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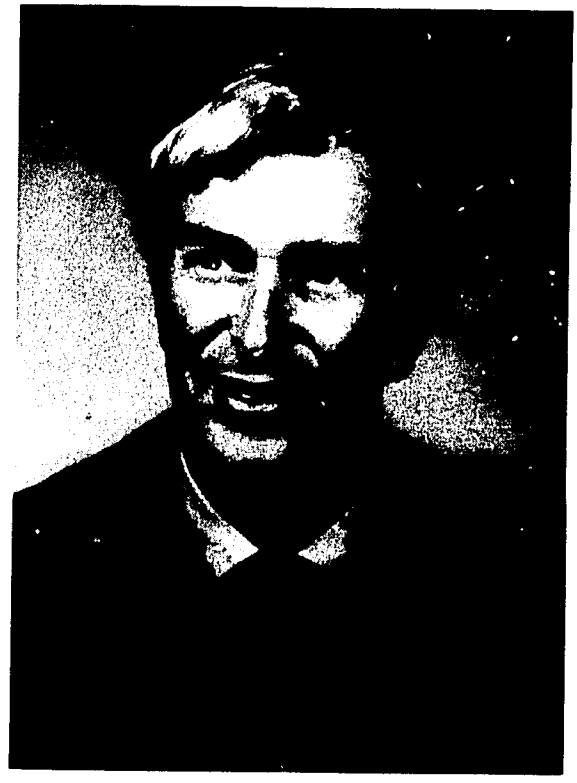
Credit Unions:

INSTRUMENTS OF DEVELOPMENT AND SELF-HELP

Annual Progress Report, 1974

CREDIT UNION NATIONAL ASSOCIATION, INC.
GLOBAL PROJECTS OFFICE

M. R. Hellie



Herb Wegner

PRESIDENT'S STATEMENT

It is a source of pride for the Credit Union National Association (CUNA) to be able to state that it has been actively involved in credit union development activities abroad for the past two decades. Initially this assistance was provided by the World Extension Division of CUNA which was funded at a level equivalent to ten percent of the total budget of our organization. In 1962 our efforts were substantially increased through contract and grant funding from the U.S. Agency for International Development (AID). Since then projects in eighteen countries, which have touched the lives of millions of people, have been successfully developed. Additional assistance, reaching an even greater number of countries and people, has been provided by the United States credit union movement through the World Council of Credit Unions, the Worldwide Foundation for Credit Unions, and CUNA Mutual Insurance Society.

There is ample justification for maintaining our long standing support for development activities in the credit union field abroad. And we at CUNA plan to provide continued assistance to these activities through our Global Projects office and through our membership in the World Council of Credit Unions. In our view the future is as promising as the past was productive. We are convinced that credit union systems do offer a promise to the developing world and that such systems can be of significant help to those in greatest need. In fact, few organizations have been as successful in involving the poor in development as have credit unions. In no small part, this has been due to the fact that those responsible for our development activities have had the vision and understanding to learn from their counterparts abroad and to generate credit unions which are relevant to the specific needs of each setting.

M. R. Hellie
President

MANAGING DIRECTOR'S STATEMENT

Few would argue with the song titled "The Times They Are A-Changing." Rapid changes in technology experienced in almost every facet of our lives require that we make constant changes in our approach to problems and problem-solving. In the past few years substantial debate has arisen around the issue of the rationale and justification for American foreign assistance efforts. Who should be receiving this assistance? How should it speak to the multiple needs of the developing world? We answered these questions to our satisfaction some years ago and are glad to find that more and more people are also concluding that what the world needs now is direct assistance to people.

The failure of the "trickle down" theory of development has led many to the conclusion that development efforts must be focused to a significant extent upon the small farmer and the rural sectors of the developing world. "Small farmers," states development expert Edgar Owens, "make up some three-fifths of the people of developing countries. Two decades of development and 'foreign aid' have left many of them no better off than when the Age of Development began." The growing food crisis in the world makes it even more urgent that means be found to increase the productivity of small farmers.

Our plans for the future call for continued work perfecting and promoting the small farmer production credit programs which have become the trademark of our overseas efforts in recent years. We also intend to continue providing the highly specialized assistance required by credit union federations and confederations abroad to strengthen their central financing and general management capabilities. Attainment of the goals which we have set for ourselves will partially depend upon the continued support of the Agency for International Development, without which we could not have achieved what we have in the past decade. But with the continued assistance of this agency, the United States credit union movement and other funding agencies, we are confident that working in conjunction with the World Council of Credit Unions we will be able to continue to make substantial contributions to the vital challenges of development faced by the world today.

Herb Wegner
Managing Director

THE ROLE OF CREDIT UNIONS IN THE DEVELOPMENT PROCESS

It is coincidental yet interesting that the letters C-U-N-A should spell out a word which in Spanish means "cradle." It would have been difficult to select an acronym better suited to describe the role of credit unions and cooperatives in the development process. Credit unions may indeed be viewed as cradles of development given the multiple impacts they can have upon this process. The following are among the major aspects of credit union development activities which we believe should be taken into account in evaluating the role that these can play in the overall development process.

Helping People to Help Themselves

One of the most obvious lessons learned in the realm of development over the past ten years has been that development assistance is most effective when it is associated with self-help projects. Overall socio-economic development relies upon the mobilization of the initiative of people for their own development. Similarly development activities are most effective when they are carried out at the grass roots level and when they call for active and direct civic participation. Credit unions are not only effective means of striving for involved development but are also useful vehicles for the transmittal of the principles of self-help and cooperation. They require extensive work at the grass roots level and depend upon direct participation at this level. And most important of all, their success is tied primarily to the willingness of the members of a local group to work together to help themselves.

Facilitating Better Living Conditions

In the long run, the economic goals of development can be said to be two-fold: (1) to improve the living conditions of a population and (2) to help reduce economic disparities by providing for a wider distribution of the benefits of a nation's economic process. Credit unions without question contribute to these goals and do so in a most unique way. Through production credit programs, members are aided to increase their productivity; these programs also help to assure that a larger profit goes to the farmer by helping to eliminate the traditional grasp of the loan shark upon his victims. But most important of all, the direct involvement of members in capitalizing and managing their credit union helps to break the pattern of despair that characterizes much of the rural sector in developing countries. Once this pattern is broken, it is much easier to get people involved in self-help projects that lead to further improvement in living conditions.

Helping to Build Useful, Member-Owned Institutions

It has been said that the most essential part of development is institution-building. This is an important phase of development, and we devote much of our assistance efforts to the task of creating viable, participatory and self-sustaining structures. In the process we

- **Generate new human resources through training**
- **Develop local leadership**
- **Create new positions of responsibility**
- **Establish important intermediate groups capable of placing demands upon the system which would go unattended if voiced by isolated individuals**
- **Promote people participation in decision-making**
- **Work with grass-roots structures and needs**

Promoting Participation in Decision-Making

One of the truly unique aspects of cooperative development is that it calls for direct participation by people. Through the democratic management of resources, concepts of self-government which have implications beyond the immediate credit union are instilled. People become actors rather than subjects. Senator Hubert Humphrey has stated rightly that

> **"Participation—full participation of the citizen—is the vital ingredient which, in the long run, not only insures the social stability which makes possible peace and progress, but also unleashes the full talents and energies of people who seek a better life."**

Mobilization of Local Savings

Development efforts require the mobilization of new capital as well as human resources. Yet those responsible for mobilizing the capital resources required for development have most frequently focused upon external economic resources and have paid little attention to the mobilization of dormant local savings.

The potential for saving of lower income groups is an invaluable resource of every developing country. Regardless of how small the individual savings may be, they add up to significant amounts of money when thousands participate in the savings process. In 1955 the peasants in the high Andes saved enough of their $30 per capita yearly income to start the first credit union in Peru. Nineteen years later in 1974 their savings had been supplemented in credit unions of other people throughout the nation to reach a total of over $85 million.

> **Credit unions are among the very few structures that have sought to build up development capital by tapping internal savings potentials. They have encouraged saving among lower income people and have taught them**

how to handle what money they have more effectively.

In this day and age of scarcity, development will have to rely on local resources to a greater extent than before; and as a consequence self-help structures such as credit unions, capable of drawing their strength from the local resource base, will become more and more important.

Responding to Rural Needs

Last of all we might mention that much concern has been recently expressed about helping the marginal sectors of the population of the developing countries—the rural poor. This is a highly justified concern in view of the fact that experience has taught us that the so-called development process which has been taking place in the world over the past few decades has tended to make the rich richer and the poor poorer.

Few systems have been devised which are capable of getting effective assistance to the rural poor. Yet it has been demonstrated in Latin America, Africa and Asia that credit unions can serve as one of the few systems capable of fulfilling this need. They are also in a unique position to contribute to the increased production of foodstuffs to meet the growing demand of the world's population.

PAST CUNA INVOLVEMENT IN CREDIT UNION DEVELOPMENT ACTIVITIES

Past Activities

CUNA first became involved in credit union development activities abroad in 1954. In that year the board of directors established the CUNA Overseas Program and set up the World Extension Division as its implementing arm. Within one brief year this division had established contact with eighty-two countries, helped to organize credit unions in five of these and trained sixty-five credit union leaders representing a total of twenty-two countries. Substantial and continuous progress was made on the development front between 1954 and 1961. CUNA representatives became familiar figures throughout the world as they promoted the credit union idea as one method by which people in developing nations might improve their economic condition.

CUNA development efforts increased after 1962 when it signed a basic agreement with the U.S. Agency for International Development (AID) to provide technical assistance to help foster the expansion of credit unions in the developing world. This agreement with AID was a direct result of the Humphrey Amendment to the Foreign Assistance Act of 1961 which provided legislative authority for AID to expend funds for cooperative development in the emerging nations of the world. It led

The credit union members of the future

to one of the most outstanding yet unheralded success stories of recent foreign assistance history.

The combined efforts of CUNA and AID in credit union development were initially directed primarily toward Latin America. It was here that CUNA technicians had the opportunity to work most energetically in helping to establish grass-roots structures of development. The first efforts were directed toward promoting, organizing and consolidating credit unions at the local level. Once a sufficient number of viable credit unions had been established to be able to support a federation, assistance in establishing federations at the national levels was provided to the local credit unions. Careful attention was given to strengthening the capabilities of these federations so that they could indeed provide the type of supportive services required by the local credit unions. Subsequently, in 1970, CUNA assisted fifteen national federations of Latin America to form a single regional confederation capable of providing technical and financial services which each national federation could not provide by itself. One of the primary objectives of this confederation, the Confederation of Latin American Credit Unions (COLAC), is to operate as a regional intermediary financial institution for its member federations in order to secure development loans and private external capital which it then can lend to its member federations.

At the outset, the North American credit union experience was utilized as a guide by CUNA technicians. But field experience soon indicated that the North American model would require adaptations to the cultural, social and economic conditions of each region. The most fundamental conceptual modification was that the credit union should be organized to serve the community rather than just a limited group having a common bond, as is the case in North America. Another fundamental change was the introduction in 1964 of a specialized production credit program to meet the needs of the small farmer members of rural credit unions. This program reflected a basic change in the thrust of CUNA's development activities, which until then had focused primarily upon urban groups. Another major modification of the U.S. credit union model was the development of national credit union service organizations with strong centralized financial facilities which would allow the national federations to become effective intermediary credit institutions capable of channeling external credit resources to local credit unions. This ability to incorporate innovative conceptual changes has been instrumental in promoting the rapid development of the credit union movement in Latin America and will be a key factor in applying the Latin American experience to Africa, Asia and possibly even the Middle East.

Past Accomplishments

Through twenty years of involvement in credit union development activities throughout the world, CUNA has been able to prove that, contrary to once prevalent development theories, poor people in developing economies will save and are creditworthy if properly motivated. Furthermore, it has clearly established that credit unions can act as important agents of change. Take, for example, the case several years ago of the Vya Cooperative Thrift and Credit Society located 90 miles east of Nairobi in Kenya. Despite being in the "famine area" and having labor rates of 14 cents per day for unskilled and $1.40 for skilled laborers, in ten years this credit union had moved from an initial savings of $26 to savings of more than $70,000. Prior to the establishment of the credit union, it was reported that local people never looked forward to more than the next rain, but this changed with the help of the membership-owned credit union. The effect that the credit union had on the people was just as important as the money saved. Greater unity among the people had been promoted. The credit union provided a common goal that united the people and created in them a willingness to work together.

A village committee meeting at one of the branches of the Lao Savings and Loan Cooperative

A farmer fertilizes his potato crop with equipment purchased through a production credit loan.

It has been established that credit union systems are viable means of getting credit to groups which previously had not had access to it except at usuruous rates of interest. In Latin America the interest rates of most money lenders fluctuated between a low of 60% and a high of 1000% per year. Even higher interest rates were found occasionally in some market squares where money was lent out on a daily basis at a rate of 10% per day—that is, at more than a 3600% annual rate.

By having access to production loans from their credit unions, thousands of small farmers are now in a position to increase their income through better productivity and freedom from the iron grip of the loan sharks. In Costa Rica, one rural credit union with a small farmer production credit program reported that in two years the average income of its members had increased by 15 percent and that savings in the credit union had jumped from $19,000 to $181,000.

This case is representative of hundreds of others which could be cited as significant accomplishments of the past. In the aggregate the dramatic nature of these achievements can be illustrated by the following growth figures for credit unions affiliated to the Confederation of Latin American Credit Unions

LATIN AMERICAN GROWTH FIGURES

	1961	1974*
Number of Credit Unions	432	2,140
Number of Members	123,919	1,120,854
Member Savings (Millions)	$4.2	$164.8
Loans Outstanding (Millions)	$4.0	$180.2

**Projection provided by COLAC*

Credit union development in Africa and Asia has been less extensive than in Latin America. Yet growth figures for those credit unions affiliated to the Africa Cooperative Savings and Credit Association (ACOSCA) and to the Asian Confederation of Credit Unions (ACCU) are indicative of the progress that is being made in these areas.

AFRICAN GROWTH FIGURES

	1965	1974*
Number of Credit Unions	102	5,017
Number of Members	7,000	490,080
Member Savings	$85,714	$30.2 million
Loans Outstanding	$71,429	$30.8 million

**Estimates based on statistics provided by WOCCU*

ASIAN GROWTH FIGURES

	1971	1974*
Number of Credit Unions	2,890	3,661
Number of Members	674,252	889,338
Member Savings (Millions)	$92.5	$138.4
Loans Outstanding (Millions)	$82.4	$102.1

**Estimates based on statistics provided by WOCCU*

During the past two decades CUNA and the World Council of Credit Unions, in partnership with AID, have helped to establish thousands of credit unions, 34 national federations, and three regional confederations. This partnership has assisted more than 2.5 million low and middle income people in 42 countries to mobilize more than $300 million in savings, and these savings have created a cumulative loan volume of more than $900 million in loans. Most of these loans have been granted for such purposes as buying seed, insecticides and fertilizer; purchasing land under land reform programs; and meeting educational and emergency expenses such as medical bills. This is a very substantial return when one considers that the total investment in these projects has amounted to only $7.6 million in technical assistance on the part of AID and $3.8 million on the part of CUNA and the World Council of Credit Unions. This is to say that for every dollar invested, $30 of savings and $90 of loans have been generated from local sources.

Production credit programs have been designed to meet the needs of small farmers

CREDIT UNION DEVELOPMENT ACTIVITIES IN 1974

THE GLOBAL PROJECTS OFFICE

The Global Projects office is the main instrument utilized by CUNA and the United States credit union movement to take an active part in advancing the international credit union movement in the developing world. At present, Global Projects is structured to meet a wide variety of needs. It does far more than provide the basic types of project promotion and backstopping services normally associated with a centralized support facility, as will become evident in the review of the activities undertaken in 1974 by the Global Projects staff. This staff consists of a core of four specialists who work out of Washington and a field staff of eight, to be increased to ten in 1975.

Identification and Analysis of Needs

AFRICA

At the request of the Bureau for Africa of AID, Global Projects took a leadership role in forming a joint CUNA/AID team to visit Cameroon, Kenya, Lesotho, and Zambia. Analyses were made of conditions in Cameroon, Lesotho, and Zambia to determine the feasibility of setting up a small farmer production credit project in each of these three countries in collaboration with the Africa Cooperative Savings and Credit Association, headquartered in Kenya.

HAITI

At the request of the Agency for International Development (AID), Global Projects participated in a task force to develop a Capital Assistance Paper for a small coffee farmer production program. This visit of the task force was the result of a production credit feasibility study conducted by a Global Projects staff member in 1973, which recommended that a credit system for small farmers be developed in Haiti utilizing the credit union system as a model.

HONDURAS AND NICARAGUA

During 1974 potential opportunities were identified for increased credit union development activity in Honduras and Nicaragua. AID is considering substantial agricultural sector loans to these two countries which will include cooperative components meant to reach the small farmers. Credit unions and cooperatives will be expected to play a major role as delivery systems to channel credit and other resources to the rural areas. A substantial amount of technical assistance will be needed to implement these loans and to meet the needs of these countries. Global Projects is in the process of determining how it might best respond to these needs.

TUNISIA

Responding to a request of the USAID Mission in Tunisia, a Global Projects staff member undertook a study to determine the feasibility of utilizing the Caisses Locales de Crédit Mutuel, the embryonic local credit union system, as a means of channeling credit to small farmers. During his stay in Tunisia he also established what organizational inputs would be necessary to help the Caisses Locales become viable member-owned and oriented organizations.

New Projects Designed

AFRICA

After reviewing the report of the CUNA/AID task force, AID requested that Global Projects submit a proposal for a project which would assist ACOSCA to: (1) develop economically viable national credit union organizations capable of increasing member savings and of channeling these resources into production systems for the small farmer; (2) demonstrate the viability and effectiveness of small farmer production credit programs in Cameroon, Lesotho, and Zambia; and (3) strengthen its ability to expand credit unions in Africa and establish ACOSCA as a strong and self-sufficient regional credit union structure. Global Projects technical assistance is to come primarily from three field staff technicians who will be assigned to these countries and supervised by a Global Projects regional director who will work at the ACOSCA headquarters level. This project will be funded for a minimum of three years and may be expanded to five years at the discretion of the Bureau for Africa of AID.

THE CONFEDERATION OF LATIN AMERICAN CREDIT UNIONS

Global Projects provided the services of its International Finance Specialist to work with COLAC and the Agency for International Development on the development of an Intensive Review Request for a $5 million loan to COLAC from AID. It is anticipated that Global Projects will provide further technical assistance in 1975 in the development of a program budget exercise required for the approval of this loan.

HAITI

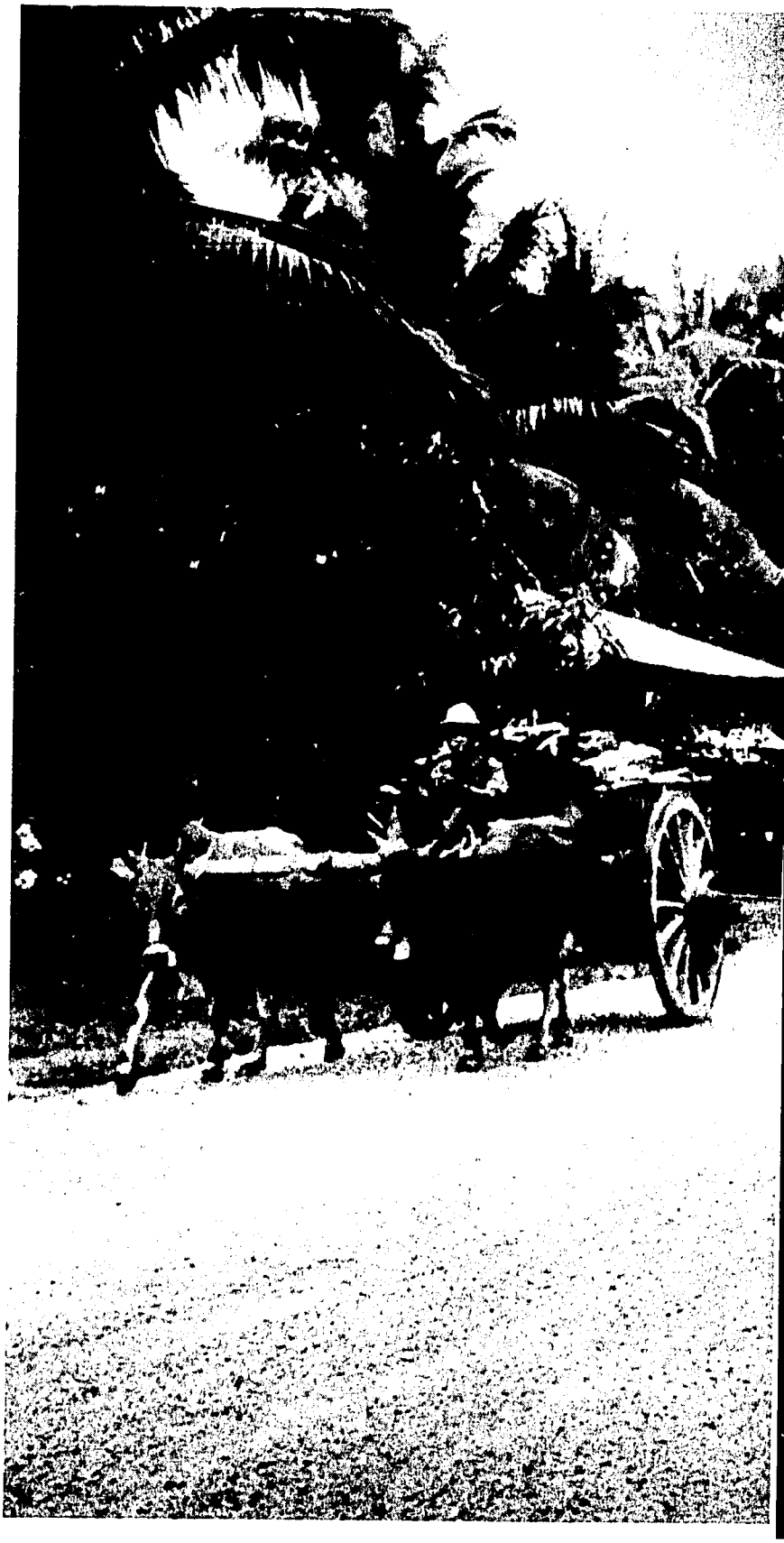
Following the visit of the task force to Haiti in early 1974, AID approved a loan of $6 million for a small farmer coffee production program. The credit component of the project was designed by Global Projects and calls for the development of an agricultural credit system which will reach a total of 12,000 small coffee farmers by the end of the five-year span of the project. Credit will be made available to these farmers through farmer-organized pre-cooperative groups consisting of at least 15 members. Thirty of these groups will be organized into credit unions prior to the termination of the program.

The Bureau of Agricultural Credit (BCA) of the Haitian Ministry of Agriculture is responsible for the credit component of the plan. In order to prepare BCA staff to assume this expanded responsibility, the two Global Projects technicians assigned to the project will work with the staff intensively for a twelve-month period. Technical assistance will also be provided to establish adequate accounting and administrative procedures within the BCA.

PARAGUAY

With the chartering of the Paraguayan Credit Union Federation (CREDICOOP) in 1974, a new phase of development was initiated in that country. CREDICOOP was created to serve as an intermediate credit and technical assistance institution and has a loan request pending with AID for $2 million. Having provided technical assistance to the Paraguayan credit union movement in its pre-federation stages of growth since 1970, AID asked Global Projects to design a program to assist CREDICOOP to develop as an efficient organization able to mobilize capital, channel external financing to member credit unions, and provide adequate credit to small farmers. The project submitted and approved calls for two Global Projects technicians to work closely with CREDICOOP to:

- Develop credit unions to assist small-scale farmers
- Improve the management and fiscal control of existing credit unions
- Strengthen CREDICOOP so that it can become financially self-sustaining as soon as possible
- Develop sound policies and procedures for effective administration, management, and control
- Develop and produce educational and promotional materials



TUNISIA

The Tunisia feasibility study previously mentioned led to the design of a pilot project in agricultural production credit for small and medium-scale farmers. Plans call for the project to be implemented in one rural area. While the Government of Tunisia is very much interested in using the credit union model as a demonstration project, their negotiations with the USAID Mission in that country have not been completed. Global Projects is prepared to provide technical assistance to this project when it is given final approval.

Project Implementation

THE AFRICA COOPERATIVE SAVINGS AND CREDIT ASSOCIATION (ACOSCA)

The final phase of a technical assistance project to ACOSCA initiated in 1970 came to an end in June, 1974. Upon completion of the project the following objectives had been met:

- Increased administrative self-sufficiency at ACOSCA headquarters
- Development of a broad range of non-financial services for affiliates
- Promotion of assistance to members through international governmental and private development sources
- Development of ACOSCA and its image as the apex organization of the African credit union movement

The new small farmer production credit project was set in motion with the recruitment of the three country technicians and regional director who will be responsible for carrying out the coordinated programs in Cameroon, Lesotho, Zambia, and within ACOSCA. The Regional Director for the program began his assignment at the ACOSCA headquarters in Nairobi, Kenya, in January of 1975. The Country Advisor for Lesotho assumed his duties in September, 1974 and devoted his time in the remainder of the year to the designing of a small farmer credit program which will include a central finance facility at the league level. The Country Advisor for Cameroon is expected to begin his assignment in February of 1975. Because of delays encountered by the Credit Union and Savings Association of Zambia in obtaining government approval for the project, assignment of the Advisor slated for that country will be delayed until March of 1975.

HAITI

The Haitian small farmer coffee production project got underway shortly before the end of calendar year 1974. A Senior Agricultural Credit Specialist and a Credit Union Technician were recruited shortly after AID approval was given to the project. Both reported for duty in December of 1974 after completing a two-week orientation which took them to CUNA headquarters, to the Wisconsin Credit Union League, and to the Global Projects office in Washington. Soon after their arrival in Haiti they visited eight possible locations for a proposed pilot credit union. Discussions held in these locations quickly revealed the need for an extensive educational program to explain the objectives and purposes of the program to the rural population.

LAOS

Continued progress is being made by the two Global Projects field staff members assigned to the project to develop a small farmer production credit program within a credit union structure in Laos. Assistance is being provided to the Lao Savings and Loan Cooperative (LSLC) and its seven branches, all of which have been organized since the project was initiated in late 1971.

A village training session in Lesotho

A credit union treasurer collects savings and prepares books in Lesotho, providing the opportunity for her baby to learn about saving at an early age.

LSLC has had continued success in attracting new share capital and member savings as well as in disbursing and supervising agricultural production credit loans. Although the cooperative has suffered from a shortage of outside seed capital, it has continued to fund new loans from its existing capital. Even without the injection of much needed new seed capital into the system, LSLC can project a very satisfactory annual growth rate of 10 percent in its capital.

PARAGUAY

Under an AID contract which came to an end in March, 1974, Global Projects was successful in completing the first three phases of its four phase credit union development strategy in Paraguay. As scheduled, the Global Projects field staff member assigned to the Paraguayan project successfully (a) launched a pilot project; (b) promoted new credit unions extensively on the basis of the results of the pilot project; and (c) helped to organize and charter a national credit union federation. Under the terms of the new agreement with AID, Global Projects is, among other things, undertaking the fourth phase of its development strategy which calls for help to develop the Paraguayan Credit Union Federation (CREDICOOP) into a technically and financially self-sufficient credit union organization.

The Chief of Party and Finance Advisor for the new project began his assignment in June, 1974. His main efforts in the second half of the year were directed toward helping the federation and its member credit unions to come to grips with a serious loan delinquency problem and in promoting outside capital for CREDICOOP to relend to its member credit unions under a small farmer agricultural production credit program. A second technician is expected to be assigned to the project in March of 1975.

This Latin American farmer has learned through an agricultural production credit program that proper spacing of young plants is important for increased crop yields

A credit union training session in progress

Delegates addressing an African Conference on the Mobilization of Local Savings

Training

An important aspect of the technical assistance activities of Global Projects technicians is that of training; each field staff member devotes a substantial part of his time to training activities. These efforts vary in scope from one-to-one informal sessions with individual credit union members all the way to federation and confederation-level seminars in advanced credit union-related subjects. The following are some examples of the training activities in which field staff members participated in 1974:

- Membership meetings at the local level in Laos and Paraguay to combat growing loan delinquency problems through informal member evaluation sessions
- Regional seminars in Paraguay for fieldworkers, managers, and others interested in credit union development. Topics discussed during the two-day seminars were agricultural production credit, the work of field staff, and the problems encountered in field work
- Special intensive training in accounting techniques provided to the staff members of the Lao Savings and Loan Cooperative and of its various branches
- Short-term courses in specific credit union techniques offered in Paraguay, Laos, and ACOSCA-affiliated leagues. These covered a wide variety of topics and included courses for credit union board members, managers, and committee members
- Twelve-week training courses in cooperative principles, education techniques, credit union management and administration, accounting and bookkeeping, cooperative law and production credit offered at five ACOSCA-affiliated training centers throughout Africa. Similar but shorter six-week courses held for selected high school graduates in Laos with a view toward preparing promising candidates for positions of leadership within the nation's credit union movement
- Evaluation seminar held in Paraguay for the CREDICOOP staff to evaluate its annual progress

Resource Mobilization

International Interlending Program (IIP)

Global Projects devoted a very substantial amount of time in 1974 to the design and development of the International Interlending Program. By the end of the year we were close to witnessing a major breakthrough in credit union development work. The program is expected to provide the means to mobilize private-sector capital resources to complement the credit union development resources which have been made available by international development agencies and private-sector foundations. It is anticipated that the United States credit union movement will provide a large proportion of the capital resources required by the program.

The IIP will be an international mechanism through which credit union resources can be mobilized throughout the world to enhance the expansion activities of credit unions and to bring credit union services to a greater majority of the world's population. And because it is designed to operate at interest rates prevailing in the commercial money markets of the United States, it will lay the foundation for a lasting structure which will not rise or fall as a result of contractions in soft-loan development funds.

An initial IIP loan of $1.25 million is contemplated for the Confederation of Latin American Credit Unions. COLAC intends to use the loan funds to finance small farmer production credit programs in Costa Rica, Guatemala and Honduras. The final steps required to set the International Interlending Program in motion are expected to come in early 1975.

Preparation of Loan Proposals

During the year of 1974 Global Projects assisted the Lesotho Credit Union League and the Confederation of Latin American Credit Union to prepare loan proposals for submission to the United Nations Development Program. The $100,000 proposal from Lesotho was approved by the UNDP during the second quarter of 1974 and will be used for production credit activities to be complemented by technical assistance inputs by CUNA and AID. The proposals from COLAC for a long-term $1 million loan and a $500,000 loan guarantee had not been acted upon at year's end, but it is hoped that they will be approved in 1975.

Miscellaneous

Global Projects staff members on occasion use their good offices to facilitate or initiate contacts between credit union and potential funding organizations. This year Global Projects arranged meetings with representatives of Private Agencies Collaborating Together (PACT) to explore ways in which it could assist COLAC in identifying sources of loan capital for regional lending. A discussion with CARE officials was arranged to discuss ways and means of channeling CARE development funds through COLAC to reach rural credit union members in Latin America. And at the request of COLAC, Global Projects also initiated a contact between the Confederation and the National Association of Canadian Credit Unions (NACCU) to explore the possibility of a $400,000 loan to COLAC.

Coordination with Similar Groups

The Cooperative Resources Committee (CRC)

Global Projects plays an active role in the Cooperative Resources Committee, a group of cooperative organizations with programs similar to those of CUNA Global Projects. The six organizations—Agricultural Cooperative Development International (ACDI), The Cooperative League of the U.S.A.

(CLUSA), CUNA, The Foundation for Cooperative Housing (FCH), the National Rural Electric Cooperative Association (NRECA), and the Volunteer Development Corps (VDC)—believe that close cooperation in development is necessary in order to take advantage of the similarities of their programs. These organizations meet frequently as a group to discuss common objectives and problems and to explore ways in which they can work together to coordinate their development strategies and efforts.

The Committee has created a supporting secretariat, which is funded through an AID grant administered by CUNA. Its full-time executive officer was hired in the late summer of 1974 and serves as coordinator of the CRC. He is responsible for identifying opportunities for projects which lend themselves to collaboration among the member organizations.

OTHER DEVELOPMENT ASSISTANCE

In addition to maintaining the Global Projects office, CUNA participates in credit union development efforts abroad through its active membership support of the work of the World Council of Credit Unions. Additional assistance from the United States credit union movement is provided through the Worldwide Foundation for Credit Unions, by various state leagues and by CUNA Mutual Insurance Society.

The World Council of Credit Unions

The World Council of Credit Unions was organized in 1971 as an international membership organization to provide a variety of services to its members. At the present time the members of the World Council are the Asian Confederation of Credit Unions (ACCU), Africa Cooperative Savings and Credit Association (ACOSCA), Australian Federation of Credit Union Leagues (AFCUL), Caribbean Confederation of Credit Unions (CCCU), Credit Union National Association (CUNA), Latin American Confederation of Credit Unions (COLAC), and the National Association of Canadian Credit Unions (NACCU). A few of the activities of the World Council over the past year are listed below. They serve to emphasize the broad scope of its services to its member confederations and leagues.

COMMUNICATIONS: (a) translated and printed the report of the Tenth Annual Meeting of ACOSCA; (b) printed and presented a paper on the International Interlending Program at the Third International Conference on Cooperative Trift and Credit in London

REPRESENTATION: (a) co-sponsored three major international credit union conferences; (b) maintained active membership in the Joint Committee for the Promotion of Aid to Cooperatives (COPAC) and the International Council of Voluntary Agencies; and (c) maintained close contact with other development-oriented agencies such as the Konrad Adenauer Foundation, Misereor, the Dutch Lenten Fund, and Bread for the World

RESOURCE MOBILIZATION: (a) obtained funding from the Dutch Lenten Fund for two field extensionists to work with the Fiji Credit Union League; (b) requested continuation of the support of the Canadian International Development Agency for four of ACOSCA's five Regional Training Centers; (c) obtained funding from Misereor for an ecumenical credit union conference held in Zambia; and (d) maintained a field staff representative in Europe to establish and maintain contact with European funding agencies interested in cooperative and credit union development projects in Africa

TECHNICAL ASSISTANCE: (a) maintained a field representative in Asia at the ACCU headquarters where he doubled as managing director of that confederation; and (b) maintained a field representative in Latin America to assist COLAC in whatever way it deemed best

The Worldwide Foundation for Credit Unions

The Worldwide Foundation for Credit Unions is a non-profit foundation organized to support credit union development around the world. It accepts donations and grants from organizations of credit unions and individuals and channels them directly into credit union development projects. Donations to the Foundation take two forms—they are either earmarked by the donor for specific projects or are open-ended grants which the Foundation allocates on a needs basis. In 1974 the Foundation disbursed more than $135,000 in grants for credit union development projects. The following were among the grants isued:

- Field extensionist support grants in Indonesia, Kenya, Korea, Liberia, Mexico, Nigeria, the Western Regional Office of ACOSCA, and Zambia.
- Home office support grant to ACOSCA
- Education and training grants to ACCU for the production of an educational film; to ACOSCA for scholarships to its training centers; and to the Coady Institute to allow foreign credit union participants to visit credit union leaders in various provinces of Canada
- Conference grants to the Central African Republic to allow its representatives to attend the ACOSCA Annual Meeting, and to the Third International Conference on Cooperative Thrift and Credit
- Emergency relief grants to the credit union federations of Bolivia and Honduras
- Development grants to assist the Colombian Credit Union Federation (UCONAL) to establish an appropriate auditing system among its member credit unions and to a private consultant to

assist in the preparation of a proposal which would lead to the establishment of an International Guarantee Fund

Though in the past some state leagues have chosen to assist foreign credit union development efforts directly, many now choose to utilize the Foundation as the channel for their grants. In 1974 the state leagues of Illinois, Michigan, Minnesota, Ohio, Pennsylvania and Texas all supported one or more projects abroad through their donations to the Foundation.

CUNA Mutual Insurance Society

CUNA Mutual Insurance Society, the life insurance arm of the organized credit union movement, serves 57 countries outside the United States and Canada. Coverage overseas in 1974 in the areas of eligible savings and loans of credit union members exceeded US $750 million. The Society has adopted a policy of maintaining premium income in each country of origin so as to ensure that funds generated within a country are never transferred out of it. In addition to providing insurance protection, it contributes grant funding for development projects through the Worldwide Foundation and provides technical and training assistance in collaboration with the worldwide credit union movement. Society assistance to credit union development projects during 1974 included the following:

- Headquarters support to the Caribbean Confederation of Credit Unions
- Headquarters support to the Africa Cooperative Savings and Credit Association
- Travel fund support to ACOSCA
- Scholarship support for ACOSCA's regional training centers
- Field staff support in Mexico and Indonesia

THE FUTURE

While substantial progress has been made in strengthening the credit union movements of developing countries over the past years, much still remains to be done

- **To reach a greater proportion of the population**
- **To improve the quality of the services provided to members, and particularly to small farmers**
- **To maximize the potential of these movements.**

In order to reach these goals it will be necessary

- **To continue promoting credit unions in areas where they have not been established, thus spreading the benefits of credit unions to a constantly expanding proportion of the world's population**
- **To improve the organizational, central financing and management capabilities of credit union federations and confederations**
- **To improve the methods and techniques for reaching the rural population**
- **To mobilize greater amounts of resources from international development and private sector organizations for credit union development.**

Consequently, Global Projects emphasis in the coming year will be placed upon the following:

- **To continue supporting credit union development and promotion**
- **To provide highly technical, short-term advisory and consulting services to established credit union institutions. These services include those related to: planning, organization and development, international finance, small farmer agricultural production credit, and program analysis and evaluation**
- **To continue assisting the Africa Cooperative Savings and Credit Association (ACOSCA) in the specialized field of finance, rural credit union program development and project evaluation**
- **To continue supporting the Confederation of Latin American Credit Unions (COLAC) through specialized assistance such as providing international agricultural advisory services and assisting to develop capital markets open to regional credit union confederations**
- **To respond to requests from regional and national credit union organizations to help them to plan credit union strategies which contribute to an integral development plan of a nation or region**
- **To make periodic project evaluations and to participate in feasibility studies as well as serve as advisors on credit union development**
- **To intensify technical services to regional and national credit union organizations as they seek loans, grants and guarantees from international organizations.**

Our overall objectives will be two-fold. We will seek to promote further expansion of the credit union movement and to support existing credit unions and associations of credit unions. Our intent will be to benefit an ever-increasing number of people by increasing their income and by supporting the social and economic development of developing countries.

Farmers listen to an explanation of the status of their credit union at an annual membership meeting

A training course on credit union operations in Latin America.

Production credit was given to this woman to allow her to purchase the supplies necessary to continue her handicraft projects

CUNA GLOBAL PROJECTS PERSONNEL

AFRICA REGIONAL PROGRAM
Africa Cooperative Savings
and Credit Association
P.O. Box 43278
Nairobi, Kenya
DAVID WILLETT
Regional Technician

CAMEROON
P.O. Box 41, Mankon
United Republic of Cameroon
JOHN BUTTS
Production Credit Technician

LESOTHO
P.O. Box 439
Maseru, Lesotho
RICHARD LOWE
Production Credit Technician

HAITI
CUNA/AID Program
C/O American Embassy
Port-au-Prince, Haiti
PAUL DERSTINE
Credit Union Technician
JAMES JAMNIK
Senior Agricultural Credit Specialist

LAOS
CUNA/AID Program
APO San Francisco 96352
PERCY AVRAM
Country Program Director
PEDRO C. PEREZ
Assistant Country Program Director

PARAGUAY
CUNA/AID Program
APO New York 09881
GEORGE WOHANKA
Country Program Director

WASHINGTON, D.C.
Credit Union National Association
Global Projects
1730 Rhode Island Avenue, N.W.
Washington, D.C. 20036

PAUL HEBERT
Global Projects Director

HENRY CRUZ
Deputy Director, Global Projects

ANGEL CASTRO
International Finance Specialist

DR. CHRISTOPHER BAKER
International Research and
Development Specialist

Credit Union National Association, Inc.

P.O. BOX 431
MADISON, WISCONSIN 53701