

**U.S. Agency for International Development**

**Bureau of Humanitarian Response  
Office of Private and Voluntary Cooperation**

**Washington, D.C. 20523**

**Cooperative Development Organization  
Seminar Series**

**The Role of Cooperative Development Organizations  
in Achieving USAID's Goals**

**Report on Seminar No. 1:  
"Lessons learned by USAID-supported cooperative development  
organizations through their work overseas, that would be useful to the  
Agency's New Partnerships Initiative"**

**February 1996**

**REPORT ON SEMINAR NO. 1:  
"LESSONS LEARNED BY USAID-SUPPORTED COOPERATIVE DEVELOPMENT  
ORGANIZATIONS THROUGH THEIR WORK OVERSEAS, THAT WOULD BE  
USEFUL TO THE AGENCY'S NEW PARTNERSHIPS INITIATIVE"**

**SUMMARY**

The Bureau of Humanitarian Response/Office of Private and Voluntary Cooperation (BHR/PVC) is hosting a three-part series of seminars designed to:

- 1) strengthen the relationship between the U.S. Agency for International Development (USAID) and Cooperative Development Organizations (CDOs);
- 2) expand CDO access to other international donors; and
- 3) coordinate CDO opportunities with the Agency's New Partnerships Initiative (NPI).

The first seminar, held on December 7, 1995, at the U.S. Department of State in Washington, DC, was arranged by BHR/PVC. The theme was "Lessons learned by USAID-supported Cooperative Development Organizations through their work overseas, that would be useful to the Agency's New Partnerships Initiative." The participants included members of the Overseas Cooperative Development Council (OCDC) and other CDO representatives, and USAID staff. A list of OCDC members (Annex A) and a list of seminar participants (Annex B) are attached. The seminar consisted of presentations and three panel discussions which featured specific cases of program innovation and success. An important focus of the seminar was to highlight the compatibility of the programs of CDOs with the goals of the NPI. The agenda of this seminar (Annex C) and an executive summary of the NPI (Annex D) are also attached.

The goal of the NPI, as announced by Vice-President Gore at the World Summit for Social Development on March 12, 1995, is to stimulate lasting economic, social and political development by building local institutional capacity, thereby accelerating host country "graduation" from U.S. government assistance. The NPI's overarching goals of strengthening civil societies and restructuring relationships between states and voluntary community groups overseas are being put into practice throughout the world by CDOs. As member-owned and democratically governed businesses, CDOs help empower local organizations and build their capacity to operate democratically. CDOs also stimulate the private sector and facilitate linkages between local cooperatives and their U.S. counterparts - both important emphases of the NPI. U.S. CDOs work in numerous sectors: agricultural production and marketing, microenterprise, credit, business and consumer cooperatives, insurance, housing, electricity, and telecommunications.

Among the CDO program achievements cited were:

- progress in innovative structures, such as collaboration among cooperatives with different sector specialties to provide a "critical mass" for economic development in a specific region (e.g. Cooperative Housing Foundation's technical services project in Timisoara, Romania);
- successful identification of the dynamic sectors and individuals in a community - through CDO knowledge of and work at the grassroots level (as the National Telephone Cooperative Association did to establish rural telephone coops in Poland);
- capacity building at the local and national levels - through technical assistance by practicing farmers, phone and electrical cooperative members, credit union practitioners, etc. (e.g. the specialized volunteers of Volunteers in Overseas Cooperative Assistance and other CDOs);
- provision of opportunities for practical experience in democratic governance at the local level (by modeling cooperative values for business associations and local organizations);
- contribution to economic growth - (e.g. through microenterprise loans, agricultural production, and phone and electrical capacity);
- resource leverage - from the private sector as well as from development banks and enterprise funds (e.g. World Council of Credit Unions' People-to-People Program and its new credit union projects in countries such as Macedonia, Romania and Niger);
- development and strengthening of national level representational associations for policy dialogue - through advice and on-site collaboration by U.S. cooperative members and trade associations (e.g. Land O'Lakes' dairy coop project in Eastern Europe);
- stronger connections among cooperatives worldwide - through ongoing support for emerging cooperatives, without dependence on continued USAID funding (e.g. National Rural Electric Cooperative Association's Sister Cooperative program in Bolivia); and
- access to U.S. markets - through ongoing links with cooperative businesses (e.g. Agricultural Cooperative Development International's Agro-Processing and Trade Links project in Latin America).

Information exchanged during this seminar may demonstrate that CDOs can assist USAID's efforts to attain self-sustaining programs, and can also facilitate the acceleration of host country "graduation" from U.S. government assistance.

## **PROCEEDINGS**

### **Cooperative Development Organizations and the New Partnerships Initiative**

John Godden, Cooperative Development Program Manager, BHR/PVC, provided introductions and described the purposes of this seminar:

- to showcase to the USAID staff and other donor organizations the development achievements and potential of the U.S. cooperative development organizations; and
- to provide an update on a new ingredient in USAID's sustainable development process, the New Partnerships Initiative.

Len Rogers, BHR Deputy Assistant Administrator, welcomed Council members and other participants. He acknowledged the important role cooperatives have played in empowering local NGOs. Mr. Rogers advocated a growing relationship between USAID and U.S. CDOs as a cost-effective means to achieve sustainable development in the face of reduced funding levels. Cooperative development, he stated, not only achieves increased economic output, but also strengthens civil society through local capacity building.

Cathryn Thorup, NPI Coordinator and Director, Office of Development Partners in the Bureau for Policy and Program Coordination (USAID/PPC/DP), provided an overview of the NPI. The core concepts of the NPI are:

- managing for results,
- focusing on privatization,
- devolving power to the local level, and
- community action.

Dr. Thorup stressed the need to work at the local level to achieve NGO empowerment, to expand small business partnerships, and to foster democratic local governance, while at the same time, fostering a national policy, regulatory, and resource environment conducive to local efforts. Acknowledging that this framework and these elements are highly needed and resonate with CDOs, Dr. Thorup said that "CDOs are in tune with the spirit of NPI."

The Agency's New Partnerships Initiative is a strategy, not a program, which uses a transformational approach which starts from the "bottom-up" to encourage development improvements on the national level. The NPI strategy is to harness the creativity of a wide array of development organizations to build local institutional capacity and a national enabling environment which then leads to host country "graduation" from U.S. government assistance.

The NPI will also focus on the promotion and protection of women's rights by involving women in decision making at the local level. Another major focus of the NPI strategy is the establishment of society-to-society partnerships involving strong ties between businesses, trade associations, cooperatives and other organizations.

In order to implement the NPI effectively, USAID will need to restructure its relationship, especially its contracting procedures, with NGOs and other partners to achieve a truly effective partnership, in which both sides are accountable and results-oriented. The Agency's development partners will also participate in programming activities.

The cooperative development organizations were represented by individual members of the Overseas Cooperative Development Council (OCDC). Judith Hermanson, Chairman of OCDC's development committee, stood in for Executive Director Ted Weihe, who was unable to attend due to illness. Ms. Hermanson provided background information on the nine member CDOs:

Agricultural Cooperative Development International (ACDI)  
American Association of Cooperative/Mutual Insurance Societies (AAC/MIS)  
Cooperative Housing Foundation (CHF)  
Land O'Lakes, Inc. (LOL)  
National Cooperative Business Association (NCBA/CLUSA)  
National Rural Electric Cooperative Association (NRECA)  
National Telephone Cooperative Association (NTCA)  
Volunteers in Overseas Cooperative Assistance (VOCA)  
World Council of Credit Unions (WOCCU)

In discussing how the cooperative development community can be a resource for the NPI, Ms. Hermanson described CDOs as USAID-registered NGOs with distinctive characteristics that fit especially well with the NPI: CDOs operate as private businesses, they use a bottom-up/grassroots approach, and they participate in a worldwide support network that can provide technical assistance and linkages for cooperatives. As member-owned, member-controlled, democratically governed organizations, CDOs are also natural components of civil societies worldwide. Quoting USAID Administrator Brian Atwood, Ms. Hermanson emphasized the "habit of democracy" that cooperatives help develop as members exercise their membership rights. Cooperatives have built dignity through self-reliance, long emphasized capacity building, and developed a legacy of empowered local organizations.

#### **PANEL ONE - "STRENGTHENING NGOS: NEW FRONTIERS IN NGO EMPOWERMENT AND STRENGTHENING NGO CAPACITIES"**

Sarah Newhall (Private Agencies Collaborating Together, Inc. (PACT)), Judith Hermanson (CHF) and Jill Kohler (LOL) addressed how development organizations' capacity building activities meet the human resources development criterion of the NPI. The

NPI was described as "a natural outgrowth of existing cooperative development activities."

Private Agencies Collaborating Together's project on women's literacy in Nepal is expected to elevate 300,000 women from a state of illiteracy. In addition, after project completion, 300 local NGOs will have the capacity to develop and effectively manage continuing programs. These NGOs will have an increased ability to raise funds for activities in other sectors, such as microenterprise and health.

The Cooperative Housing Foundation (CHF) Model Project for NGO Development, the Technical Services Center in Timisoara, Romania demonstrates an advantage of a coop collaboration. CHF works with a broad range of economically viable local NGOs in one region to provide technical assistance in many sectors such as housing, telephones, electricity, agriculture and credit. This "critical mass" helps accelerate the development of civil society and economic capacity and is an efficient sharing of administrative costs.

In Poland, CHF has demonstrated the capacity to work at the macro level to impact the delivery system for affordable housing units in a livable environment. CHF removes the need for governments to build housing units by encouraging enactment of government policies that facilitate private housing development. This visible result is particularly important to the elected local government officials with whom CHF interfaces in this project. From the two original communities in which CHF worked, CHF's activity has scaled up to work currently with eleven NGOs throughout Poland to promote cooperative housing and housing related services.

Jill Kohler described Land O'Lakes (LOL) as a profit-making U.S. cooperative which distributes its excess profits to its members. These members, in turn, assist LOL in its coop strengthening activities in the area of dairy production and marketing. LOL and its overseas partners' technical assistance activities have, of necessity, developed into NGO strengthening activities. After teaching business practices as well as techniques for marketing, distribution and sales, the cooperators in this partnership recognized the need for a national level association to affect public policy and the business environment. Whether work is with existing cheese processors or women in pre-cooperatives with one or two dairy cows, the cooperators' activities lead to capacity building in the local community and national level policy dialogue.

During the question and answer period, Mr. Charles Uphaus, Chief of the Agriculture and Agribusiness Division in the Bureau for Europe and the New Independent States/Office of Enterprise Development (USAID/ENI/ED/AG) described how LOL has helped alleviate the problem of undercapitalization in rural areas. He related his experience in combining the technical assistance available through coops, such as LOL, with funding available through the International Bank for Reconstruction and Development (IBRD) and the USAID Enterprise Funds. In Bulgaria, the Enterprise Fund has a dairy "loan window." LOL packages and presents business plans for financing and then helps with loan supervision so that the Enterprise Fund has more confidence in these loans than it would otherwise. Mr. Uphaus

recommended an expansion of this type of collaboration to other regions.

**PANEL TWO - "STRENGTHENING SMALL BUSINESS-TO-BUSINESS PARTNERSHIPS: HOW TRADE ASSOCIATIONS CAN BETTER LINK U.S. AND LDC SMALL BUSINESSES - WHAT ARE THE MUTUAL BENEFITS?"**

Russ Anderson, Director for Economic and Institutional Reform in USAID's Global Bureau (USAID/G/EG/IER), and Chair of the Small Business Component of the NPI Task Force, addressed the issue of assistance to small businesses. One of the highest payoffs in business development is building local capacity so that businesses are strong enough to raise their issues at all levels of government. Key issues include access to technology, markets and loans, and creation of an appropriate regulatory environment. According to Mr. Anderson, USAID needs to identify techniques which lower the transaction costs of development assistance in light of significant reductions in funding for economic growth. Such techniques to lower costs, as suggested by the Small Business Component working group, are the use of electronic networks and increased private group-to-private group relationships. Electronically delivered technical assistance by CDOs can be an appropriate substitute for field visits in many cases, and thus can promote cost savings while creating private relationships that have a significant potential for sustainability.

Mr. Anderson called on PVOs and CDOs to step forward to help USAID work more effectively at the local level. A reengineered relationship between USAID and CDOs will enable the New Partnerships Initiative to achieve numerous benefits:

- **Sustainability:** Continued private-to-private links are more realistic than dependence on continued USAID funding.
- **Relevance:** CDOs on the ground are best equipped to know what is needed in a development program.
- **Multi-contact spread of democracy:** The development of small business and the development of democracy have an obvious linkage.
- **Speed:** USAID must increase the speed of institutional change so that countries can "graduate" faster. Private linkages are seen as the most cost-effective way to achieve faster results.
- **Provision of market access for both sides:** This strategy achieves the development goals of increased economic activity in the Third World as well as building markets for U.S. businesses and products -- a politically important selling point.
- **Exit strategy for USAID:** CDOs can help USAID to "graduate" a country responsibly without severing all ties.

Marlee Norton (NTCA), Cynthia Steen (ACDI) and Bob Gibson (NRECA) described how their organizations have been working with USAID to achieve small business links. CDOs have models to identify the dynamic sectors and individuals in a community and then provide the technical assistance needed to "grow" specific businesses.

The National Telephone Cooperative Association (NTCA), with a \$170,000 grant, utilized a bottom-up approach in Poland to assist local individuals to create a telephone cooperative that has purchased \$2 million of equipment from the U.S. The business links between the Polish cooperators and U.S. telephone cooperatives have had a dual impact in providing technical assistance to the Polish people and in educating the "mostly rural" U.S. members of NTCA, who previously had little knowledge of foreign assistance programs.

Agricultural Cooperative Development International (ACDI), whose members are farming supply and marketing cooperatives and farm credit coop banks, links agribusiness activities and trade development. ACDI has vertically-linked resources in stages from seeding to marketing produce. ACDI's Agro-Processing and Trade Links (APTLINK) project in Latin America has bridged contacts with food processors in this region with food marketers in the U.S. Early indicators of success in the field are the number of new jobs created, the increase in foreign exchange, and the increase in membership as other farmers learn about the benefits of coop participation.

ACDI's Restructuring Agriculture and Agribusiness: Private Sector (RAAPS) project in Hungary has assisted small agribusinesses in making the transition from communism to capitalism by matching Hungarian firms with U.S. firms for technology transfer and trade development. To date, more than 60 firms have been linked. After the RAAPS project is completed, ACDI expects to leave behind, in Hungary, a trade association which will continue to provide services such as volume purchasing, insurance, and a structure for lobbying and policy dialogue.

ACDI has another project in Kazakstan which helps local businesses in the transition to a market economy by promoting joint ventures. U.S. firms are offered incentives, such as matching grants, to encourage equity investments in Kazakstan. One firm carried out a market-oriented, dairy modernization plan that has resulted in dramatic improvements in product quality. The project has been a part of the leveraging of funds totaling an estimated \$10 million from the private sector, the European Bank for Reconstruction and Development, Central Asian-American Enterprise Fund, and the U.S. Trade and Development Agency.

National Rural Electric Cooperative Association's (NRECA) Sister Cooperatives program links 26 U.S. "sisters" with some of the approximately 250 electric coops which NRECA has assisted over the years in developing countries. The Cooperativa Rural Electrificación (CRE) in Santa Cruz, Bolivia has grown to be one of the largest rural electric coops in the world (much larger even than its original U.S. "sister"). This cooperative has invested millions of dollars in coop development throughout Bolivia with assistance from NRECA and USAID. The energy market is but one example of how U.S. coops through their

grassroots connections are able to identify investment opportunities that will encourage local economic growth.

The benefit to developing country coops is more than the immediate technical and financial assistance received -- it is also the long term connections formed. The benefits to the U.S. coops include improved employee motivation and work habits (employees want to qualify for a technical assistance assignment with their sister coop), as well as an exposure to different international development activities and new methods of doing business. In conjunction with its U.S. coop members, NRECA has set up a foundation to provide overseas electric coops with volunteers, surplus equipment and materials.

During Panel Two's question and answer period, Barry Burnett of USAID's Quality Council in the Bureau for Management requested information regarding NRECA's connection with Volunteers in Overseas Cooperative Assistance (VOCA). There have been numerous examples of channeling experts from the U.S. to meet specific technical assistance needs of overseas electric and other various coops. It is a beneficial relationship that can only meet the current demand if VOCA funding for coop activities were to be increased.

Referring to the earlier discussion in the second panel about the importance of identifying the "right" players at the grassroots, Jill Kohler (LOL) asked if anyone established and documented their "selection" method. In response, Antonio Gayoso (WOCCU) mentioned a study in USAID's Center for Development Information and Evaluation (CDIE) library on the characteristics of successful entrepreneurs. Mr. Burnett agreed that entrepreneurial spirit is critical to development but suggested that a certain minimum threshold of a conducive policy environment is needed for entrepreneurs to succeed.

Marlee Norton (NTCA) suggested that USAID reevaluate its choice of contractors to maximize the effectiveness of its programs. She stressed the importance of working simultaneously at the grassroots and national levels. Cooperative development organizations do this successfully in the U.S. and overseas (e.g. creating business linkages and investing in the communities they work in, as well as sharing their regulatory and policy dialogue skills). Instead of using CDOs only in scattered, small scale grassroots projects, Ms. Norton suggested that USAID also look to CDOs to implement larger projects where policy dialogue and grassroots development can be accomplished simultaneously in a coordinated fashion.

**PANEL THREE - "LEVERAGING RESOURCES THROUGH DONOR PARTNERSHIPS: HOW TO ENCOURAGE OTHER DONORS TO SUPPORT THE NPI OBJECTIVES"**

Norm Nicholson, Deputy Director, Office of Development Partners (PPC), in a good news-bad news scenario, asserted that the term "civil society" is widely recognized among some donors, but that other donors have had only scattered experience with this type project and have not developed this concept into an overall strategy. USAID is unique among donors

by focusing on civil society and NGOs as a major strategy.

Donor caution in working with NGOs may be attributed to the perception that NGOs are not accountable to auditors and legislators, and thus working with NGOs is risky. USAID needs to ensure that its NGO partners are accountable and results-oriented to demonstrate that this perception is false. Whereas well established analytical tools exist for necessary economic policy reform, such tools do not now exist for civil society projects. Mr. Nicholson suggested that the World Bank's Consultative Group Against Poverty (CGAP) should become the forum for discussions of the role of civil society in development and for sharing information on the tools to evaluate these projects.

Japanese and some European donors have certain inhibitions regarding funding PVOs. First, these donors express a reluctance to finance activities which are considered an intrusion into the political life of a country, unless the host country agrees - and that probably means the host country does not need assistance in building civil societies. Second, these donors think our talk of promotion of civil societies really means that we in the U.S. intend to dismantle the State. USAID needs to let these donors know that the NPI is a form of a "structural adjustment" project that will restructure the relationship between the State and civil society, and will not do away with the State. NGOs can assist in this by increasing their dialogue with counterparts in Europe and Japan so that goals and agendas are more commonly understood and agreed upon. Such society-to-society partnerships will help in advocating a civil society strategy, and will assist USAID in its attempts to "sell" other donors on the development of civil society as a strategic approach.

In light of reductions in USAID funding, CDOs have been seeking and pursuing innovative ways to leverage scarce development resources. Antonio Gayoso (WOCCU), provided examples of how credit unions are leveraging resources from U.S. credit unions (through internships from the World Council of Credit Unions' People-to-People Program), from other donors, and through consortia with other PVOs. In Macedonia, Romania and Niger, USAID-funded credit union development projects will be supplemented by a complementary project to be funded by the IBRD (which cannot fund technical assistance, but can fund other activities). In this case, USAID's funding has acted as seed money to generate other financing from a variety of sources.

With an eye to strengthening PVO partnerships in recognition of the varied funding interests of other donors, WOCCU has developed a proposal for CGAP funding in Indonesia. The plan is to work with Freedom From Hunger (FFH) to involve women with microenterprise development by connecting emerging village banks with existing credit unions. These credit unions will act as mentors to the village banks. A similar joint WOCCU/FFH activity focusing on women and microenterprise development is proposed for Africa with funding by USAID's Office of Microenterprise Development.

Don Cohen (VOCA), reported that there was real movement by the regional development and multilateral banks to provide assistance to the social sector, in spite of some

continuing restrictions on the use of trust funds. The question is how CDOs in partnership with USAID can qualify for such grants. Traditionally, U.S. CDOs have not been perceived by these banks as their "clients" since these banks tend to fund recipient countries. However, Mr. Cohen suggested that the regional development and multilateral banks, with recent increases in the percentage of funds devoted to the social sector, are currently looking for intermediary organizations to provide needed technical and managerial support during the development of local NGO capacity. For example, Mr. Cohen sees a trend in Volunteers in Overseas Cooperative Assistance's delivery of technical assistance, as has taken place in Bolivia in the development of indigenous environmental groups. Although originally funded 100% by USAID, there currently exists a partnership comprised of VOCA, the umbrella NGO, the Inter-American Development Bank and the government of Bolivia. As long as CDOs maintain a certain level of support from USAID, Mr. Cohen sees an increased possibility of leveraging other donor resources in the development of civil society as envisioned by the Agency's New Partnerships Initiative.

## **CONCLUSION**

The USAID and CDO participants at this seminar identified areas of convergence of the goals of the New Partnerships Initiative with the development achievements and potential of cooperative development organizations. The NPI's overarching goals of strengthening civil societies and helping to restructure the relationships between states and voluntary community groups have been implemented by U.S. CDOs throughout the world. The activities of cooperative development organizations cover the spectrum from high level advocacy, policy dialogue, capacity building, practice in democratic governance, economic empowerment, trade development, and business linkages, to development education -- all within a broad range of sectors: agriculture, consumer and business coops, credit, electricity, housing, insurance, microenterprise, and telephone. The dedication and efforts of the individual members within and among the cooperative development community are the fundamental reasons behind BHR/PVC's encouragement to consider incorporating cooperatives into programs to achieve USAID's strategic objectives. Since CDOs have demonstrated successful development impact and cost-effective operations, as illustrated by some of the examples highlighted in this report, BHR/PVC concludes that CDOs can not only improve USAID's efforts to attain self-sustaining programs, but also facilitate the acceleration of host country "graduation" from U.S. government assistance.

## **Annex A**

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## **U.S. OVERSEAS COOPERATIVE DEVELOPMENT COUNCIL**

The U.S. Overseas Cooperative Development Council (OCDC) is comprised of senior cooperative leaders from nine major U.S. cooperative organizations. It serves as an advisory group on U.S. foreign assistance policy and programs. OCDC is an advocate for cooperative development before U.S. and international development agencies, and the public.

OCDC also represents U.S. cooperative development organizations (CDOs) and their members. Currently, OCDC's member organizations are providing technical assistance and training for overseas development projects in fifty developing countries and emerging democracies. Funding for this technical assistance is provided by U.S. and multilateral development agencies, host governments, and other sources, and totals approximately \$20 million annually. Projects assisted by the CDOs in housing, electricity, credit, agriculture, insurance, and other fields total more than \$200 million each year.

The organizations associated with OCDC represent more than 90 million American members of cooperatives who are willing to share U.S. cooperative techniques and management skills with people in developing countries to stimulate economic and social growth. These programs build democratic, "grassroots" institutions and strong people-to-people relationships that contribute to understanding and world peace.

### **OCDC'S MISSION**

In recognition of the international arena in which the U.S. cooperative business community operates and the necessity for worldwide growth, the members of the U.S. Overseas Cooperative Development Council seek to fulfill the following mission: to strengthen the ability of member organizations to promote cooperative development in developing countries and emerging democracies.

### **OCDC ACTIVITIES**

In addition to its frequent testimony and work with the U.S. Congress, OCDC meets with administrations of the U.S. Agency for International Development, United Nations officials, and administrators of cooperative programs at the World Bank and other multilateral development banks. OCDC also hosts visits by cooperative officials and leaders from developing countries.

OCDC hosts international meetings for discussion of key issues in cooperative development. It undertakes study tours by U.S. cooperative leaders to assess the prospects for cooperative development in developing countries. OCDC participates in domestic development education efforts, such as October Cooperative Month, NCFC's National Institute on Cooperative

Education, and the International Development Conference. One of OCDC's projects involves the use of audiovisual materials to foster better public understanding of the role of cooperatives in ending world hunger.

The following nine U.S. Cooperative Development Organizations are presently OCDC members:

**Agricultural Cooperative Development International (ACDI)**

Provides cooperative development and technical services to agricultural communities, farm credit cooperatives, and small and medium-scale farmers in developing and former communist countries, giving increasing attention to market-related services.

**American Association of Cooperatives/Mutual Insurance Societies (AAC/MIS)**

Provides support to emerging cooperative insurance companies through technical assistance. AAC/MIS works to promote indigenous insurance companies.

**Cooperative Housing Foundation (CHF)**

Assists poor communities to address their shelter needs through a system that includes neighborhood improvement cooperatives, building material production centers, credit mechanisms, technical service organizations, and housing cooperatives.

**Land O'Lakes, Inc. (LOL)**

Provides training and technical assistance to small producers and their cooperatives (including pre-cooperatives and state cooperatives undergoing divestitures) by providing for their participation in a complete farm-to-consumer system, mainly for dairy products.

**National Cooperative Business Association (NCBA)**

Provides cooperative development expertise and assistance to a broad range of agricultural and business cooperatives.

**National Rural Electric Cooperative Association (NRECA)**

Assists developing countries in establishing rural electric systems as well as developing productive uses of electric power, production of materials for electric systems, and in energy related development areas.

**National Telephone Cooperative Association (NTCA)**

Provides technical assistance, training, and equipment to advance toward privatization of phone systems. NTCA also assists with advocating policy changes to foster private sector principles in developing countries.

**Volunteers in Overseas Cooperative Assistance (VOCA)**

Provides specialized short-term assistance to developing country cooperatives and related agencies, transferring essential management and technical expertise for improved performance.

**World Council of Credit Unions (WOCCU)**

Mobilizes savings and provides access to credit, especially for small and micro-enterprises, by helping to develop and strengthen credit unions and credit union associations at the national level.

Mr. Ted Weihe is the Executive Director of OCDC. OCDC is headquartered at NRECA, 4301 Wilson Boulevard, IPD9-202, Arlington, Virginia 22203-1860.

## **Annex B**

**SEMINAR NO. 1:  
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Paul Novik, ENI/ED/SB  
John Remke, IG/A/PA  
Len Rogers, BHR/AA  
Steven Sharp, G/ENV/UP  
Ron Stryker, G/EG/AFS/AEMD  
Marcus Winter, ENI/ED/AG  
Cathryn Thorup, PPC/DP  
Charles Uphaus, ENI/ED/AG  
Bob Young, AFR/SD/SA

## **Annex C**

**AGENDA**  
**USAID BHR/PVC**  
**SEMINAR SERIES**

**Thursday December 7, 1995 - 9 a.m. to 12 noon**  
**Room 1912 Main State**  
**(Near 21st Street entrance on first level)**

**This is the first in a series of three seminars which are designed to: 1) Strengthen the relationship between USAID and the Cooperative Development Organizations (CDOs); 2) Expand CDO access to other international donors; and, 3) Coordinate CDO opportunities with the Agency's New Partnerships Initiative (NPI).**

**Theme of Seminar # 1**

**This initial seminar will address ... "Lessons learned by USAID-supported Cooperative Development Organizations (CDOs) through their work overseas, that would be useful to the Agency's New Partnership Initiative (NPI)."**

**Agenda:**

- |                         |  |
|-------------------------|--|
| <b>8:30 - 9:00 a.m.</b> | <b>On-site Registration</b>  |
| <b>9:00 a.m.</b>        | <b>INTRODUCTIONS - BHR/PVC, John Godden</b>  |
| <b>9:00 - 9:10 a.m.</b> | <b>WELCOMING REMARKS - DAA/BHR, Len Rogers</b>   |
| <b>9:10 - 9:25 a.m.</b> | <b>OVERVIEW OF OVERSEAS COOPERATIVE DEVELOPMENT COUNCIL(OCDC) - Ted Weihe, Executive Director<br/>"How the CDO Community can be a resource for NPI in advancing USAID's Strategic Objective."</b>                    |
| <b>9:25 - 9:40 a.m.</b> | <b>INTRODUCTION OF NPI - Cathryn Thorup, NPI Coordinator and Director, Office of Development Partners, PPC.<br/>"Overview of how NPI plans to make local capacity building a central concern in USAID programs."</b> |

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**The Agenda lists three formal topics for discussion. Responses from all panelists will be encouraged throughout the proceedings. Participants' questions will be reserved for question time.**

9:40 - 10:10 a.m. **Presentation #1: "STRENGTHENING NGOs" - New frontiers in NGO empowerment and strengthening NGO capacities.**

**Panelists: Sarah Newhall, PACT; Judith Hermanson, Vice President, Cooperative Housing Foundation (CHF); Jill Kohler, Director of Project Development, Land O'Lakes, Inc. (LOL).**

10:10 - 10:25 a.m. **QUESTIONS**

10:25 - 10:55 a.m. **Presentation # 2: "STRENGTHENING SMALL BUSINESS-TO-BUSINESS PARTNERSHIPS" - How trade associations can better link U.S. and LDC small businesses - what are the mutual benefits?**

**Panelists: Russ Anderson, Director for Economic and Institutional Reform, USAID (G/EG/IER); Bob Gibson, Communications Director for International Programs Division, National Rural Electric Cooperative Association (NRECA); Marlee Norton, General Manager for International Programs, National Telephone Cooperative Association (NTCA); Cynthia Steen, Director for Market Development, Agricultural Cooperative Development International (ACDI).**

10:55 - 11:10 a.m. **QUESTIONS**

11:10 - 11:20 a.m. **BREAK**

11:20 - 11:50 a.m. **Presentation # 3: "LEVERAGING RESOURCES THROUGH DONOR PARTNERSHIPS". How to encourage other donors to support NPI objectives.**

**Panelists: Norm Nicholson, Deputy Director, Office of Development Partners, USAID (PPC); Antonio Gayoso, Director of the World Council of Credit Unions - Washington, Office (WOCCU); Don Cohen, President, Volunteers in Overseas Cooperative Assistance (VOCA).**

11:50-12 Noon **QUESTIONS**

12 Noon **CLOSING/BRIEF ANNOUNCEMENTS - John Fasullo and John Godden, BHR/PVC.**

**End of Seminar**

***The Cooperative Development Program*** within USAID, is a centrally-funded program in existence for over 20 years and is further expanded by individual country projects funded by overseas USAID Missions. The program is designed to implement Section 123 of the Foreign Assistance Act of 1961, as amended. Generally, the objectives of the USAID cooperative program are to foster and expand cooperative development in developing countries and to expand and strengthen the private, non-governmental sector of developing countries. The same objectives are applied in Eastern European countries and the New Independent States.

The major component of the central cooperative development program is a portfolio of core grants designed to enable U.S. cooperative development organizations to maintain active international departments. These departments develop, supervise and evaluate overseas projects as well as provide guidance to USAID on issues related to cooperatives. Under a Cooperative Initiatives Grant Program, small grants for periods of less than three years are awarded on a competitive basis. These grants initiate new creative programs in certain PVC-approved countries to mobilize additional resources, directed to strengthen the private sector through cooperative development, particularly for the U.S. cooperative community.

### **INQUIRIES**

John W. Godden - Program Manager, Cooperative Development Program  
Office of Private and Voluntary Cooperation  
Bureau for Humanitarian Response  
U.S. Agency for International Development  
Washington, D.C. 20523-0804  
Tel # (703) 351-0216; Fax # (703) 351-0228  
Internet: jgodden@avalon.usaid.gov

### **DIRECTIONS**

The seminar will be held at the State Department located in Washington, D.C.:  
U.S. Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520  
Tel # (202) 647-4000

Attendees will have to enter at the 21st Street entrance. Once checked in, participants will turn left down the 1900 hallway and follow signs to room 1912.

### **PRE-REGISTRATION FOR NON-USAID PARTICIPANTS**

Registration for this seminar should be made as early as possible. For entry into the State Department, attendees who are not employees of USAID, need to provide their name, date of birth, and social security number. This information may be telephoned to: Geoff Slagle Tel # (703) 351-0181

Note\* Foreign Nationals need to supply a picture ID, preferably a passport, on the day of the seminar to gain entry into the State Department.

## **Annex D**

**USAID**  
**NEW PARTNERSHIPS INITIATIVE**

**EXECUTIVE SUMMARY**

**COOPERATIVE DEVELOPMENT ORGANIZATION  
SEMINAR**

**December 7, 1995**

**Office of Private and Voluntary Cooperation  
Bureau for Humanitarian Response  
U.S. Agency for International Development**

## EXECUTIVE SUMMARY

USAID's New Partnerships Initiative (NPI) was announced by Vice President Albert Gore on March 12, 1995 at the World Summit for Social Development.

The goal of NPI is to stimulate lasting economic, social and political development by building local institutional capacity, thereby accelerating host country "graduation" from U.S. government assistance. Development efforts must work not only to eradicate poverty, but to leave countries with the capacity to sustain their own growth and to become full partners in the global community of free markets and societies. NPI embodies recent advances in development theory -- advances that recognize the critical economic and political role of civil values and of the rich variety of voluntary associations that constitute civil society. **NPI will focus significant resources on strengthening civil society and helping to restructure the relationships between states and civil societies.**

Civil societies are built from the ground up. Communities' understanding of local conditions and their ability to organize and mobilize local residents are vital to sustainable development. It is in local communities that we find organizations that defend human rights, support varied community services, regulate community use of natural resources, structure public policy debate, and facilitate access by the poor to technology, markets and credit.

Civil society thrives in a dynamic and competitive economy and in an open, democratic political environment. At the local level, economic requirements translate into an expanding small business sector that stimulates employment, entrepreneurship, and a spirit of independence and self-help. Democratic local governance provides a political environment that is responsive to local needs, stimulates participation, and can be held accountable to citizens. **NPI focuses on three sets of local institutions--nongovernmental organizations, competitive small businesses, and democratic local governments--that together can significantly enhance the effectiveness of private and public development efforts and can help reduce the distortions and inequities found in closed economies and political systems.**

NPI will use two approaches to advance USAID's existing sustainable development goals: through building grassroots capacity and enhancing national enabling environments.

**Grassroots Capacity Building: NPI is an Agency-wide effort to make local capacity building a central concern in all Agency programs. By focusing on three areas--NGO empowerment, small business partnership and democratic local**

governance--NPI will strengthen the direct contributions of local organizations to development, and will help increase their professionalism, efficiency, accountability, and transparency. USAID also will work to: establish mutually beneficial partnerships among the three sectors; improve cooperation between local organizations and national development programs; and promote the advocacy and watchdog roles of local groups in national politics.

**Enhancing the National Enabling Environment:** In cooperation with our development partners, USAID will work in host countries to provide strong leadership to foster the national policy, regulatory, and resource environments in which private and community action can flourish. A national enabling environment rests on the guarantee of basic human rights, an effective and democratic national government, and sustained growth supported by sound economic policies. Since local organizations are assets to governments in the pursuit of development goals, policy dialogue must include reforms specifically related to enhancing partnerships between civil societies and states.

### **Why Now?**

The dramatic increase in market-oriented democracies has created new opportunities for USAID's sustainable development efforts. In many countries, nongovernmental organizations (NGOs), small businesses and local governments are attempting to fill the gaps created by economic liberalization, downsized national administrations, privatization, and expanded personal and political freedom. If USAID can help empower citizens to take advantage of their new environments, adding their energies to development efforts, there are very real prospects of enabling a new generation of countries to achieve a level of self-reliance that will free them from dependence on foreign aid.

### **How Will it Work?**

NPI includes three phases: (I) participatory conceptualization and design, just concluded; (II) a 12 to 18 month "learning phase" concentrating on (but not limited to) five to seven "Leading Edge Missions;" and (III) an expanded application of the NPI conceptual framework and methodology.

During Phase II, missions--along with their local and U.S. partners--will create and implement country-specific strategies and activities designed to develop grass-roots capacity and national enabling environments. These efforts will focus on the empowerment of local NGOs, development of small business partnerships, and democratic local governance. From the beginning of Phase II, USAID will share with its staff and development partners lessons learned in planning and implementing capacity building, as well as developing national enabling environments across each of the three focus areas.

## DRAFT

NPI is a significant departure from "top-down," government-to-government development approaches. It builds on the growing international consensus that development results from investments in people and institutional capacity in a supportive policy environment, and it expands ongoing Agency work in support of civil societies. Since people learn best by doing, the most effective way to support local capacity building is to establish direct links between local organizations and others with similar experiences. NPI will encourage such partnerships.

NPI will begin to structure the relationships the U.S. hopes to continue when countries graduate from U.S. foreign assistance. Under NPI, USAID will support partnerships between local U.S. organizations (NGOs, small business associations, and local governments) and their counterparts in developing countries. These relationships will support current development efforts, contribute to the emergence of self-sufficient local organizations, and provide the basis for long-term cooperation among the partners.

NPI relies on USAID's unique ability to work simultaneously on grassroots capacity building and the national enabling environment. To play these dual roles, USAID will strengthen its relationships with a range of development partners, both in the U.S. and developing countries. These include, for example, U.S. private voluntary organizations (PVOs), U.S. and local NGOs, coops, associations of municipal officials, the business community, universities and community colleges, think tanks, foundations, and other bilateral and multilateral donors.

### **Program Support**

**To accomplish the NPI objectives, field missions will:**

- \* Assess the host country enabling environment with regard to its effect on the vitality of nongovernmental actors and the potential for local initiatives;
- \* Incorporate in the mission policy reform agenda improvements in the enabling environment for grassroots initiatives;
- \* Seek opportunities, in all sectors, to work with local nongovernmental actors and local governments in planning and implementing programs; to make grassroots capacity building a specific objective of such programs; and to develop indicators of progress in local capacity development; and
- \* Work with other donors to define country-specific capacity building activities and encourage policy reforms.

**At the central level, USAID/W will:**

- \* Expand the range of U.S. nongovernmental actors engaged in partnerships with developing country counterparts -- creating the structure for post-graduation cooperation;
- \* Develop analytical techniques and consolidate research and experience in local empowerment, especially with regard to the enabling environment;
- \* Work with other donors to facilitate country-level policy dialogue to promote local empowerment and to develop international standards for registration and legal protection of NGOs; and
- \* Work with other donors to develop mechanisms to facilitate South-South cooperation among grassroots organizations and local governments.

**Agency Reforms**

The implementation of NPI depends on fundamental changes in the ways USAID manages development activities--changes that are already underway. USAID's management reforms rest on a recognition of the diversity of conditions in the developing world. Development decisions must be sensitive to circumstances of time, place, and culture. The keys to good management of development activities are decentralized management, responsiveness to local partners, flexibility, and building long-term partnerships. The key is local participation in mission programming activities.

NPI will help to consolidate USAID's recent innovations in results-oriented management. USAID's partners will be fully engaged in the development of performance indicators and in the NPI learning and evaluation process. Through NPI, USAID will strengthen partners' authority to design and implement programs, and will share with them the responsibility for mobilizing resources and accountability for results. All of USAID's partners will be expected to share the Agency's management principles of accountability, transparency and participation.

USAID will focus on managing for results and on enhancing the enabling environment, not on micro-managing programs. USAID's experience with small NGO grants and local development activities is that they are information and staff-intensive. However, under NPI, most of these responsibilities will be transferred to USAID's development partners, by focusing on capacity building of local organizations early in the process and encouraging the development of intermediary organizations that can provide economies of scale. Once the initial start-up tasks (assessments, development of indicators and implementing new management systems) are completed, USAID's direct management role will be reduced, providing considerable cost savings.

To continue streamlining its management procedures, USAID will:

- \* Work to improve USAID's organizational culture to encourage increased grassroots participation and full partnership with nongovernmental actors.
- \* Immediately familiarize USAID staff with recent reforms in grant making, PVO registration procedures, new policy and guidance on the USAID-U.S. PVO partnership; and urge staff to make greater use of existing funding mechanisms that facilitate such partnerships;
- \* Assess and, where needed, reform USAID requirements regarding partnership with local actors;
- \* Establish a USAID ombudsman for nongovernmental actors to help facilitate implementation of management reforms;
- \* Reform obligation procedures, using mechanisms such as block grants, to simplify obligation and reduce the transaction costs; and
- \* Work with other donors to provide consortium and parallel funding of grassroots organizations.

**Next Steps**

This report brings to a close the first phase of NPI. Following review by the Agency's senior management, NPI will move from the initial design process into Phase II--a 12 to 18 month "learning phase" that will focus on activities in five to seven "Leading Edge Missions."

Rather than waiting until the learning phase is complete, "best practices" will be immediately shared throughout the Agency and with external partners. Similarly, steps will be taken to ensure that management reforms emanating from the NPI effort are rapidly embedded in Agency practice. Finally, pending review of the results achieved in Phase II, Phase III will see an expanded application of the NPI conceptual framework and methodology throughout the Agency.