudas que deban computarse como "Deudores Morosos" de conformidad con las normas dictadas por el Banco Central del Uruguay.

V.- RESERVAS DE ENCAJE Y RECEPTIVIDAD DE DEPOSITOS

Artículo 14.- (REGIMEN DE ENCAJE) - Establécese el régimen de encaje en moneda nacional para las cooperativas de ahorro y crédito y sus centrales, federaciones y confederaciones, a que se refieren los artículos siguientes. Para determinar la situación de encaje así como para no admitir la compensación, serán de aplicación los artículos 35 y 36 de la Recopilación de Normas de Regulación y Contralor del Sistema Financiero.

R.G.B.

//

//

C I R C U L A R N° 7 1 4

Artículo 15.- (ENCAJE MINIMO OBLIGATORIO) - Las cooperativas de ahorro y crédito deberán mantener, en todo momento, el encaje mínimo establecido por el artículo 38 de la Recopilación de Normas de Regulación y Contralor del Sistema Financiero.

Artículo 16.- (ENCAJE REAL) - El encaje real estará constituido por monedas y billetes de curso legal y depósitos a la vista en el Banco de la República O. del Uruguay.

Artículo 17.- (DEPOSITOS SUJETOS A ENCAJE) - A los efectos del régimen de encaje, se considera que constituyen depósitos todas las sumas de dinero recibidas a cualquier título, de los que deriven derechos en favor de terceros -socios o no- excepto las que correspondan a la integración de partes sociales.

Artículo 18.- (MARGEN DE RECEPTIVIDAD DE DEPOSITOS) - Las cooperativas de ahorro y crédito podrán recibir depósitos en moneda nacional por un equivalente de hasta dieciséis veces el monto de su responsabilidad patrimonial. Por los depósitos que sobrepasen este margen de receptividad deberá mantenerse el 100% de encaje.

VI.- INFORMACION, CONTABILIDAD Y ADMINISTRACION

Artículo 19.- (INFORMACION) - Las cooperativas de ahorro y crédito y sus centrales, federaciones y confederaciones deberán proporcionar al Departamento de Contralor Permanente, con la periodicidad que se indica, las informaciones referidas en los artículos siguientes.

Artículo 20.- (BALANCE DE SALDOS) - Las cooperativas de ahorro y crédito presentarán, dentro de los veinte días hábiles siguientes a la fecha que se informa, sus balances de saldos contables al 31 de marzo, 30 de junio, 30 de setiembre y 31 de diciembre de cada año, de conformidad con el plan de cuentas y normas que dicte el Banco Central del Uruguay. Estos balances deberán contar con la certificación por contador público a que hace referencia el artículo 310 de la Recopilación de Normas de Regulación y Contralor del Sistema Financiero.

Artículo 21.- (ESTADOS AL CIERRE DEL EJERCICIO ECONOMICO) - Dentro de los treinta días hábiles siguientes a la fecha del cierre del ejercicio económico, las cooperativas de ahorro y crédito presentarán el balance de situación y el estado demostrativo de resultados en el grado de conformidad con los planes de cuentas y normas que dicte el Banco Central del Uruguay, debidamente certificados por contador público en los términos referidos por el artículo 310 de la Recopilación de Normas de Regulación y Contralor del Sistema Financiero.

Artículo 22.- (INFORMES DE AUDITORIA) - Las federaciones presentarán el informe de la auditoría practicada a sus afiliadas, dentro de los sesenta días hábiles siguientes a los respectivos cierres de los ejercicios económicos.

Artículo 23.- (ESTADO DE ENCAJES) - Las cooperativas de ahorro y crédito presentarán un estado mensual de los encajes

R.G.B.


//

//

C I R C U L A R N° 7 1 4

obligatorio y real de acuerdo al modelo e instrucciones que proporcionará el Banco Central del Uruguay. Dicha información deberá presentarse dentro de los diez primeros días hábiles del mes siguiente al que se refiere.

Artículo 24.- (NUMERO DE SOCIOS Y MAYOR APOORTE INDIVIDUAL) - Conjuntamente con la información a que hace referencia el artículo 23, se comunicará el número de socios que tiene la cooperativa y el importe del mayor aporte individual, conformado por la suma de las partes sociales integradas y ahorros efectuados por el socio.

Artículo 25.- (VARIACION DE LOS DATOS DE INSCRIPCION EN EL REGISTRO) - Toda modificación en los datos suministrados al solicitarse la inscripción de la cooperativa en el registro a que se refiere el artículo 4, deberá comunicarse dentro de los diez días hábiles de ocurrida.

Artículo 26.- (EXHIBICION Y SUMINISTRO DE DATOS Y DOCUMENTOS) - El Banco Central del Uruguay tendrá acceso a toda la información y documentación de las cooperativas de ahorro y crédito que estime necesaria para el cumplimiento de sus cometidos de controlador.

VII.- SANCIONES

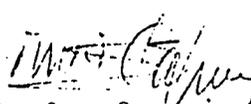
Artículo 27.- (REMISION) - Las infracciones a las disposiciones de este reglamento serán sancionadas de acuerdo a lo dispuesto en el Título IV de la Parte Primera del Libro VII de la Recopilación de Normas de Comercio Exterior y Cambios.

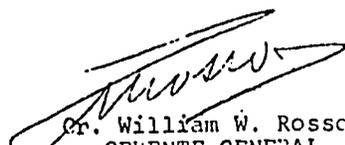
DISPOSICIONES CIRCUNSTANCIALES

Artículo 28.- (EMPRESAS EN ACTIVIDAD) - Las empresas que hayan iniciado sus actividades antes de la fecha de entrada en vigencia de este reglamento, para poder continuar con las mismas, deberán dar cumplimiento a lo dispuesto en el artículo 3, dentro del término de treinta días y contarán con un plazo adicional de noventa días para ceñirse a las demás disposiciones del presente reglamento.

Artículo 29.- (BALANCES DE SALDOS Y ESTADOS DEMOSTRATIVOS DE RESULTADOS) - Hasta tanto el Banco Central del Uruguay no establezca los planes de cuentas integrales y diferenciales y las normas para la confección de los balances de saldos y estados demostrativos de resultados, las cooperativas de ahorro y crédito presentarán las informaciones referidas por los artículos 20 y 21 de este reglamento en base a los planes de cuenta que utilicen las respectivas empresas.

Artículo 30.- Circúlese y publíquese.


Cr. Omar Caporale
SUB-GERENTE GENERAL


Cr. William W. Rosso
GERENTE GENERAL

R.G.B.
7895


PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK(INSTRUCTION: THIS IS AN OPTIONAL
FORM WHICH CAN BE USED AS AN AID
TO ORGANIZING DATA FOR THE PAR
REPORT. IT NEED NOT BE RETAINED
OR SUBMITTED.)Life of Project:
From FY 1977 to FY 1979
Total U.S. Funding \$ 200,000
Date Prepared: November 1976Project Title & Number: FUCAC - Credit Union Development Program

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>The basic goal of this project is to increase the purchasing power of low income urban industrial workers employees of private businesses, government employees and provide small farmers and artesans with a source of opportune and low cost credit for production-oriented activities.</p>	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> 1. At least a 10% increase in purchasing power of individual credit union members. 2. Increase of 10-20% in income of small farmers and artesans. 	<ol style="list-style-type: none"> 1. Sample survey among credit union members receiving loans from credit unions. 2. Member credit files in Credit Unions and interviews with credit union managers. 3. Records of small farmers and artesans receiving loans from C.U. 4. Interviews with C.U. members. 	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> - That small farmers and artisan credit union members have an adequate mechanism for marketing their productivity and have access to sources of inputs and materials at reasonable prices. - That adequate technical assistance in farming and handicrafts will be available to small and artisan credit union members.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY 1977 to FY 1979
Total U.S. Funding \$ 200,000
Date Prepared: November 1976

Project Title & Number: FUCAC - Credit Union Development Program

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																																								
<p>Project Purpose: The purpose of this project is three-fold:</p> <p>1. To expand credit union services to reach a greater number of lower income industrial workers, government employees, artesans, small farmers and individuals living in rural communities.</p> <p>2. Improve the quality of credit union services.</p> <p>3. Contribute to the development of a financially self-supporting national service organization for credit unions.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>1. <u>Expansion of Credit Union</u></p> <p style="padding-left: 40px;"><u>System Indicators:</u></p> <table style="margin-left: 80px; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;"><u>76</u></td> <td style="text-align: center;"><u>77</u></td> <td style="text-align: center;"><u>78</u></td> <td style="text-align: center;"><u>79</u></td> </tr> <tr> <td>N° C.U.</td> <td style="text-align: center;">38</td> <td style="text-align: center;">48</td> <td style="text-align: center;">63</td> <td style="text-align: center;">80</td> </tr> <tr> <td>N° members (000)</td> <td style="text-align: center;">15</td> <td style="text-align: center;">20</td> <td style="text-align: center;">28</td> <td style="text-align: center;">38</td> </tr> <tr> <td>Amount savings (000 New Pesos)</td> <td style="text-align: center;">230</td> <td style="text-align: center;">701</td> <td style="text-align: center;">2013</td> <td style="text-align: center;">4880</td> </tr> </table> <p>2. <u>Improvement of C.U. Services</u></p> <table style="margin-left: 80px; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;"><u>Indicator</u></td> <td style="text-align: center;"><u>77</u></td> <td style="text-align: center;"><u>78</u></td> <td style="text-align: center;"><u>79</u></td> </tr> <tr> <td>N° trained C.U. leaders</td> <td style="text-align: center;">100</td> <td style="text-align: center;">200</td> <td style="text-align: center;">300</td> </tr> <tr> <td>N° C.U. fulltime administrators</td> <td style="text-align: center;">25</td> <td style="text-align: center;">40</td> <td style="text-align: center;">60</td> </tr> <tr> <td>N° C.U. with adequate office facilities</td> <td style="text-align: center;">25</td> <td style="text-align: center;">40</td> <td style="text-align: center;">60</td> </tr> <tr> <td>N° C.U. with consumer education programs</td> <td style="text-align: center;">-</td> <td style="text-align: center;">20</td> <td style="text-align: center;">40</td> </tr> </table>		<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	N° C.U.	38	48	63	80	N° members (000)	15	20	28	38	Amount savings (000 New Pesos)	230	701	2013	4880	<u>Indicator</u>	<u>77</u>	<u>78</u>	<u>79</u>	N° trained C.U. leaders	100	200	300	N° C.U. fulltime administrators	25	40	60	N° C.U. with adequate office facilities	25	40	60	N° C.U. with consumer education programs	-	20	40	<p>1. Credit Union records, FUCAC records and Central Bank files on Quarter Financial Statement submitted by credit unions.</p> <p>2. FUCAC program records and credit union records.</p> <p>3. FUCAC financial records, external audit reports, report by FUCAC's Supervisory Committee.</p>	<p>Assumptions for achieving purpose:</p> <p>1. That Central Bank will issue credit union charters expeditiously.</p> <p>2. Credit unions will accept a 12% annual surcharge on lending operations to pay FUCAC's supporting dues.</p>
	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>																																							
N° C.U.	38	48	63	80																																							
N° members (000)	15	20	28	38																																							
Amount savings (000 New Pesos)	230	701	2013	4880																																							
<u>Indicator</u>	<u>77</u>	<u>78</u>	<u>79</u>																																								
N° trained C.U. leaders	100	200	300																																								
N° C.U. fulltime administrators	25	40	60																																								
N° C.U. with adequate office facilities	25	40	60																																								
N° C.U. with consumer education programs	-	20	40																																								

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY 1977 to FY 1979
Total U.S. Funding \$ 200,000
Date Prepared: NOVEMBER 1976

Project Title & Number: FUCAC - Credit Union Development Program

(Cont.) PAGE 2 (

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																
<p>Project Purpose:</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>3. <u>Financial Self-sufficiency</u></p> <p><u>National Credit Union Federa-</u> <u>tion</u></p> <table border="1" data-bbox="600 439 1046 705"> <thead> <tr> <th><u>Indicator</u></th> <th><u>77</u></th> <th><u>78</u></th> <th><u>79</u></th> </tr> </thead> <tbody> <tr> <td>Total operating budget</td> <td>500</td> <td>615</td> <td>717</td> </tr> <tr> <td>FUCAC contribu- tion</td> <td>47</td> <td>165</td> <td>404</td> </tr> <tr> <td>% FUCAC contri- bution</td> <td>12%</td> <td>27%</td> <td>56%</td> </tr> </tbody> </table>	<u>Indicator</u>	<u>77</u>	<u>78</u>	<u>79</u>	Total operating budget	500	615	717	FUCAC contribu- tion	47	165	404	% FUCAC contri- bution	12%	27%	56%		<p>Assumptions for achieving purpose:</p>
<u>Indicator</u>	<u>77</u>	<u>78</u>	<u>79</u>																
Total operating budget	500	615	717																
FUCAC contribu- tion	47	165	404																
% FUCAC contri- bution	12%	27%	56%																

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: FUCAC - Credit Union Development Program

Life of Project:
From FY 1977 to FY 1979
Total U.S. Funding \$ 200,000
Date Prepared: November 1978

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS			MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	Magnitude of Outputs:				
Outputs:	1977	1978	1979		
1. N° new C.U. organized.	10	13	13	1. FUCAC records/Central Bank files.	Assumptions for achieving outputs: 1. That project will get initiated on schedule and that qualified personnel will be available for hiring to head the various FUCAC services and administrative units. 2. That FUCAC personnel get adequate training in special functional area of FUCAC operations. 3. That AID funding in third year will be available and that FUCAC will have mobilized the budget support it needs from non-AID sources. 4. That technical assistance from COLAC, CUNA, or other sources to perform the two special studies on financial integration, will be available.
2. Basic C.U. courses for C.U. leaders	1	2	2	2. FUCAC Education Program files.	
3. Specialized C.U. management training courses.	1	1	1	3. FUCAC Education Program files.	
4. Special Consumer Education courses for C.U. managers and education committees.	3	6	6	4. FUCAC Education Program files.	
5. Bi-monthly FUCAC bulletin.	3	4	4	5. FUCAC files - Credit unions.	
6. Technical publications on C.U. operations (Accounting, credit administration, planning & others)	10	25	30	6. FUCAC Records/Credit unions.	
7. Audits performed on member C.U.	-	1	1	7. FUCAC Audit Reports/Audit Dept.	
8. Special studies performed on future development & expansion C.U. system	60	72	72	8. FUCAC records.	
9. Man months of technical assistance activities for credit unions (extension and education)	-	2	2	9. FUCAC Personnel Records & Quarterly Progress Reports.	
10. New funding proposal prepared and formally submitted.	3	4	-	10. FUCAC Records/COLAC/WOCCU.	
11. International training visits by FUCAC professional staff members in specialized functional areas of national C.U. federations.				11. FUCAC Financial records.	
12. Funds mobilized from non-AID sources.		\$ 30,000			
13. FUCAC staffing.	13	13	13		

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: _____
From FY 1977 _____ to FY 1979 _____
Total U.S. Funding \$ 200,000 _____
Date Prepared: November 1976 _____

Project Title & Number: FUCAC - Credit Union Development Program

PAGE 4

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS								
Inputs:	Implementation Target: (Type and Quantity)		Assumptions for providing inputs:								
	<table border="1"> <thead> <tr> <th></th> <th>1977</th> <th>1978</th> <th>1979</th> </tr> </thead> <tbody> <tr> <td>(New \$)</td> <td>400,880</td> <td>615,000</td> <td>716,324</td> </tr> </tbody> </table>		1977	1978	1979	(New \$)	400,880	615,000	716,324		
	1977	1978	1979								
(New \$)	400,880	615,000	716,324								
A. <u>Operating Budget:</u> Total:		FUCAC accounting records.	1. Assuming that A.I.D. funding for 1979 will be available.								
1. A.I.D. contributions	353,680 449,700 200,000										
2. FUCAC contributions	47,200 165,300 403,700		2. That FUCAC will be available to effectively mobilize projected resources from other donor agencies.								
3. Other Donor Agencies	-0- -0- 112,624										
B. <u>Commodities:</u> (Office Equipment & Supplies)	122,750 6,740 9,380	FUCAC accounting records/USAID/Uruguay	3. That FUCAC becomes a COLAC affiliate to receive periodic technical assistance visits from COLAC.								
1. A.I.D. contribution	118,750 -0- -0-										
2. FUCAC contribution	4,000 6,740 9,380		4. That FUCAC will obtain its legal charter now being processed by the Ministry of Finance.								
C. <u>Value of Services Contributed</u>	16,640 24,450 37,810	FUCAC records.									
<u>Volunteer Credit Union Leaders</u>											
<u>to FUCAC OPG project activities</u>											
D. <u>Man Days of COLAC T.A.</u>	10 15 15	COLAC records.									