



# operation cooperation

the role of u.s. cooperatives  
in the foreign assistance program

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## about the author

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by davis douthit



## foreword

The Advisory Committee on Overseas Cooperative Development believes that the story of what people are able to do when given the right tools deserves to be more widely told because it touches all of us.

Our Committee is a non-official, voluntary group of private citizens organized to provide liaison between U.S. cooperatives and the various agencies concerned with assisting people in developing countries abroad — the U.S. Agency for International Development, the Peace Corps, the International Bank for Reconstruction and Development, the Inter-American Development Bank and other international bodies.

Our members are associated with major U.S. regional and national cooperative organizations which are participating directly or indirectly in overseas cooperative development (see list on inside back cover).

These organizations serve many millions of Americans. They do it in a multitude of ways, ranging from buying and selling for farmers, to providing insurance, credit and various kinds of special services to all kinds of people.

Over the years many U.S. cooperatives have remained neighborhood enterprises, giving efficient and valuable services to the local community while others have grown to a substantial size and become national institutions. In every instance the real worth of each organization is determined by the special capabilities it has developed to serve its members and the communities in which they live.

Thus the involvement of U.S. cooperatives in overseas activities grows out of the conviction that the cooperative technique can help people in developing countries. It is uniquely appropriate to the process of economic growth because it provides the mechanism for participation by rank and file citizens and it stimulates the involvement of individuals in the solution of many of the economic and social problems which directly affect their lives.

The activities described in this booklet have been carried out by U.S. cooperative organizations for the most part under non-profit contracts with the U.S. Agency for International Development, which has provided the necessary funding. Without such financing, most of the projects would have been impossible.

Veteran cooperators will know that building successful cooperatives is not easy. Time and effort are required to educate members, train managers and directors and accumulate the necessary capital. Sometimes, the economic, political and cultural environment has been so heavily weighted against a cooperative business that it has made only a minimal impact or failed entirely. It is a risk that must be taken.

However, as the experiences related in the following chapters illustrate, with careful planning and sound guidance, cooperatives in the developing countries *do* succeed and make a valuable contribution to human and economic development — they show what people can do for themselves when they get the right tools.

Kenneth D. Naden  
Chairman  
Advisory Committee on Overseas  
Cooperative Development



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## "a growing thing"

(the co-op/AID self-help story)

In South Vietnam, Nguyen Van Phuc, a pig farmer of the village of Ham Hai, throws a 12-course luncheon to celebrate his first electric power and light. He is a member of the Duc Tu Electric Cooperative. Five new electric fans cool his guests.

In Los Pocitos, Panama, ten families move from their primitive, one-room *chozas* (mud floors, cane walls and thatch roofs which admit rain and harbor rodents, snakes, insects) into new three-room homes (concrete floors, cane and block walls, metal roofs) which, with cooperative help, they largely built themselves.

In Uganda, East Africa, chances are you're a cotton or coffee farmer and a member-owner of one or more of 2,000 cooperatives that account for more than 60 percent of the country's export sales of farm products. You get credit and technological counsel cooperatively; you share ownership with 550,000 other farmers of ginneries that handle most of the nation's cotton crop and of coffee factories that handle most of the coffee.

In the Ecuadorean village of Yaruqui, Alfonso Hidalgo, a skeptical farmer, is encouraged to use his credit union loan to try new farming methods. He plants some potatoes the old way (by the full moon and without fertilizer), and some other potatoes the new way. He is surprised to find that though he loses 38 cents on each hundred pounds planted the old way, he nets \$26.25 on each hundred pounds planted the new way, and the potatoes are more abundant and healthier.

In Punjab State, India, let's say you're a farmer who owns 16 acres of land, half irrigated, half not. Your gross income would be around 10,200 rupees (7½ rupees equal one dollar) and your net, 3,100 rupees. But when you use cooperative credit and technical aid, change to high-yield "miracle" seeds, plus optimum doses of fertilizer and pesticides, arrange for more irrigation, and use better implements and a wheat thresher, you hike your gross income two and one-half times and your net profit more than four times.

These are straws in the wind of human advancement. This is development toward a decent life. Multiplied many times, it is going on all over the free world. And contrary to what you may have heard, efforts to narrow the gaps in human welfare are making some headway. Not a lot, but some.

The trouble is that few people thought it would take so long to help the poor of the world to their feet. After all, the Marshall Plan resurrected Europe in a few years. What we forgot, apparently, is that the developing lands of the earth have had to come from several centuries further back, and that it may take people many years to make the

necessary drastic changes in their customs, their attitudes and their living patterns.

We must have forgotten, for example, that it is only when people are motivated to help themselves that they are permanently helped; that outside assistance is wasted unless it is matched, and then some, with self-assistance; that without the will to develop, there's no way.

"We have learned," an AID overseas director tells a Congressional committee, "that doing the job *for* the host country does not work. It results in the project ending once the assistance stops . . . A bridge, a dam, a piece of road are not necessarily a waste in and of themselves . . . but if that's all there is to the project, such aid has . . . in development terms . . . accomplished nothing."

Developing nations, nevertheless, *are* developing, having shown average annual economic growth rates of five percent a year for 1960-67. This compares favorably with the growth rates in developed nations which averaged 4.8 percent for the same period, according to the report of the Pearson Commission on International Development. Their food output *is* rising, perhaps not fast enough, and in some cases not nearly enough to keep pace with gains in population. But hopes for self-sufficiency in food are high in Taiwan, South Korea, Iran, Malaysia, Pakistan, Turkey and El Salvador. The Philippines are hopeful that the country can now get along without rice imports. India and other Asian countries appear to be about set for the heralded "green revolution" in agriculture. Production is up, and the signs are good for sustained increases. Cooperatives help make sure that the small farmers as well as the big ones share in the benefits of greater production.

These steps toward development have been taken despite struggle every foot of the way with high birth rates, continuing inflation and hot and cold wars. They could not have been taken without plenty of help and cooperation — government to government, institution to institution, people to people. But the unanswered (and as yet unanswerable) question persists: can two-thirds of the people in the world realize their rising hopes, needs and expectations before exploding, frustrated and desperate, into catastrophic violence that will endanger the whole world?

At this stage perhaps the most we can say is that we've bought a little time, maybe ten years or so, in which to finish what we've started — the achievement of decent conditions for all human life.

This booklet is the story of what six U.S. cooperative organizations are doing to lend a hand in this great task — on their own; with the Agency for International Development (AID) and other departments of government; with other private enterprise, profit and non-profit; with church groups of all denominations; with other cooperatives here and abroad; and perhaps most important, because lending-a-hand won't work without it, with the help and goodwill of the people and the governments of other

countries. AID has found that one of the simplest ways to tap the tremendous resources and abundant skills of U.S. cooperatives is through contract agreements. (Agricultural marketing and purchasing cooperatives do an annual business of \$17 billion.) The co-ops provide the manpower and know-how at cost for special programs.

It is an encouraging story. It is also a realistic story, for cooperatives represent but a small part of the total effort. Nevertheless, it is a proud story, for that "small part" could grow to considerable size and significance as AID, the people in the developing areas, and the cooperative leaders learn to make the best and most effective use of the varied human and material resources of cooperation.

The U.S. Congress in 1961 declared it to be the official policy of the foreign aid program "to encourage the development and use of cooperatives, credit unions and savings and loan associations."

The Congress fortified this concept in Title IX of the Foreign Assistance Act of 1966, by declaring that "...emphasis shall be placed on assuring maximum participation by the people in the task of economic development of the developing countries."

U.S. cooperatives provided 167 man years of technical assistance to people in 30 countries under AID-financed contracts during fiscal 1969. The value of the contracts for the period totaled more than \$4 million. Some have helped on their own. CUNA International, for example, allots ten percent of its dues income from member credit unions to global development, and beginning in the 1950's the Cooperative League of the U.S.A., through its Worldwide Co-op Partners fund, has maintained overseas programs in such countries as India, Brazil, Thailand and South Vietnam.

Also on the job are such hemispheric and worldwide organizations as the International Cooperative Alliance, the Organization of the Cooperatives of America, the Inter-American Cooperative Finance Development Society, the International Federation of Agricultural Producers and CARE (Cooperative for American Relief Everywhere). Each of these entities is engaged in funding, organizing, promoting, federating and otherwise strengthening cooperatives. Each has ties with the cooperative organizations whose overseas activities are reported here.

During the past decade the developing countries have organized thousands of cooperatives — marketing, purchasing, processing, credit, electric power, housing, insurance, handicraft, consumer — and strengthened thousands of already-existing societies.

It is far too soon to say how much has been achieved and how successfully. Cooperatives, like other development agencies, have had to learn through experience and patient evaluation how to apply their special talents and resources most effectively toward meeting the development needs of the people of a given country or region.

Maturity, however, is dawning for cooperatives. They are learning to focus efforts on areas of their special competence and to coordinate their plans and activities. Cooperative action is called for on many fronts. One successful cooperative generates the need for another. "A cooperative is never really finished," remarks Phan Van Tri, general manager of the National Union of Electrical Cooperatives in South Vietnam. "It is a growing thing." So cooperatives are leaving behind their period of trial and pilot projects and using their whole bag of resources and services on a broader, more systematic basis.

Despite the limitations and difficulties that have beset them, cooperatives have managed to compile a respectable list of credits in helping AID to reach its objectives.

By spreading the technological word, by providing low-cost credit, by reducing the costs of farm supplies, by improving marketing facilities, by developing manpower resources through intensive technical and leadership training in this country and in the home countries, by lowering the cost of decent housing, by providing electric light and power, and by proving that even low-income families can, given the incentives and the tools, mobilize enough capital to lift themselves up, cooperatives —

- have helped people, especially in rural areas, increase their productivity, improve the quality of their products and raise their incomes;

- have thereby helped developing countries make progress in growing more of their own food;

- have stimulated self-help initiative and action in the local community;

- have made living more pleasant, more dignified, more meaningful for many people;

- and perhaps most important, cooperatives have created opportunities for people at all levels of income to participate in a democratic fashion in the affairs of their communities.

The chapters that follow describe the specific ways in which these things are being done.

Economists have observed that, almost without exception, strong, active cooperatives, especially in the farm areas, are a distinguishing mark of the developing countries that are "making it," and they are vital to the economic growth plans of all emerging countries. And within a country, India for example, the states with the higher yields per acre are the states with the most advanced purchasing and marketing cooperatives.

Cooperatives alone, of course, do not spell the difference between "haves" and "have-nots," but they can be an important element in the total development formula.

They become especially useful in implementing the Title IX principle calling for maximum participation by the people. Benefits from foreign assistance put ashore at the government level filter down slowly. Yet it's as important to build people as to build governments, factories and armies. This is where cooperatives come in, because

cooperatives by their very nature consist of people organized to help themselves through participation, whether on a small scale, as with Panamanian *campesinos* working together to build their own houses, or on a large scale, as with many thousands of farmers in India getting together to own their own fertilizer plants.

The ability to achieve social change as a by-product of economic success is another happy cooperative attribute. "Cooperative-generated self-help," asserts a 1968 report published by the House Committee on Banking and Currency, "inevitably unearths new talents, harnesses neglected resources, and begins to channel those assets. . . into the mainstream of the country's economic life. This self-help. . . frequently does encourage economic growth in a hundred different ways."

The next two chapters tell this self-help story with specific reference to a large country — India — and a small country — Honduras. Then follow accounts of how each of the six cooperative organizations are fitting into the Cooperative/AID development effort.

As stated previously, this report is an encouraging, realistic and proud one. It is also an interim report. Much has been accomplished; but aid has really just begun. More capital, more trained and skilled leadership, more cooperation and more understanding at all levels are urgently needed. After all, the gap between the per capita income in the U.S. — \$4,000 — and the per capita income of developing countries — less than \$200 — continues to be of a dangerous Grand Canyon magnitude.



Stanley Dreyer, CLUSA President, goes shopping at one of the cooperative consumer stores owned by Super Bazar, India. The report of a CLUSA specialist in 1963 formed the basis for the development of the Super Bazar chain of department stores and supermarkets which now acts as a supplier of essential articles, price stabilizer and controller of adulteration in marketable foodstuffs. Every major city in India now has a supermarket.



In the Mehrauli District near New Delhi, India, CLUSA collaborated on a self-help project in which the villagers dug an enormous "tank" for storing water from springs discovered deep underground. Successive terraced gradations form the structure of the tank. An abundant water supply is now assured. An electric pump feeds fields through canals also dug by the villagers.

## india—on the verge

India is a country struggling to learn how to feed itself. When it does, the world can breathe a little easier, for freedom from hunger is a condition of peace, and the more than half a billion people in India comprise one out of every seven people on earth.

A self-sufficient India would mean much for our own country. Should the world's largest democracy fail to make it, democracy around the world would suffer; the strength of our own democratic institutions would be impaired.

The tradition-bound Asian country has had a frustrating struggle. Persistence of customs reminiscent of Biblical times has slowed development. Literacy is still estimated at below 50 percent. Population gains threaten to wipe out food production gains. India counted 439 million people in 1961, expects 560 million by 1971. Drought in 1965 and 1966 brought famine. And the nation has been facing the uncertainties of internal political crises.

India, nevertheless, is moving ahead. Family planning is taking hold; the birth rate goal is 25 per 1,000 by 1980 (it's now 38); primary grade pupils have increased from 19.2 million to 58.3 million in 20 years. Industrial production is rising annually at an eight percent clip. With new types of seeds, the nation raised bumper crops of food grains in 1967 and 1968.

Government leaders predict optimistically that, barring catastrophe — man-made or natural — the country will achieve self-sufficiency in food by 1973.

The backbone of the Indian economy is agriculture. Of India's 500 million people, 400 million live in rural areas. India will not prosper until its farm and village people can break away from their "normal" life of malnutrition and, in addition, produce enough food to feed the cities.

One of the mainstays of Indian agriculture is a nationwide system of cooperatives which has been endorsed, stimulated and nurtured by the Government of India since the republic was born in 1950. An AID Mission market study found that cooperatives serve more than 90 percent of the nation's villages and that these local societies have 27 million members, more than half India's rural families.

The primary, or credit, society is the base of the agricultural cooperative system. It was set up to eliminate the moneylender and his exorbitant leech-like interest rates, and though the moneylender system has deep roots and still lives, the amount of agricultural credit provided cooperatively is surging upward. Village societies loaned \$30.6 million in 1950-51; \$480 million in 1966-67. This is still only a small beginning but a significant start in the right direction for creating indigenous capital.

Some village cooperatives also now supply fertilizer, pesticides, seeds and consumer goods to their members, and

they are becoming vital links in the transmission belt for the new agricultural technology.

The village societies then federate into district cooperatives which in turn form "apex" or state federations. The apex cooperatives unite regionally and nationally to perform various marketing, purchasing and manufacturing services.

In the last 15 years or so U.S. cooperatives, at the invitation of Indian government and cooperative leaders, have been pouring steadily increasing supplies of men, money and educational and technical assistance into India's cooperative sector to help speed the subcontinent's development. Action has occurred on many fronts, but perhaps most dramatic and significant is the still-unfolding fertilizer story.

Informed and motivated by government extension workers and by cooperative technicians handling the "making" of the green revolution, Indian farmers have developed a great hunger for fertilizer to help increase their production and income. Indeed, fertilizer consumption for the past 16 years has grown at a compounded annual rate of 16 percent for nitrogen, 21 percent for potash and 30 percent for phosphate products. Even the most conservative forecasts put the 1970-71 demand at a figure double the 1967-68 consumption. Cooperatives are a means whereby small farmers are able to get their small share at a reasonable price.

Indian cooperatives distribute most of the imported and domestically produced fertilizer but heretofore they have not had their own manufacturing facilities. Soon, if all goes well, they will.

Contracts are to be signed in mid 1970 for the construction and operation of a cooperative fertilizer plant complex in the western state of Gujarat which might well help tip the national scales toward self-sufficiency in food.

These cooperative manufacturing facilities, the major part of a \$112 million project investment, are targeted to go on stream in 1973. Annual capacity will be about 820,000 metric tons of finished fertilizer containing more than 400,000 metric tons of plant nutrients, or roughly three-fourths of the total Indian production for the year ending June, 1968, and one-fourth of the total Indian consumption for that year.

This fertilizer complex obviously will have a major impact upon the country's economy, as well as upon the family economies of several million farmers.

It will mean more than 80 million additional bushels a year of wheat and rice. It will mean that in ten of the 16 states of India, farmers themselves, through their own cooperative production and distribution system, will acquire democratic ownership and control of an important segment of their economic lives. This will mean not only more income from more production; it will mean less expense because farmers will be getting fertilizer from their own cooperative sources, at cost. And what this ownership

can mean to them in terms of community involvement, self-respect and a better standard of living is incalculable.

Something of an agricultural breakthrough, the fertilizer enterprise is a culmination of a dozen years of surveys, discussions and planning among cooperatives, and of course, the people of both countries. Until recently the project involved the governments (U.S. and India), private enterprise (the profit kind, led by the Bank of America, as well as the non-profit variety, led by cooperatives of both countries).

The big push came in the early sixties after Nationwide Insurance, a Cooperative League of U.S.A. member, responded to a request from Prime Minister Nehru to send a study team to India. One of the team's recommendations was to develop a cooperatively owned fertilizer plant, and soon thereafter the Indian cooperatives, in collaboration with Cooperative League representatives stationed in India, drafted an ambitious national development plan for accelerating the growth of cooperative businesses. Among other things, the plan called for entry into fertilizer production. The plan was discussed with concerned agencies of the Indian and U.S. governments (AID) and it was decided to attempt its implementation.

Next, two teams of fertilizer specialists from U.S. co-ops undertook engineering and marketing feasibility studies in 1966 and 1967, one group sponsored by the Cooperative League, the other by the International Cooperative Development Association (now Agricultural Cooperative Development International). Each team was loaded with expertise from the \$665 million U.S. co-op fertilizer industry, and each team concluded that cooperative fertilizer production in India was feasible and desirable.

Subsequently, discussion, negotiation and planning on where, how and what with, went up and down like a roller coaster. More than once all systems appeared to be "go" but more than once, too, objections were raised, postponements cropped up and frustration threatened to set in.

Indian fertilizer leaders, meanwhile, studied cooperatives for six weeks at the International Cooperative Training Center in Madison, Wisconsin. This period served as the background to a seven-month program in other U.S. locations which included technical studies of fertilizer production and distribution.

At length, the long international, inter-cooperative negotiations began to mesh, and by mid-summer of 1968 plans for the unusual private-public partnership were taking shape.

After the steep increase in U.S. commercial interest rates in 1968-69 it was agreed by all parties that the Bank of America would not participate in the project, which in turn meant that the participation of U.S. cooperatives in the proposed loan would not be needed.

The project will be financed by (1) funds raised by the Indian cooperatives, (2) the Government of India, (3)

AID, which will provide a direct loan of \$15 million and (4) the British Government, which will provide 7 million pounds in foreign exchange.

As the ultimate owner of the two plants, the Indian Farmers Fertilizer Cooperative Ltd. (IFFCO), will gradually take over the Indian government's capital interest. IFFCO is open to member-ownership by all agricultural cooperatives, and it's expected 40,000 to 60,000 in the ten-state marketing area to be served by IFFCO will become members and stockholders.

IFFCO has also entered into a cooperation agreement with Chicago-based Cooperative Fertilizers International (CFI) defining the terms of collaboration between U.S. and Indian cooperatives. Through CFI, 11 U.S. fertilizer cooperatives and two U.S. cooperative organizations (the League and Agricultural Cooperative Development International) are providing technical aid and know-how to build and operate the plant and market the fertilizer. To get the project moving they are making an outright gift of \$1 million in cash and additional contributions of management services in kind. But U.S. cooperatives do not expect and will not receive any return from the plant's operations, nor ownership nor control. As soon as IFFCO people can take over the operations on their own, CFI technicians will return home.

India-U.S. cooperative relations began in 1955 when the Cooperative League opened a one-man office in New Delhi. Subsequently, pilot rural projects, research studies, cooperative educational and training programs and a handicrafts industry study were activated, all with the cooperation of the Indian Cooperative Union or the National Cooperative Union of India.

One of the rural projects, the Mehrauli supervised credit program, hit pay dirt. Three thousand farmers in a block of 15 villages near New Delhi got character loans based on their capacity to use credit productively under technical supervision. They increased their production as much as 100 percent, even without irrigation. This success sparked renewed growth for the village credit societies and led to similar programs throughout India. In the late 'fifties and on through the 'sixties U.S. cooperative aid in India doubled and tripled. Technical consultants from many organizations in and out of government, cooperative and non-cooperative, reinforced efforts already under way. A number of study teams arrived — notably from the National Rural Electric Cooperative Association, the Foundation for Cooperative Housing and CUNA International, in addition to the fertilizer teams already mentioned.

Intensive efforts were launched to satisfy the need for cooperative education and technical training. Production of an education film, in color, for showing at the village level, sparked a program which eventually strengthened the effectiveness of 67 regional training centers and led to establishment of a National Cooperative College. India's cooperatives were also assisted in: (1) the establishment of

a chain of consumer cooperative "super-bazars" or department stores; (2) a pilot hybrid seeds cooperative and seed distribution center now being duplicated by cooperative and non-cooperative businesses and (3) management training and leadership development programs. The costs were borne by AID; contributions to the international work of the Cooperative League from farm, religious and cooperative groups through Worldwide Co-op Partners, the Fund for International Cooperative Development and Nelson Rockefeller's American International Association for Economic and Social Development.

More recently AID contracts have financed further cooperative development including assistance to oilseeds processing cooperatives which some observers believe have the potential to handle 1/3 of the country's total activity in this field. AID is also assisting the launching by the National Rural Electric Cooperative Association (NRECA) of five power and light projects in five states which will serve about 1,150 villages with a population of 11 million people.

The NRECA undertaking is most significant. All construction costs will be met from PL-480 counterpart funds, a procedure which could be a boon to cooperative development in other countries. With funding arrangements completed, organization and construction of all five projects is under way. Completion of the program will mean additional farm production from improved irrigation and it will inevitably bring the many other benefits that accompany the introduction of electric light and power into the life of a community. Plans for a stronger federation of credit unions and an Indian national organization for cooperative housing are also potential areas of AID involvement.

India, many observers feel, may well be on the verge of finally breaking away from famine and poverty to self-sufficiency. The next five years or so could tell the tale.



Mr. Dreyer at the New Delhi Co-op Super Market.

**THINGS LOOKING UP** - While it appears that farming is still primitive in Honduras, farmers through their co-ops are forging ahead. Under ACDI direction, the co-ops are providing better seeds, fertilizer and insecticides as well as technical assistance. Land that lay fallow is now in production.



## honduras—coming from behind

Drew Days is an experienced Peace Corps volunteer who has been helping Hondurans build their own agricultural cooperatives. He also has a sharp eye for conditions which have created the development challenge that faces the U.S. in Honduras as well as in all Latin America.

The big question, he says, is whether the U.S. can help bring about economic and social change there fast enough "to satisfy the mushrooming needs and desires of the people and at the same time develop democratic institutions that will assure progress within the framework of freedom."

What's happening in Honduras may provide a clue to one way that question might be answered.

This small Central American republic is about the size of Pennsylvania, with a population of two and a half million. As recently as the early 1960's it presented a rather sad state of affairs for the twentieth century. Poor roads and uncertain telephone and mail service limited communication and travel. Most people lived in isolation, cut off from what was going on outside their own little circles of poverty. They took no part and they had no dreams, because they had no hope and no reason to think that things would ever be any better.

National housing data for 1964 tell the old story of overcrowding, lack of sanitation, and dilapidation. Nine out of ten homes had no drinkable water; most of them lacked sewage systems, toilet or bath facilities. Seven of ten homes were built of adobe, wood, barbed wire and mud, or of wood sticks, with plain dirt floors. Eight of ten homes had roofs of porous tile, dry palm, cardboard boxes and the like.

Low- and middle-income Hondurans found it extremely difficult to get bank loans. With moneylender interest rates at 10 to 20 percent a month, both agricultural and urban development slowed to a crawl.

"Farmers were caught in a spider's web of financial difficulties, antiquated agricultural practices and poor markets," Drew Days observes. "And they were helpless."

Nine farmers out of ten had never used improved seeds, fertilizers, herbicides or mechanization, Days reports. Production of basic grains (corn, beans, sorghum, rice) was only 30 percent of capacity. Farmers had no experience with the use of fumigants in stored grain, and consequently up to half of the grains stored for more than two months was lost to insect infestation, spoilage, birds and rodents.

Economic hopelessness and the lack of any voice or participation in the solution of national or individual problems naturally led, as Days says, to "an almost total dependence upon employers and government and complete ignorance of any democratic process."

One of the first successful attempts to cut through this thicket of misery and apathy came in 1962, when two Catholic priests from Antigonish, Nova Scotia, came to Tegucigalpa. They helped vendors in the central produce market start a credit union which brought interest rates down from 10 percent per day, compounded daily, to 1½ percent per month. Early in 1963 the two men from Antigonish, joined by a representative of the Cooperative League of U.S.A., used a \$3,000 revolving fund to help start a fishing, a housing and a handicraft cooperative as well as more credit unions.

Their success sparked the interest of the AID Mission, and in 1964 it plunged into the situation. The AID people concluded that the only way the Hondurans could get out of the mess they were in was to be motivated somehow to extricate themselves. It was decided that what they needed most of all was reason to think they *could* do something for themselves, reason to think they *could* mobilize their meager resources, produce more profitable crops, live in decent homes and improve themselves in many other ways.

The best way to implement such a program of self-help and self-sufficiency, AID decided, was through a system of credit, housing and agricultural cooperatives.

Accordingly, with wholehearted government approval, it called on CUNA International in 1964 to get going on credit unions, on the Foundation for Cooperative Housing (FCH) to develop a housing program, and, in 1966, on Agricultural Cooperative Development International (ACDI) — then known as the International Cooperative Development Association — to help do the rural job.

It was understood that each of these organizations would aim to establish a national cooperative federation, independently owned and controlled by the people themselves through their local cooperatives, by no later than the early '70s. U.S. personnel in the field would be phased out as soon as possible.

The President of Honduras declared publicly that "the Government is intent upon promoting cooperatives. Cooperatives constitute the most adequate channel through which economic and social development can reach the communities of the Republic."

The credit unions came first because they were simpler to set up, the benefits were more readily visible, and they could provide some of the capital to finance other cooperatives.

Next came FCH, right on time to help the government push ahead with its five-year-plan to build 9,495 dwellings by 1969. It was felt, too, that a housing program would touch off a chain reaction of other jobs and services.

ACDI came in as the third stage of the Honduran cooperative rocket to —

- (1) Increase production for small and medium size farmers through use of the new technology;
- (2) Make farming more profitable by cooperative purchasing, reducing waste and losses due to spoilage,

cutting loan costs by using cooperative credit facilities, and arranging more favorable marketing conditions;

(3) Help iron out the wild price fluctuations on the market which reached as high as 400 percent in some periods; and

(4) Help with member education and management training courses to provide the necessary competent leadership. In this connection 20 Hondurans have graduated from training courses at the International Cooperative Training Center at Madison, Wisconsin, a number of them under ACDI sponsorship.

Results of the three-pronged drive to help Hondurans help themselves to a piece of the action have been highly encouraging.

CUNA International guided organization of the Honduran credit cooperative federation — FACACH — in 1966. By early 1969, it could report 114 member credit unions, with 21,000 member families, \$2.2 million in member savings and loans totaling \$8.5 million. Two-thirds of the rural loans have been made for productive purposes.

FACACH has been asked to become a national cooperative finance institution, and to this end the government granted it a \$1.5 million loan earmarked for agricultural cooperatives. It has another half-million available to fund urban societies.

This approach to cooperative financing adds a new banking dimension to credit union development. In the mill are plans to centralize credit union checking accounts and, later, to provide for member checking accounts.

FCH helped organize the Honduran federation of cooperative housing (FEHCOVIL) in 1967, and with a \$2 million AID loan, this led to construction of two urban cooperative projects — Colvisula in San Pedro Sula, the country's second largest city, and Cooperativa El Sauce in La Ceiba. These projects have a total of 253 two-, three-, and four-bedroom units with a cost to members in the \$7,000 range. Member families' savings have created cooperative working capital of \$626,240.

It's planned to build 500 units for rural areas at an average cost per home of \$850. About 1,000 urban homes, at \$4,500 each, are anticipated under the AID Investment Guaranty Program.

Evidence is that low- and middle-income Honduran families do have the ability and the desire to pay for clean, livable housing. Delinquency in payments among families living in the completed projects has been less than one percent, and the cooperatives are up to date in repayment of the mortgage loan.

Members of the Colvisula cooperative have been industriously adding porches, garages and rooms and otherwise improving their properties.

"So much landscaping has been done," reports FCH Editor William Eggbeer, "that the entire project is taking on the appearance of a large flower garden."

Within three or four years, it's hoped that another thousand Honduran families will be living in their own cooperative housing.

The agricultural cooperatives got off in 1966 to a later start than credit and housing, but in less than two years 11 associations were under way with a membership of 1,500 farmers. There were to have been 17 co-ops by the end of 1969, as well as the start of a federation, though self-sufficiency may be several years off.

ACDI technicians, Peace Corps volunteers and Honduran farm leaders have worked wonders. They helped cooperatives get fertilizer, insecticides and fungicides for members on favorable credit terms and at low wholesale prices. Farmers have saved more than \$12,000 in the buying of supplies alone.

Some 7,500 acres of land have been brought into full production using improved seeds and new farming techniques. In some cases yields shot up as much as 50 bushels an acre, more than 100 percent over the old yields.

Storage and conservation practices have been put into effect, and farmers got some 20 percent better prices for their grains.

The overall program produced this startling result:  
**Member farmers attained a per capita annual income three times the national average.**

Goals for 1973: 30 farm cooperatives, 6,000 members, 30,000 acres of land growing basic foodstuffs, 22,500 tons of grain stored and marketed annually, \$600,000 in members' equity capital and \$1.9 million loan capital for production credit, grain marketing and service installations.

Though more difficult to evaluate, social results of introducing the cooperative into the mainstream appear to be equally encouraging. Walls of despair and isolation have come down. People have been bitten by the pride-of-ownership bug. Honduran resources — human and physical — are being reclaimed. The word is getting around that farm people can improve their station in life.

There have been setbacks, of course, the most serious being the "soccer war" between Honduras and El Salvador. Cooperative facilities near the border were destroyed and, in the interior, local leaders who had emigrated from El Salvador were forced to leave the country. However, new leaders were selected, crops were harvested from the abandoned farms to pay off cooperative loans, and the members developed an even greater will to succeed with "our cooperative."

Says Drew Days: "Cooperatives, by serving as important forums for the discussion and solution of numerous common problems, are for most areas in Honduras, among the first viable community organizations in their history."

The amount of manpower and dollars involved has been surprisingly small. At present a staff of three U.S. and three Honduran technicians administer the three areas — credit, housing, agriculture — on a nationwide basis. Fifteen

Honduran extensionists and six short-term U.S. technicians work with specific regions, and 45 Peace Corps Volunteers help local cooperatives. All U.S. personnel are to be phased out by 1972.

AID has made grants of \$1.5 million (\$250,000 a year) and loans of \$4 million.

For this small price, a ray of hope for a better life has been delivered to thousands of Hondurans. Galo Plaza, Secretary General of the Organization of American States, once said: "'Hope' is the important element. The minute that hope is introduced into the picture, any extreme notion of something exploding before anything can be done disappears."



Officials of the Honduran Government and the new cooperative federation sign the charter. The federation was formed through the work of ACDI, which previously performed the union's functions.



Cooperative housing projects in Honduras are privately managed by resident administrators with back-up assistance from the local cooperative housing technical service organization, FEHCOVIL and the Foundation for Cooperative Housing (FCH). The Resident Administrator of the Colvisula Housing Cooperative discusses the maintenance budget with one of the board members.



## help at the grass-roots (agricultural cooperative development international)

Most farmers in the developing areas of the world remain outside the market or money economy, dominated by the middle man, the moneylender and the absentee landlord. They need help — to produce more, to have more and to be able to have their say in the market place.

Old foreign aid hands have discovered that to provide this kind of help effectively is no small task. It calls for technological help, yes, and for credit and capital, but even more importantly, it calls for the farmers themselves to become motivated to carry out their agricultural development and make it stick.

This motivation and initiative normally does not occur overnight. It takes a lot of education, information and experience; it takes trained leadership; it takes organizations run democratically by the farmers themselves; and all this takes time. But when it does take hold, it's permanent, all set for the long pull.

Cooperative leaders have watched this same kind of slowly-grinding cooperative mill produce healthy, viable cooperatives in the rural U.S., with billions of dollars in assets. They believe it will also produce a crop of cooperatives overseas that can speed agricultural development.

Thus, 25 leading U.S. cooperatives, mostly agricultural, have joined together through Agricultural Cooperative Development International (ACDI) to help farmers help themselves with AID-financed technical assistance.

ACDI came about in 1968 through the merger of the International Cooperative Development Association (ICDA) and the Farmers Union International Assistance Corporation (FUIAC). From these organizations, ACDI inherits many years of experience in more than 30 countries over the world, in both instances with AID as a financial partner. It includes among its member organizations the largest and most successful cooperatives in the U.S. with combined assets of more than two billion dollars and with long and specialized experience in all phases of cooperative agricultural enterprise. ACDI has the opportunity to tap the technical resources of these member organizations for use overseas.

A major effort was launched in 1962 to deal with the lack of technical and management skills that hold up agricultural development. Over a five-year period, 299 rural young people, selected by ACDI from 250 communities in five countries — Bolivia, Chile, Colombia, Peru, Venezuela — underwent four months of intensive, farm-related training, education and experience in depth in U.S. farm communities. The schedule included six weeks of living in farm homes, two weeks of study of cooperatives at the

International Cooperative Training Center in Wisconsin, two weeks of study in community development programs at a land grant college and one week observing rural development in Puerto Rico.

The program gave small-farm campesino leaders a chance to see first-hand how cooperative agriculture works in the U.S.

Of the 299 participants, almost all have assumed voluntary leadership in a variety of development projects back home — school and road-building, cooperatives, livestock and food crop improvements, irrigation and potable water projects, 4-H Clubs, production credit, rural electrification and other self-help ventures.

Some of them have been elected to government offices. Others have become directors and teachers in adult education. Some are now campesino organization leaders, others are 4-H Club regional supervisors. A few have advanced to the "tecnico" level in agricultural extension work.

In addition to the Latin American project, training for more advanced cooperative management and planning personnel was conducted for two years in eight of the Francophone countries of Africa.

The stories of the prominent role played by ACDI in the multi-million dollar cooperative fertilizer complex in India and in the economic and social rejuvenation of Honduras are told elsewhere in this booklet.

In country after country, in Asia, Africa and Latin America, ACDI technicians have been working with host governments and local organizations helping to stimulate people to organize cooperatively — in order to borrow at interest rates which offer them hopes of eventually getting free from debt, to increase production, to improve market conditions, to get better prices and more income, and to increase their participation in community affairs.

### Examples:

In Latin America a dairy marketing and supply service brings the urban market within reach of isolated producers so that their income is increased and more milk is available; in Latin America, again, producer marketing cooperatives act together to attempt to break up a "mafia" stranglehold on terminal produce markets which had limited producers to as little as 15 percent of the consumer price.

In Uganda ACDI technicians, working hand in glove with supply-marketing cooperatives and the government, have been advising more than half a million farmers. A major achievement: farm credit cooperatives have slashed production credit interest rates from 60-70 percent a year down to 12 percent for members, with an overall delinquency average of under four percent. These credit co-ops have jumped from less than 100 in 1962 to 350 in 1969, and the goal is 1,000 by 1973.

In South Vietnam, besides trying to restore and revitalize the farmer associations and make the supply

cooperatives viable, ACDI men are helping the Agricultural Development Bank modernize the accounting system and are setting up computerized records of farm loans and repayments.

In the Philippines, ACDI helped create a national rice marketing federation, GRAMACOP. In Thailand it helped organize 28 multipurpose farm cooperatives with a membership of 43,000 — marketing, supplies, credit — in the country's sensitive Northeast region bordering on Laos. Ten more associations are in the formative stage.

In Nepal, a landlocked country in the Himalayas between Red China and India, one ACDI technician is helping to build a chain of co-op warehouses (or godowns) as a link in a more sophisticated marketing system. As a start the first godown handled 35 metric tons of rice and a considerable amount of wheat profitably during the first paddy season for its 932 members. Nepal can produce a rice surplus, and an ACDI specialist is working with the Nepalese to make the most of this happy capacity. Another technician, meanwhile, is advising on the expansion of the distribution of fertilizer.

In Colombia ACDI men helped cooperatives in milk marketing and in the organization and management of farm supply distribution.

And in Jamaica, dairy farmers are learning the latest milk sanitation methods and forming a milk cooperative which will become a part of a cooperative marketing system.

These are all examples of cooperative development to generate agricultural development which in turn means the development of a nation and its people. Each instance of help, in itself, may seem small and, in the light of what remains to be done, inconsequential. Add it all up and even then you get no astronomical totals, but what you do get is a discernible trend, a sign that no matter who people are or where they are they have the capacity to move up and to keep up with today.

Cooperative development takes a little longer, perhaps; it takes time to learn the special skills required for cooperative management; it takes time for members to learn how to use their newly acquired ownership rights and responsibilities. But experience in the U.S., as well as other countries, has demonstrated that farm cooperatives can get the job done.

Pump-priming capital and experienced technical help can quicken the development pace. This is what ACDI, working with AID, is up to.



**BIG PLANS** — ACDI technician Jose Guzman (right) discusses operating problems with the manager of the cooperative store at Pontezuela, Colombia. The store handles fertilizer, feeds, farm supplies and staple foods for the farmers in an area isolated from a trading center. If present plans work out, the store and others like it will become an important link in the marketing of fruits and vegetables produced in the region. Guzman also served for three months as advisor to the new National Transport Agency of Colombia to help solve marketing problems at Pontezuela, as well as other parts of the country.



**TIME TO SPRAY** — When the cattle of the Bunyoro Union Ranch come down the spray race, they become free of ticks. The ranch supplies high grade stock to union members from its prize bulls and artificial insemination facilities, part of ACDI's effort to upgrade agriculture in Uganda.



Mr. M. D. Guild, a retired grain expert, assisted co-op members in the development of a grain marketing cooperative in Honduras.



Members of a grain marketing cooperative raise the framing of a new grain warehouse in Chichicaste, Honduras. Now completed, the building has an asbestos roof and a concrete and stone floor. AID provided funding for this project which was carried out entirely by the co-op members.



Rice being transplanted in the cooperative production plot of the La Union rice cooperative, CLUSA program, Ecuador.

## the long outreach (cooperative league of the u.s.a.)

Put your finger down on a map of Asia or Latin America and the chances are good that whatever country you touch the Cooperative League has been there with assistance to cooperatives. In 25 years of international work it has assisted some 40 countries.

One of the reasons for the extensiveness of this assistance is that the League is a national organization of all types of American cooperatives. It has both agricultural and urban members, including insurance companies, food supermarkets, and federations such as National Rural Electric Cooperative Association, the Foundation for Cooperative Housing, and CUNA International, among others. It also actively represents the U.S. in the International Cooperative Alliance which consists of cooperatives in countries throughout the world and which has a global outreach assistance program of its own.

More important are the principles embodied in the League's assistance. Its international program leaders believe in the principle that in any developing country no study or analysis should be attempted, no program drafted, and no technical assistance begun without first having the backing and promise of participation of the cooperative and government leaders of that country. This assurance of participation not only increases the likelihood that the aid will "take", it also enhances the initiative and confidence of the people in themselves.

The League operates on the further principle that the organizational, business and educational experience of U.S. cooperatives provides the most meaningful resource with which to help other people.

About a dozen cooperative advisory committees to specific development projects are used to implement this principle — committees in such fields as oilseeds processing, agricultural credit, insurance, consumer cooperatives and fertilizer production and distribution.

Committee members, each of them nationally known in their respective fields, come not only from League member organizations but also from non-member cooperatives and occasionally from universities and government. The committees screen requests for aid, help recruit personnel for overseas assignments and review ongoing projects.

The work of committee members has been indispensable in moving forward such projects as the development of 14 cooperative oilseeds processing plants in India and conducting an analysis of the food production and distribution system of Chile. (In the case of the oilseeds project, Mr. Wilmer Smith, President of the Plains Cooperative Oil Mill, Lubbock, Texas, and Mr. Joe Givens,

General Manager of the Tri-County Cooperative Soybean Association, Dawson, Minnesota, spent three weeks reviewing the progress of the project and made recommendations for its future development. The project can improve the lives of 6.4 million oilseeds farmers of India and their families, the average size of which is 5.2 persons.)

The fertilizer committee, set up jointly by the League and Agricultural Cooperative Development International to move forward the \$112 million fertilizer complex in India, evolved into Cooperative Fertilizers International. (Chapter II).

Many of the international projects in which the League has worked involve the mobilization of capital for cooperative development. Various approaches have been used:

1. Latin American cooperatives have been helped to organize a development financing system, within countries and on an inter-American basis. Feasibility surveys on cooperative banks have been completed in nine countries; banks have been set up in Chile, Ecuador and Colombia, and technical aid has been given established banks. The Inter-American Cooperative Finance Development Society, Inc. (SIDEFCOOP), of which the League is a member, has been set up to integrate the cooperative banking system.

2. Non-profit insurance companies have been established. In Peru lives of credit co-op members are insured cooperatively under sponsorship of the Peruvian Federation of Credit Cooperatives. If a member dies with his loan unpaid, the company pays off the loan; if he dies with money in his savings account, Cooperative Insurance pays double the savings to his family. Other similar companies have been organized in Bolivia and Chile.

3. Cooperative development foundations have been launched to make loans to young cooperatives which could not otherwise borrow funds. In Colombia the Foundation for Cooperative Development began with \$2,000 from the League and \$20,000 from CARE. Then Colombian institutions began contributing, and as of the end of 1968, assets totaled \$115,000 and the Foundation was dispensing loans at interest rates of 6 percent compared with the rates of 30 to 50 percent charged by other sources.

4. In connection with the India fertilizer project, (Chapter II) the League brought together cooperatively oriented mutual insurance companies who expressed a willingness to participate in the \$55,000,000 project loan originally contemplated by the Bank of America. The willingness of these companies to consider participation in the project, up to a total of approximately \$14,000,000, is an indication that U.S. cooperative resources can be mobilized for worthy cooperative development projects in other countries.

The League took an important step toward consolidation of its international and domestic assistance programs by the organization of the Outreach Division within the League and the formation of the Cooperative League Fund

(CLF) which is a fund raising and granting organization. The Fund has access to all League members for help in studying, developing and backstopping grant activities and as sources of advice and manpower recruitment.

The League mobilizes its own development funds although AID contracts support most of the fulltime League technicians abroad. With the help of the CLF (formerly the Fund for International Cooperative Development) and Worldwide Co-op Partners (WCP), the League has raised from U.S. member cooperatives and individuals as much as \$300,000 a year for overseas use, plus in kind individual and group assistance. During 1969, over \$200,000 (cash and kind) was expected.

Agricultural development programs have included establishment of local and national marketing institutions, feasibility surveys, organizational and management assistance, diversification of operations, formation of cooperative federations, education and training for local people, and help in setting up cooperative credit sources.

In Ecuador, for example, cooperative coffee growers have doubled their income in four years, from \$12 per hundred pounds of coffee to \$24.79. In 1965 there were nine coffee cooperatives in the equator-straddling nation, with 200 members. In less than three years there were 45 with 2,000 grower members. These 45 own, in turn, four regional federations, topped by a national federation. In 1965 co-op coffee growers exported no coffee; today they account for 15 percent of the nation's coffee exports.

In India 800 League trained instructors work with village cooperative managers, directors and members throughout the country to help them improve their cooperatives.

The League participated, too, in starting the highly important Organization of the Cooperatives of America (OCA) in 1962. Based at San Juan, Puerto Rico, OCA has 273 member cooperatives from 21 countries of the hemisphere. It has received an AID grant to help establish trade among the continent's cooperatives, to assist with management training for Latin American cooperatives and to provide other needed technical assistance.

But as anyone who has tried it knows, cooperative assistance work may involve numerous types of difficulties. In assisting the establishment of the Cooperative Research and Training Center in Saigon, South Vietnam, the League learned about some of the difficulties of operating in an area where security is a real problem. In assisting in the formation of 17 multi-purpose cooperatives, now federated, in Northeast Brazil, it encountered the difficulties of assisting in an area which has an extremely depressed economy.

Finally, the League has appreciated the opportunity to work with AID as well as with the Peace Corps, CARE, the International Cooperative Alliance and many other private and governmental organizations and people in pursuing mutual objectives. Its officials believe that, in

pursuing the full development of the global village in which we live, all organizations and persons of good will are a part of the long outreach.



CLUSA President, Stanley Dreyer (with flowers) and Dr. Allie C. Felder, Jr., Director of CLUSA's international work, (far left) visit one of the oilseeds processing cooperatives being assisted by the League in India.



A meeting of the Board of Directors of the La Carmela rice cooperative with Rice Project Director, Gustavo Riofrio, CLUSA program, Ecuador. Notice the various slogans and posters in the background.



CLUSA President, Stanley Dreyer (with flowers) and Harold Rissler, (with bow tie) CLUSA Oilseeds Processing Specialist in India, visit peanut farmers. Peanuts are one of the major oilseeds processed by Indian cooperatives.

Appreciative of the work of credit unions in uplifting the standard of living for millions of Latin Americans, the U.S. Government and numerous private and civic organizations are utilizing the credit union idea in their economic and social development programs. For instance, CUNA International has contracts totaling more than \$1.25 million with the Agency for International Development (AID) and several with the Peace Corps for credit union development programs.



## “miracle seeds” (CUNA international)

The credit union is another high-yielding “miracle seed”. The miracle is that, as it grows, people touched by it grow right along with it, in many ways.

Take the credit union at Julio Andrade, an Ecuadorean village high in the Andes near the Colombian border. Ordinarily, young Segundo Rafael Huera would have had to leave his home in Julio Andrade to hunt work in the city. But a credit union loan enabled him, his father and his brother to start a cement block-making business.

Luis Filiberto Yar-Maya fattens and sells steers. He borrowed 9,500 sucres (\$475) from the credit union to cover the cost of six steers, rent for pasture, wages for a watchman, salt, veterinary expenses, and the ten percent of the loan that has to go into his savings account. In less than nine months his enterprise has brought him a net of \$180, amazing in a country with an annual per capita income of \$80.

Victor Manuel Huertas bought a Duroc-Jersey sow for \$50 with his one-year credit union loan. He got two litters from the sow before selling her for twice what he paid. He paid off the loan and has the two litters free and clear, minus the cost of maintaining the sow during the year.

Ecuador's small farmers or *campesinos* had always been on the outside of the economy looking in, in debt for life to the traveling *chulco*, or loan shark, and living from hand to mouth. Even if they knew they needed better seeds, fertilizer, insecticides, fungicides, and vaccines, they had no money to buy what they needed, and even if they had, they didn't know how to use the new supplies effectively.

The answer came through an innovation of CUNA International called Directed Agricultural Production Credit (DAPC), which combines low-cost credit with technical advice and training. This program is administered by CUNA under a contract with AID.

Under DAPC, credit union members attend classes to learn about the operation of their cooperative and the mechanics of borrowing, saving and repaying. The DAPC credit union stresses productive loans which will yield repayment funds along with the crops. A member obtains a loan only after he shows exactly how he will use the money and how he plans to follow the advice of the agricultural extensionist. He must also agree to add to his credit union savings during the life of the loan.

The credit union at Yaruqui, about 35 miles from Quito, serves 300 of the 400 families in the community. Nicolas Paillacho Lovat, the manager, recalls that few members used the technical advice offered by the credit

union the first year. “But the few who did,” he says, “had tremendous crop production, so today others want fertilizer, insecticides and fungicides.”

By mid-1968 there were 21 DAPC credit unions in Ecuador, with 10,000 members, \$500,000 in savings and more than \$750,000 in loans outstanding. And the numbers were steadily rising.

Borrowing needs have outrun savings, but the national credit union federation gets the Bank for Cooperatives of Ecuador to fill the gap. And because the investment of credit unions and co-ops in the bank is small, its working capital is enhanced by a \$1.2 million line of credit from AID and a 20-year loan from the Ecuadorean government.

Thus there is growing here an unusual financial plant — a self-sustaining, non-government, cooperative farm credit system, all the way from the campesino local credit union members, through the credit union federation, to the cooperative bank in Quito, and thence out into the world money market.

Net result of the DAPC program has been to lead many a small farmer out of poverty and isolation and into the nation's economic and social mainstream.

The DAPC idea is germinating throughout rural Latin America. It hit Costa Rica at Tierra Blanca where, in seven months last year, the credit union increased membership 45 percent, savings 96 percent, and loans 270 percent.

“I am proud,” says Marco Brenes, “that I was the first member of the Tierra Blanca Cooperative to ask for a loan to build chicken productivity. And look at the results. At first I was just another chicken farmer. Now I am the head of my own little enterprise.”

DAPC is just one — but a highly significant — part of the total CUNA International development effort. Using ten percent of its dues income with telling effect, it has, since 1954, helped organize and develop credit unions in 70 countries.

The major CUNA effort under its AID-sponsored programs has been in Latin America, but development is also going on in the African countries of Tanzania, Uganda and Kenya and in Republic of South Korea in Asia. CUNA has also worked on its own in a dozen other Asian areas.

In Latin America, with AID, CUNA has assisted local leaders to set up national credit union federations in Peru, Venezuela, Colombia, Brazil, Bolivia, Ecuador, Guatemala, Honduras, Costa Rica, Panama, Nicaragua and El Salvador.

For every dollar of technical aid costs to AID in Latin America, CUNA estimates credit union members have raised more than \$24 of new capital themselves.

In the 12 CUNA assisted countries, there were 432 credit unions in 1962, with 129,000 members and savings of \$4.2 million. At the end of March, 1969, there were 2,729 credit unions, with 759,210 members and savings of \$58,690,332. Loans during the six-year period totaled more than \$200 million. Local organizations, Peace Corps and

multinational organizations share a part in this success story.

Behind these figures is a program of family and national development CUNA describes as the "Four Roads to the New Life" – (1) building capital through mobilization of local savings; (2) increasing production through low-cost credit; (3) developing human resources locally through in-service training programs and (4) building democratic institutions through which credit union members are participating in the process of self government.

The ability of people of modest means to mobilize savings has been truly surprising. A neighborhood credit union in Ecuador accepts share deposits as small as five cents. In Costa Rica bus drivers have saved enough through their credit cooperative to buy a one-third interest in the bus company for which they drive. In Bolivia savings in credit unions in 1968 exceeded those in commercial banks. Latin American leaders are looking forward to handling a billion dollars in credit union savings some day. The myth that "poor people can't save money" would seem to be disproved. It could be that the failure of poor people to save has been largely because they haven't been reached by institutions which provide the opportunities and incentive to save.

In providing low-cost credit, credit unions are placing increasing emphasis upon productive loans, and CUNA foresees that 80 percent of all credit union loans in the future in developing areas will be for production supplies, livestock and the like.

The credit union development leads to the development of human resources and skills through training. At first a credit co-op and its officers depend upon outside technical and financial help. Through widespread use of local and federation training seminars, however, credit union personnel become more and more self-sufficient. In Latin America more than 50,000 people have been trained and are now working on self-help, economic improvement programs.

Under CUNA programs a unique instrument for management by credit unions of their own resources, has been developed. It's called COFAC (the Centralization of Funds and Accounting). Panama started using it in December, 1967, when the national federation began centralizing into one account the individual accounts of the 110 credit unions in that country. This enabled the federation to use the float capital of the individual accounts for loans to member credit unions. This device created a ten percent increase in the member credit unions' working capital. When the bank handling the account offered overdraft privileges equal to the float capital, the credit union working capital went up another ten percent.

Finally, credit union development has meant much more, of course, than the economic gains which have reached millions of people over the world. The social

consequences also have been impressive. People at all levels in every country have learned to work together through credit unions and in so doing have discovered the value of democratic institutions.



A cooperative member paying his quota.



Korean rural leaders, credit union trainees, meet the president of a Pusan market vendors' credit union (left) during a recent seminar and field trip. The credit union is the twenty-first to be organized in Korea, which as of July 1 had 27. The training session was sponsored by the Voluntary Cooperative Center, which is supported by the Maryknoll Sisters, the Texas Credit Union League, and CUNA.



This Nicaraguan couple was able to set up a small shoe manufacturing business, thanks to a credit union loan which was used to purchase machinery.



The families of twenty small farmers in Lidice, Panama who formerly lived in thatched huts now live in new concrete block homes, which cost them only about \$600.

These twenty homes constitute the first section of a rural cooperative sponsored by the Panamanian Foundation for Cooperative Housing (FUNDAVICO). This pilot project was funded by a U.S. Agency for International Development grant and organized with technical assistance from FCH Services.

In order to hold the price of the homes within the economic means of their prospective residents, cooperative self-help was utilized.



In a section of apartments in Bogotá, Colombia's Ciudad Kennedy a management-type cooperative has been organized in order to provide its residents with better maintenance.

In this section green areas have now been planted to provide pleasant recreational areas for children and their parents.

The conversion was accomplished with technical assistance from FCH Services.

## most neglected problem

(foundation for cooperative housing)

One of the world's most serious, and perhaps most neglected, development problems is housing.

As populations increase, the housing gap widens. There has been little or no catching up.

The worldwide farm-to-city movement of people compounds the problem, especially in Latin America which has one of the highest birth rates in the world (over 3%), and where the growth rate exceeds 7% per year in most major cities.

Many large cities in Latin America now are circled by shacks built of packing crates, cardboard, sheet metal or any other waste material that comes to hand. Eight to fifteen people in a mud-floored shack. No water or sanitary facilities. Shack dwellers constitute from a fifth to a third of the total population of some cities.

Eugenio Mendoza, head of the Venezuelan Foundation for Popular Housing, asserts:

"The population of these countries is growing rapidly in the midst of a politically immature society and during an age in which the world, in a crisis of spiritual values, is the battlefield of opposing ideologies. It is therefore necessary to act with determination and speed if we expect to solve these problems which are undermining the basis of a society which can and must live in freedom and prosperity."

With AID support, the International Division of the Foundation for Cooperative Housing, FCH Services, Inc., is working on this task. FCH is providing a broad range of technical assistance services directed toward the establishment or strengthening of local housing institutions.

The process of housing development involves primarily the mobilization of internal resources, both human and financial, within newly developing countries. FCH efforts have been primarily directed toward development of cooperative housing technical service organizations (TSO's), federations of housing cooperatives and construction of demonstration cooperative housing projects.

FCH has cooperated with organizations responsible for the development of savings and loan associations and credit unions in promoting local savings for housing. Technical assistance and mortgage financing through development loans or investment guarantees go hand in hand with this process.

The village of Los Pocitos on the Pacific side of Panama is a microcosm of rural Latin America. It is little more than a country store and a rural school. Dirt and gravel roads lead out to small farms with their three straw-roofed *chozas*, one for living, one for cooking, one for grain storage.

The one-room mud-floored choza farm home sits directly on the ground. It is walled loosely with cane strung

with reed, and its leaky thatched roof harbors insects and vermin. It is one more reason rural people decide to move to town, only to find they are trading their rural mud for the quicksand of the urban slum.

Onto this scene at Los Pocitos in the mid-1960's came a modest housing program for *campesinos*.

A revolving fund grant of \$3,000 from AID's Panama Mission financed the first group of ten houses.

Collaborating on the venture were FCH and the Panamanian National Housing Institute, originators and directors of the program; the Panamanian Ministry of Agriculture, Commerce and Industry; CUNA International and the Panamanian Credit Union Federation and the Peace Corps.

The Los Pocitos credit union was indispensable to the operation. Families had learned to save in it and had accumulated enough to make small downpayments on new homes. The credit union assisted in disbursement of funds, collection of repayments and administration of the revolving fund. This combination of credit union facilities and technical cooperative housing guidance was one factor in the program's success.

A team of housing representatives introduced the program at credit union membership meetings. A few families built a model house for public inspection, and interest began to spread; applications to take part began to roll in.

But there were eligibility requirements. Each participant family had to have a regular income, even though low and seasonal, and be able to make regular repayments. The Los Pocitos farmers themselves judged the applicants: this one works hard and saves his money; that one gambles his earnings away at cock fights and seven-eleven games; this one helped build our school. Each of the ten families in the first group met the eligibility requirements.

The project blended old and new ways, old and new materials. Native cane was used in the wall panels but bound with galvanized wire rather than reed. The tradition that poles and cane be cut just after the full moon was followed. But the farmers learned new skills; how to use a concrete mixer provided by AID and how to make concrete block with a simple, hand-operated machine.

Completed, the new farm home has a concrete floor, wooden frame and metal roof. Concrete blocks on the lower walls keeps out animal and insect life and the effects of weather. The house stays dry inside. There are two bedrooms and one room for general living. The basic house can be expanded under a four-stage modular plan to add a bathroom and one or two more bedrooms and to enclose the kitchen and provide for another porch.

The average house cost, aside from the contributed labor and materials, was \$300, of which \$30 was a down payment. The rest was covered by loans from the \$3,000 revolving fund, to be repaid, on the average, at \$3.50 a month for seven and one-half years.

Downpayments and repayments go back into the revolving fund to provide mortgage money for other families. Downpayments by the first ten families supplied funds for another house in six months. As the number of houses increased another home was being funded every two or three months. There are now 27 homes in this first project created with the original \$3,000 revolving fund.

Los Pocitos succeeded because it dovetailed into a workable pattern: professional housing design and construction capabilities; family self-help labor; technical supervision; native materials; credit union facilities; and a cooperative structure to enlist democratic group action, to lower costs, to simplify procedures and to support a continuing program.

A 78-unit self-help project also has been completed in the city of David not far from Los Pocitos. This is called the Dos Pinos ("Two Pines") Cooperative, honoring the Cooperative League's emblem adopted by most Latin American cooperatives.

Los Pocitos and Dos Pinos helped cooperative housing become a national program in Panama. FCH recommendations, based on results there and studies elsewhere, brought two AID housing loans: one of \$3.5 million for cooperative housing in both rural and urban areas, one of \$3 million to relocate and rehabilitate slum families living in Panama City, Colón and Santiago. With the \$3.5 million loan, the Panamanian Foundation for Cooperative Housing (FUNDAVICO) was set up as a nationwide technical service agency to promote, organize, build and manage cooperative housing projects. FCH provides daily assistance to FUNDAVICO which includes training for technicians and co-op members. This loan also is helping to build four urban single-mortgage housing cooperatives totaling approximately 800 units and to build an expanded rural self-help program which will consist of about 450 homes.

With the \$3 million urban improvement loan, AID and FCH have helped the National Housing Institute with the voluntary relocation of more than 6,000 slum and shack dwellers on land they will own, and others have benefited from the rehabilitation of existing squatter areas. The program has also provided for the creation of jobs, has provided job training in a building materials production center and has built schools, streets and water supply systems. When complete, a total of 10,000 people will be involved in this program.

In addition to FUNDAVICO, FCH has helped establish other private, non-profit technical service organizations in Honduras (FEHCOVIL), Jamaica (Mutual Housing Services), and Colombia (PROVICOP). FCH has also worked with INVICA and TECHNICOP in Chile, FEDECOOP in Colombia, INVICA in Venezuela and Brazil's first technical service organization in the state of Minas Gerais.

This work is in line with the FCH objective of building strong democratic housing institutions in these countries so that the people themselves will have the ability to meet their housing problems. In two countries, Chile and Brazil, where early FCH assistance helped develop cooperative housing institutions, thousands of houses are now being built every year in cooperative communities, using local financing and local technical help.

FCH also has helped create new departments within the government housing institutions in some countries to provide cooperative housing technical service. In Guatemala, for example, technical assistance to the government housing institution, INVI, has resulted in construction of a low-cost co-op project in Escuintla with financing from private and government sources. Secondary mortgage assistance for this project will come from the Central American Bank for Economic Integration. This 188-unit project is financed 55 percent by the National Housing Institute, 35 percent by seven industrial companies in Escuintla, and ten percent by a housing cooperative formed by employees of those companies. Membership, however, is open to all Escuintla residents, not just employees of the industries.

Cooperative housing development got a big push with the amendment of the LA/AID Investment Guaranty Program in 1965 to include guarantees for co-op projects. This program is similar to the mortgage insurance program of the Federal Housing Administration in the U.S.A. In other words it does not lend any government funds, but simply insures or guarantees the payments on housing loans made by private U.S. investors. To date the guarantees designated under the AID Investment Guaranty Program have amounted to \$16 million for cooperative housing programs.

A significant portion of guaranty resources is being made available for development of cooperative housing projects to provide home ownership for middle and lower income families. Cooperative housing Investment Guaranty projects sponsored by non-profit private technical service organizations are now being developed in Colombia, Venezuela, Honduras, Jamaica and Chile, with FCH assistance.

The International Program was undertaken by FCH Services in 1962 to help people in developing lands get an opportunity to live in decent houses. Most FCH assistance has been concentrated in Latin America but there is increasing activity in Africa and Asia.

In 1966, stimulated by U.S. efforts in international development and the success of the FCH program, large cooperative housing organizations in nine countries formed a multi-national organization to undertake similar activity. The International Cooperative Housing Development Association (ICHDA) was organized by associations affiliated with the International Cooperative Alliance. ICHDA has its headquarters in Washington and an operations office

in Cologne, Germany. Its first undertaking is a pilot project in East Africa. This will be a 500-unit cooperative on the outskirts of Dar es Salaam in Tanzania. FCH, with the assistance of AID, is playing a leadership role in this pilot project, but it is expected that the resources of the housing cooperatives of Europe and South America will make it possible to expand this program as a private, multi-national organization associated with the United Nations.

Everybody agrees this is only a drop in the bucket of housing needs. Nevertheless, it is a beginning, a recognition that there is a desperate problem that needs immediate attention.

In the circumstances, it is disappointing to housing leaders that housing help in the developing areas continues to rate such a low priority among some economic development planners. FCH officials feel strongly that this low priority needs re-examination. They point out that housing needs are among the most sensitive and personally important that people have.

Housing is a fundamental factor in development. It provides jobs, new construction industries, new materials industries, new methods of saving and finance, better health and morale for the worker and his family and more drive to the economy. This is what FCH is working for.



The "El Sauce" housing cooperative in La Ceiba, Honduras was the second of two single mortgage co-ops developed and organized to date by the Honduran Federation of Housing Cooperatives (FEHCOVIL).

Financed under a \$2 million development loan of the U.S. Agency for International Development, both projects received the technical assistance of FCH Services.

One hundred seventy-five low and middle-income families live in El Sauce's one-, two- and three-bedroom homes.



Composition of feed ration for dairy cattle is the subject of this discussion between Professor Howard S. Whitney and trainee Frank McEwen of Sierra Leone. At home Mr. McEwen is president of a rice marketing co-op society. The visit to the dairy barn was during a one-day field trip during the cooperative seminar. During this field trip the trainees also visited a farm supply co-op, dairy processing co-op and a Wisconsin state park.



Trainees take time out for rugged exercise and a picnic. Here students set up a net and volleyed for serve at a local Madison park during a break in their cooperative studies related to community development. Trainees are from Guyana, Nepal, Indonesia, Philippines, Thailand and Colombia.

## “development cement” (international cooperative training center)

“In my teaching for government cooperative officers I am going to stress that the cooperative members themselves must begin to take on responsibilities of the cooperative. Instead of doing all the work themselves, the government cooperative officials must teach the co-op members.”

When she made this announcement, Mrs. Manit Kamolvej, a government cooperative official herself, had just completed the Cooperative Seminar, the basic course at the International Cooperative Training Center at the University of Wisconsin in Madison.

She was on her way home to Bangkok, Thailand, to teach in the new Institute for Cooperative Studies, taking with her a paper which was her major Seminar project. That work will provide the base for the cooperative management course she teaches as part of the year-long program at the Institute for graduates of agricultural vocational schools there.

In the ICTC Seminar she shared experiences for 20 weeks with 18 people from Colombia, Ghana, Honduras, India, Indonesia, the Philippines, Saudi Arabia, Surinam, Thailand, Togo, Venezuela and the U.S.

The ICTC training is aimed at leaders who need extensive knowledge of cooperatives, in or out of government. The seminars, given two times a year, blend 16 weeks of classroom work and one-day local field trips with four weeks of “laboratory” work in the field.

Cooperative leaders recognize that such intensive training programs, combining the theoretical with the practical, must form a substantial part of the foundation for continuing cooperative growth in the emerging countries. Training is, in effect, the cement that holds cooperatives together.

U.S. cooperatives acted in 1962 to get AID to provide a central training point for the many hundreds of people coming from developing countries to learn from cooperatives here. They saw the need for a special school because field observation of American cooperatives was, by itself, insufficient preparation to run a cooperative enterprise and types of training needed by leaders of developing economies were different from that offered U.S. cooperative leaders.

AID supplied financial help and ICTC began operating on a year-round schedule as a part of University Extension at the University of Wisconsin. International Cooperative Training, Inc., incorporated with a board of 27 leaders from all segments of the U.S. cooperative sector, was formed to advise and assist the University in the training program.

More than 1,600 students from 91 different countries have attended Center courses since they were begun back in August, 1962.

Two general types of courses are offered, basic seminars and short courses.

Seminar trainees spend the first 14 weeks in the classroom studying cooperative philosophy and principles, economic development, organization and structure, education, communication and public relations, management, marketing, financing, leadership and cooperatives in a changing society.

Providing orientation to the U.S. during these first 14 weeks, the Center arranges for students to take part in a variety of cultural, recreational and educational events. They see movies and hear talks on U.S. institutions. They get acquainted with families in their homes and see community organizations in action. They watch legislative sessions and voting. They are invited to meet experts in fields of their special interest.

During the first 14 weeks the trainees also take one-day field trips. They visit co-ops, but also farms, extension offices, processing plants, public schools, etc.

Intensifying the “see-for-yourself” approach, a four-week field study period gives the trainees a chance to watch cooperatives in action, to study operations and management in depth and detail and to discuss problems with managers, directors, employees and members. Each trainee’s field study program is custom-planned to fit his individual needs as determined in individual interviews. He visits cooperatives whose operations are similar or related to his home-country needs. Back in the classroom for their final two weeks, the trainees relate the results of their classroom and field study to their special situations.

The mix of classroom study and field work, plus the daily association with people from 16 or so nations, can hardly fail to lift the horizon of possibilities for home-country development.

The short courses vary in length. Some are scheduled for a few days and serve as orientation sessions to inform the trainee of the role of cooperatives in his country’s economy and to help him understand what they can do for his community. Other short courses range from two and three weeks to ten weeks and are tailored to the needs of specialized groups in areas such as rural electricity or labor.

Over the past seven years short courses about cooperatives have been given for many purposes: community development, cooperative fertilizer production and distribution, rural electrification, insurance, housing and credit. Special short courses have been given for Peace Corps Volunteers. Labor leaders, rural leaders and agricultural credit specialists from all over the world have attended special short courses. In some cases a group of trainees interested in a common subject comes from one country: from India on fertilizer, from Uganda on credit, or from Vietnam on community development.

One such short course in cooperative marketing lasted ten weeks. The group included 15 Latin Americans (from Bolivia, Dominican Republic, Ecuador, Guatemala, Honduras) one from Puerto Rico, one from Barbados and six American Indians. Each was carefully screened by representatives from the sponsoring organizations to insure similarity in previous cooperative skills and background.

A unique feature of this program was its joint financing and support. The Fund for International Cooperative Development made a grant to the Organization for Cooperatives of America for the training of the Latin Americans. All travel costs, including field training, were paid by the Organization of American States. AID supplied the simultaneous translation services. The Cooperative League of the U.S.A. sponsored the American Indians under contract with the Office of Economic Opportunity in cooperation with the Bureau of Indian Affairs. U.S. cooperatives provided field training facilities and supervision. International Cooperative Training, Inc., supplied the overall coordination and, of course, ICTC did the training.

All students, whether seminar or short course, and visitors as well, make use of the specialized cooperative library at ICTC.

ICTC has no scholarship funds, but most students have been sponsored and financially supported, by AID or their own governments. Increasingly, foundations, labor unions, religious groups or other agencies engaged in international development are providing scholarships for students to come to ICTC. Also, U.S. cooperatives raise money each year to provide some scholarships.

Many ICTC trainees have returned home to head up entire country training programs. Take Father Haarmans, a native of Surinam (formerly Dutch Guiana) in South America. His religious order relieved him of his regular priestly duties so he could help build a credit union movement when he returned home.

Research and consulting are additional Center services. ICTC has conducted major agricultural cooperative studies in Thailand, South Korea, and Argentina. Formal consulting trips have been made to three countries, Tunisia, India and Honduras. On the latter two, training materials were developed, and in Tunisia the National School of Cooperation was assisted in establishing its program.

Has the training been effective? Former participants in ICTC courses comment as follows:

"I am using almost all of the principles and theory I learned in my everyday work in advising co-ops," writes Ahmed Mohamed, Technical Assistant in Agricultural Economics with the College of Agriculture of Haile Selassie University.

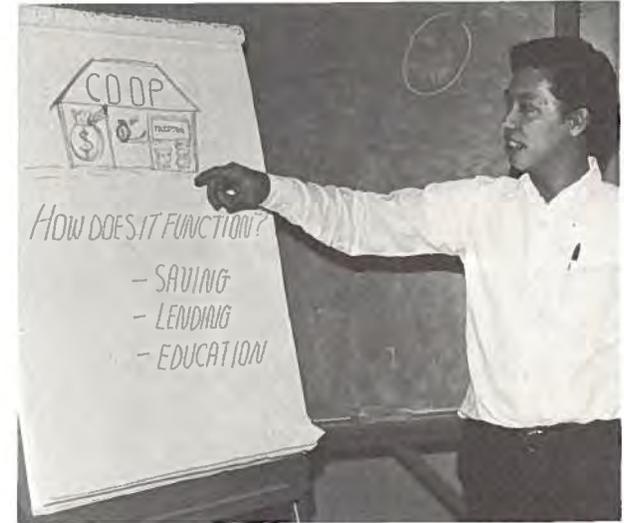
Hildebrando Garcia Valazquez reports from Peru that the Caspizapa Cooperative has grown considerably since a member education drive he directed "with the knowledge and experience I obtained in the U.S."

Martin A. Wamara, now Publicity and Education Officer for the Bukoba Cooperative Union in Tanzania, writes: "When I came back, I came with the idea of credit union. Now my region is the first in Tanzania with more than 40 societies. Through the Education Fund I am trying to send about 740 members to a course of one week, taking 20 at a time."

From Kampala, Uganda, Wilson Nyendwoha, now General Manager of the Uganda Cooperative Central Union, Ltd., testifies that "My training at the Center had a lot to do in preparing me for the present top job in this apex organization. But this central cooperative union is developing very rapidly, and I am finding it difficult to obtain enough trained people."

And in Rio de Janeiro, Brazil, Vicente Silveira, now Chief of Cooperative Education and Communication in the National Institute for Agrarian Development, says: "Since I returned in 1965 I've been working as consultant and technician for federal cooperative agencies. Right now I'm preparing cooperative seminars in different parts of Brazil."

The main ICTC thrust has been to provide for overseas leaders an external training experience in which they learn new methods and techniques adaptable to their native lands. Currently, new emphasis is being placed on (1) help to governments and cooperatives in building home-country training programs and institutes and (2) help in developing home-country research and consulting programs.



As a part of their studies in communication techniques, trainees in the Cooperative Seminar used available materials in the preparation of flip charts. Instructor Mary Jean McGrath gave them a choice of subjects: organizing a co-op, co-op bookkeeping, annual meeting, or government co-op department staff meeting. Here Chaleog Chaleonpanich, Thailand, tells how he used a flip chart to show co-op functions.



Trainees watched as corn silage is elevated into the silo at a dairy farm outside of Madison. The feed manager of a farm supply co-op took the trainees to his brother's dairy farm so that they could see the operations themselves. He, in the foreground, toured the farm with them to answer questions. Trainees are from Curacao, India, Indonesia, Sierra Leone, Thailand, Uganda, and West Germany (working in Nigeria).



## larger than politics (national rural electric cooperative association)

"The importance of the electric cooperative is that with it people can do something that will immediately improve their lives instead of waiting for someone to do it for them. Neutralists and Viet Cong sympathizers must naturally be impressed. The cooperative is larger than politics."

This statement by an electric co-op manager in South Vietnam is similar in substance to that of the opposition leader of the Philippine Senate when a member of the other party introduced a bill to bring co-op electricity to rural areas of their country: "When it comes to rural electrification, there is no opposition," he said, and the bill cleared both Houses of Congress by unanimous vote and was signed into Philippine law in a three-day period.

Electric co-ops in developing nations are larger than politics because the people know they are working together rather than as individuals.

Electricity brings increased farm efficiency and crop production to help meet the growing food and fiber product needs. It brings irrigation pumps and grain dryers and a potential second growing season.

Electricity brings industry to rural areas and helps local small crafts and businesses operate out of individual homes. Thus, there are new jobs available for non-farm workers and the unemployed, as well as a boost for local economies.

Co-ops bring progress through electricity. Good light in homes is progress as are refrigeration and household appliances including radio and TV.

In short, electricity brings progress toward a better way of life.

One major, but intangible, benefit is the involvement of people.

What people? The consumer-owners of the system.

Perhaps the most fascinating involvement stories to emerge from the global development efforts of cooperatives come from rural South Vietnam where three pilot electric systems now serve over 13,000 members in Tuyen Duc, Bien Hoa and An Giang provinces.

All co-op members are involved in democratic action. By virtue of his consumer-owner status, each has a vote to elect co-op directors and to decide co-op policy. Such experience in practical democracy may be a first for many people in the rural areas of that nation.

Almost as important as democratic action is the sense of community that co-op people feel. In one particular area where refugees from the North have settled, the co-op has given them electric power as well as a tie to the southern people and the Saigon government.

In another co-op area, use of electric power is 400 percent greater than was anticipated when the potential system was studied several years ago. Although some co-op lines run through Viet Cong territory, power facilities have not been bothered. Electrification officials offer the explanation that Viet Cong know they acknowledge the falseness of their claim of seeking to improve the lot of the people if they destroy co-op lines or equipment.

A similar generation of new light, new life and new hope through an electric co-op goes on in many developing nations. It began in 1962 when the National Rural Electric Cooperative Association signed an agreement with the U.S. Department of State's Agency for International Development.

The water distribution system at Laguna de Apoya, Nicaragua, is a dramatic demonstration of how electricity improves life for rural people. Laguna de Apoya is a village which sits 800 feet high on a hill directly overlooking a lake by the same name. For centuries it took half a day to bring water up to the village during the dry season. Villagers walked down to draw the water, place it in containers, load them on to burros and then climb back up the 800-foot hill.

Today an electric deep well pump at the lakeside instantly sends fresh, cool water up the hill through a three-inch pipeline to the thirsty villagers. The water is distributed cooperatively at cost. The people have more time to harvest the crops and increase family income.

Another dramatic demonstration of improved life with electric power comes from the area of Santo Domingo de los Colorados, Ecuador.

The co-op at Santo Domingo — the first consumer-owned electric system organized outside this nation with the assistance of the nearly 1,000 U.S. rural electric co-ops — provides electricity to local businesses and industries including a 30-room hotel, two bottling plants, two small sawmills, a modern slaughter house, a spaghetti factory, a coffee and cocoa processing plant and a radio station. This cooperative power supply will also provide 24 hour electric service to some 3,000 homes.

According to the co-op manager, "The town seems to have taken on a new life. There are new businesses, new industry, more jobs for more people. No longer are people leaving the area."

But there is more than the tangible benefits of electric co-ops that make the people of developing nations consider them larger than politics.

Under the terms of the agreement, NRECA and its nearly 1,000 member consumer-owned systems throughout the U.S. provide technical assistance, counseling and support to develop a cooperative rural electrification program in free world countries seeking such a program. This assistance ranges from preliminary planning to determine where to establish co-ops to construction, management and operation of a specific co-op.

For its part, AID reimburses NRECA for the expense of employing U.S. rural electrification specialists in the overseas effort.

Since that 1962 agreement was signed, over 100 managers and key employees from 65 U.S. rural electric systems in 30 states have taken part in the program. More than 24 of them have returned for a second or third assignment.

The first AID rural electrification loan was granted in 1963 and resulted, with NRECA help, in a co-op at Masaya, Nicaragua. Today that co-op serves 1,000 families. It works so well that Nicaragua has asked NRECA to help establish three more systems which will take electricity to nearly one-fourth of the country's entire rural population, some 30,000 families.

Altogether, NRECA has helped organize 26 cooperatives in Latin America. Co-ops in Ecuador, Nicaragua and Costa Rica alone will eventually provide electricity to 350,000 people. Construction is still under way on 32 projects in Brazil, Chile, Colombia and Peru, systems that will eventually serve nearly 150,000 people and major projects are underway in India (Chapter II) and the Philippines.

Evaluating development achievements of the past seven years, NRECA officials are convinced that cooperative rural electrification, with its capacity to take modern technology so visibly right into the every day lives of the people, is a major key to successful foreign aid. They say:

"To most people electricity means progress. But less than one percent of the rural population in the developing nations has electric power today. A little over thirty years ago, only about 10 percent of the rural people in the U.S. had electric power. Cooperative rural electrification brought a rural America into the Twentieth Century; it can do the same in the developing nations."



A Los Santos co-op construction crew raises a utility pole for its power lines in San Lorento, Costa Rica.



First annual meeting of the electric co-op of Santo Domingo de los Colorados, Ecuador.



The construction crew for a co-op in Masaya, Nicaragua unloads utility poles.

cooperative projects operating under agreements with A.I.D. in 1969<sup>1</sup>

Organizations with Co-op Projects Under A.I.D. Agreement	Number of Co-op Projects with A.I.D.	BREAKDOWN OF GOVERNMENT EXPENDITURES BY REGIONS IN 1969 (in thousands of dollars)						Total A.I.D. Expenditures in 1969	Support Contributed by Cooperatives	Total Private and A.I.D. Expenditures in 1969
		Latin America	Africa	Near East-South Asia	East Asia	Vietnam	Washington			
Technical Assistance								(in thousands of dollars)		
ACDI	11	\$179 24.5%	\$125 17.5%	\$ 50 7%	\$ 50 7%	\$144 20%	\$173 24%	\$ 721 100%	\$ 56	\$ 777
CLUSA	8	403 71.8%	---	15 2.6%	---	---	141 25.6%	559 100%	167	726
CUNA	12	627 75.8%	62 7.6%	---	16 1%	---	123 14.6%	828 100%	311	1,139
NRECA	13 <sup>2</sup>	224 26.6%	---	150 18%	110 14.4%	180 21.4%	174 20%	838 100%	68	906
FCH	9	583 85.8%	---	---	---	19 2.7%	77 11%	679 100%	12	691
NLISA	5	273 51.7%	135 25.5%	8 1.5%	---	---	113 21.3%	529 100%	44	573
Training Assistance										
ICTC	1	---	---	---	---	---	282 <sup>3</sup> 100%	282 100%	135 <sup>4</sup>	417
TOTALS	59	\$2,289 51.5%	\$322 7.5%	\$223 5%	\$176 4%	\$343 7.6%	\$1,083 24.4%	\$4,436 <sup>5</sup> 100%	\$793	\$5,229

<sup>1</sup>Estimated expenditures of U.S.-funded cooperative type projects, from Nov. 1968 to Dec. 1969.

<sup>2</sup>Also covers payments from loan funded contracts.

<sup>3</sup>Training center supported by A.I.D./Washington is operated under agreement with the University of Wisconsin at its campus at Madison, Wisconsin.

<sup>4</sup>Includes over \$100,000 support from International Cooperative Training, Inc., representing U.S. cooperatives.

<sup>5</sup>Expenditures for cooperative projects supported by A.I.D. agreements have averaged \$4.5 million annually in U.S. funds since 1965.

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