

USAID Developments

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It's getting better all the time

Despite the common misperception that poverty runs rampant throughout the developing world, the quality of life of ordinary people in developing countries has improved steadily and dramatically in the past 40 years.

Today, people in developing countries are more educated, enjoy more basic freedoms, eat better and live longer. A study by USAID's Center for Development Information and Evaluation (CDIE) looks at the best available data on indicators of poverty from 1950 through 1994 and finds genuine cause for optimism.

Infant mortality has dropped from 180 deaths per 1,000 births to 69 deaths per 1,000. The average 1-year-old in a developing country today can expect to live to 66, which is 26 years longer than his grandparents lived.

People in developing countries are eating better today than at any time in recorded history. Food production has outpaced population growth for the past four decades. In 1961, the first year when data on calorie consumption were available, 50 percent of the world's population lived in countries where the average person was undernourished, getting less than 2,200 calories a day. By 1990, that figure dropped to 11 percent.

Higher productivity in agriculture, lower transportation costs and better techniques for

preserving food all contribute to improved nutrition. Productivity gains lowered the price of food by cutting in half the price of wheat, rice and corn between the late 1950s and the early 1990s.

Seven times more people in developing countries are literate today than in 1950. Education affects other aspects of people's lives, creating payoffs for the world at large. Educated people are more productive, more innovative and better equipped to improve their own health, nutrition and reproductive status. They become more affluent consumers and are better prepared to claim their individual rights.

This progress is all the more remarkable considering it has taken

place during the most rapid population growth in history. Recognition that international efforts are achieving progress might reduce "aid fatigue" by the public and Congress. It could also energize people to come up with creative, new ways to address world poverty.

What Do We Know About World Poverty?, by James Fox, Special Study No. 74, PN-ABS-516, is available from USAID Development Information Services Clearinghouse (DISC), 1621 Kent St., Suite 200, Arlington, Va. 22209-2111; phone: (703) 352-4006; fax: (703) 351-4039; Internet: docorder@disc.mhs.compuserve.com. The text is also on the Internet: gopher.info.usaid.gov.



UNITED STATES AGENCY
FOR INTERNATIONAL
DEVELOPMENT

USAID and cooperatives form a winning partnership

USAID has long supported cooperatives to help developing countries maximize their potential. Cooperatives enable people worldwide to achieve lasting economic independence through member-owned democratic businesses.

In the United States, cooperatives have lifted many farmers and low-income people out of poverty and have spread the benefits of free markets through credit unions and community-based businesses. Some cooperatives have grown to large member-owned companies, including Land O'Lakes, Nationwide Insurance, Ocean Spray and True Value Hardware.

Cooperatives offer a private-sector approach to problem solving that combines humanitarian concern with business discipline. Cooperatives give people a stake in the system by bringing them into the marketplace. They often introduce democratic business practices in countries with little experience in democracy. By sharing business know-how, these overseas programs also directly benefit Americans by building long-term business partners and increasing international sales and investments by U.S. businesses.

The modest cost to U.S. taxpayers is for technical and managerial expertise only, aiding not only developing countries, but also helping U.S. organizations compete in the face of subsidized competitors.

The power to transform a nation

When Bob Schiller, manager of the National Rural Electric

Cooperative Association's (NRECA) project in Bangladesh, returns home for a visit, friends ask him about the value of providing foreign assistance to distant countries.

Schiller explains that such assistance helps not only foreign countries, but also the United States. He calls the rural electrification program in Bangladesh a tremendous success story. He points out that the program brings electric power to 5 million people, providing comfort and security, economic opportunity, better health, schooling and, for many, the first taste of true democracy as voting members of electric cooperatives.

Schiller also says that more than \$59 million worth of wood utility poles, connectors, switches, meters, tools and other equipment was purchased over four years from U.S. manufacturers for use in the program.

"With a population of more than 120 million and an economy that is growing at a rate of 8 percent a year, Bangladesh has the potential to become a giant market for our consumer goods," Schiller says.

Bangladesh has come a long way



since launching its rural electrification efforts in 1978 with funding from USAID and technical assistance from NRECA.

Initially other potential donors had been skeptical. But the success of the program now has attracted \$600 million from the World Bank and other donors.

Today, 45 electric cooperatives are operating in Bangladesh, boosting food production by powering 36,000 irrigation pumps and creating jobs at 20,000 rural industries that would not exist without electricity.

Cooperative insurance — a good protection

When the Workers Cooperative in Medellin, Colombia, burned to the ground one night in 1993, its members lost their consumer store, savings and credit facility. In total, it was an \$825,000 loss.

By the next morning, a vice president of La Equidad, a Colombian cooperative insurance company, was on the spot to appraise the damage and arrange for an advance of 30 percent of the

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potential settlement to get some services up and running immediately. Within 60 days the total settlement was disbursed.

Begun in 1970 with 41 cooperative members, \$1,000 in capital and three employees, La Equidad (which means a sense of permanence) has grown into Colombia's leading provider of group life insurance policies. Today, La Equidad is composed of 1,480 cooperatives serving 1.7 million members. The company has a net worth of \$8 million and has spawned several cooperative businesses in tourism, construction, health services, a social development

fund, a volunteer program and a guarantee fund.

During the early days of La Equidad's existence, it received technical assistance, funded by USAID, from the Cooperative League of the USA (CLUSA), the Cooperative Bank of Colombia and Cooperativa de Seguros Múltiples of San Juan, Puerto Rico. Today, La Equidad provides technical assistance to insurance co-ops throughout Latin America.

Within Colombia, La Equidad has made its mark by providing insurance to a market that traditional insurance companies considered unprofitable. It has

served that market by responding rapidly, maintaining low premiums, treating its clients with respect and maintaining a strong focus on promotion and support of cooperative development.

"Cooperative insurance is the best way to develop and build organizations and institutions that will eventually create a more just and equitable society," says Julio Medrano, president of La Equidad.

For more information about USAID-funded co-ops abroad, contact John Godden at (703) 351-0216.

The U.S. Overseas Cooperative Development Council contributed to this article.

Spotlight: Washington State

The principal beneficiary of America's foreign assistance programs has always been the United States. Close to 80 percent of USAID's contracts and grants go directly to U.S. firms.

Foreign assistance programs have helped create major markets for agricultural goods, new markets for American industrial exports and hundreds of thousands of jobs for Americans.

In Washington state, for example, more than \$51 million of USAID contracts and grants were disbursed in 1994. From Seattle to Spokane to Vancouver, USAID purchased agricultural products, transported goods and trained foreign participants at local universities.

Washington state looks overseas to keep its economy growing. Many Americans do not

realize that Washington state is the nation's most trade-dependent state per capita — one in five jobs depends on international commerce. In addition to its business outreach overseas, Washington state has 27 cities participating in the Sister Cities program with 60 affiliations overseas.

In fiscal year 1994, USAID purchased an estimated \$209 million of Washington wheat and edible oils for use in overseas food aid programs.

Shipping and handling of USAID's food aid generated almost \$8 million in fees for port services and shipping for companies headquartered in Washington.

In 1991, the Washington State Department of Agriculture used a USAID Business Development Seed Fund to identify business

opportunities in the Indonesian agribusiness sector, particularly food processing.

In 1994, USAID sponsored training for 240 foreign participants at Washington universities and educational facilities, usually including full tuition and living allowances. The training program included students at Washington State, Edmunds Community College and Spokane Community College.

USAID programs in Egypt and Mozambique financed \$3.7 million in purchases from Washington companies in fiscal year 1994.

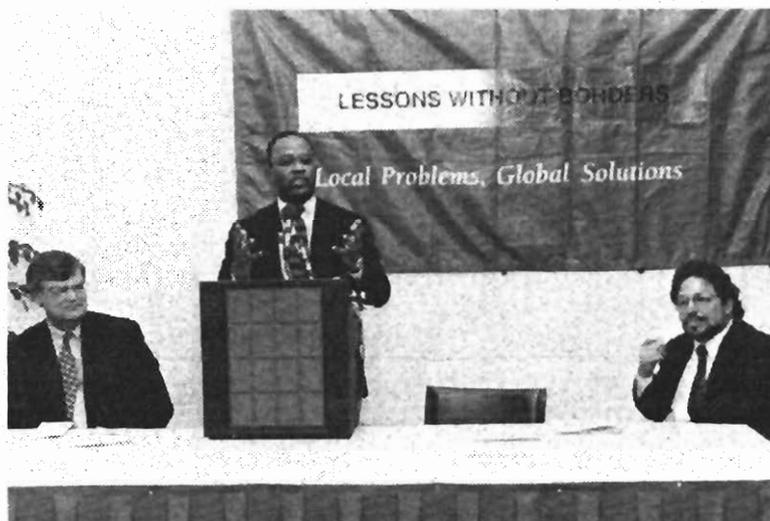
Included among the companies were Quinton Instrument Co., Paccar International Inc., Nicholson Manufacturing Co., Cadwell Laboratories Inc. and Icom America Inc.

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USAID announces partnership meetings

USAID has started a series of meetings with its partners. The meetings are co-chaired by Assistant Administrator for Management Larry Byrne and Assistant Administrator for Legislative and Public Affairs Jill Buckley. The meetings are held on Monday afternoons in room 1912 at the State Department. Please call Tia Coulter at (202) 647-8190 for specific dates and times. Topics of discussion include USAID reengineering and procurement reform.

Lessons Without Borders program reaches D.C. housing project



"We have some neighborhoods where the health problems looked more like those of a Third World country than a product of our democracy," Baltimore Mayor Kurt Schmoke (center) told an audience at the Arthur Capper housing development in Washington in February. Using lessons learned overseas about health care access, USAID Administrator Brian Atwood (left) and David Gilmore, the court-appointed receiver who oversees public housing in D.C., are working with residents of Capper to try to reopen an on-site health clinic.

This effort follows on the heels of Baltimore's successful implementation of an immunization program modeled after a USAID program in Kenya. As a result of lessons learned in Kenya, Baltimore succeeded in boosting its immunization rate from 62 percent to 96 percent.



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