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SUPPORT FOR CREDIT UNION DEVELOPMENT

BY THE

AGENCY FOR INTERNATIONAL DEVELOPMENT

May 1, 1980

## I. INTRODUCTION

This report is prepared in response to the interest expressed in assistance being provided by the Agency for International Development (A.I.D.) to credit union development by the House Appropriations Committee and as an outgrowth of meetings between the Chairman of the Subcommittee on Foreign Operations of the Appropriations Committee and officials of A.I.D. A.I.D. was asked to articulate its strategy for assisting credit unions in developing countries.

## II. BACKGROUND

A.I.D. support for credit unions began in May 1962 with the award of a regional contract in Latin America to the Credit Union National Association (CUNA). This was one of the first steps taken by A.I.D. to implement the "Humphrey Amendment" Section 601 of the Foreign Assistance Act of 1961, which called upon the United States foreign assistance effort to utilize cooperative structures and U. S. cooperative organizations to the maximum in carrying out development programs.

Sen. Humphrey's concern and the CUNA proposal were not new ideas. The roots of credit unions reach back into the 1850s in Germany where they emerged as savings and credit vehicles for peasants and urban workers. Humphrey and others viewed such organizations as logical instruments for development because of the amazing growth which credit unions had shown in Europe, Canada and the United States and because of their success as alternatives to usually unresponsive banking structures for poor people. What had worked in the area of cooperative savings and credit in the U. S., Humphrey and the Congress assumed, would have relevancy for developing countries.

CUNA agreed with this perception and pointed to the fact that at that time there were fledgling credit union efforts in some 50 developing countries. Most of these were the product of the efforts of missionaries who from their own experience had found credit unions to be a logical tool for organizing self-help assistance efforts.

Nor was CUNA new to supporting these efforts. As early as 1953, Puerto Rico, Jamaica, and the Dominican Republic movements had representatives on the Board of Directors of CUNA International. Prior to that, in the aftermath of World War II the CUNA directors had resolved, "That the Credit Union National Association formulate now a plan that would expand and utilize credit unionism on a world-wide basis as one of the tools to win permanent peace and to solicit the aid of the U. S. Government in the promotion of the plan." CUNA's World Extension Department began work in October 1954.

CUNA's first request for assistance from the U. S. government contained an outline of a basic approach to credit union development. CUNA's development strategy was to include each of the components of a vertically integrated credit union system from local unions, through national federations and regional confed-

erations to a world wide credit union structure - now the World Council of Credit Unions (WOCCU). CUNA's strategy visualized the development of all of these component parts into an independent, non-governmental, viable and interrelated world wide financial institution for support of credit unions.

A.I.D. has supported in the past and remains supportive of this basic development strategy with the important proviso that credit union development efforts be consistent with and contributory to the goals of the Foreign Assistance Act as currently articulated which requires that programs and services be delivered in the areas of greatest need and to the poor majority in developing countries.

While there have been a few small grant programs to encourage credit unions which were funded by A.I.D. missions, the vast majority of A.I.D. assistance has been provided through joint projects with CUNA and its related organizations. Through FY 1979 A.I.D. and CUNA had formalized their joint efforts in 51 grants or contracts totalling \$13,306,345. A.I.D. supported credit union development activities have been carried out by CUNA in 21 countries and credit union development assisted in Africa and Latin America through two regional confederations - The African Cooperative Savings and Credit Association (ACOSCA) and the Confederacion Latinamericana de Ahorro y Credito (COLAC).

Attachment I lists all such grants and contracts with CUNA.

### III. A.I.D. POLICY ON COOPERATIVE DEVELOPMENT

On March 30, 1980 the A.I.D. Administrator approved a policy dealing with "A.I.D.-U. S. Cooperative Organization Relations" (see Attachment II). This policy provides a framework in which A.I.D. now views its work with CUNA and in which support for credit unions will be provided.

Essentially the policy does the following:

1. Requires that all support for cooperative development be clearly within the framework of Foreign Assistance Act requirements that programs and services be delivered in the areas of greatest need and to the poor majority in the developing countries.

This will mean that careful attention will be given to examining proposals for credit union development to assure that they will serve poor people and that they are increasingly a grass-roots network available to the poor. Future evaluations of A.I.D. supported credit union development will focus on this point.

2. Provides that A.I.D. will continue to work with cooperatives in the context of bilateral, government to government programs.

In this regard A.I.D., will continue to consider proposals which come to it from the credit union movement for country specific programs that are viewed as helpful and acceptable by LDC governments. It will continue to consider support for regional confederations. It will, however, view this support in the context of item 1 above.

The new policy includes utilization of the Collaborative Assistance Method of contracting with the cooperative organizations, including CUNA. This is a distinctive approach to contracting formerly used only with universities and, in some cases, international research institutions. This will make it easier for A.I.D. missions which so choose to work more directly with CUNA in the planning and implementation of credit union programs.

3. The policy articulates A.I.D.'s wish to encourage on a cost sharing basis direct cooperative to cooperative relationships between U. S. cooperatives and their counterparts in the developing world, apart from bilateral, government to government programs.

This means that A.I.D. will view with anticipation steps taken by U. S. credit union structures to more fully relate their interest, technical assistance, and financial support directly to credit unions in the developing world.

While the programmatic framework through which this will take place remains to be defined, A.I.D. views with enthusiasm the broader participation in development activities of U. S. credit unions and their membership which this new policy contemplates and will welcome proposals for consideration for support.

4. The policy supports efforts of U. S. cooperatives to seek out and develop their own relationships with developing country cooperatives.

In regard to credit unions, A.I.D. applauds the move to more fully integrate the work of CUNA with that of the World Council of Credit Unions and the discussions associated with locating CUNA staff within the structure of the World Council. A.I.D. looks positively on the suggestion that the headquarters location for this worldwide credit union effort should be in a location more accessible to the developing countries.

#### IV. A.I.D. APPROACH TO CREDIT UNION DEVELOPMENT

A.I.D. has examined its own experience and will continue its assistance to credit union development in the following context, noting from the outset that there is not universal agreement on these points and that the A.I.D. credit union strategy will continue to evolve.

1. The CUNA development strategy of creating a vertically integrated, world-wide, interconnected system of credit unions is basically sound and will continue to be supported. There is some evidence that the attention given to building all of the institutional structure for such a strategy has taken attention away from the development of an expanding base of local credit unions, the point at which credit unions most directly serve as a resource for poor people. Continued A.I.D. assistance will be either directed to assisting the development of this facet of credit union development or, where it goes, for example, to support regional confederation activity, the success of this activity will be largely viewed by A.I.D. in terms of its usefulness in creating local structures available to and used by the poor.

2. A.I.D. views credit unions as an useful end in and of themselves in so far as they become the focus of a non-governmental effort to mobilize savings,

garnering these into a group lending system which provides credit, and where people have the opportunity to participate in a democratically controlled institution that develops and trains its own leadership.

A.I.D. would anticipate that credit unions will become involved in activities of a broader type than simply consumer loans, such as "directed agricultural production credit," or serving as a focal point for mobilizing and providing funds for local small scale technology and business, etc., but will not structure its support to credit union development with these as mandatory goals.

3. Neither A.I.D. nor CUNA views credit unions as the answer to the total credit needs of developing countries. They cannot and should not be viewed as having this potential.

A.I.D. will view credit unions as one of among a number of ways of providing credit to the poor in developing countries and support its development. A.I.D. does recognize that credit unions have been shown to have unique abilities to reach an unreached group in the population of developing countries with a particular kind of credit. They have proven to be an important structure for savings mobilization. Further, the structure and democratic organization and operation of credit unions provide important social and participation values which few other credit structures are even concerned about.

4. Credit unions have an impressive record as far as savings mobilization is concerned. The magnitude of this phenomenon can be seen in an examination of selected years in Africa where ACOSCA reports the following level of total savings within its member federations as follows:

1962 - \$	245,000
1963 - \$	1,166,000
1966 - \$	2,412,000
1969 - \$	9,240,000
1972 - \$	12,747,000
1975 - \$	41,770,000
1978 - \$	118,939,000

While the efficacy of credit unions as a method for savings mobilization would appear validated by this record (the pattern is similar in other areas of the world), its largest value, obviously, is to be realized only if such structures are generally accessible to people of limited means.

Since credit unions, with due acknowledgement of their accomplishments, are still a limited network (something less than 0.5% of the population of developing countries) their larger value as a structural mechanism for savings mobilization lies in their increased accessibility for large numbers of poor people in ever expanding geographical areas. A.I.D. will consider with the credit union movement the nature of the problems associated with growth and expansion and establish solutions for these.

5. Credit unions as single purpose organizations are the simplest of the cooperative type organizations and even though there have been problems associated with developing locally skilled persons to handle the more complex tasks of bookkeeping, audit, etc., the continued growth of credit unions and membership in different parts of the world indicates that they are a viable mechanism. A.I.D. will give attention to problem areas, such as training, and will encourage the credit union movement to develop new approaches to solving them.

A.I.D., based on its experience with various types of organizational development, feels that credit unions, if provided some basic technical assistance, and, where warranted, seed capital and if then allowed to develop at their own pace, are a reasonable structure for utilization by low income people for savings and credit.

6. In examining its experience, A.I.D. concludes that attempts to force credit unions to be something different than they aspire to in terms of organization and breadth of services is dysfunctional. The genius of most credit unions (certainly in their early stages) is that they are a simple and simply run savings and credit mechanism which gives a lot of attention to the development of their individual members.

A.I.D. will continue to view the value of credit unions principally as single purpose mechanisms. It will, however, identify with the credit union movement those types of situations and/or levels of development where credit unions can serve, and it is logical for them to serve, as broader purpose cooperatives.

7. A.I.D. and CUNA's experience in the development of credit unions in urban and rural areas has been mixed. In Latin America credit unions are more an urban than rural phenomenon. There have been, however, some significant examples in that region of using mobilized urban savings as a resource for rural credit unions with capital needs. In Africa, the movement indicates that membership is 70% rural.

A.I.D., with its particular emphasis on and concern for rural development, will want to see the credit union activity it supports reasonably reflect this emphasis. It is not, however, oblivious to the needs of the urban dispossessed who are as equally without access to financial structures as their rural relatives.

Of some concern to A.I.D. is the issue of what segment of the population, in fact, is served by credit unions. Credit union statistics do not currently provide adequate data on which to fully determine this. A.I.D. does not perceive itself to be in the business of assisting the affluent sections of the developing country societies and will want the credit union movement to improve its methods of collecting and reporting appropriate statistics to help demonstrate that its structures and services are reaching the target population stipulated in the Foreign Assistance Act.

## V. SPECIFIC AID SUPPORT FOR CREDIT UNION DEVELOPMENT

A variety of activities are contemplated or are currently being supported by A.I.D. Among these are the following:

### 1. Country Development Strategies

A.I.D. country missions will be encouraged to examine the place of credit unions as a development tool in the overall country development strategy of individual countries.

### 2. Institutional Support Grant

Following the completion of a project evaluation of the current CUNA institutional support grant and a concurrent management review of all such grants for cooperative development organizations, A.I.D. is prepared to consider a new institutional support grant for CUNA or with the merged CUNA/World Council of Credit Unions.

It is contemplated that any future grant would include provisions for a broader examination of the issues raised in this report with a closer examination and documentation of the alternative views so that these can be available as A.I.D. missions and others examine the possibility of assistance to credit union development.

Any future grant would also be expected to include provision for establishing systems for the collection of uniform and usable statistical data documenting the pattern and characteristics of credit union growth from the credit union efforts assisted with A.I.D. funds.

### 3. Cost Sharing Grants for Credit Union-to-Credit Union Activity

A.I.D. is prepared to consider with the U. S. credit union movement cost sharing grants which will relate the U. S. credit unions more directly to their counterparts in developing countries. CUNA has expressed interest in pursuing this funding mechanism with A.I.D. and has submitted a discussion paper on one proposed approach. The terms and magnitude of such efforts would be determined by the nature of the proposals made by the U. S. credit union movement, the availability of A.I.D. funding, and the appropriateness of such activities in the context of individual country situations.

### 4. Coordination of Credit Union Development With Related Efforts in A.I.D.

Arrangements will be made to provide for collaboration between CUNA/WOCCU and the activities of other A.I.D. centrally supported projects having concern with savings, credit, financial institutions, and popular participation in development. These will include such projects as Rural Financial Markets, Participation and Rural Development, and the proposed Financial Management of Development Institutions, all managed by the A.I.D. Office of Rural Development and Development Administration. The accumulated A.I.D. supported research of the Ohio State University will be made available to CUNA/WOCCU on such issues as "interest rate policies and their impact on the poor" and "approaches to group savings and lending".

While the credit union movement understands that it cannot resolve the problems of credit for all, it will coordinate its efforts with those of other development organizations having similar objectives. Such coordination and collaboration will be facilitated by the Office of Rural Development and Development Administration, and include field input from appropriate A.I.D. missions.

#### 5. Assistance to Credit Union Development in Africa

In Africa, A.I.D. and CUNA have assisted the African Cooperative Savings and Credit Association (ACOSCA) in the development of credit unions through Africa-wide training and selected small farmer credit activities. A.I.D. has funded ACOSCA from 1974-78 through CUNA to strengthen ACOSCA headquarters, help certain African countries with five year credit union development plans to increase savings, and to provide loans to small farmers through pilot credit unions in Lesotho and Cameroon. Twenty-four African countries are now affiliated with ACOSCA, with 10,000 national societies and a membership of 1.2 million.

A.I.D./Africa provided grants to CUNA in FY 1962-69 totalling \$187,184; in FY 1970-79 these totalled \$1,358,000. Approval of a new grant took place on March 24, 1980. It authorizes \$2,670,000 for the next five years in support of ACOSCA regional efforts to expand and strengthen credit unions in Africa.

Specific country activities are bilaterally funded by A.I.D. as well as by other donors (Konrad Adenauer Foundation, Canadian International Development Agency, Rabbobank, CUNA Mutual Insurance and Worldwide Foundation of Credit Unions). An Operational Program Grant (OPG) for the Sierra Leone Cooperative Credit Society in the amount of \$500,000 has been authorized. Discussions leading to similar grants in Malawi, Togo, Lesotho and Kenya are expected to be finalized in the current fiscal year.

In addition, A.I.D. and CUNA have initiated discussions which may lead to project activity in Botswana, The Gambia, Ghana, Liberia, Senegal, Sudan, Swaziland, Tanzania, Upper Volta, Zaire and Zambia.

As the African Confederation develops it will be important for A.I.D. and the credit union movement to examine the experience of confederation development in Latin America and to adopt appropriate parallels as well as avoid organizational approaches which have proven less effective. Of particular importance is the question of developing a strategy for organizational self-sufficiency.

#### 6. Credit Union Development in Latin America

The Latin America Caribbean Bureau of A.I.D. has been an enthusiastic supporter of cooperative development and credit union programs, having approved numerous loans and grants which have financed both country specific and regional level activities, and A.I.D. plans to continue such support where opportunities and resources permit.

Country specific support for credit union development activity (except for Haiti, Nicaragua and Paraguay) ended in the early 1970s and such activity as has

taken place, including a \$4.5 million loan, has been through COLAC and its relationships with its national federation members. Currently, however, discussions are under way with the A.I.D. mission in Ecuador which may lead to grant assistance to the Ecuadoran federation.

The 1960s saw a rapid growth of credit unions in Latin America and the 1970s the emergence and development of COLAC as a regional confederation with a heavy emphasis on its function as a financial intermediary for its national federation membership. With this function reasonably established it is appropriate for A.I.D. and the Latin American credit unions to jointly examine their overall experience and the impact thereof. A formal procedure for doing this will be developed in FY 1981 by A.I.D./Washington.

One of the critical areas to be examined is the pattern of growth of credit unions in different countries. With a few exceptions (Dominican Republic, Ecuador, Guatemala, Paraguay, Peru, and Uruguay) the characteristic pattern was one of rapid growth of membership in the 1960s followed in the 1970s by a leveling off of growth, often to a rate that did not keep pace with the rate of population growth. Total credit union membership in the countries included in COLAC membership constituted 0.77% of these countries' population in 1978. The number of credit unions was down from a peak of some 4000 during the period to 3041 in 1978. While a number of reasons for this pattern have been suggested - greater competition from other financial institutions, non-competitive interest rates, over attention to institutional development rather than membership expansion, etc., a formal analysis of these and other possible factors will be prepared as part of the process of examining credit union development experience for its usefulness to new efforts in other parts of the world.

#### 7. Credit Union Development in the Caribbean

The Caribbean area credit unions have achieved the most advanced state of membership growth of the developing regional confederations. In 1978, 5.6% of the people of the nations in this area were members of credit unions. Dominica, with 19.25% of its population in credit unions, was outranked in this regard only by Canada and Cyprus in the whole world.

To assist in the strengthening and expansion of the movement, A.I.D. is considering a grant to the Caribbean Confederation of Credit Unions. The grant as being discussed would include assistance to the Dominica movement to help it and its membership in rehabilitation activities associated with Hurricane David which ravaged the island in 1979.

#### 8. Credit Union Development in Asia/Pacific

The Asian Confederation of Credit Unions is the most fledgling of the developing country confederations. Further, such factors as the distances, terrains, different cultures, and the massive size of the populations of a number of its member federations lead confederation activities in this area to take different forms than has been true of the others.

While conversations have taken place between the leadership of the A.I.D.

Asia Bureau and that of the Asian Confederation, no specific joint activity is currently under consideration.

The Asia Bureau has indicated its desire to keep A.I.D. missions informed of the availability of credit union movement technical assistance and services and to make these available as desired on an individual country-by-country arrangement and basis.

The Asian Confederation recently employed a field representative who will work with the new Sri Lanka federation, as well as with India, Nepal, Bangladesh and Pakistan. The A.I.D. missions in these countries will be kept abreast of credit union developments generated by the Confederation in their respective countries.

#### 9. Credit Union Development in the Near East

West of Pakistan and India and running through North Africa is a string of countries which remain largely untouched or uncultivated by the credit union movement. Currently, credit union activity is reported by the World Council of Credit Unions only in Cyprus, Tunisia and Turkey. The conditions which make credit unions attractive as an option for savings and credit in other parts of the developing world exist in this area as well.

Either through the CUNA institutional support activities or through assistance from the Near East Bureau of A.I.D. the credit union movement will be asked to make an assessment of credit union development potential in this region.

Where A.I.D. missions exist in this area they will be informed of the potential assistance available from the credit union movement and, as part of their country strategy planning, review the potential for credit union development.

#### VI. CONCLUSION

The eighteen years in which A.I.D. and the credit union movement have jointly engaged in the development of credit unions have recorded good progress. While there are those who feel that some of this development might have taken place on its own through impetus of the believers of the credit union movement, none would deny that the A.I.D. assistance to this effort has rapidly accelerated its development.

A.I.D. intends to continue this assistance in this new decade.

**POLICY ON AID-US COOPERATIVE ORGANIZATION RELATIONSHIPS**

Governing Legislation

Section 123(a) of the Foreign Assistance Act, as amended in 1978, declares a public policy in favor of public subsidies to supplement private financial resources in order to expand the overseas development activities of certain private groups without compromising their private and independent nature.

The groups are private and voluntary organizations and cooperatives which embody the American spirit of self-help and assistance to others to improve their lives and incomes.

The purposes of the support are to (1) assist and accelerate in an effective manner the participation of the rural and urban poor in their countries' development and (2) mobilize private American financial and human resources to benefit poor people in developing countries.

The activities to be supported must be consistent with U.S. development assistance policy as stated in Section 102 of the Foreign Assistance Act.

Section 111 of the Foreign Assistance Act directs that high priority be given to the development and use of cooperatives in developing countries which will enable and encourage greater numbers of the poor to help themselves toward a better life.

Section 601(a) of the same law and Section 123(a) also encourage the participation of cooperatives in the implementation of U.S. Government foreign assistance programs.

Background

Cooperatives have played an important role in the economic growth of the developed world. They continue to figure prominently today. It was easy, therefore, for government to look to the cooperatives of the developed world to make an equally important contribution to the development process overseas. Ideological considerations -- an idealistic association between cooperatives and egalitarianism and social change -- as well as an appreciation of cooperatives as effective business enterprises underlay these conclusions.

The U.S. Congress directed that foreign assistance agencies should promote the development of cooperatives in the developing countries and engage the American cooperative movement in this enterprise. What had been a modest effort in the Point IV era

became a larger, more directed effort in the 60's and into the 70's. And in recent years Congress has shown particular interest in the sum that should be expended for cooperatives.

Almost \$3 million is currently provided annually to support international offices of American cooperative development organizations. This amount includes specific grants made to the cooperatives to enhance their skills in project design and evaluation.

The results of efforts to encourage and promote cooperative activity have been mixed. There has been a prodigious growth of credit unions in Latin America and a steady increase in Africa. A major cooperative achievement was the organization of the Indian Farmer Fertilizer Cooperative, including the building of a fertilizer plant and the organization of a cooperative marketing structure. Rural electric cooperatives flourish in several countries. Other demonstrations of the contribution of the American cooperative movement exist as well, but some programs have had spotty histories, failing to adequately address the degree of difficulty and complexity associated with developing cooperative business enterprises in developing countries.

Occasionally questions have been raised about the appropriateness of modern, business-oriented western cooperatives in the context of a developing economy. It has been assumed that the style and talents of the modern cooperative structure would be relevant to, and needed by, developing countries. Yet cooperatives in the U.S. have evolved in a unique environment and in response to unique conditions which do not similarly prevail in developing countries. Their current operational approaches and levels of capitalization make them dramatically different organizations than those which characterized their earlier years.

These questions, observations and recommendations raised in recent literature suggest that the best of the cooperative competence and spirit is not always being engaged in the development effort. More thorough attention should be given to encouraging application of the experience and capabilities of the cooperative organizations to those situations where they can realistically be expected to achieve their objectives.

An examination of such issues, particularly as they related to small farmers, was carried out under the auspices of the Agricultural Development Council. The results of that study were the subject of a three-day conference at Wingspread, the Johnson Foundation's conference center at Racine, Wisconsin, in late April 1978. Scholars, donor agency officials, and cooperative leaders of the U.S., Europe and the Third World were participants.

The conclusions drawn from the exercise follow:

1. That there is indeed a role for American cooperatives to play in overseas development, but that the fit must be carefully made;

2. That AID and the American cooperatives should place new emphasis on direct cooperative-to-cooperative relations and less on cooperatives as instruments of government-to-government aid programs.

3. That cooperative development should be recognized as a long-term process and that U.S. Government and cooperative movement commitments must be of a longer-term nature than has been common in the past;

4. That U.S. Government support should be provided in a manner that leaves maximum flexibility in the hands of the cooperatives;

5. That U.S. Government support should not in the long run be the sole financial basis for direct cooperative-to-cooperative relations.

6. That U.S. (and other foreign) cooperatives have been more effective in providing technical assistance to already organized cooperatives, to national confederations, and regional cooperative organizations, and been less so in organizing local cooperatives and cooperative movements in developing countries.

### General Policy

It is our policy to further the development and use of developing country cooperatives which will enable greater numbers of the poor to help themselves to better lives. U.S. cooperative organizations can play a significant role in furthering this objective, consistent with the principles stated in Section 102 of the Foreign Assistance Act.

To assist in the development of cooperatives, AID will support two approaches. First, it will continue to consider cooperative development an integral concern of its bilateral programs and provide support in that context. Second, it will encourage U.S. cooperatives to relate directly to developing country cooperative counterparts as private organization-to-private organization and will support this effort beyond the framework of the usual government-to-government bilateral programs. Each of these approaches will have distinct requirements.

1. In the first category, project financing will continue to be provided by Regional Bureaus and USAIDs with the existing OPG procedures and authorities. Cooperative organizations will also be eligible for contracts related to bilateral aid programs

administered by AID. The application of the collaborative assistance method (Policy Determination 65) will be extended to embrace the cooperative development organizations which are recognized and listed as such by the AA/PDC. Such activities will be carried out in the context and with the usual requirements, including project review and rigorous evaluations, of all of AID's other bilateral programs.

2. In the second category, which emphasizes the cooperatives' private contacts and character, AID will encourage U.S. cooperatives to seek out and develop their own relationships with developing cooperatives. Through fraternal association in international organizations such as the International Cooperative Alliance, International Federation of Agricultural Producers, the World Council of Credit Unions, the Joint Committee for the Promotion of Aid to Cooperatives, etc; through regional organizations such as ACOSCA, COLAC, OCA, SIFEFCOOP, etc.; and through familiarity with national cooperative organizations, the U.S. cooperatives have developed relationships which will identify opportunities for assistance. To support further the movement-to-movement relationship, AID will encourage the cooperative groups to decentralize their international headquarters staffs, associating them where feasible and appropriate with national and international affinity groups. AID-supported cooperatives should also be able to continue to function where bilateral programs have terminated except when specifically prohibited by law.

3. Direct cooperative-to-cooperative relations supported by AID must serve both the goal of enabling and encouraging greater numbers of the poor to help themselves toward a better life and the internationally accepted cooperative movement principles of voluntarism, democratic control, equitable sharing of benefits, and business purpose. There are many different kinds of organizations and programs which are called "cooperative." Some do not actually serve this goal, which is the purpose of AID support; and some are out of line with the fundamental international cooperative principles. When AID funds are involved, U.S. cooperatives should seek out "emerging cooperatives" and forego assistance to large, moneyed "establishment" cooperatives, when the latter don't serve directly low-income people.

4. Institutional support to the U.S. cooperative organizations and funds to support independent cooperative-to-cooperative programs will be centrally funded. This centrally-funded support will be provided subject to periodic reviews and funds availability in a manner that leaves maximum flexibility in the hands of the cooperatives, subject to the principles in this statement, including point five below. This support will not be exclusively part of the country programming process. U.S. Government approval for specific activities, for travel, and for other aspects of the work will not be required. The American cooperatives and their local partners will be responsible for obtaining whatever foreign government approvals are required. No logistic or other support will be sought

from U.S. Government officials or agencies other than what might normally be provided for private persons and organizations which operate without Government funding and independent of the Government. AID will assist the American cooperatives with training, orientation and similar services as agreed upon and convenient to both parties.

5. For institutional support to U.S. cooperative development organizations, the review procedures for discrete country program activity will be the same as those now being used for PVO matching grants, per the attached policy guidance for PVOs. The AID-funded U.S. cooperative development organizations, when contemplating program activity, will consult with USAIDs in the countries involved regarding their plans. Should a USAID feel that a contemplated activity is inappropriate, such concerns will be communicated by AID/Washington to the Governing Board of the cooperative organization involved.

6. The provision of support for cooperative-to-cooperative activity should not be regarded as an automatic AID commitment to provide funding for specific project activity which might flow from such cooperative-to-cooperative relations.

7. The success of the independent cooperative-to-cooperative aspects of this policy depends on an expanded commitment of resources by U.S. cooperators on a matching grant basis, the details to be agreed with the cooperatives.

**Attachment**

Credit Union National Association - Contract/Grant History - 1 -

ATTACHMENT II

Contract/Grant	Country	Begin Date	End Date	Cost	Project Number
CSD 216 -					
Task Order 1	Administration	1/ 7/63	4/20/67	190,666	
Task Order 2	El Salvador	4/ 1/63	10/31/63	13,900	
Task Order 3	Colombia	6/28/63	6/27/64	35,000	
Task Order 4	Panama & CA	6/28/63	10/31/66	561,507	
Task Order 5	Ecuador	8/30/63	10/31/67	273,030	
Task Order 6	Ecuador	11/ 1/63	2/15/64	5,530	
Task Order 7	Africa Regional	6/25/64	9/30/64	4,500	
Task Order 8	Ecuador	9/23/64	9/30/66	61,120	
Task Order 9	India, Pakistan	10/ 6/64	12/ 6/64	3,435	
Task Order 10	(Not Issued)				
Task Order 11	LA Regional	1/ 1/65	11/30/67	603,700	
Task Order 12	Venezuela	1/ 1/65	5/31/66	31,700	
Task Order 13	Bolivia	1/ 1/65	6/30/66	32,000	
Task Order 14	Colombia	1/ 1/65	12/31/65	34,600	
Task Order 15	Tanzania, Kenya, Uganda	7/ 1/65	7/31/68	131,000	
Task Order 16	LA Regional	8/20/65	12/20/65	8,600	
Task Order 17	El Salvador	11/ 1/65	10/31/66	37,000	
Task Order 18	Costa Rica	11/ 1/65	10/31/67	71,000	
Task Order 19	Guatemala	11/ 1/65	10/31/66	35,000	
Task Order 20	Honduras	11/ 1/65	10/31/66	53,900	
Task Order 21	Brazil	3/ 1/66	12/31/68	48,500	
Task Order 22	El Salvador	11/ 1/66	10/31/67	27,500	
Task Order 23	Guatemala	1/ 1/67	12/31/67	40,250	
Task Order 24	Nicaragua	1/ 1/67	4/30/68	25,000	
CSD 1526 -	Administration	5/15/67	10/11/74	1,099,482	

## Credit Union National Association - Contract/Grant History - 2 -

Contract/Grant	Country	Begin Date	End Date	Cost	Project Number
CSD 1526 -					
Task Order 2	Honduras	9/15/67	12/31/68	21,800	
Task Order 3	Costa Rica	11/ 1/67	12/31/69	100,360	
Task Order 4	El Salvador	11/ 1/67	6/30/73	201,899	
Task Order 5	Guatemala	1/ 1/68	12/31/71	173,492	
Task Order 6	Ecuador	10/31/67	10/31/68	86,700	
Task Order 7	LA Regional	12/ 1/67	3/31/73	2,539,698	
Task Order 8	Bolivia	1/ 1/68	12/31/69	91,630	
Task Order 9	Bolivia	12/ 1/67	11/30/68	40,300	
Task Order 10	Tanzania	6/14/68	12/31/70	70,000	
Task Order 11	Korea	7/15/68	7/15/69	28,000	
Task Order 12	Nicaragua	5/ 1/68	4/30/69	24,630	
Task Order 13	Ecuador	9/ 1/68	6/30/71	231,932	
Task Order 14	Liberia	9/29/69	1/15/70	9,684	
Task Order 15	Honduras	6/ 3/70	5/31/72	73,936	
Task Order 16	Laos	10/ 1/70	1/15/71	9,000	
Task Order 17	Laos	9/20/71	6/19/75	304,821	
Task Order 18	Paraguay	4/ 1/74	3/31/75	90,214	
BOA 1071 -					
Task Order 1	Administration	10/11/74	8/31/76	531,944	
Task Order 2	Paraguay	4/ 1/75	3/31/78	495,613	
LA 518-T	Ecuador		8/30/63	22,500	
LA 11	LA Regional	5/11/62	12/31/65	528,835	
LA 1062	Haiti	10/23/74	6/30/79	676,477	
524-11099-T	Nicaragua	9/26/77	1/15/78	33,018	

## Credit Union National Association - Contract/Grant History - 3 -

Contract/Grant	Country	Begin Date	End Date	Cost	Project Number
AFR 1079	Africa Regional	6/28/74	12/31/78	1,330,119	
AFR 712	Africa Regional	6/ 3/70	6/ 2/71	73,936	
PHA 1066	Global	6/28/74	11/30/78	242,928	
PHA 1148	Global	9/ 1/76	8/31/79	844,959	
PHA 1134	Global	12/30/75	8/31/78	1,000,000	