

DEVELOPMENT OF COOPERATIVE ENTERPRISES
1967
IMPLEMENTATION OF THE HUMPHREY AMENDMENT
to the
FOREIGN ASSISTANCE ACT OF 1961



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AID ASSISTANCE TO COOPERATIVE ENTERPRISES, FISCAL YEAR 1967

Most of the emerging nations now share a growing recognition that development is primarily their own responsibility. The political and administrative leaders of these countries, joined by the business and non-government sectors, are aware that they must find inventive ways to solve national and regional problems.

The emergence of a new generation of political leaders, a growing middle class that recognizes its new role in the development processes of their country, and the increasingly articulate discontent of the underprivileged in nearly all the developing countries are signs of our times.

These new relationships and shifting alliances are the warp and woof of a democratic society. They help bring the energies of the people into the mainstream of national effort and contribute to the development of the country. As these reforms take place, more people are able to help themselves reach a better life.

The Agency for International Development (AID) is the instrument by which the people of the U.S. assist these countries in their worthwhile purposes. It provides the technical cooperation that increases the popular participation of the people. AID has directed its efforts to multiplying the opportunities for local initiative and enterprise. Thus, the people are able to identify their own well-being with the enterprises or institutions that they are building.

The task of involving people has been on AID's agenda for many years, but cooperative-development is still only one small aspect of a complex and involved business of allocating billions of dollars to needy countries. AID must match the needs of the recipient countries with this country's available government and private resources. This involves U.S. investors, corporations, labor unions, educational institutions, foundations, cooperatives and voluntary organizations. It calls for an application of many hundreds of kinds of assistance, from building huge dams, roads, and industrial complexes to small impact projects such as cottage handicraft industries, furnishing simple tools to erect schools and community centers, or equipment for animal sheds and shelters.

Three basic ingredients are necessary for success: the willingness of the people and the Government to do things for themselves; the means for training and putting qualified people in positions of responsibility, and enough credit to acquire the tools and inputs needed to carry on with the job.

IMPORTANCE OF CREDIT COOPERATIVES

Credit cooperatives are a simple way for the poor to mobilize local capital and to borrow money at reasonable rates of interest. The House Committee on Banking and Currency has recognized the importance of demonstrating these endeavors of nonprofit

enterprises. Its Subcommittee on International Finance ordered the 1965 and 1966 reports on Development of Cooperative Enterprises by AID printed for the use of the committee and all Members of Congress.

The committee also recognized the value of cooperatives and other nonprofit programs in international development in its report in the 89th Congress to the Asian Development Bank bill. The committee urged the Asian Development Bank to establish "close liaison. . .with cooperative organizations. . .to insure success of the Bank's projects." Similarly, the committee has in the exercise of its jurisdiction over enabling legislation for international financial institutions (the World Bank, the Inter-American Development Bank, the International Development Association, and the International Finance Corporation) given extended consideration to these and related problems.

Representative Henry S. Reuss, in transmitting the report to Representative Wright Patman, Chairman of the Banking and Currency Committee, stated that the 89th Congress had placed further emphasis upon these programs by the adoption of the new provision of the Foreign Assistance Act which states that "emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local governmental institutions."

In this connection, AID has been helping the government of the emerging countries to provide an increasing number of individuals with access to credit, and to furnish technical skills related to local and individual needs for establishing private and public institutions.

LOANS TO DEVELOP COOPERATIVES

AID, during fiscal year 1967, provided over \$51 million in dollar loans for cooperative and agricultural credit purposes. Food for Freedom Public Law 480 commodities and soft currency loans provided another \$5 million. The Inter-American Development Bank (IDB) approved \$39 million in loans for similar purposes during 1967. The World Bank (IBRD) advanced \$18 million to the Government of Tunisia in a pioneering effort to assist livestock producers through a cooperative credit arrangement.

The involvement of people has expanded the number of cooperative-type and agricultural credit institutions. This is consistent with the total, broad purpose of the U.S. foreign aid: to help other countries raise more food, improve health and education, stabilize population, and strengthen their freedom and independence.

In 1967, two new organizations were created in AID to facilitate the mobilizing of U.S. Government and private resources in the War on Hunger.

The Office of the War on Hunger was placed in charge of AID's staff activities in food nutrition, population problems and rural development.

The Office of Private Resources has a parallel effort directed at bringing about a greater involvement of U.S. business firms, voluntary agencies, cooperatives, foundations and community groups in the War on Hunger.

Both Offices are drawing on a variety of new ideas to increase the technical and financial assistance for desirable enterprises, and to encourage private U.S. investment in the developing countries, especially in agricultural-related businesses. AID's encouragement of private participation is in partnership with the U.S. Government's determination to encourage social and economic improvements for all of the people in these countries.

The International Cooperative Development Service is a part of the Office of Private Resources. This brings all of the non-profit enterprises and institutions closer to the rest of the U.S. business economy engaged in overseas ventures, and should provide for opportunities to engage in joint assistance programs. Over the past six years AID has provided some form of assistance, mostly through contract-agreements with U.S. non-profit organizations, to 40,000 cooperatives, mostly agricultural, in 53 countries. By using Food for Freedom, P.L. 480 commodities, it has encouraged U.S. voluntary agencies to expand the Food-for-Work programs, in which millions of people have been involved in elementary community-owned cooperative-type self-help projects.

OPERATIONS DURING FISCAL YEAR 1967

AID and associated organizations were able to do more on a smaller budget in fiscal year 1967 than in fiscal year 1966 in cooperative and credit projects. The total expenditures for cooperative-type and agricultural credit projects were \$8.5 million in fiscal year 1967. This is a drop of one million dollars from the \$9.5 million spent in fiscal year 1966. Despite the reduction in expenditures, 412 technicians and consultants were used in the year compared with 357 in 1966. The man-months of time was 3,797 for 1967, compared to 1,675 man-months for 1966.

The financing of these projects also indicated that a shift away from Washington and toward the AID missions was occurring in the developing countries. While one-million dollars less was spent on cooperative-type projects in fiscal year 1967 than in fiscal year 1966, AID mission-supported assistance increased by nearly \$700,000 to \$5.6 million, while regional-supported projects fell by \$1.6 million to less than \$3 million.

The main reasons for the lower costs of technical cooperation were better coordination, more careful allocation of manpower, tighter scheduling of consultants for short periods of time, and more use of the host-country resources. There was a slight increase in contract-hire personnel, and in USDA personnel hired under PASA mostly as agricultural credit technicians and advisors to host country agricultural ministries. AID direct-hire personnel with cooperative and credit responsibilities overseas frequently were doubling in other capacities and devoted only a fraction of their time to cooperatives.

This year was a bench-mark for individual organizations with cooperative contracts. These organizations have demonstrated since 1962 the many kinds of assistance that U.S. cooperatives can furnish. The U.S. cooperatives have now begun to seriously propose a much broader program, requiring them to pool their resources, coordinate their planning, and determine in what order of priority their different services should be developed. This packaged service by the cooperative contractors would be designed to fit and be a part of AID's total country's development requirement.

Such planning calls for innovation, technical cooperation and administration. It can be expanded to provide the voluntary agencies with technical aid in their cooperative programs, as well as utilizing the services of Peace Corps Volunteers. The first such packaged programs have been started in India in connection with the planning of a cooperative fertilizer plant and in southern Brazil in connection with the establishment of a cooperative agricultural complex extending over a wide area and involving thousands of farm families.

CONTRIBUTIONS BY NON-PROFIT ORGANIZATIONS

The non-profit organization - whether commercial business and banking enterprises or foundations and relief agencies - has a special ability to rally people to a cause and involve them in work on projects which have social as well as economic value to the community. The value of this kind of voluntary assistance outside of AID is enormous. The estimates of the amount of private U.S. assistance to less developed countries range from a low of \$400 million to as much as \$800 million. This comes mostly from voluntary organizations, cooperatives, mutual associations, foundations and charitable and religious organizations.

There are 500 U.S. voluntary organizations operating in 156 countries of the world. Sixty-eight are registered with AID's Advisory Committee on Voluntary Foreign Aid. In addition to using their own funds and resources, these organizations distribute \$200 million of U.S. Food for Freedom agricultural commodities to millions of people. This partnership between AID and the non-profit organizations has long been recognized by the U.S. Government as one of mutual interest in promoting economic and social progress.

AID now views this development process in much broader terms than before. There are several reasons for this. A widespread mobilization of people is required to win the War on Hunger. But as important as food and food production is, it cannot be isolated from the total social, political and economic development of the country.

If the U.S. was only interested in food production the problems of AID would be much simplified. Then AID could concentrate its rural development and food production efforts on the larger, more efficient farmers. Since we recognize, however, that a country cannot have much of a society unless the people have a voice and a share in it, the political and social implications caution against a concentration of assistance for a few farmers. AID and U.S. cooperative organizations are aware of the need to look for the wider implications of what foreign aid does for a developing country. Statistics can sometimes obscure the realities of the tensions, inequities and imbalances that exist in an emerging society. The rural areas have very little to look forward to when there is an overcentralization of political and economic power in one center. The sick societies have a tendency toward this centralization which increasingly alienate the people from the Government.

The drastic changes in the way people think and live in the emerging countries is a part of agriculture's challenge. The world is witnessing the end of the old era of agriculture dating back to prehistoric times and hopefully the beginning of a new and better one.

Today's hungry countries must compress the progress of centuries into decades and decades into years if they are to feed their rapidly multiplying peoples. This

gives the U.S. a realistic opportunity to set the goals for the future. U.S. agricultural contributions can be monumental, if they are recruited and become one of the essential private resources in foreign aid.

ENCOURAGING POPULAR PARTICIPATION OF PEOPLE

As a nation, we must now exercise the same imagination and resourcefulness which brought us to our present position of world leadership. We must devise more effective ways of linking our skills in producing food with the needs of the less fortunate nations. We must turn the scientific, technological and information explosions to the advantage of the human race.

Congress has on several occasions manifest its feeling that foreign aid has a greater purpose than to increase production of goods and services, and involves such abiding concerns as political development and regional integration, social reform and foreign policy behavior in these countries. The concept that AID might contribute to a breakthrough in development techniques by encouraging popular participation, letting people become more effective in their own right to pursue their own goals, is contained in Title IX of the Foreign Assistance Act of 1966. It declares:

"...emphasis shall be placed on assuring maximum participation by the people in the task of economic development of the developing countries."

The same concept had been advanced earlier in 1961 by the then Senator Hubert H. Humphrey in an amendment to the Foreign Assistance Act. Section 601 of that Act provides in relevant part that:

"...it is declared to be the policy of the United States to encourage the development and use of cooperatives, credit unions and savings and loan associations..."

Much of U.S. private enterprise shares Congress' desire to harness the vast non-government sector to foreign assistance. The business community's evaluation of the role of private enterprise was ably made in the Report of the Advisory Committee on Private Enterprise in Foreign Aid in 1965.

The committee declared that a well-balanced strategy of assistance must contemplate a role for all sectors of the U.S. economy. It stressed that popular participation must be encouraged at home and abroad if we expect to "utilize all the vitality and creativeness of a pluralistic society." Confidence was expressed that the whole non-government sector—business, labor organizations, cooperatives, agricultural groups, professional societies, educational institutions, foundations and many other resources—was ready and willing to assume a broader role in international development.

Many cooperative-type enterprises, credit unions, labor organizations, savings and loan associations, mutual societies, agricultural credit agencies, and voluntary agencies—to name just one segment of the non-government institutions—had already responded to this call to action in 1962. In partnership with AID they continue to engage in self-help projects with the people of nearly 50 countries.

There are many excellent examples of how cooperatives can provide the ingredients which enable a community to create an economic and social breakthrough.

THE BEGINNINGS OF COOPERATIVE ACTION

In community after community in Latin America the beginnings of cooperative action are being laid by building roads and irrigation ditches and community centers. The organization of a cooperative undertaking for a single purpose—water control or marketing cotton or coffee, for example, can lead the people who have ambitions to reach into other and related cooperative enterprises.

Perhaps, a cooperative's members need access to markets. The building of a feeder road with AID Food-for-Work assistance, not only provides the tangible economic benefits that everyone can see, but serves to increase the people's mobility. Thus, where formerly the people may have been rooted to a tradition-bound village existence, this road brings new people with new ideas into their lives. These exposures may broaden the horizons still more and precipitate changes in the way of life for the entire village.

As an illustration, Catholic Relief Services in its Ecuador assistance program had 300 Food-for-Work projects utilizing Public Law 480 foods in a three month's period. Nearly 200 were for road building or road repair, benefiting 200,000 people. The balance of the projects covered such community activities as fencing cemeteries and repairing the town square or sports field, cooperative labor investments in building or repairing schools, community centers and town halls, digging wells, and irrigation ditches, bringing in potable water supplies, establishing cooperative work centers and town markets. This kind of assistance is multiplied many times in Ecuador and in other countries, by other volunteer agencies, using both their own resources and Food for Freedom P. L. 480 commodities.

Both the strength and weakness of the cooperatives is the need to involve the community in the decision-making processes and for a strong leader to whom the people will listen. Patience and planning are required to organize people, but the time expended is rewarded by the creation of institutions in which there is a strong personal identification, and thus an enduring loyalty. AID has given increasing attention to this kind of development as an effective means of communication between people at the grass roots level of society and their national government. It has encouraged the decentralization of government responsibilities by bringing governmental units near the people where it is appropriate. It has helped to shore up the capability of these units to respond to popular needs and desires.

Twenty-two AID missions undertook an analysis of their country situations and program strategies to delineate ways in which popular participation in the development process could be increased and the governmental and political framework of the country strengthened. These responses were reviewed by the Washington staff of AID.

AID Missions in 55 countries also responded to a cooperative questionnaire. Although cooperatives have existed in many of these countries for a long time, the missions indicated that there is still need for assistance. Both the need and opportunity for cooperative development is greatest in the rural areas, especially where its services can be related to AID's program to increase food production.

THE POTENTIAL OF COOPERATIVE GROWTH

Missions in 35 countries believe that cooperatives which market and handle farmers' commodities have the greatest promise for growth. Eighteen gave high priority to opportunities for rural credit, 14 to farm-supply, 10 to processing, 8 to special services, and 7 to rural electric cooperatives. Nine stated that the farmers had a need for multi-service cooperatives. In the urban communities, 12 missions saw opportunities for cooperative consumer stores, 11 for credit and savings societies, 8 for housing, and 6 for insurance cooperatives. Most of the missions found that excellent opportunities existed for more than one kind of cooperative and listed several choices.

These opportunities, however, are beset with problems. Forty-three missions agreed on what they believe to be the two major obstacles: scarcity of trained and experienced people, and lack of credit and capital. Lesser stumbling blocks were poor legislation, illiteracy and primitive economies.

Twenty-seven missions regarded the scarcity of trained and experienced workers as the number one obstacle, and 16 more placed it second. Sixteen found lack of credit and capital was the formidable barricade, and 13 more placed this second. People in most countries recognize that a provident manager makes a little money go a long way, while an improvident one never has enough. That may be one reason why many developing countries press for technical assistance even ahead of requests for capital to create member-education programs, training courses and cooperative schools. Six missions regarded inadequate or bad legislation as the first barrier that needed to be removed. They indicated that in four-countries such steps already have been taken. The missions state that public officials generally give strong support to cooperative-type enterprises, that resistance to their development is so minor a factor that it registers far below public apathy and indifference as an inhibiting element.

No exact way has yet been devised for measuring cooperative gain, but strong evidence exists that it is substantial. The members of cooperatives are not the only ones who gain from mutual effort and cooperative enterprise. Benefits accrue to almost everyone in the locality. Thus, being able to save money and to borrow, being able to market one's products, being able to buy goods and services for less, are opportunities open to everyone in the community through cooperative channels.

MEASURES OF ECONOMIC GAIN

1. Cooperative pooling, storing, grading and marketing of products, has enabled farmers to bargain better with buyers all over the world. The mission reports from Uganda, Ecuador, Korea and Nepal illustrate how producers of coffee, tea, cotton, bananas, and cereals received better prices through cooperative marketing.

2. Cooperative improved the quality and quantity of many products through improved grading, storing and processing, as illustrated by fisheries in Panama, Chile and Nigeria.

3. Cooperatives have encouraged producers to use better seeds and animal strains and improve farming by providing an established market and fair prices, as among the members of the Philippine marketing cooperatives, a pig cooperative

farm in Korea, the dairy farmer's cooperatives in Uganda and on resettlement farms in Peru and Chile.

4. Cooperative storage encourages farmers to produce for cash markets because they can resist the low harvest-time prices and benefit from the prices gained by orderly marketing, as illustrated among grain farmers in Nepal and Honduras.

5. Rural electric cooperatives frequently achieved social, political and cultural breakthroughs with economic development. How whole community life can be influenced has been demonstrated in Colombia, Costa Rica, Nicaragua and Vietnam. A community's vicarious participation in electrification is sustained by developing new activities and industries. In an Ecuadorean coastal town, electric power enabled fishermen to establish a cooperative refrigeration plant; in Vietnam, a sawmill and pottery plant; in Costa Rica, more dairying and cold storage for a community market. Markets were expanded for household appliances, refrigerators and freezers.

6. When agricultural credit is available to farmers, it not only lowers interest rates charged by other lenders, but encourages better farming practices. Thus, it serves to pass on to all farmers the benefits of more efficient farming and lower interest costs. In Ecuador, 14 rural credit unions are acting as agents for the Government supervised agricultural credit. In Bolivia, credit unions make most agricultural loans and their savings now exceed that of the banks.

7. Credit unions enable small merchants, vendors, fishermen, peddlers and artisans, who were once unable to get credit or were compelled to pay excessive interest charges, to become independent of money lenders. In Peru, market vendors in a tropical, rubber town were able to borrow from the credit union, purchasing their wares in the morning and repaying in the evening. These vendors eventually accumulate enough from the lower interest charged to buy out of their own savings. Credit unions assisted paper and refuse collectors to purchase their own carts in Chile, fishermen to secure modern gear and boat motors in Panama, Ecuador, Chile, Nigeria, and pushcart and taxi drivers to purchase their own equipment instead of renting it on a daily basis in Latin American, African and Asian communities.

8. In Panama, farmers cooperatives built sanitary dwellings with concrete-slab floors for less than \$400, as a step away from hovels and toward more permanent dwellings. In Panama, cooperative self-help housing has reduced building costs in the \$3 million urban slum resettlement projects.

MEASURES OF SOCIAL GAIN

1. In Korea, cooperatives in rural areas operate barber shops and bath houses, bringing to farmers some of the social comforts formerly limited to larger towns.

2. People in rural areas in most developing countries have constructed and endeavored to cooperatively maintain health centers, frequently to supplement the mobile health units. In this type of community-development, Food-for-Work projects carried on by voluntary agencies with U.S. Government food donations also stimulate village repairs, improvement and modernization, which frequently inspire the beginnings of cooperative enterprises.

3. Food-for-Work projects, particularly farm-to-market roads, are the first step to opening new markets, new worlds, new hopes, and from these exposures, new desires and demands for better marketing and supply facilities, which the people begin to organize for themselves. Such development establishes a more favorable climate for private businesses, venture capital, and new industries.

4. Establishment of roads, which bring modern and regular transportation to new and distant markets. This frequently leads to trucking cooperatives which, in turn, develop related business activities. Cooperative trucks haul fish to markets in Ecuador, Panama, Peru, Chile, Nigeria and Pakistan.

5. Cooperatives involve people in decision making, leadership and individual responsibilities. Learning by participation is demonstrated by the Comilla cooperative training center in Pakistan, the farmers work projects in India and Pakistan, and the Inca organized Mingas for ancient road building and community purposes transferred to modern activities.

6. Cooperatives often are schools for democratic practices, such as the credit union training center in Peru, the grassroots farmers' meetings in Uganda, Nepal, Peru, Pakistan, the more advanced training of teachers to teach the people in Uganda, Vietnam, Thailand, Chile, Kenya, Korea and Tunisia.

These are illustrations selected from many hundreds of examples of how AID in partnership with voluntary agencies and cooperative and non-profit organizations has helped to develop and expand cooperative services.

If the people are to be encouraged to participate in such self-help work, equal in importance to the development of opportunities for popular participation within the private sector is the need to develop the capability of government institutions to channel and respond to popular needs and demands: This is one of the reasons why AID has for many years encouraged the formation of cooperatives, labor unions, savings and loan associations, and community development organizations.

This kind of cooperative-generated self-help in which the people identify themselves with the achievements of their cooperative inevitably unearth new talents, harness neglected resources and begin to channel these assets, where the communities are isolated, into the mainstream of the country's economic life. This self-help contributes to developing the kind of a climate in which people have more confidence in their own abilities, more trust in the affairs of the community and more faith in a better tomorrow, that frequently does encourage economic growth in a hundred different ways.

None of this is revolutionary. It is not even a drastic shift from what has already been going on in the U.S. for over a century, but with accelerated pace since the 1930's.

INCREASING AGRICULTURAL PRODUCTION

The agricultural producers in the developing countries need to have great effort put in the political side of their existence in order to achieve the things they need. Food production cannot be separated or isolated from total rural development. So, in addition to the problems of market and the technology of agriculture, there are

many other economic incentives that the farmer must secure through the political side, things like roads, schools, local government, public health, credit sources, administration in the field of tax collections, and so on infinitum. These are decisions each farmer must make. They are related to the total rural development. They are related to the still broader context in which the farmer may or may not be able to become a part of the market economy. Now, in what ways and through what channels can the farmer join with other producers to be more persuasive in getting his views known and his political strength exerted? This answer is just as important as the answer to the question of how can production be increased.

Uganda illustrates the success that comes from close cooperation between AID, the Government and the officers and members of cooperatives. AID's assistance was directed primarily at working with the Government of Uganda to develop a sound regional cooperative structure, train and supervise employees and local managers, centralize the accounting system, and conduct education work among cooperative members. The half million members and the 2,200 primary societies own 9 coffee factories and 48 cotton ginneries. These cooperatives handle over 60 percent of these two crops. The market value of these crops is \$48 million. These cooperatives make agricultural credit loans and are responsible for collections. They have established a central educational institution which is being reactivated after falling on hard times. A regional supply cooperative does a \$2 million business furnishing farm supplies. Cooperatives may be established to handle minor crops. The livestock and dairy cooperatives have had good success from the start. Effort is being made to have the chartered Cooperative Bank operative by 1968 and responsible for making most of the agricultural and livestock loans. The success of the cooperatives has led to the building of a privately operated feed mill. The dairy industry, as it expands to meet the domestic needs, may stimulate enterprises related to the livestock industry.

History reveals that groups who do not have an adequate place in society, an articulate political voice, or share in the economics or social status, rarely get their circumstances corrected except through their own efforts. A cooperative lets people become effective in their own right. It enables them to pursue their own goals. Credit cooperatives are a simple way for the poor to mobilize local capital and borrow money at reasonable rates of interest. Marketing and supply cooperatives enable producers to receive a fuller return on the products they sell and consumers to buy many of the goods and services they need at lower prices. In the process of economic emancipation, the members of cooperatives also achieve political power and social influence.

In some countries cooperatives are a major development technique. To encourage people to take part in developing democratic private and governmental institutions, however, calls for both considering new types of activities and for viewing the total development process in different and much broader terms than before. This can be accomplished best when governments learn how to give full play to the faith and purpose of all the people.

TABLE 1. COOPERATIVE PROJECTS UNDER AID CONTRACT, FISCAL YEAR 1964-67

Name of contractor	Number of contracts				Number of country projects				Number of persons employed under co-op contracts				Total dollar expenditures for technical assistance by cooperative contractors			
	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967
	(In thousands of dollars)															
American Institute for Free Labor Development (Social Projects)	3	5	24	12	20	20	20	20	45	45	47	45 ^{1/}	1,050	628	835	820
American Savings and Loan Institute	--	--	1	1	--	--	--	17	--	--	1	3	--	--	50	75
Cooperative League of the U.S.A.	11	8	8	24	51	50	50	14	28	50	46	77	403	1,158	1,913	1,047
CUNA International, Inc.	8	11	16	15	30	25	15	15	23	21	27	21	430	644	797	612
Farmers Union International Assistance Corporation	8	10	11	14	16	26	16	10	18	25	24	30	348	451	578	678
Foundation for Cooperative Housing	11	17	19	20	29	35	19	20	25	39	38	28	276	419	512	559
Fund for International Cooperative Development	2	2	3	4	7	6	7	5	5	12	13	8	10	120	146	139
International Cooperative Development Association	2	2	2	6	1	--	3	5	--	3	6	19	5	28	90	177
International Cooperative Training Center	2	2	5	2	1	--	2	1	23	23	21	21	132	163	240	266
National League of Insured Savings Associations	7	4	6	6	25	8	6	3 ^{2/}	19	17	10	29	65	66	80	192
National Rural Electric Cooperative Association	23	23	16	20 ^{3/}	38	28	23	23 ^{3/}	32	52	33	44 ^{3/}	281	365	388	461 ^{3/}
Checchi & Co.	2	2	4	--	1	1	1	--	2	2	3	--	--	248	320	--
Fellman Associates (LA)	2	--	--	--	10	1	--	--	1	1	--	--	31	--	--	--
Goldberg, Milton Associates (LA)	2	--	--	--	8	--	--	--	1	--	--	--	50	--	--	--
Joint Commission, Rural Reconstruction in China (Vietnam)	2	1	1	--	1	1	1	--	?	?	?	?	300	286	561	--
Washington Federal Savings & Loan Association (Miami)	--	--	1	1	--	--	--	22	--	--	1	23	--	--	15	95
TOTAL	85	87	117	125	238	201	163	155	222	290	270	348	3,381	4,576	6,525	5,121

^{1/} Estimate check.

^{2/} Plus Latin American Regional.

^{3/} Includes loan funded contracts.

TABLE 2. AID MISSION DOLLAR EXPENDITURES FOR TECHNICAL ASSISTANCE FOR COOPERATIVES, AGRICULTURAL CREDIT, CREDIT UNIONS, AND SAVINGS AND LOAN ASSOCIATIONS, FISCAL YEARS 1965-67

(AID mission expenditures, listed by countries, do not include funding for world-wide or regional projects, or Food for Peace Public Law 480 assistance)

	Fiscal Year 1965	Fiscal Year 1966	Fiscal Year 1967
<u>AFRICA:</u>	(In thousands of dollars)		
Algeria	---	---	---
Cameroon	6	---	40
Chad	---	---	---
Congo:			
Kinshasa (Leopoldville)	---	3	15
Dahomey	15	20	55
Ethiopia	20	20	20
Gabon	---	---	7
Ghana	20	29	25
Guinea	149	320	---
Ivory Coast	---	---	37
Kenya	150	25	60
Liberia	61	---	70
Malagasy Republic	---	88	10
Mali, Republic of	---	---	---
Malawi	18	---	---
Mauritania	---	12	---
Morocco	53	132	80
Niger	---	24	---
Nigeria	345	70	70
Senegal	---	19	299
Sierra Leone	---	---	10
Somali Republic	---	---	5
Sudan	10	8	---
Tanzania	88	25	43
Togo	---	23	23
Tunisia	46	254	25

TABLE 2 (Cont.)

	Fiscal Year 1965	Fiscal Year 1966	Fiscal Year 1967
<u>AFRICA: (Cont.)</u>	(In thousands of dollars)		
Uganda	145	381	291
Upper Volta	---	---	7
Zambia	15	---	18
Total AFR mission funds	1,141	1,453	1,210
Total AFR regional and world-wide funds	403	230	492
Total	1,544	1,683	1,702
<u>EAST ASIA:</u>			
Burma	---	---	---
China, Republic of (Taiwan)	---	---	---
Indonesia	---	---	---
Korea	50	120	150
Laos	---	---	50
Philippines	10	140	100 ^{4/}
Thailand	---	210	300
Vietnam	100	473	392 ^{5/}
Total E.A. mission funds	160	943	992
Total E.A. regional and world-wide funds	168	180	275
Total	328	1,123	1,267
<u>LATIN AMERICA:</u>			
Argentina	9	37	5
Bolivia	60	70	50
Brazil	197	260	507 ^{1/}
Chile	580	437	238
Colombia	113	100	160
Costa Rica	21	47	30
Dominican Republic	---	20	295
Ecuador	494	268	415
El Salvador	45	50	40
Guatemala	6	60	80
Guyana	---	20	58 ^{2/}
Haiti	---	---	---
Honduras	21	50	250
Jamaica	---	10	5
Mexico	---	5	5
Nicaragua	---	200	110

TABLE 2 (Cont.)

	Fiscal Year 1965	Fiscal Year 1966	Fiscal Year 1967
<u>LATIN AMERICA: (Cont.)</u>			
	(In thousands of dollars)		
Panama	5	30	100
Paraguay	3	22	15
Peru	15	25	100
Tobago, Trinidad, and West Indies	---	---	---
Uruguay	20	17	15
Venezuela	64	121	20
ROCAP (Republics of Central America & Panama)	82	175	---
Total NESA mission funds	1,735	2,024	2,498
Total NESA regional and world-wide funds	3,348	4,030	1,831
Total	5,083	6,054	4,329
<u>NEAR EAST/SOUTH ASIA:</u>			
Afghanistan	---	---	---
Cyprus	---	---	---
Ceylon	---	---	---
India	---	---	478
Iran	20	64	175
Israel	---	---	---
Jordan	177	182	115
Nepal	58	166	102 ^{3/}
Pakistan	20	50	30
Turkey	10	47	25
United Arab Republic (Egypt)	20	20	---
Yemen	---	---	---
Total NESA mission funds	305	529	925
Total NESA regional and world-wide funds	194	180	275
Total	499	709	1,200
Total all mission funds	3,340	4,949	5,625
Total all regional and world-wide funds	4,113	4,620	2,908
Grand Total	7,453	9,569	8,533

- 1/ Food for Freedom \$3.2 million.
2/ Food for Freedom \$21 thousand.
3/ Food for Freedom \$100 thousand.
4/ Food for Freedom \$256 thousand.
5/ Fertilizer allocation, \$12.2 million
Food for Freedom \$387 thousand

TABLE 3. AID CONTRACT-EMPLOYEES ON COOPERATIVE AND AGRICULTURAL CREDIT PROJECTS, FISCAL YEAR 1967

Organization	Washington Office		L.A. Bureau		AFR Bureau		NESA Bureau		E.A. Bureau		Total	
	No. of People	Man-Months	No. of People	Man-Months	No. of People	Man-Months	No. of People	Man-Months	No. of People	Man-Months	No. of People	Man-Months
AIFLD	4/										45	540 ^{2/}
AS&LA	4/										3	36 ^{2/}
CLUSA	17	110	54	342	1	12	2	12	3	9	77	485
CUNA	4	24	18	216	1	12	--	--	--	--	23	252
FUIAC	6	72	2	15	14	167	4	18	4	46	30	318
FCH	13	93	14	97	1	3	1	1	--	--	29	194
FICD	6	55	3	24	--	--	--	--	1	1	9	79
ICDA	5	50	9	52	--	--	5	3	1	1	20	106
ICTC	21 ^{1/}	169	--	--	--	--	--	--	1	2	22	171
NLISA	3	40	5	23	4	29	--	--	--	--	12	92
NRECA	7	70	16	60 ^{3/}	1	1	5	14	15	72	44	217 ^{3/}
WS&L	NA										23	128 ^{2/}
PASA	4	30	16	155	6	31	4	48	13	72	43	336
TOTAL	86	713	137	984	28	255	21	96	37	202	380	2,934

1/ Faculty and training staff at Center, University of Wisconsin.

2/ Projects all centered in L.A.

3/ Includes loan funded contracts.

4/ Not Available

TABLE 4. MANPOWER ON AID COOPERATIVE AND AGRICULTURAL CREDIT PROJECTS, FISCAL YEAR 1967

Region	Contract Employees	PASA ^{1/} Employees	AID Direct Hire	Total Man-Months of time (est.)	Cooperative Training	
					Number of Participants ^{2/}	Number of Trainees ^{3/}
Worldwide	86	4	--	708	--	--
Latin America	146 ^{4/}	16	23	2,265	150	100,000
Africa	28	6	14	390	110	150,000
Near East/So. Asia	21	4	6	144	35	25,000
East Asia	37	13	8	290	100	15,000 ^{5/}
Total	318	43	51	3,797	395	290,000 ^{6/}

1/ Participating Agency Service Agreement (PASA) with other U.S. Government agencies.

2/ Participants receive AID grants for training in the U.S. or a third country.

3/ Trainees receive AID assistance for training in their home country.

4/ Includes host-country counterparts attending AID-supported institutions or classes.

5/ Total includes only Korean National Agricultural Cooperative Federation training staff, reaching 300,000 cooperative members, 4,500 fieldmen and regional officers.

6/ Excluded this year are classes for UAR extension agents, instruction to Iran fieldmen and local officers, formerly assisted by AID, serving one million peasants; membership programs in Kenya and Tanzania, formerly assisted by AID, reaching 300,000 people.

TABLE 5. AID DOLLAR LOANS FOR COOPERATIVES AND AGRICULTURAL CREDIT, FISCAL YEARS 1964-67 ^{1/}

Region	Loans approved FY 1964	Loans approved FY 1965	Loans approved FY 1966	Loans approved FY 1967
. (In thousands of dollars)				
Latin America	\$32,000	\$37,100	\$80,400	\$ 46,440
Africa	--	7,400	1,900	5,000
Near East/So. Asia	7,000	12,000	600	--
East Asia	14,800	--	2,000	--
Total	\$53,800	\$56,500	\$84,900	\$ 51,440

Approved loans, fiscal year 1967 \$ 51,440

Loans approved, fiscal years 1962-66 349,200

Total AID approved dollar loans to cooperative-type enterprises and agricultural credit \$400,640^{2/}

1/ Totals do not include AID controlled local currency loans.

2/ AID also has approved investment guarantees of over \$76 million in private loans to cooperative projects, mostly housing.

**COOPERATIVE
CONTRACTS
WITH
AID**

COOPERATIVE CONTRACTS WITH AID

**AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT
(AIFLD)^{1/}**

Social Project Department contracts operative during Fiscal Year 1967

Type of Project Social Project Department (SPD)	Total dollars obligated for contracts in effect fiscal year 1967	Actual ex- penditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Begin- ning Date	Termi- nation Date		
Dominican Republic	\$ 600,000	\$ 285,000	7/28/65	Open	AID/LA 311	--
Brazil rural	280,000	159,000	1/1/64	12/31/67	AID/LA 162	--
Nicaragua	17,000	3,000	3/2/65	12/31/66	AID/LA 259	5
Colombia Inst. (Soc. Sector)	95,000	26,000	1/1/65	12/31/66	AID/LA 259	7
Guyana	165,000	101,000	6/1/65	11/30/66	AID/LA 259	10
Brazil urban	95,000	37,000	7/1/65	12/31/66	AID/LA 259	14
Republics of Central America and Panama (ROCAP)	138,000	35,000	4/30/65	9/30/66	AID/LA 259	18
Chile	50,000	4,000	4/30/65	9/30/66	AID/LA 259	19
Peru	197,000	90,000	1/1/65	6/30/67	AID/LA 259	22
Panama	45,000	23,000	1/1/66	6/30/67	AID/LA 259	26
Honduras	37,000	37,000	7/1/66	9/30/67	AID/LA 259	31
El Salvador	37,000	20,000	7/1/66	7/1/67	AID/LA 259	37
TOTAL	\$1,756,000	\$ 820,000				

^{1/} The projects above represent portions of larger AID contracts with AIFLD. AIFLD also provides cooperative training and assistance in its education contracts.

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD)

The American Institute for Free Labor Development has entered its sixth year in a partnership with AID, firmly dedicated to its original pledge and credo: to strengthen democratic trade unionism in Latin America; and to help the free-labor movement achieve social justice and institutional progress, combat totalitarianism and play a leading role under the Alliance for Progress in shaping the future of its social revolution.

AIFLD has two main fields of activity: trade union education and social projects such as housing, workers' banks, campesino service centers, small projects, community development, and agrarian union development. These programs are now in all of the countries of Latin America and the English-speaking Caribbean except Cuba, Haiti and Paraguay, where free trade unionism is totally suppressed.

The AIFLD's training program which has established schools from Argentina to Mexico, has served more than 60,000 persons from 1962 to 1967. It also operates institutes for advanced study courses in 11 countries. In addition, its educational activities in the form of lectures and seminars, from a few days to a few weeks in length, reach nearly all regions of the individual countries. AIFLD teams travel to union communities in outlying rural areas by many modes of transportation ranging from horseback, ox-cart, and "shanks mare" to a modern "audiovisual mobile unit."

The training program continues to give more attention to campesinos and cooperative development. Approximately 5,000 persons have attended resident courses and 600 have enrolled for advanced study at the AIFLD's Front Royal school. The first Labor Economists graduate course was at Loyola University in New Orleans in 1967.

The AFL-CIO has provided \$250,000 from its fund for "impact projects" to encourage cooperative development. Assistance for such "small projects" usually goes through the following progression: request from a local labor union; brief study by AIFLD; submission of funding request to AFL-CIO or AID Special Development Activities Fund; provision for technical assistance to implement the project.

Thus far the AFL-CIO has assisted 94 union-sponsored ventures in 17 Latin American and Caribbean countries out of the "impact funds." Assistance is from \$100 to \$5,000 for projects such as repairing school buildings and community centers, purchase of playground equipment, furnishing equipment for sewing, clothing, carpenters' kerosene and weavers' cooperatives, and for purchase of books, and creation of libraries and classrooms. In Brazil, alone, the AIFLD has undertaken 20 small projects during the past year. One-half of all the funds have been disbursed as interest-free loans and one-half as outright grants.

In a program designed to reach the campesinos and landless farm laborers, the AIFLD has established a number of rural service centers. Three such centers have

been operating for a year in Northeast Brazil, regarded as one of the most poverty-stricken regions in the hemisphere. Three more centers are currently planned for the region. In Ecuador three service centers are being established by the AIFLD in buildings originally built for other purposes. Funds have been allotted for a rural service center in Colombia. Studies have been completed for similar programs in other Latin American countries.

These centers are to be managed by local people, and are planned to provide multi-purpose services, including legal and medical assistance, youth and education activities, and be a headquarters for credit unions, land purchase and production cooperatives, and other necessary cooperative services, as well as providing space for union administration membership assembly meetings and social activities.

There is much activity in the housing field. The largest housing project of its type in the hemisphere is under construction in Georgetown, Guyana. This AIFLD-sponsored project is financed by a \$2 million loan secured by the AFL-CIO.

Housing projects have already been completed in Honduras, Mexico, the Dominican Republic, Colombia, Chile and Uruguay. The AIFLD helped a Honduras union secure a direct loan from the Inter-American Development Bank to finance a housing cooperative for workers in San Pedro Sula.

The workers' housing bank in Peru, ASINCOOP, is the first in Latin America. It has already made a number of long-term, low-interest loans to finance 750 homes for members of workers' cooperatives. AIFLD has also been assisting workers in the development of cooperative housing projects in the provinces of Peru so they might qualify for sub-loans under a \$6 million loan from AID. AIFLD has also sponsored a workers' bank in Nicaragua.

AID has earmarked \$72 million under the Housing Guaranty Program for AIFLD. Of this amount, \$12 million has been obligated, and \$22 million committed, \$13 million for a project in Argentina, \$3 million for a project in Peru and \$6 million for a project in Venezuela. The Argentine project in Buenos Aires is now under construction as is the one in Venezuela. AIFLD is working with trade union cooperative organizations in Latin America to develop cooperative housing projects for the balance of \$38 million.

COOPERATIVE CONTRACTS WITH AID
AMERICAN SAVINGS & LOAN INSTITUTE

Contracted Projects Operative During Fiscal Year 1967

Type of project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Assistance in contract compliance in L.A. housing guaranty program	\$ 187,000	\$ 75,000	1/7/66	1/7/68	LA-598	

AMERICAN SAVINGS & LOAN INSTITUTE

AID was given the green light by the U.S. Congress in 1961 to make loans to capitalize the start of savings and loan associations in Latin America. The developing of 95 new associations, mostly in Latin America, with 500,000 savers and \$170 million in net savings, demonstrated what can be achieved through the cooperative effort of the U.S. Government, the Latin American Governments, and private business in these countries and the U.S. It quickly became evident, however, that a training program was essential to adequate financial and technical assistance.

Developing home financing institutions had the two-faced importance of helping to alleviate the housing shortage in Latin America and encouraging savings among the growing middle class.

The objective of the American Savings and Loan Institute, an arm of the U.S. Savings and Loan League, is to provide training programs for managerial and technical expertise. The three types of training are: participant training in the U.S., home-study correspondence, and assistance for local institutes in Latin America that are affiliated with the American Savings and Loan Institute. These methods are designed to help provide competent personnel to meet the growing needs of the savings and loan associations.

Progress to date includes the translation and publication of basic books on savings and loan operations for distribution in Latin America. Some 1,000 copies of the basic text have already been distributed and others are in publication. Four hundred and fifty individuals are enrolled in home-study correspondence courses. AID will provide assistance for the home-training courses until the associations and local constitutions are better entrenched financially. Preliminary discussions have been held with the view to establishing international chapters in Santiago, Chile; Lima, Peru; Rio de Janeiro, Brazil, and Caracas, Venezuela.

The anticipated progress calls for quadrupling the number of correspondence course students in the next several years and ultimately having several thousand enrolled annually in home training. Participants are being considered for study in the U.S., and plans discussed for trial seminars.

The program is still not proceeding at the intended pace, but the causes for the early delays are being corrected, and the project should become one of the most worthwhile in terms of minimal cost and major impact.

COOPERATIVE CONTRACTS WITH AID
COOPERATIVE LEAGUE OF THE U.S.A. (CLUSA)

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Worldwide administration of T.O. under basic agreement-csd-267	\$ 282,185	\$ 107,534	June 63	Aug. 67	csd-267	1
L.A. administration; Organization of the Cooperative of America, L.A. cooperative insurance institutions	618,000	230,965	June 63	Mar. 68	csd-267	2
Organization of the Cooperatives of America L.A.	343,000	126,005	June 63	Dec. 66	csd-267	3
L.A. artisan cooperatives	2,708,800	204,539	June 64	Oct. 66	csd-267	7
L.A. cooperative insurance institutions	66,200	7,550	June 64	Oct. 66	csd-267	8
Agricultural Cooperatives Advisor, Nigeria	85,000	32,681	June 65	Nov. 67	csd-267	11
Agricultural Cooperatives Advisor, Ecuador	60,200	24,405	Nov. 65	Nov. 67	csd-267	12
Cooperative Education Institute, Chile	14,910	12,070	Dec. 65	Mar. 67	csd-267	13
Advisor to INPROA, Chile	40,000	14,027	Mar. 66	Feb. 68	csd-267	14
Capital Development Specialist, Korea	11,954	8,855	June 66	Sept. 66	csd-267	15
Oilseeds Production and Processing, India	55,000	19,595	Nov. 66	Nov. 68	csd-267	16

(Continued on page 23)

COOPERATIVE CONTRACTS WITH AID
COOPERATIVE LEAGUE OF THE U.S.A. (CLUSA (Cont.))

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Cooperative fertilizer Survey Team, India	\$ 19,000	\$ 18,697	June 66	Dec. 66	csd-267	17
Agricultural Cooperative Education, Guatemala	24,920	22,966	Aug. 66	Aug. 67	csd-267	19
Artisan Cooperative Development, Peru	68,700	52,990	Aug. 66	Jan. 67	csd-267	20
Artisan Cooperative Development, Ecuador	128,000	90,483	Aug. 66	June 67	csd-267	21
Cooperative Specialist to Ministry of Agriculture, Panama	44,995	16,352	Jan. 67	June 68	csd-267	23
Artisan Cooperative Development, Bolivia	45,890	18,921	Oct. 66	Apr. 68	csd-267	24
Artisan Cooperative Development, Colombia	78,900	66,616	Aug. 66	July 67	csd-267	25
Fertilizer Consultant, India	2,119	1,899	Mar. 67	June 67	csd-267	26
Consultants to Mogiana Agriculture Cooperative, Brazil	72,370	45	June 67	Oct. 67	csd-267	27
TOTAL	\$4,770,143	\$1,077,195				

COOPERATIVE LEAGUE OF THE U.S.A. (CLUSA)

The Cooperative League of the U.S.A. and its members, which have conducted their own overseas cooperative programs for 16 years, have broadened this assistance through agreement with AID. The Cooperative League, under contracts financed by AID, now provides the following cooperative development services:

BOLIVIA - Artisan Cooperatives

Seven cooperative-type organizations were established, 10 organizations were affected, and approximately 700 people were reached.

The purpose of the project is to develop an independent, self-supporting, national cooperative able to develop new markets, new product lines, improved productivity, and help establish cooperative producers' organizations that can satisfy the requirements of an expanding export market in handicraft products.

BOLIVIA - Regional Cooperative Insurance Program

One cooperative-type organization was established, approximately 30 organizations were affected, and 13,000 people reached. The life insurance program is based on credit union savings and loans. There are 103 credit unions with 21,000 members in Bolivia. The insurance cooperative expects to be handling 90 percent of the existing credit union volume of insurance by September 1967.

BRAZIL - Consultants to Mogiana Cooperative in the State of Sao Paulo

The first contingent of a six-man consultant team arrived in Brazil at the end of the fiscal year. The team's objectives are to establish with the Central Mogiana Coffee Cooperative (CCCM) criteria for local cooperatives to employ in submitting loan projects for CCCM approval; establish criteria for identifying the additional economic inputs necessary to establish and support three farm service centers as an initial sub-project which will be financed under the proposed 15 million cruzeiro line of credit, 9 million from AID, and the rest from the Central Bank of Brazil and CCCM and affiliated cooperatives; review advisability, determine cost and recommend procedures for additional farm service centers, poultry processing and cold storage installations, feed concentrate, limestone, and fertilizer installations, and any additional projects which could be developed under a staged diversification and expansion program.

CHILE - Advisor to Cooperative Education Institute

A training program for approximately 1,100 students at the Cooperative Education Institute. Income from the Chilean cooperatives was sufficient in FY 1967 to meet approximately one-third of the Institute's expenditures.

CHILE - Advisor to Agrarian Reform Institute

Thirty-six cooperative type organizations with 5,100 families were assisted by INPROA. INPROA is involved in the distribution of land formerly belonging to the Catholic Church in Chile and also, through agreement with the Agrarian Reform

Corporation (CORA) formation of cooperatives among new prospective land-owners, technical assistance to farmers and farm cooperatives, assistance in marketing production and in purchasing supplies and equipment.

IMPROA has signed an agreement with the Chilean Institute of Cooperative Finance to evaluate all campesino loan requests received by IFICOOP. Forty loan requests per year are anticipated.

CHILE - Regional Cooperative Insurance

Six cooperative type organizations are affected. A survey is scheduled for next year to determine the assistance which can be given in the organization of cooperative insurance companies or to presently organized companies.

COLOMBIA and ECUADOR - Regional Cooperative Insurance

Feasibility of establishing savings life and loan life insurance companies in these countries at the request of local credit unions.

COLOMBIA - Artisan Cooperatives

Six cooperative-type organizations were established, and 500 artisan-members were assisted.

Average increase in annual income among artisan cooperative members is estimated at 37 percent.

ECUADOR - Agricultural Cooperative Advisor

Fifty-one cooperative-type organizations were established, 52 cooperative-type organizations affected, involving 3,000 members. In addition, 45 cooperative training courses were offered for 3,000 people.

Small coffee producers were among the major beneficiaries of this program. Fifteen percent of Ecuador's coffee production quota was allocated to the cooperative's 2,500 coffee producers, who represent three and one-half percent of the growers in Ecuador. By organizing, these producers were able to purchase over a 15-year period a coffee processing plant valued at US \$350,000. They marketed 60,000 bags of coffee for a net increase of US \$10 per bag over the price previously paid by traditional buyers. Estimated per capital income increase to these coffee growers involved represents \$240 annually.

Markets also were developed for two fishing cooperatives, with present demand for 20 tons daily of white fish and all shrimp caught regardless of tonnage.

Secondary benefits include 25 introductory courses offered to 2,500 persons, which resulted in the formation of 12 cooperatives; 20 member and management training courses in 11 cooperatives for 580 persons; 15,000 copies of agriculture marketing manuals distributed to producers.

Importance of the coffee cooperative is indicated by the fact that 90 percent of Ecuador's 75,000 coffee growers are small landowners who usually lack credit facilities and are forced to mortgage their crops before harvesting. In order to

structurally consolidate the agricultural population local primary cooperatives can be organized and unions and federations established, to provide legal, auditing, management and educational assistance, as well as marketing services for member cooperatives. The project is designed to establish a national federation. Present attention is devoted to the formation of agricultural marketing cooperatives. It is contemplated that this program will eventually reach not only coffee producers, but fishermen, corn, cotton, potato, banana, hog and oilseed producers as well.

ECUADOR - Artisan Cooperatives

Seventeen cooperative-type handicraft organizations were established, affecting approximately 1,500 members. The national credit union has encouraged productive use of members' savings. Approximately 50 loans have been made by the credit union. Savings total approximately 110,000 sucres. Average per capita increase of income for artisans working with the programs ranges better than 60 percent.

GUATEMALA - Agricultural Cooperative Education

At the end of fiscal year 1967 there were 140 agricultural cooperatives with 8,634 members, and \$1,369,817 in subscribed capital. The cooperative advisor's primary responsibility is the development of educational tools for agricultural cooperatives, rather than organization of cooperatives. The education program has been directed at about 400 people.

PANAMA - Cooperative Advisor, Cooperative Accounting Consultant, Cooperative Insurance Program

The U.S. cooperative technicians are assisting in developing a functional approach to over-all cooperative development, by evaluating all cooperatives, encouraging the revision of national cooperative legislation, proposing the introduction of a uniform accounting system, and determining the possibilities of establishing cooperative insurance and other non-profit consumer-oriented insurance coverages. Sixty of the 170 cooperatives legally organized in Panama have been listed for preliminary evaluations.

PERU - Artisan Cooperatives

Nineteen cooperative-type organizations were established, with a membership of 1,700 families. In addition to receiving loans, credit and advances through the national market organization, cooperative members have been able to pay less for their materials by buying in groups. In some instances, increases in monthly income because of these saving and better sales prices for members have been as much as 1,000 percent, from 150 soles to 1,500 soles.

PERU - Cooperative Insurance

One insurance cooperative was established and 50 other cooperatives were affected, involving 15,000 people in credit union, and loan life and savings insurance.

This insurance cooperative project can be the basis in Peru for broad cooperative insurance development and a means for indigenous capital development. During the last half of fiscal year 1967 approximately \$74,000 guaranteed capital was paid in and \$2.5 million of insurance has been underwritten.

LATIN AMERICA - Regional Task Force

The Regional Cooperative Task Force is available to assist USAID Missions and host country cooperative organizations in assessing their development needs and in programming technical and financial assistance in individual situations. Preliminary visitations have been made to Guatemala, Panama, Colombia, Peru, Ecuador, Chile, Argentina, Costa Rica and the Dominican Republic.

ORGANIZATION OF THE COOPERATIVES OF AMERICA

At the close of fiscal year, 154 regional and federated cooperative organizations were affiliated with the Organization of the Cooperatives of America (OCA) representing approximately 20,000 cooperatives. The diversity of OCA's activities make it difficult to assess its affect on each country's economic and institutional development. OCA is envisioned as the key organization to bring together and maintain the highest level national cooperative movements in Latin America.

NIGERIA - Cooperative Management Advisor

The project specifically provided for assistance to two cocoa marketing unions, the Oshun Union in Egbeda and the Ijesha Union in Ilesha. In the process, seven credit and thrift societies were established and 81 primary societies were affected. More than 2,500 families were involved. During fiscal year 1967 the Ijesha unions doubled the amount of cocoa purchased and producers received a better price than in the previous year. The project, unfortunately, was suspended shortly after the close of fiscal year 1967 due to the civil strife in Nigeria.

INDIA - Oil Seeds Production and Processing

Four extraction cooperatives, three not yet in operation in fiscal year 1967, are being assisted in expanding production. It is anticipated that when the cooperative oil seed mills are operative that farmers will increase oil seeds production as a profitable source of income.

INDIA - Cooperative Fertilizer Production

A preliminary feasibility study on establishing fertilizer plants owned by cooperatives in India in collaboration with American cooperatives has been presented to the Indian government, Indian cooperative, and USAID representatives. It is estimated that as many as 15 million Indian farmers could be recipients of fertilizer produced by the first proposed cooperative, which would be a price-yardstick for farmers and the Indian government on production and distribution costs and would encourage development of independent cooperatives.

KOREA - Capital Development Specialist

The strengthening of insurance companies, both cooperative and non-cooperative, would enable them to contribute more to Korea's national savings program. This was the conclusion of the report which found that the life insurance savings as a portion of the total savings of voluntary institutions in Korea could increase from 6.7 percent in 1967 to 9.2 percent in 1971. Of particular significance to cooperatives is the fact that the rapidly-growing life insurance company organized by the National Agricultural Cooperative Federation, a quasi-governmental institution, estimated that its potential market was 14 million rural people, one-half the total population of Korea.

COOPERATIVE CONTRACTS WITH AID
CUNA INTERNATIONAL, INC.

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
World-wide operations	\$ 230,402	\$ 58,513	1/1/63	8/31/67	csd-1526	1
Central America organization	545,000	38,915	6/28/63	10/31/66	csd-236	4
Ecuador organization	273,030	65,820	8/30/63	10/31/67	csd-236	5
Ecuador production credit specialization	94,416	31,220	9/23/64	9/23/67	csd-236	8
Latin America regional office	603,700	241,667	1/1/65	11/30/67	csd-236	11
Bolivia	65,000	7,345	1/1/65	6/30/67	csd-236	13
Colombia	34,600	3,677	1/1/65	6/30/66	csd-236	14
Africa	131,000	52,360	7/1/65	7/31/68	csd-236	15
El Salvador	31,187	14,919	11/1/65	10/31/66	csd-236	17
Costa Rica	71,000	34,104	11/1/65	10/31/67	csd-236	18
Guatemala	35,000	15,964	11/1/65	10/31/66	csd-236	19
Brazil	37,500	16,273	3/1/66	12/31/67	csd-236	21
El Salvador	24,000	12,402	11/1/66	10/31/67	csd-236	22
Guatemala	40,250	14,278	1/1/67	12/31/67	csd-236	23
Nicaragua	25,000	4,966	1/1/67	12/31/67	csd-236	24
TOTAL	\$2,241,085	\$ 612,423				

CUNA INTERNATIONAL, INC.

Credit unions are self-help, self-sustaining, and self-generating. But they can develop faster when technical assistance from outside sources is provided in the early stages.

The Credit Union National Association, which formally became CUNA International, Inc., in 1964, is prepared to furnish under its contract with AID, experienced and professional credit union personnel in countries in the free world interested in starting a credit union program:

Operations under this program, which began in 1962, were confined to Latin America until 1966. In that year, a regional program was started in East Africa. AID/CUNA has assisted in organizing credit union federations in Peru, Venezuela, Colombia, Brazil, Bolivia, Ecuador, Guatemala, Honduras, Costa Rica, Panama, Nicaragua, El Salvador, Tanzania, Kenya and Uganda. Programs are under discussion for the Dominican Republic, Guyana, Paraguay and Uruguay.

The success of the credit union program is demonstrated by the number of countries in which the AID/CUNA organizational goals have been fulfilled. Since the start of the joint effort in 1962, AID has been able to phase out its activities in Peru, Colombia, and Venezuela.

This principle of helping growth through technical and economic assistance was established through the experience of credit unions in the U.S. In 1921 there were 200 credit unions. Only four states had credit union laws. By 1934 there were 8,300 credit unions with 2.5 million members. CUNA reports that there are now 23,000 U.S. credit unions, with 18 million members. Savings are over \$11 billion. CUNA World Extension Department, created in 1954, has helped to establish credit unions in 70 countries.

LATIN AMERICA - Supervision and Technical Assistance to National Credit Union Federations

Under this regional agreement AID/CUNA serves 2,189 credit unions through 12 national credit union federations, which carry on the actual local organizational work. These credit unions have 587,183 members or 2,935,915 family members, using the standard multiple of five as an average. Savings are \$42,546,000 and more than \$120.2 million in loans have been made to date. All statistics for Latin America are duplicated by the individual Latin American Mission reports that follow. In general terms, the potential for credit union membership in Latin America is about three percent or more of the gross population and should ultimately affect 15 to 25 percent of the total population.

Credit unions, because of their consumer orientation and their short-term loan capability, rarely compete with other financial institutions in the developing countries. Rather they are in a position to make interest rates more reasonable, and to support housing cooperatives, savings and loan organizations, private banks, and agricultural credit schemes by training members who have a proven capacity to handle credit.

Peru. Credit unions in Peru were the inspiration for the AID/CUNA Latin America credit union program. The Latin American training center for credit unions

in Lima was operated with AID assistance for a number of years. The country's credit union organization is now mature enough to stand on its own feet and USAID programs have been terminated. A feasibility study for an agricultural production credit program to be linked with credit unions, similar to the one in Ecuador, has been prepared and is under study. There are 550 local unions with 282,000 members who have mobilized \$26,971,000 in savings. More than \$72,550,000 in loans have been made to date.

Ecuador. Attention is being focused on the successful AID/CUNA agricultural credit program, in which funds advanced by the Cooperative Bank of Ecuador are loaned by credit unions for planned and supervised production projects. About \$320,000 of such funds were outstanding at the year end 1966, mostly on loan to people never previously eligible for production credit from any legitimate source.

At the end of June 30, 1966, Ecuador had 226 credit unions with 30,000 members who had mobilized \$1.8 million in savings. Of these, 17 credit unions are Production Credit Cooperatives. Over 80 percent of their loans are made for productive purposes in agriculture, artisanship, small industry, and business. Total loans amounted to more than \$5.9 million. Now for the first time, the small farmer is able to finance production at reasonable interest rates. Each member may borrow from his credit union in an amount related to his accumulated savings for use in a planned production project, supervised by the Cooperative Bank of Ecuador and USAID technicians. Feasibility studies for similar agricultural credit programs have been prepared for federation personnel in Peru and Brazil.

Honduras. This is regarded as the most advanced credit union program in Central America. It enjoys strong support from the AID mission plus a \$500,000 grant from the Government of Honduras for relending to credit unions. During 1966, a self-governing Federation of Credit Unions was founded, thus joining existing Federations in Brazil, Ecuador, Colombia, Peru, Bolivia, Panama, Costa Rica and Venezuela in Latin America and Tanzania in Africa. These Federations are setting in motion phase-out programs to be accomplished over 5 to 7 years. As of June 30, 1967 there were 74 credit unions in Honduras with 11,594 members and savings of \$537,000. More than \$2.3 million in loans have been made to date.

Bolivia. The credit union program is growing satisfactorily, partly because of strong support from church leaders in the country. The Federation operates a "seed capital" loan department through its central credit union with a long-term \$300,000 loan from the AID mission in Bolivia. In June 1967, there were 160 credit unions with 65,704 members and \$5,148,000 in savings. Nearly \$12 million in loans have been made to date.

Brazil. Despite spiraling inflation, the credit union program has moved ahead steadily. Savings increased 66 percent during 1966. A credit union program for North-east Brazil has been submitted to the AID mission in Brazil. There were 107 credit unions with 57,300 members and \$1,100,000 in savings. Total loans to June 30, 1967 amounted to \$4,630,000.

Colombia. Assistance from LARO/CUNA is primarily for training programs. The Federation of credit unions (UCONAL) was reorganized as AID began phasing out. It is now almost self-supporting. There are 540 credit unions with 77,950 members and \$3,018,241 in savings. Total loans were \$11,200,000 at the end of FY 1967.

Costa Rica. The organizational goals of credit unions have been fulfilled. LARO/CUNA is currently coordinating development programs with the Labor Ministry, National Bank and the Federation of Credit Unions. As of October 1967, there were a total of 122 credit cooperatives registered in Costa Rica, with a membership of 16,220 members and total assets of \$1,608,714. In addition, there are 19 groups in formation.

There are 71 credit cooperatives with 8,506 members and \$689,200 in assets which are affiliated to and constitute the Federacion Nacional de Cooperativas de Ahorro y Credito. The present officials of FEDECREDITO (Federation) and the CUNA/AID technicians are making a special effort to upgrade the services rendered by the Federation, in this way gaining the confidence of the non-affiliate credit unions to eventually reach a 100 percent affiliation. The centralization of funds and accounting programs have been enthusiastically received and the officials of FEDECREDITO believe they have all that is required for successful implementation.

El Salvador. Growth of credit unions has been favorable in view of the fact that the program was started in a country without a previous program or any enabling legislation. A Federation was established in 1966 with the help of LARO/CUNA. A new cooperative law is expected by the end of 1967. There are presently 66 local credit unions with 5,163 members and savings of \$125,000. Total loans to date are \$400,000.

Guatemala. One of the most successful programs started in a country without an enabling law. Model bylaws for credit unions have just been adopted by the Department of Cooperatives. There are 92 local credit unions with 13,455 members and \$520,000 in savings. More than \$650,000 has been loaned to date.

Nicaragua. The Federation of credit unions has 98 percent affiliation of local unions, and income is up to projections. There are presently 66 local credit unions with 6,694 members and savings of \$385,000. Total loans amounted to \$859,900.

Panama. The Federation of credit unions received a \$10,000 grant from the AID mission in Panama to be used as "seed capital" lending to credit unions. Some credit unions have been instrumental in organizing simple, pre-cooperative organizations and stimulating interest in marketing and supply cooperatives. There are 82 local credit unions with 10,861 members and savings of more than \$1.2 million. Total loans to the end of FY 1967 amounted to \$5.8 million.

Venezuela. The Federation of credit unions staged a remarkable come-back in 1967 after being almost bankrupt in 1965. The Federation is now servicing credit unions with its own funds. The USAID programs have been phased out. Currently there are 143 credit unions with 18,085 members and savings of \$1,144,280. Loans have been more than \$3.4 million.

EAST AFRICA - Organization of Credit Unions in East Africa

Although conceived as an East Africa project, embracing Kenya, Uganda and Tanzania, development has been mostly confined to Tanzania. As of June 30, 1967, there were in that country 141 credit unions with 18,313 members and savings of over \$317,000.

Credit unions are operating in the remotest Tanzanian village, helping people who once were charged interest rates of from 50 percent to 1,300 percent, depending on the borrower and the purpose of the loan.

The Savings and Credit Union League of Tanganika Limited has been organized and is extending such services as a stabilization program for credit unions and loan protection and life savings insurance for credit members.

The government's Cooperative Department personnel has worked with the credit union and through cooperatives, to prove 25,000 man-hours of training to help organize new credit unions and provide general cooperative instruction.

Most credit unions have been organized among agricultural people. They are fitting in with the government's plans for rural development through the establishment of cooperatives. Most of them are organized on a large enough base to provide for substantial growth.

Kenya. The credit union program in Kenya is still in the volunteer stage. Government authorities are interested and helpful. Growth should be rapid when AID technicians can be provided. There are 36 local credit unions with 7,500 members, \$185,000 in savings.

Uganda. The credit union program in Uganda is still in the volunteer stage. The locals are largely confined to salaried people in urban centers. There is, however, opportunity for rapid growth when AID technicians can be provided. There are 32 local credit unions with 2,052 members. Savings amount to \$94,000.

COOPERATIVE CONTRACTS WITH AID
**FARMERS UNION INTERNATIONAL
ASSISTANCE CORPORATION (FUIAC)**

Contracted Projects Operative During Fiscal Year 1967

Type of project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
World-wide Agreement- Old dated 4/1/63	--	--	Open	--	csd-255	--
World-wide Agreement- New dated 1/10/67	--	--	Open	--	csd-1489	--
Domestic Operations	\$ 103,658	\$ 96,009	Apr. 63	Sept. 67	csd-255 & 1489	1 & N1*
Tunisia, Cooperative Consultant	8,000	12,091	July 64	July 67	csd-255	2
Afro-Asian Rural Development, India	--	7,056	June 64	Aug. 66	csd-255	5
Uganda, Agricultural Cooperative Leader- ship Training	--	123,855	Jan. 64	Sept. 68	csd-255 & 1489	6 & N2*
Kenya, Agricultural Cooperative Leader- ship Training	--	37,739	Jan. 64	Nov. 67	csd-255	7
Philippines, Agricul- tural Cooperative Leadership	--	60,295	Feb. 65	Aug. 67	csd-255	9
African Coordinator	--	26,102	June 65	Sept. 67	csd-255	10
Liberia, Agricultural Cooperative Leader- ship	--	63,973	Apr. 66	May 68	csd-255 & 1489	11 & N3*
French Africa, Cooperative Leadership	--	46,660	May 66	Sept. 66	csd-255	12

(Continued on page 34)

COOPERATIVE CONTRACTS WITH AID

**FARMERS UNION INTERNATIONAL
ASSISTANCE CORPORATION (FUIAC (Cont.))**

Contracted-Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Nepal, Cooperative Supply and Marketing	\$ 75,000	\$ 49,978	Aug. 66	Sept. 68	csd-255	13
Thailand, Farmer Association Marketing and Supply	29,177	21,255	Aug. 66	Sept. 68	csd-255	14
French Africa, Cooperative Management Training	81,000	28,670	Apr. 67	Aug. 67	csd-1489	N4*
Peru, Wholesale Produce Marketing	7,500	7,500	Apr. 67	July 67	csd-1489	N5*
Vietnam, Cooperative Accounting and Mgmt.	357,000	--	May 67	May 69	csd-1489	N6*
Latin American Agricultural and Cooperative Leadership Training: Chile, Peru and Venezuela	68,415	96,326	June 62	Apr. 68	1a-23	--
TOTAL	\$ 729,750	\$ 677,509				

*"N" T.O. (Task Order) numbers so designated refer to re-issuance or issuance under the new Basic Agreement, i.e., Contract AID/csd-1489.

FARMERS UNION INTERNATIONAL ASSISTANCE CORPORATION (FUIAC)

The National Farmers Union draws on its own membership and that of its affiliated cooperatives, which do a \$500 million business with farmer-members in 17 states, for the technicians and specialists now helping AID to improve and expand agricultural production in developing countries. These activities are financed under contracts with the Agency for International Development (AID).

The Farmers Union overseas participation, which was commenced in 1962, is now carried on in a score of countries by the Farmers Union International Assistance Corporation. The National Grange and the National Council of Farmers Cooperatives became associated with the Farmers Union when an agreement was signed with AID in 1964 enabling the U.S. member organizations of the International Federation of Agricultural Producers to provide cooperative specialists in marketing, supply, and farm credit to developing countries.

The Farmers Union during fiscal year 1967 had training projects with or assigned agricultural credit and cooperative technicians and consultants in the following countries: Peru, Bolivia, Tunisia, Uganda, Kenya, Liberia, Philippines, Nepal, Thailand, Vietnam, Togo, Senegal, Ivory Coast, Upper Volta, Dahomey, Malagasy, and Gabon.

PERU - Evaluation of Coastal Plains in Light of Expanding Food Needs

The Farmers Union, as a result of this survey and consultations with the AID Mission in Peru, proposed that technical cooperative assistance and agricultural credit be offered to achieve the following objectives:

Agricultural Credit. Supervision of credit cooperatives to make them eligible for large loans for re-lending to individual producers.

Storage Facilities. Instituting a cooperative dry storage program for cereals to help start Peru toward self-sufficiency.

Wholesale Receiving Market Facilities. Establish modern receiving market facilities for wholesale food distribution, especially in Lima. With terminal cooperatives for existing primary marketing societies.

BOLIVIA - Agricultural Institutions

The Farmers Union reviewed for the AID Mission in Bolivia, the effectiveness of rural organizations in meeting existing agricultural production, marketing, supply and credit problems; considered possible mechanics and procedures to move needed credit, improved seed, fertilizer and other input requirements to small farmers; and proposed steps to improve the storage, marketing and processing of agricultural products - particularly wheat and rice.

Major attention of the survey was on agricultural credit, special attention was on production and marketing arrangements of rice in the Santa Cruz area, and wheat in the areas of Oquila and Tarabuco.

Credit. Only 10,000 agricultural credit loans a year reach Bolivian farmers. Loans of less than \$500 equivalent are not economic for the Agricultural Bank to administer directly. Creation of Community Agricultural Credit Associations would be the most effective means of expanding production credit to small farmers.

Wheat Production and Marketing Associations. Such associations should be organized in order to make improved seed and fertilizer available under production incentive loans, and storage and marketing loans available for improved wheat, as a means of increasing wheat production.

Organization of Rice Growers Federation. Growers can be brought into a market bargaining position through voluntary supply control, by organizing a growers' federation to engage solely in regional marketing operations, creation of farmer-owned storage facilities, and establishing a minimum government loan on rice.

TUNISIA - Development of Cooperative Credit

The FU/AID specialist has contributed substantially to establishing a standard operating basis for agricultural and cooperative credit by such means as working with the National Agricultural Bank in formulating legislation for a mutual credit program, and serving as a senior advisor to the Cooperatives Section of the Plan Ministry and the Undersecretariat of State for Agriculture.

In 1965 the National Agricultural Bank gave priority to the development and expansion of credit societies as a means of getting agricultural credit to farmers. At that time there were 14 weak societies with 4,600 members. In fiscal year 1967, there were 27 societies with 32,267 members. The societies have made 18,832 loans totaling 2,413,500 dinars. The government's goal is 75 member societies, and an additional 4 million dinars for loans.

UGANDA - Agricultural Cooperative Development and Leadership Training

The AID/Farmers Union agricultural six-man cooperative team works with the Uganda Government and through the country's existing cooperative structure of 1,887 local or primary cooperative societies with 450,000 farm families as members.

The cooperatives' principal business is marketing and processing two major crops, cotton and coffee.

Cotton. Forty-eight cooperative ginneries processed 60 percent of the 440,000 bales produced in 1966. District unions in the past few years spent \$4.5 million on purchases and expansion.

Coffee. The 10 cooperative processing plants market 90 percent of the country's arabic and 31 percent of its robusta coffee.

Minor Crops. A crop diversification campaign is being carried on by the Government. Eight prefabricated metal warehouses donated by USAID have been strategically located at crop concentration points which are expected to serve as a nuclei for minor crop market centers. Personnel to manage these marketing operations are being trained in the United States.

The AID/Farmers Union assistance is concerned with training cooperative personnel, expanding member-education, extending the credit program to 1,000 cooperatives by 1970, and strengthening the Cooperative Alliance, the educational arm of the cooperative movement in Uganda.

Education. Full-time use has been made of 13 adequately equipped cooperative training centers to provide 11,320 student days of residential courses in 1967 as compared to 9,350 days in 1966. Two additional centers are being planned. In the country, 309 one-day courses were offered to 16,400 persons, compared to 240 courses with 13,000 persons in attendance last year. Publication of the new material has been made possible by a \$3,000 revolving fund grant made in 1964 by the International Federation of Agricultural Producers.

Credit. A five-year experience in lending and a four-year experience in collecting have proved that properly supervised cooperative marketing societies can successfully manage the credit business. Five years ago, 17 cooperatives loaned \$79,000 to members and made collections in full. By 1965-66 this had increased to 326 cooperatives loaning \$730,000 to members, with \$701,000 collected at the close of the business year.

Cooperative Livestock Marketing. AID/Farmers Union technicians helped to establish 8 bulk milk coolers supplied by AID and organize cooperative dairy and processing societies. The Government imported a herd of 300 purebred in-calf heifers from Europe for the foundation stock of a dairy industry.

A cooperative marketing-specialist is helping to develop a beef industry. Major concern is the establishment of economic livestock production units, particularly on beef-producing ranches, such as the Ankole Ranching Scheme. A 10,000-acre tract is being developed by the Banyankole Growers Cooperative Union. Another district union has established a 40,000 acre production unit in another part of the country.

KENYA - Cooperative Leadership Training

Technician assistance was provided in the training of cooperative leaders and in the development of an improved agricultural cooperative accounting business procedure.

Accounting and Finance. Centralized operations for cooperatives have been standardized and put into practice in all but two coffee unions. Two unions, which include dairy, pyrethum and pig cooperatives, have had all records centralized.

Member Education. Member-training was offered in four of the six most important agricultural and cooperative provinces. More than 15,000 people attended 212 one-day cooperative courses. All cooperative projects were terminated in 1967, to be replaced by technicians from the Scandinavian countries.

LIBERIA - Development of Cooperative Institutional Framework

Assist the Liberian Department of Agriculture to develop a supervised credit program, improve techniques and procedures for cooperatives, and to develop farmers' and village rice, rubber and swine cooperatives.

Emphasis is now being given to rice production with other assistance held in abeyance until the Liberian Government is ready to act.

FRENCH AFRICA - Cooperative Training

Twenty-four participants from French-speaking African countries received 90 days of cooperative training in the United States. This is the second group of French-speaking Africans to receive comprehensive cooperative training in the U.S. The participants were from Senegal, Ivory Coast, Togo, Upper Volta, Dahomey, Malagasy and Gabon.

PHILIPPINES - Agricultural Cooperative Leadership

The priority placed by the AID Mission on increasing rice production in 11 provinces beginning in fiscal year 1967, subordinated the AID/Farmers Union program for training agricultural leaders, establishing a supervised credit technique, and assisting the newly-organized Grains Marketing Cooperative of the Philippines.

A two-weeks training course was provided for auditors of the Agricultural Credit Administration and an eight-weeks course for 38 managers of the Farmer Cooperative Marketing Association.

Lack of funds brought to a halt plans for revitalizing the Farmer Cooperative Marketing Association and expanding the services of the Grains Marketing Cooperative of the Philippines.

NEPAL - Developing a Storage and Marketing System for Food Grains

AID/Farmers Union is assisting the Government of Nepal through its Ministry of Food and Agriculture and Land Reform to establish and operate its National Agricultural Supply Corporation and to develop a more effective storage and marketing system for food grains.

The Nepal National Supply Cooperative Agency has been established to distribute all agricultural inputs to farmers. It has a central office and five branches. AID has provided P. L. 480 funds for construction of warehouse and storage facilities.

LATIN AMERICA - Farm Leaders Training Program

For the fifth year, AID/Farmers Union provided training and assistance for campesino leaders in techniques of constructing economic institutions owned by farmers, with emphasis on needs and purposes of small and medium sized farms. Two hundred and ninety-nine leaders from campesino organizations in Peru, Chile, Bolivia, Colombia and Venezuela have participated in these five-month training programs in the United States.

THAILAND - Establish District Level Farmer Organizations

Fourteen District Farmer Federations have been organized. Twenty-four new Federations are to be established by the end of the fiscal year. A warehouse, machinery storage and a small office are under construction. Agreements have been reached with five banks to supply credit for rice production in 12 districts. Over 11,000 loan applications have been completed. The first shipment of fertilizer has been distributed to farmers. In one district, which is primarily cotton growing, an agreement has been reached with two companies to supply cotton seed, insecticides

and fertilizer to 1,700 federation members, and to market their cotton. A program is being developed to have the rice crop marketed by district federations. More than 15,000 small farm and medium farmers are involved in the first 14 district federations.

VIETNAM - Financial Management System for Agricultural Cooperatives

Beginning in fiscal year 1968, AID/Farmers Union will assist in the development of a financial management system for the Agricultural Bank, agricultural cooperatives and farmer associations. Cooperatives distribute much of the fertilizer and other supplies essential to agricultural progress in the country. Some 700,000 farmers stand to benefit from an improved system of accounting and fiscal management from the central office in Saigon to the provincial capitals and to the village-hamlet level. In addition, sound financial management will do much to strengthen the Vietnamese farmers confidence in his own supply-credit-marketing institutions.

COOPERATIVE CONTRACTS WITH AID

**THE FOUNDATION FOR COOPERATIVE HOUSING,
FCH SERVICES, INC.**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Basic Agreement	--	--	6/62	1/67	csd-22	--
Basic Agreement	--	--	1/67	1/72	csd-1491	--
<u>International Programs</u>						
Program Planning and Administration	\$ 177,899	\$ 41,100	6/63	1/67	csd-22	11
Program Planning and Administration	73,736	46,000	1/67	9/67	csd-1491	1
Consultant Services						11 & 1
Brazil			11/66	12/66		"
India			3/67	4/67		"
Kenya			7/66	8/66		"
Philippines			4/67	4/67		"
Sierra Leone			8/66	8/66		"
<u>L.A. Regional Programs</u>						
Program Planning and Supervision	296,723	81,000	5/63	7/67	csd-22	10
Consultant Services						
Guatemala			12/66	12/66		10
Training and Information Services	381,000	76,700	6/63	6/67	csd-22	12
Cooperative Housing Studies	52,650	5,700	5/63	7/67	csd-22	9
Housing Investment Guaranty Project Development	98,000	66,600	6/66	10/67	csd-22	32
Consultant Services						
Brazil			8/66	8/66		
Colombia			7/66	8/66		
Dominican Republic			7/66	9/66		
El Salvador			8/66	8/66		
Guatemala			8/66	8/66		
Honduras			7/66	7/66		
Jamaica			11/66	12/66		

(Continued on page 41)

COOPERATIVE CONTRACTS WITH AID
**THE FOUNDATION FOR COOPERATIVE HOUSING,
 FCH SERVICES, INC. (Cont.)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
<u>Country Programs</u>						
ROCAP Regional Co-op Housing Program Development	\$ 47,400	\$ 17,800	6/65	8/67	csd-22	27
Argentina Co-op Housing Program Development	51,500	--	7/64	12/66	csd-22	20
Argentina Community Development and Relocation Advisor	48,200	3,000	5/67	7/68	csd-1491	4
Brazil Co-op Housing Program Development	140,000	57,000	6/65	6/68	csd-22	28
Colombia Co-op Housing Program Development	70,000	30,800	6/66	3/68	csd-22	31
Colombia Low-cost Housing Advisor	57,205	9,700	1/65	1/67	csd-22	24
Colombia Low-cost Housing Advisor	22,795	7,200	2/67	12/67	csd-1491	2
Honduras Co-op Housing Program Development	89,790	33,400	9/63	5/67	csd-22	16
Jamaica Co-op Housing Program Development	19,500	--	3/63	6/67	csd-22	17
Nicaragua Co-op Housing Program Development	26,900	5,800	5/65	11/66	csd-22	26
Panama Co-op Housing Program Development	122,500	61,600	4/65	8/68	csd-22	25
Peru Co-op Housing Program Development	46,300	--	9/63	12/66	csd-22	14
Venezuela Housing Management Advisor	20,566	15,800	6/66	7/67	csd-22	30
TOTAL	\$1,842,664	\$ 559,200				

THE FOUNDATION FOR COOPERATIVE HOUSING, FCH SERVICES, INC.

The Foundation for Cooperative Housing FCH Services, Inc. promotes and stimulates the development of cooperative housing in the U.S. and overseas. Through its operating subsidiary, FCH Services, Inc., new cooperative housing communities for low and middle-income families are developed on a large scale in the U.S. In many of the developing countries, FCH Services, Inc., under contracts with AID, provides technical assistance services. The primary objective in newly-developing countries has been to build sound, indigenous institutions with the ability to develop private cooperative housing communities. Where institutions already existed, their capabilities have been improved and strengthened. Through the work of these institutions, local public and private resources were mobilized, external loan funds were secured, new communities were planned and new cooperative community organizations were created. Through these organizations, designed to meet specific needs and conditions, low and middle-income families not only acquire the security and dignity of home-ownership but also participate in the development of their community.

PROGRAM DEVELOPMENT AND ADMINISTRATION

Consultant services were provided to AID/Washington and in Brazil, Dominican Republic, Colombia, El Salvador, Guatemala, Honduras, Jamaica, India, Kenya, the Philippines and Sierra Leone.

A new Latin American regional program was started in cooperative housing development under the new Housing Investment Guaranty Program. New country programs were started in Argentina and Colombia, and a short-term contract was completed in Venezuela. Preliminary technical assistance work was completed in Jamaica and Nicaragua.

EDUCATION AND TRAINING

In cooperation with OAS and IDB, FCH planned and conducted the second annual three-month Cooperative Housing Training Course at CINVA, Bogota, Colombia. Leadership, membership and technical development training courses were conducted in Honduras, Panama and Colombia. AID, UN and privately sponsored participant trainees and visitors from all over the world were given training sessions at FCH International headquarters in Washington and the FCH training office in Detroit. FCH and INVICA (Chile) jointly sponsored and conducted in Chile a Latin American seminar on cooperative housing.

INFORMATION SERVICES

Information services increased during the year with expansion of world-wide circulation of the monthly FCH News Briefs and Spanish language Noticero FCH. A series of program development case studies was initiated with the publication of "Housing the Campesino". A series of technical bulletins, the FCH Concepts and

Methods Series, was initiated: "Housing Cooperatives for Industrial Workers", "Advantages of Housing Cooperatives", "The Technical Service Organization - Key to Successful Cooperative Housing", and "Management Guidelines for Housing Cooperatives".

COOPERATIVE HOUSING INVESTMENT GUARANTY PROGRAM

Under the Latin American Housing Investment Guaranty Program, 10 cooperative housing applications in seven countries have come under active consideration by AID. As project applications are approved, FCH will provide organizational and development assistance to the cooperative projects. Such assistance will be provided through a local, non-profit Technical Service and Management Organization.

FCH is also providing consultative services to AID in the development of program criteria for the AID I.G. program in connection with community organization and community facilities. FCH conducted an investigation of the organization and management of three completed investment guaranty projects in Peru. The findings and recommendations, published in "Community Action for Better Neighborhoods," indicate the necessity of planning and developing community organizations as an integral part of a housing investment guaranty project.

COUNTRY PROGRAMS

ARGENTINA

FCH has provided a community development specialist experienced in relocation problems to assist the Municipal Housing Commission of Buenos Aires in organizing and strengthening its social service division. This division will work with squatter families in the Parque Almirante Brown area and prepare them for moving into new housing to be built in the General Belgrano area. This project is a part of the larger Parque Almirante Brown housing and redevelopment program. FCH had previously assisted the municipality of Buenos Aires in making feasibility studies and preparing the loan application.

Direct Benefits. The families to be relocated will occupy a project of 3,000 dwelling units.

Financing. A \$19.2 million loan from the Inter-American Bank is available for the development of the Parque Almirante project. \$12 million of this loan will be used to finance the General Belgrano resettlement housing project.

BRAZIL

The FCH cooperative housing specialist has provided assistance to the cooperative division of the National Housing Bank. This has included training for National Housing Bank staff through CENPHA, a newly-established housing research and development center. Four regional technical service organizations (INOCOOPS) have been established by the National Housing Bank. CENTRAB, a private technical service organization which FCH helped to create, has continued to develop cooperative housing projects in Minas Gerais.

FCH has also participated in a study of upgrading the favelas or squatter areas of Rio de Janeiro. The program recommended that existing community organizations be used to help people to restore and improve their homes and that the area be provided with essential community services. It is estimated that this type of rehabilitation, as opposed to conventional bulldozing and clearing, would enable the people to salvage much of the \$50 million that they have already invested in dwellings. The program, if carried out, would improve the living condition of the 100,000 families who live in these areas.

FCH also assisted in the preparation of an application for a \$5 million investment guaranty to construct a cooperative housing project of 3,067 units for workers in the city of Volta Redonda. This application is under review by AID.

Institution Building. Assistance has been given to CENTRAB in Minas Gerais and the Cooperative Housing Division of the National Housing Bank in the development of regional technical service organizations (INOCOOPS).

Direct Benefits. Some 20 projects have been completed in Minas Gerais under the sponsorship of CENTRAB. Some 40,000 housing units are in various stages of development by the regional technical service organizations (INOCOOPS).

Financing. Cooperative housing is being financed by the National Housing Bank from a \$20 million loan from IDB and from its own income-tax revenues.

COLOMBIA

Under a new technical assistance program, FCH assisted the Colombian Federation of Housing Cooperatives (FEDECOOP) in negotiating and meeting the conditions of a 15 million peso AID loan to establish a revolving loan fund and single-mortgage cooperative housing projects in Cali, Medellin and Bogota. Of special significance was the legal and financial planning assistance provided to develop and negotiate the first mortgage readjustment system in Colombia. The system, to be applied initially to the cooperative housing projects, was aimed at protecting the value of the revolving loan fund to assure continuing financing of future housing cooperatives.

FCH staff also assisted FEDECOOP in preparing an application for a \$1,765,000 investment guaranty to finance a second cooperative housing project in Bogota. The application is presently under review by AID.

A cooperative project for 652 units sponsored by a private sponsor has also been submitted in Colombia. FEDECOOP will provide technical assistance to the cooperative housing if approval is granted by AID.

Direct Benefits. About 300 houses have been financed; one project is under construction and detailed designs are underway for the other two.

Financing. A 15 million peso loan has been made to the Federation of Housing Cooperatives by AID. A revolving fund will also be established to finance future cooperatives as the sub loans are repaid.

An application for a \$1,765,000 investment guaranty to build a cooperative housing project in Bogota, sponsored by FEDECOOP, is under review by AID. A \$2.2 million cooperative project has also been submitted for guaranty in Bogota.

DOMINICAN REPUBLIC.

FCH has assisted in the preparation of applications for three investment guaranty projects in the cooperative category.

A contract to provide technical assistance to the National Housing Bank in setting up a foundation for housing cooperatives has been negotiated and awaits AID approval. The foundation, with FCH technical assistance, would help develop a housing cooperative for teachers utilizing \$1 million from a \$2 million investment guaranty for seed capital for which an application has been made. The foundation would also assist cooperatives to be funded under the other three investment guarantee projects which are now under review by AID.

Institution Building. Assistance will be given by FCH under a contract with the National Housing Bank to establish a foundation for housing cooperatives which will help new cooperatives with organizational, legal, financial and technical problems.

Direct Benefits. If all investment guaranty projects are approved about 1,284 houses will be built in various cities in the Dominican Republic.

Financing. Applications for investment guaranty for cooperative housing in the total amount of \$6.2 million are now under review by AID.

HONDURAS

Contracts were let and construction started on two urban cooperative housing projects - one at La Ceiba and the other at San Pedro Sula which will house a total of 251 families.

Negotiations were carried on by FCH cooperative housing specialists with INVA, the Honduran housing agency, to provide financing for the expansion of the San Pedro Sula cooperative project.

The Federation of Housing Cooperatives (FEHCOVIL) which was organized in 1965 with FCH assistance will provide continued training and management to these cooperatives as well as assistance to future cooperatives that will be funded from the proceeds of a revolving fund established in connection with the original \$2 million AID loan.

FCH will continue to assist FEHCOVIL with training and technical guidance on specific problems and will also help advise and train staff of the Banco Nacional de Fomento in administering cooperating housing revolving fund.

Direct Benefits. Two cooperative housing projects totalling 251 units are under construction.

Financing. \$2 million AID loan, supplemented by \$200,000 down-payments by co-op members. An additional loan from INVA to expand the San Pedro Sula cooperative project is under negotiation.

An application for a \$2 million housing investment guaranty for a project submitted in the cooperative category is under review by AID.

JAMAICA

The Ministry of Housing has established a cooperative housing advisory committee on the recommendation of an FCH team.

FCH technical assistance has been requested by the Ministry of Housing through AID.

Seven cooperative housing societies have been formed and the members have saved more than \$100,000 towards down-payments. One of these societies will provide the membership of a cooperative housing project, to be funded under investment guaranty program, provided the application now pending is approved by AID.

Direct Benefits. Some 183 dwelling units will be build if the pending application is approved by AID, under the AID housing investment guaranty program.

Financing. An application has been made for \$1 million in financing for a cooperative housing project near Kingston under the investment guaranty program. Twenty-five percent of the financing would be provided by a local financial institution.

NICARAGUA

FCH cooperative housing specialist completed plans for a pilot program in cooperative housing and assisted the national housing agency (INVI) in preparing applications for a \$1 million AID loan and a \$1 million loan from IDB. The AID loan was later combined with a \$3.7 million seed capital loan to the newly-created Nicaraguan housing bank (BNV) for lending through savings and loans associations.

Direct Benefits. Two cooperative housing projects with a total of about 250 units were scheduled.

Financing. A \$1 million component of a \$3.7 million seed capital loan to the Nicaraguan housing bank (BNV) was earmarked for cooperative housing.

PANAMA

In Panama, 1967 saw the organization of the Panamanian Foundation for Cooperative Housing.

Preparatory steps have also been taken to establish a federation of housing cooperatives to further the cooperative housing movement.

The new foundation will be the vehicle for a \$3.5 million AID loan and a \$1.5 million local contribution which will initially finance new homes for about 1,300 urban and 1,000 rural families or about 11,000 people. A permanent revolving fund will also be established from the spread in interest rates between the AID loan, the sub-loans, and the income from interest principal during the 10-year grace period. This will mean many more homes over the years as the cooperatives repay their loans.

Dos Pinos cooperative in urban David, has built 28 units using self-help labor. Fifty more units will be completed by a contractor in the fall of 1967. As the first

single-mortgage cooperative in Panama, Dos Pinos is a valuable demonstration of this important concept in community building and financing.

The first of three Cooperative Building Materials Production Centers, established in Panama City, rapidly increased its production.

The second Cooperative Building Materials Production Center was started in Santiago, and a third center was planned. These centers produce and sell at cost essential building materials for new dwellings, to families from slum and squatter areas who have relocated on urbanized land. Credit unions have also been established and provisions have been made for loans for building materials. The production centers which are on the relocation sites offer both employment and training in various skills to new residents who may be unemployed.

The rural housing program has drawn its participants from the membership of local credit unions. These credit unions also handle the loans for materials and the repayments. The first group, in Los Picitos, demonstrated the effectiveness of a cooperative self-help approach to organizing, financing and building the \$300 to \$500 homes. The Los Picitos demonstration project was funded initially by a \$3,000 seed capital grant which, together with the families' \$30 downpayments, made it possible to build 11 houses. As repayments are made into a revolving fund administered by the credit union, additional houses are financed. After 91 months, a total of 34 houses will have been built from the original \$3,000 AID investment. Now, two more groups are building in other areas, and a total of 22 houses have been finished. The new \$3.5 million AID cooperative housing loan will allow rapid expansion of this program and will provide 1,000 farm families better living conditions without migrating to a city. This also provides an incentive to increased agricultural production and a strengthened community organization through which further self-improvement can be encouraged.

Responsible persons in several countries have indicated interest in adopting the FCH/Panama rural plan, notably Brazil, Honduras, Costa Rica and India.

Direct Benefits. Urban Cooperative Housing - 28 units completed and 50 more are under construction, and 1,300 more units planned and financing arranged.

Urban - 600 slum and squatter families were relocated and 1,500 more applications are pending. A total of 10,000 people will be relocated. Building material production centers are providing materials for dwelling construction, training and employment for relocated people.

Rural Housing - 22 units are completed and 1,000 more are planned and financing arranged.

Financing. Squatter relocation program and building material production centers are being financed with \$2 million from a \$3 million AID loan and \$1.5 Panamanian loan for urban improvement.

Expanded urban and rural cooperative housing program will be funded from a \$3.5 million AID loan (approved but not signed in fiscal year 1967) supplemented with a Panamanian \$1 million loan and \$50,000 in members' downpayments, totalling \$5 million.

VENEZUELA

Two management specialists were provided by FCH to the Venezuelan national foundation for community development and municipal improvement (COMUN), to assist them in strengthening their management program. Several thousand units of housing had been constructed under COMUN with AID loan assistance, but repayment delinquencies were high and maintenance was inadequate. One of the FCH specialists worked with COMUN for a month and the second remained for six months. In addition to working with the staff of COMUN, considerable time was spent with local foundations which have direct responsibility for the housing projects in their areas. Management guidelines were also prepared by the specialists to assist COMUN and the local foundations in carrying out their management functions, particularly as they relate to improved collection procedure, tenant relationships and property maintenance.

INDIA

A study of the potential for the development of cooperative housing was conducted. Findings and recommendations, included in a report "A Cooperative Community Building Institute for India," proposed a comprehensive private institution for planning, financing, building, and managing new cooperative communities. Special emphasis was placed on the maximum mobilization and utilization of local financial and self-help labor resources.

COOPERATIVE CONTRACTS WITH AID FUND FOR INTERNATIONAL COOPERATIVE DEVELOPMENT

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Creation of L.A. Cooperative Finance System	\$ 532,415	\$ 138,672	8/8/64	9/30/67	AID/1a-188	

FUND FOR INTERNATIONAL COOPERATIVE DEVELOPMENT

The Fund (FICD) has undertaken to carry out the dual task of assisting the Latin American cooperative movement to build a strong, viable cooperative financing system and to secure the widest participation of people in building these permanent institutions.

During the past year, all the fundamental steps were taken to establish a cooperative bank in Peru. Also in its initial organizational stage is a bank for Dominican cooperatives.

FICD now has three banks in operation in Argentina, Chile and Ecuador; one bank in the final stage of development in Peru; and one bank in the initial stage of organization in the Dominican Republic.

Each bank indirectly affects the entire national cooperative movement through offering credit services while directly benefitting its own member cooperative organizations as follows:

<u>Location</u>	<u>Name</u>	<u>Number of member organizations</u>
Buenos Aires, Argentina	Banco Cooperativo Agrario Argentino (BCAA)	592
Santiago, Chile	Instituto de Financiamiento Cooperativo (IFICOOP)	143
Quito, Ecuador	Banco de Cooperativas del Ecuador (BCE)	132

This cooperative financing system has the potential of reaching as many as 8,185,000 individuals in Latin America. However, at present, the actual number of individuals directly benefited are:

● Ecuador	57,650 individuals
● Chile	491,000 individuals
● Argentina	2,850,000 individuals
● Peru	270,000 individuals
● Dominican Republic	35,301 individuals

The FICD project assists in the organization and operation of cooperative-owned and operated financing institutions which will redistribute to the people their own savings and the funds obtained from other sources, extending a valuable and improved credit service to all affiliates of cooperatives.

Through making credit available to agricultural, industrial and service cooperatives, at fair terms and low interest rates, the cooperative banks further the economic development of the country by removing the financial obstacles which inhibit initiative and retard progress.

The FICD project is based on a new approach: credit terms and amounts can be tailored to the borrowers' needs and capabilities, encouraging expansion, modernization and efficiency in production and services, and, at the same time furthering a better income distribution that promotes social justice. It will affect favorably the lives of more than eight million people.

The project stimulates individual initiative, in all social and economic sectors, thus incorporating the people in the task of furthering the economy of the country within the framework of the National Development Program and by means of institutionalizing savings and efficiency in many production and service sectors of the economy.

The objective of building a strong cooperative financing system in Latin America is being approached by the simultaneous pursuit of two related targets:

1. Assistance in the organization, rationalization, and operation of banks for cooperatives to be located within countries of Latin America requesting assistance from the program, which are designed to fill the needs of all qualified cooperatives; and
2. Assistance in the organization and operation of a central finance institution called the Inter-American Cooperative Finance Development Society (SIDEFCOOP). SIDEFCOOP, incorporated in February of 1966, is owned and administered by its member cooperative organizations and cooperative finance institutes. In addition to a broad range of financial functions (other than loans) SIDEFCOOP's functions include the provision of supervision and technical assistance to its member banks as well as establishing uniform standards and procedures to be employed by those banks.

I. BANK DEVELOPMENT PROGRAM

Ecuador. The Banco de Cooperativas del Ecuador was officially incorporated in December of 1964. In February of 1965, AID granted the Bank a loan of US \$1.2 million to serve as seed capital. Since that time, some 132 cooperatives have joined the bank's membership, representing more than 57,650 individuals. An additional US \$4.6 million is being requested from AID to be channeled to expanding the credit activities during the period 1967-70. FICD employed the services of a former business analyst of the St. Louis Bank for Cooperatives to serve as advisor to the Ecuador bank during the period September 1964 - December 1967.

Argentina. During the latter part of 1964, FICD, pursuant to a PASA agreement with the Farm Credit Administration, provided the services of two cooperative finance specialists to assist the organizing committee of the Banco Cooperativo Agrario Argentino in the organization and administration of the proposed bank. In June 1965, the bank was officially opened, with an initial capital equivalent to more than US \$4 million invested by its member cooperative organizations. At the bank's request, FICD sent two technicians in March of 1966 to review and evaluate the bank's operations. Their report strongly recommended that the bank obtain external financial assistance. This financing, if obtained, will be channeled to meet the increased credit demand resulting from the bank's rapid growth in membership - 523 new members during the calendar year 1966.

Uruguay. FICD has withdrawn its consultant from Banco de Produccion y Consumo - a project not organized by the FICD program. Due to the results of the FICD consultant's investigation, the bank is now closed, and the AID loan of \$2.4 million has been cancelled.

Chile. The Instituto de Financiamiento Cooperativo was officially incorporated in June of 1965 after an FICD technician had assisted the bank's founders in the initial organization and operation. An AID loan for US \$3.6 million was signed in August, 1965 but not disbursed, however, until the appointment of a US-employed technician to the bank's staff and enactment of legislation permitting the Chilean Government to guarantee the AID loan. A former executive president of the Puerto Rico Bank for Cooperatives was designated by FICD to serve on the Bank's staff during the initial two years of operation. The bank officially opened in late 1965.

Colombia. The FICD program provided a retired president of the St. Louis Bank for Cooperatives, to assist the organizing committee of a cooperative bank in Colombia. His report to the AID mission of the feasibility of the bank is now complete and ready for implementation, pending the local AID Mission decision.

Dominican Republic. FICD provided, at the request of the AID Mission and a group of cooperative leaders in the Dominican Republic, a team of two cooperative banking experts. Due to the sudden suspension of their feasibility study caused by the outbreak of hostilities in April 1965, they were unable to return and complete the assignment until January 1966. At the request of the Instituto de Desarrollo y Credito Cooperativo, in March and May of 1967, FICD sent a member of its staff to assist Dominican cooperative leaders in the initial organization of the Banco Cooperativo Dominicano and in the preparation of the loan application in the amount of US \$4.5 million to be submitted to AID. Such funding, if obtained, will serve as seed capital for the Bank. FICD expects to provide the services of a Cooperative Bank Consultant during the initial two year operating period of the proposed bank.

Panama. Two FICD consultants conducted a preliminary survey of the cooperative movement with a view of ascertaining the desirability of proceeding with a more detailed feasibility study. The results of the survey indicate that such a cooperative bank is feasible and desired by the Panamanian cooperative leaders.

Bolivia. The general manager of the Puerto Rico Branch of the Baltimore Bank for Cooperatives performed a preliminary survey of the cooperative movement in April of 1966. His report recommended that a more detailed feasibility study be conducted after the July 1966 national election.

Peru. In August of 1966, a member of the FICD staff visited Peru to assist the central credit union in converting into a central bank for cooperatives through amendment of its by-laws, constitution and organization. Results of his investigation indicate that external financing will be needed to serve as seed capital. The Banco de Cooperativas del Peru held its constitutional assembly on April 2, 1967. At the request of USAID/Peru, another FICD staff member visited Peru in May 1967 to review the project, and recommend what type of technical assistance the proposed bank will require. Results of his evaluation indicate that, among other types of technical assistance needed, a cooperative finance expert should advise the bank's staff during the first year of operation. FICD expects to fulfill the above technical assistance needs during the bank's first year of organization and operation in addition to aiding the bank personnel in the preparation of a loan request for the aforementioned external financing.

Central America (regional). In February of 1967, the participants of the Third Meeting of Central American Cooperative Leaders, in San Jose, Costa Rica, un-animously resolved to request SIDEFCOOP/FICD to conduct a feasibility study concerning the establishment of a central financing institution serving the cooperative movements of the several Central American nations. Meetings and further study with ROCAP officials will follow-up this resolution.

II. INTER-AMERICAN COOPERATIVE FINANCE DEVELOPMENT SOCIETY (SIDEFCOOP)

The Inter-American Cooperative Finance Development Society (SIDEFCOOP) was incorporated in the State of Delaware as a supervisory and technical assistance

corporation to: (1) promote and establish cooperative finance institutes throughout Latin America; (2) assist the institutes in the procurement of loans, obtaining of guaranties, underwriting or direct placement of equity shares or instruments of debt, or the obtainment of other financial assistance from any source, and acting as fiscal agent with respect to the above; (3) strengthen and promote cooperative financing systems as well as economic integration of the Inter-American cooperative movement; and (4) promote the creation of the Inter-American Cooperative Finance Institute (IFCOOP).

The latter will complete the cooperative finance system, serving as a central bank for the national cooperative finance institutes and weaving them into a uniform coordinated system. To this end, a subcontract between FICD and Porter International Co. has been concluded, whereby the latter will conduct a study, on an international scale, of the potential sources of financing available to such a bank. It is expected that SIDEFCOOP, by including as one of its objectives the concession of loans to its member banks and cooperative associations, will be transformed into the central bank known as IFCOOP.

COOPERATIVE CONTRACTS WITH AID
**INTERNATIONAL COOPERATIVE DEVELOPMENT
ASSOCIATION (ICDA)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
World-wide Agreement	Open	--	June 64	Open	csd-683	--
Development of U.S. cooperative resources for assistance abroad	\$ 280,383	\$ 105,804	July 64	June 68	csd-683	1
Colombia-Dairy, Fruit and Vegetable Marketing	128,000	20,670	Nov. 66	Dec. 68	csd-683	3
Honduras-Rural Cooperative Development	96,300	36,789	Oct. 66	Dec. 67	csd-683	4
Honduras-Cooperative Reorganization	28,900	10,602	Jan. 67	Dec. 67	csd-683	5
India-Cooperative Fertilizer Production	16,435	3,000	June 67	Aug. 67	csd-683	6
TOTAL	\$ 550,018	\$ 176,865				

INTERNATIONAL COOPERATIVE DEVELOPMENT ASSOCIATION (ICDA)

The International Cooperative Development Association was incorporated by 10 U.S. cooperatives in July 1963. The membership has increased to 22 regional- and national-type cooperatives, and directly or through them ICDA's membership now includes most of the major cooperatives in the U.S.

ICDA's world-wide operations began in January 1965 under a global contract with AID. Its first major undertaking was to establish a "bank" of qualified cooperative specialists available for assignments with AID Missions, cooperative contractors, voluntary agencies and other organizations engaged in developing democratic institutions overseas. As of June 30, 1967 this "bank" has a roster of 430 persons. Nearly 100 of these people have taken overseas positions.

In addition to being the main source for the roster of cooperative specialists, ICDA members are the resource for providing direct technical advice on management and capitalization for developing cooperatives abroad. Mobilization of these resources has, for example, resulted in a commitment of \$1 million, in addition to technical services, for the purpose of establishing cooperative fertilizer production facilities in India.

ICDA makes preliminary and feasibility studies of cooperative programs and projects as requested by AID.

The following projects were in effect during the past year.

IRAN - recommendations for the future development of rural cooperatives.

INDIA - Cooperative Fertilizer Production

On the basis of previous consultations and studies relative to India's fertilizer needs, ICDA prepared a proposal for the establishment of cooperative fertilizer production in India. A five-man team, after consultations and in-country study, submitted ICDA's proposal to the Indian government, cooperative officials and AID/India officials. The proposal was approved in principle. As of the end of the fiscal year, a four-man team was in India under ICDA Task Order No. 6 for the purpose of obtaining specific information as to site locations, source of raw materials, equipment and plant costs, etc., as related to the proposed fertilizer cooperative.

COLOMBIA - Marketing Cooperatives

Task Order No. 3 has as its purpose the establishment of dairy, fruit and vegetable marketing cooperatives, with specific attention to three cooperatives already in existence but with limited operations. These co-ops are being provided technical assistance in all areas of operation, including management, finance, market development and member participation. Results of the project through June 1967 include:

A 10 percent increase in price paid to producers of milk in the Medellin market area, as a result of organizing 500 farmers into a dairy cooperative.

Three thousand members or potential members reached through meetings and personal contacts, and 300 government employees contacted at meetings and conferences.

The potential long-term benefits of this project are expected to include:

A gradual increase in farm income through better price and improved production; a decrease in imports of food due to increase in domestic production; improved quality of dairy products, fruits, and vegetables for consumers, and accelerated citizen participation in establishing and operating democratic economic and social institutions.

HONDURAS - Increased Agricultural Production

Task Order No. 5 has as its purposes the increase of agricultural production and improvement of rural living standards through establishment of cooperatives, improving operations of existing cooperatives, and liquidating those which are dormant.

Accomplishments through June 1967 included: 20 cooperatives provided with reorganization plans, with gradual implementation being effected; twelve groups in the organizational stage; 2,000 members or potential cooperative members reached through meetings and personal contact; 800 persons, government employees, labor union members, members attending educational seminars, etc.; and one pre-cooperative operation at Rio Lindo demonstrated that prices to farmers for grain can be doubled when held off the market for a few weeks after harvest by cooperative storage.

Among the potential long-term benefits are: increased farmer income, increased food production, decrease in food imports, improved availability of food to consumers at lower prices by establishing more direct distribution, and active campesino participation in building democratic community and national institutions.

NIGERIA - Fertilizer Study

A contract was awarded to ICDA for a fertilizer study in Eastern Nigeria, but due to political circumstances in Nigeria, implementation had to be postponed.

GLOBAL

More than 20 countries contacted ICDA, either through correspondence or personal representatives, seeking advice and suggestions concerning their country's cooperative development. In addition to technical advice provided through these contacts, information was given on sources for various types of equipment and raw materials.

COOPERATIVE CONTRACTS WITH AID

INTERNATIONAL COOPERATIVE TRAINING CENTER (ICTC)

(Contract with University of Wisconsin)

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
World-wide Training Center for AID	\$ 388,939*	\$ 230,786	6/29/64	4/15/67	csd-469	1*
Participants sent to U.S. from abroad	126,633	32,007	4/16/67	9/15/67	csd-1506	1
World-wide research and development program for cooperatives	45,665	3,308	6/15/67	12/15/67	csd-1506	2
TOTAL	\$ 561,237	\$ 266,102				

*Task Order No. 1, Amendments 1 through 9, beginning 6/29/64 and ending 4/15/67.

INTERNATIONAL COOPERATIVE TRAINING CENTER (ICTC)

International Cooperative Training Center at the University of Wisconsin was created under cooperative sponsorship in 1962. It is a part of the University, assisted with AID funds. Counsel is provided by a 26-member cooperative advisory committee.

The Center provides specialized and advanced cooperative training for participants sent to the United States from foreign countries. During fiscal year 1967, 315 foreign students from 41 countries attended classes in 19 separate ICTC cooperative courses as part of their training in the United States. (See listing on page 56). AID personnel, Peace Corps volunteers, and U.S. people preparing for work abroad have also received training. The Center also arranges inservice training for foreign trainees and visitors with 575 U.S. volunteer cooperatives.

The program is designed to encourage each trainee to return to his country as an educator, realizing the importance of education regardless of the nature of his work. The training program benefits by the multiplier effect when the trained leader returns to his country and disseminates his newly acquired knowledge through his contacts with

operational personnel, managers and boards of directors of cooperatives. This in turn formulates a member-education program. In this manner, the cooperative is strengthened, and the result is improved quality in the accounting systems, marketing, supply, credit, etc.

The cooperative in turn frequently becomes the nucleus for organized activity as it strengthens in the minds of the people the idea of self-help. It can carry forward, acting as a catalyst in other community projects, such as health and sanitation, general education, agricultural production and other rural development projects.

The catalytic action moves in many directions: increased food and fiber production, increased incomes which result in the upward movement of the standard of living, better structured marketing systems, improved export outlets, etc.

Among other duties under the agreement with AID, the Center's staff has prepared a bibliography of cooperative material and periodicals, and a supplement to the bibliography; published the International Cooperative Training Journal as a quarterly periodical of continuing education for former students and others working or vitually interested in the international cooperative movement; prepared and distributed a newsletter to the Journal mailing list as well as to the U.S. cooperatives that participate in the in-service training; furnished material to former students and cooperative leaders and educators in the developing countries; and established a cooperative library consisting of 2,325 books, 13,301 pamphlets and 293 periodicals.

Under its research and development program, the Center has conducted research on cooperative training in Tunisia, on cooperatives in Argentina, on cooperative education in India, and on agricultural cooperatives in Korea. A study of cooperatives in Thailand is underway. Preliminary information received at the Center is that most recommendations made in the Korean study for strengthening cooperative activity will be adopted and placed in practice.

The Center is prepared to assist AID in evaluating cooperative training in developing countries, to assist developing countries in establishing new training centers and to strengthen existing centers.

Countries Represented in ICTC Training Programs
During Fiscal Year 1967

<u>AFRICA</u>		<u>AFRICA (Cont.)</u>	
Botswana	1	Nigeria	9
Cameroon	1	Senegal	7
Dahomey	10	Sierra Leone	1
Ethiopia	2	Sudan	5
Gabon	2	Tanzania	15
Ivory Coast	2	Togo	11
Kenya	1	Uganda	13
Malagasy Republic	8	Upper Volta	4
Malawi	3	Zambia	4
Mauritania	3		
Niger	3	Sub-total	105

Countries Represented in ICTC Training Programs
During Fiscal Year 1967

<u>MIDDLE EAST</u>		<u>LATIN AMERICA</u>	
Cyprus	2	Brazil	114
India	1	Costa Rica	1
Iran	1	Guyana	6
Jordan	2	Jamaica	1
Nepal	6	Peru	17
Pakistan	3	Venezuela	8
Turkey	16	Sub-total	147
United Arab Republic	1		
Sub-total	32	<u>EUROPE</u>	
<u>FAR EAST</u>		Belgium	2
Korea	2	France	1
Philippines	2	Sub-total	3
Vietnam	11	United States	12
Caroline Islands	1	Sub-total	12
Sub-total	16	<u>GRAND TOTAL</u>	315

COOPERATIVE CONTRACTS WITH AID

**NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS
(NLISA)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Domestic	\$ 35,880	\$ 34,815	7/1/63	1/15/67	csd-292	1
Domestic	45,171	30,105	1/16/67	8/31/67	csd-1493	1
Chile	4,286	4,200	1/25/67	4/7/67	csd-1493	2
Peru	23,333	18,402	7/1/66	12/31/68	csd-292	21
Peru					csd-292	6
Brazil	5,063	3,656	6/20/66	12/31/66	csd-292	22
Regional: Africa	110,256	65,506	8/31/66	2/28/68	csd-292	23
Latin America	77,754	35,059	12/1/66	12/31/67	csd-292	24
TOTAL	\$ 301,744	\$ 191,745				

**NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS
(NLISA)**

Less than 10 years ago there were no private financial institutions in Latin America that were specifically created to help the growing number of middle-class families to build or buy their own homes. Now there are 94 private, home-financing organizations in Latin America, all of them growing in size and importance.

AID played a major role in providing the financial and technical assistance that made it possible to pioneer the development of these savings and loan associations and the related home-building activities. The National League of Insured Savings Associations, representing home-financing institutions in the U.S., was an active participant

in the Latin American development, carrying out most of its assignments under agreement with AID.

The achievements to date while laudable are inadequate, and still do little more than scratch the surface and reach scarcely one percent of the people. The League in its 1966 report to AID noted that "significant progress in the first five years (commencing with NLISA participation in 1961) might well be dwarfed by the progress in forthcoming years." This year it observes that "the prognostication of 1966 has proven to be almost an understatement of fact, although not necessarily along the lines anticipated." Political unrest, economic instability and armed conflict in regions outside of Latin America discouraged the development of savings and loan associations. Conditions were not favorable in Nigeria, Jordan, Thailand, Tunisia, Pakistan, Turkey and Iran for establishing new associations. The National League has enlarged its role in international savings and loan matters. Its officers participated in the Executive Development Committee meeting of the International Union of Building Societies and Savings Associations and the Second European Conference of Savings and Loan Institutes in Brussels, and represented the U.S. industry at the United Nation Housing Conference in Geneva.

The report of the progress made by savings and loan associations in the developing countries in fiscal year 1967 and the assistance provided by AID/NLISA follows:

LATIN AMERICA

There has been a continued and steady growth in the Latin American home-financing system. Net savings in nine countries amounted to \$185 million, an increase of 23 percent over the \$150 million in savings recorded for fiscal year 1966. Over 520,000 families are members of savings and loan associations. Their savings have financed 62,000 new homes and made 2,175 improvement loans. A total of \$330,000 million in mortgages is recorded. The estimated average monthly income of mortgagors ranges from a low of \$121 in Ecuador to \$575 in Panama.

U.S. savings and loan associations have pledged \$10 million for investment in Latin America under AID's guaranty programs. Applications from Latin American associations are being processed by AID.

The National League provided construction inspection for the Latin American Housing Investment Program which embraces 71,000 family housing units and an estimated private investment of \$373 million, guaranteed by AID.

Projects have been authorized or are under construction in 16 Latin American countries. The National League's purpose of the inspection is to insure that all projects are built in accordance with approved building and principles established by AID as they may be applied to each country. The National League has assigned six housing inspectors to the Latin American Bureau's Division of Housing and Urban Development. An additional inspector will be employed in fiscal year 1968.

The housing program has three phases, as follows:

The first phase consists of 23 projects under construction. These projects will provide 22,000 housing units, and represent an estimated investment of \$126 million.

The first phase also includes authorized investments of \$72 million for 14,000 housing units to be started soon. Approximately \$42 million remains for 8,400 housing units.

The second phase will provide investment guarantees for \$100 million to construct 20,000 housing units. Applications for these projects are being processed.

The third phase provides an estimated investment of \$33 million for 6,600 housing units, which will be announced soon.

Argentina. The National League was a sponsor with AID, of the Inter-American Development and the Inter-American Union of Savings and Loan Associations of the Fifth Inter-American Savings and Loan Conference in Buenos Aires in March 1967. It is helping to plan the sixth conference in Rio de Janeiro in March 1968. The Buenos Aires conference was attended by 800 delegates. The U.S. delegation was the second largest, indicating the interest of the U.S. savings and loan industry in assisting Latin America and in developing its potential for foreign investment.

Brazil. A new savings and loan system will soon be established in Brazil. AID/NLISA has provided a Portuguese speaking consultant in preparing legislation, rules and regulations covering the operations of savings and loans. Although a functioning system has not been established, it is anticipated that one will be operative before the 1968 Inter-American Savings and Loan conference in Rio de Janeiro.

Panama. A \$2.1 million seed capital loan has been authorized by AID to stimulate growth of savings and loan associations. Two full-time housing advisors have been assigned, and a financial advisor is contemplated. There are three new associations with 7,100 members who have \$2 million in savings. The recorded mortgages amount to \$1.5 million.

Peru. A full-time savings and loan advisor has been assigned to continue the financial guidance provided by AID/NLISA. The Peruvian savings and loan system is the second largest in Latin America. The 20 associations have 141,000 members and investments of \$53 million equivalent. Over 13,500 homes have been financed. The total mortgages recorded is \$68 million.

Chile. This country has the oldest and largest savings and loan system in Latin America. The 23 associations have 210,741 members with savings of \$299 million equivalent. These associations have financed 32,580 new homes and have \$123 million in mortgages recorded.

Bolivia. A direct hire housing advisor has been assigned to Bolivia. The one savings and loan association in the country has 2,200 members with \$299,000 equivalent in savings. Only 211 new homes have been financed.

Dominican Republic. A new impetus have been given to savings associations, with promise for continued growth. The eight associations have 13,035 members and over \$4 million equivalent in savings. Over 2,300 homes have been financed, and mortgages recorded amount to \$14 million.

Ecuador. The 10 associations have 13,773 members with \$1.5 million equivalent in savings. Number of homes financed, 2,237, with mortgages recorded \$8.5 million.

El Salvador. The three associations have 4,925 members and \$3.4 million equivalent savings. Number of new homes financed, 547, with mortgages recorded \$4.3 million.

Guatemala. The three associations have 83,727 members and savings of \$14.9 million equivalent. There have been 4,362 new homes financed, and mortgages recorded amount to \$28 million.

Venezuela. The 20 new associations have 41,132 members and \$30.5 million equivalent savings. Over 5,800 new homes have been financed and mortgages recorded amount to \$69.4 million.

AFRICA

The National League has a contract with AID's African Bureau to provide construction inspection of a \$35 million Housing Guaranty Program in seven African countries. This includes providing guidance to, and inspection of the procedures of the local program administrators, who perform all mortgage servicing functions including repayments to private investors. The office was established in Tunis and is the first regional inspection operation under the Housing Guaranty Program. The office is headed by an AID/NLISA regional African inspector. The League's responsibilities in Africa for providing assistance to the administrator and inspecting the construction of housing units and land urbanization is directed from this office.

Tunisia. One hundred of 700 single-family detached homes have been completed under the first Housing Guaranty Program for Tunis, started in December 1966. First payment under the guaranty was made to prime investors before August 1967. A second group of 100 homes has been started. This project has the active participation of the Government of Tunisia. The Ministry of Public Works is preparing the urbanized land for the builder, and the Ministry of Finance, through the Societe Tunisienne de Banque, a government-controlled bank, is acting as the local administrator to accept and process sales applications and to service the mortgage loans.

Nigeria. Eastern Nigeria, shortly before becoming the independent nation of Biafra, had three savings and loan societies with 4,200 members. New savings were \$658,000 dollars equivalent. Loans had been made to build 925 homes. Mortgages recorded \$1,388,000.

Ethiopia. The savings and loan society in Addis Ababa was one of the first assisted in Africa by AID/NLISA. Direct assistance was phased out several years ago. The society has 1,983 members and savings of \$585,000 dollar equivalent. Only 122 homes have been financed.

FAR EAST

Philippines. AID has established a housing team in the Philippines. A number of bankers are among a group interested in exploring ways to assist the savings and loan association of the islands. A number of Filipinos have received training in the U.S. on management and technical aspects of savings and loan associations. They were strongly in support of the efforts to establish a savings and loan system on their return to the Philippines.

COOPERATIVE CONTRACTS WITH AID

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
(NRECA)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Worldwide Agreement			Nov. 62	Mar. 67	csd-225	
Project Director and staff	\$ 267,495	\$ 48,706	Nov. 62	Mar. 67	csd-225	1
Latin American Administrator and staff	239,911	54,346	May 63	June 67	csd-225	9
Nicaragua Phase IV	79,540	23,665	June 63	Apr. 67	csd-225	13
Ecuador Phase IV	79,000	3,836	Mar. 64	June 66	csd-225	21
Brazil, supervision of organization of electric cooperatives	108,940	20,918	July 64	July 68	csd-225	28
Vietnam Phase IV	506,000	133,607	Jan. 66	June 68	csd-225	46
Paraguay Phases II and III	29,547	3,147	Feb. 66	Aug. 66	csd-225	49
Peru, advisory	2,800	2,167	Feb. 66	Aug. 66	csd-225	51
Management training course	4,000	2,988	May 66	Aug. 66	csd-225	52
India Phase I	20,000	16,745	June 66	Dec. 66	csd-225	53
Morocco Phase I	4,600	3,485	July 66	Dec. 66	csd-225	54
Iran (participation in power survey)	5,027	3,130	Aug. 66	Dec. 66	csd-225	55
Peru	3,500	2,675	Sept. 66	Oct. 66	csd-225	56
Thailand, Phase IIIA	8,953	8,303	Oct. 66	Feb. 67	csd-225	57

(Continued on page 63)

COOPERATIVE CONTRACTS WITH AID

**NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION
(NRECA) (Cont.)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
Philippines, Phases II, III, IV	\$ 158,040	\$ 20,226	Feb. 67	Feb. 70	csd-225	58
Basic Agreement			Mar. 67	Feb. 72	csd-1504	
Global Director and staff	48,368	23,100	Mar. 67	Sept. 67	csd-1504	1
Brazil training of participants	8,012	5,287	Apr. 67	May 67	csd-1504	2
Nicaragua, Phase IV	26,000	1,154	Apr. 67	Apr. 68	csd-1504	3
Task Order Sub-Total	\$1,599,733	\$ 377,485				
CONTRACTS					<u>Reference</u>	
Chile	69,000	13,083	Oct. 65	Oct. 69	AID loan 513-L-024	
Colombia	55,000	23,191	Dec. 65	May 68	AID loan 514-L-035	
Costa Rica	57,040	25,228	Mar. 66	Mar. 68	AID loan 515-L-015	
Peru	78,000	22,932	Oct. 66	Sept. 68	AID loan 527-L-046	
Contract Sub-Total	\$ 259,040	\$ 84,434				
GRAND TOTAL	\$1,858,773	\$ 461,919				

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)

NRECA is a private service organization representing nearly 1,000 rural electric cooperatives in the United States. Within its Management Services Department, NRECA offers management consultation and training programs. A staff of professional management consultants is prepared to work with individual electric systems on their internal operating problems.

Under its agreement with AID, NRECA has helped to organize and develop 30 cooperative rural electric systems in 12 countries. USAID Missions which have contracted for assistance under the AID/NRECA World-wide Agreement include Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, India, Iran, Korea, Laos, Morocco, Nicaragua, Panama, Paraguay, Peru, Philippines, Sierra Leone, Thailand, Uruguay, Venezuela and Vietnam.

AID/NRECA pilot projects in several countries are already demonstrating that cooperative rural electrification can be a catalyst to rural development. During fiscal year 1966, electric distribution cooperatives were energized in Colombia, Chile, Nicaragua and Ecuador. Evidence of increased community development in these areas already has taken place.

During fiscal year 1967, NRECA has continued to provide a Global Coordinator, a Latin American Administrator and a Far East Administrator, to coordinate the cooperative rural electrification assistance requested by AID in Washington and in host countries. Its Washington staff of approximately 170 employees helps to provide support for its small AID-Contract staff.

From November 1, 1962 until the end of fiscal year 1967, AID and NRECA have signed 59 task orders under the basic contract. During fiscal year 1967, full-time specialists for development and construction of rural electric cooperatives were working in Vietnam, Colombia, Costa Rica, Brazil, Nicaragua, Peru and in the Philippines.

The fifth annual training program on "Organization and Operation of Rural Electric Cooperatives" was conducted in the United States. The 1967 course, lasting 17 weeks, had 14 foreign participants from Brazil, Chile, Peru and Costa Rica. NRECA management consultants also provided in-country training in Chile and Brazil for more than 125 persons.

During fiscal year 1967, AID completed a \$4.75 million loan agreement for development of a rural electric system in Bolivia. AID has previously loaned \$10.35 million to Chile, Colombia, Costa Rica, Ecuador, Nicaragua, and Peru for construction of 10 new projects and expansion of 15 cooperatives in Chile. Grant funding continues to three cooperatives in Vietnam and two in northeast Brazil.

RURAL ELECTRIC COOPERATIVE PROJECTS AND TITLE IX OBJECTIVES

LATIN AMERICA

Progress made to date in Latin America with the AID/NRECA program strongly confirms that rural electric cooperative projects can have real social, economic and political impact in rural communities of Latin America.

Development of Democratic Institutions

In Costa Rica, Peru, Bolivia, Nicaragua, Ecuador and Chile these projects have developed close contact between local representatives of the electric cooperatives and officials of the national government. These contacts were related to obtaining loan approvals or to expedite implementation to get construction started after the loans were approved. Board members in Peru and Nicaragua have said they were spending one-third of their time working for cooperative development. An interesting side effect in Nicaragua has been the development of two cooperative rural water systems to provide additional services to the rural electric members. In Santa Cruz, Bolivia, the same leadership working for the electric cooperative project has, without help from its government, installed one of the most complete telephone systems in Latin America. The members have become small, vocal, special interest groups, but this is a part of developing democratic government.

These pilot rural electric cooperatives have shown that local people can be responsible for the development of their own businesses and that cooperatives can serve as an instrument to bring about closer cooperation between local people and their government.

Economic Impact

The use of power is an important yardstick for measuring the economic and technical development of a community. The relatively new rural electric projects being developed in Latin America have shown better growth than was projected in the feasibility studies. Community and home water systems have been developed and irrigation is beginning to develop. Dairy farms are being modernized, people are planning the purchase of refrigerators and freezers for the preservation of food. The first line extension in the Sevilla, Colombia project connected a new slaughterhouse with much better facilities than previously existed in the community. In Santo Domingo, Ecuador there is now under construction the largest, most modern slaughterhouse in Ecuador. Community centers and schools have better facilities for night classes and community meetings.

Economy of construction for cooperative rural electric lines is receiving new emphasis. The REA pattern from the U.S. is being adopted, single-phase lines are being used in place of the three-phase lines copied from the Europeans. Policy decisions are being made to import U.S. products at lower prices than those for local materials. Contract construction is being arranged at much lower unit cost than the force account construction of the existing power authorities. Several countries are taking a new look at the use of wood poles to replace more expensive concrete and steel poles they have been using. Uruguayan officials advised NRECA their rural line costs had been reduced 50 percent after adopting recommendations made in AID-financed studies.

Social Impact

Social benefits of cooperative rural electrification are broad and of high impact in the community. Dependable, around the clock service makes possible better living conditions in homes, allows for pressure water systems for individual homes or communities, power for rural industries and power equipment on individual farms to increase production.

In the Laguna community in Nicaragua an electric water system allows people to get their daily water supply in minutes instead of the half-day formerly required to go down the mountain side, fill their water cans in the lagoon and return to the village. Improved radio and T. V. services are possible in rural communities for wider learning and educational benefits, as well as entertainment.

Institutional Building in Each Country

Besides the development of cooperative organizations in rural communities, the pilot projects developed with AID financing call for the development of a national institution to deal with the country's total rural electrification needs. There was no REA-type institution in any of the Latin American countries when AID first sponsored NRECA activities in the country. Now they exist in Costa Rica, Nicaragua, Venezuela, Colombia, Ecuador, Peru, Bolivia, Northeast Brazil, and Chile. These government entities have been established or improved with the objective of developing rural electrification throughout each country.

EAST ASIA

The AID/NRECA assistance program has, during fiscal year 1967, brought pilot cooperative rural electrification systems to the construction phase in East Asia. People are already buying appliances. Even T. V. antennas are appearing in villages in anticipation of electric service.

Institutional Development

The people of the developing countries of East Asia are ready for participation in cooperative development.

In South Vietnam 90 percent and more of the householders in the rural communities where electric power is being proposed are signing up to become members of the cooperative even before system construction begins.

In rural areas of Northeast Thailand two-thirds of the householders made application for membership in the proposed rural electric cooperative during preliminary survey visits.

Initial phases of assistance in the development of rural electric cooperatives in the Philippines are just beginning. Statistical data are not yet available.

Economic Impact

As electric service becomes available in East Asia the outlook is for extensive growth of small family type home industry for which these people already have the basic skills. Even in the early phases of development of electric cooperatives, plans

also go forward for many community industries such as rice mills, saw mills, weaving mills, rope factories and dozens of others. Food production can be increased sharply with the use of electric power for irrigation and regulation of the water supply to crops. Electricity also brings refrigeration and freezing for the preservation of food and improvement of food quality. All of this means more income to the worker and producer.

Cost Control

Cost control in design and construction of distribution systems is given full emphasis in system design. By also using a non-profit cooperative organization, the cost of service to consumers can be kept low enough to encourage use of power to increase income as well as improve living conditions. Tested and proven standards developed through long use by U.S. rural electric systems and adapted to local conditions and materials are helpful in cost control. This means, for example, the use of the more economical wood pole design instead of the high cost concrete pole design used in city systems in the area. It also means standardization of all design and the use of low-cost, single-phase construction where this is adequate.

Social Impact and Health Benefits

Dependable central station electric service can open up an almost totally new life for people in rural communities. For example, electric pumps bring clean water with attendant health benefits, refrigeration preserves perishables and reduces waste. Radio and television not only provide entertainment, but a whole new educational opportunity. Electric light brings greater security and comfort. Electric power also helps to step up productivity and increase income which brings with it better living conditions.

Institution Building

For many of the 200,000 people in the three pilot electric cooperative service areas in South Vietnam the exercise of their responsibility of membership in an electric cooperative was their first opportunity to have a voice in deciding their own destiny.

Bringing the people of all the developing countries of East Asia into democratic cooperative institutions is a significant key to community and social development and an effective counter-insurgency tool.

This aspect of the AID/NRECA assistance in bringing light and power to rural people may well be a significant contribution in helping these people to build their own permanent democratic institutions in the future.

AID loans or grants for cooperative rural electrification have been approved as follows:

<u>Country</u>	<u>Co-ops</u>	<u>AID Loan</u>	<u>Local Contribution</u>	<u>Potential Meters</u>	<u>People to be Served</u>
Nicaragua	1*	\$ 400,000	\$ 63,000	1,800	12,000
Colombia	3*	1,300,000	396,000	11,300	70,000
Ecuador	1*	650,000	491,000**	3,300	20,000
Chile	15***	3,100,000	3,600,000	12,000 (farms)	80,000
Costa Rica	3*	3,300,000	818,000	14,000	85,000
Bolivia	1*	4,750,000	1,150,000	10,000	65,000
Peru	1*	1,600,000	2,925,000	13,000	90,000
LA Total	25	\$15,100,000	\$9,443,000	65,400	422,000
Vietnam	3	5,000,000 (Grant)	--	--	240,000

* Established by loan.

** Includes contributions valued at \$296,000 from rural electric cooperatives in Kentucky.

*** Affected by loan.

Rural Electric Projects

<u>Country</u>	<u>Location</u>
<u>Nicaragua:</u>	Tisma - 20 miles east Managua
<u>Colombia:</u>	
Se.-Ca. project	Sevilla-Caicedonia area of Cauca Valley
Tibu project	Near Cucuta, Norte de Santander
Palermo project	Near Cucuta, Norte de Santander
<u>Ecuador:</u>	Santos Domingo de los Colorados
<u>Chile:</u>	15 locations
<u>Costa Rica:</u>	
Guanacaste	Santa Cruz - in Nicoya Peninsula
Los Santos	San Marcos
San Carlos	San Carlos
<u>Bolivia:</u>	Santa Cruz area
<u>Peru:</u>	Mantaro Valley area

CONTRACTS WITH AID

**WASHINGTON FEDERAL SAVINGS & LOAN ASSOCIATION
(MIAMI)**

Contracted Projects Operative During Fiscal Year 1967

Type of Project	Total dollars obligated for contracts in effect fiscal year 1967	Actual expenditures fiscal year 1967	Duration of Contract		Contract No.	T.O. No.
			Beginning Date	Termination Date		
To provide assistance in connection with the L.A. housing guaranty program—fiscal surveillance and financial consultants.	\$ 203,228	\$ 95,000	3/28/66	3/3/68	LA-381	

COOPERATIVE DEVELOPMENT BY VOLUNTARY AGENCIES

Through private voluntary agencies and non-profit organization, the people of the U.S. have maintained a long tradition of help to people overseas. There are more than 500 U.S. non-profit foundations and missions engaged in technical assistance listed in the Technical Assistance Information Clearing House Directory. They provide hundreds of millions of dollars of assistance through private channels. The primary purpose of these organizations is humanitarian assistance.

Seventy-three U.S. non-profit relief and rehabilitation agencies are registered with AID's Advisory Committee on Volunteer Foreign Aid. They are eligible to obtain various types of U.S. Government excess property and to participate in the Food for Freedom program under Title II of Public Law 480. The Food-for-Work programs, assisted with U.S. commodities, are encouraging people to attain the ability and resources to take care of their own needs. This has led to efforts to establish cooperative and mutual-aid types of institutions and enterprises.

In addition to furnishing basic relief, and emergency help, U.S. voluntary agencies are conducting educational agricultural, health and self-help activities in some 93 countries. A significant part of this assistance is outside of the area of AID support.

The total value of the voluntary agencies' yearly world-wide assistance is approximately \$420 million. About \$180 million of that amount is Public Law 480 agricultural foods, the balance being \$70 million of privately donated supplies and \$113 million in cash contributions. Examples of cooperative-type projects carried on by some of these agencies follow.

CATHOLIC RELIEF SERVICES

Cooperative Development By Voluntary Agencies

The Catholic Relief Services is becoming more extensively engaged in cooperative-type assistance overseas. The Food-for-Work programs, in which over one million people in 17 countries participated, is only one of many techniques for using food for self-help projects.

In Paraguay, poor families settled on uncleared land are given food assistance which is critically needed before the first harvest.

In Korea, feed grains are introducing modern hog breeding at a farmers' cooperative with 600 families. This project is the biggest and most profitable swine project in the Far East.

In the regional offices for Africa and Asia, as well as in Brazil, Colombia and Venezuela, CRS now has staff technicians supervising or advising in cooperatives, community development, low-cost housing and agriculture. A major area of emphasis is on projects aimed at developing local agriculture.

During fiscal year 1966, \$1.7 million was used to support socio-economic projects. More than \$3 million in requests are outstanding. Most of the funds are from sources outside the U.S.

AID "impact funds" in amounts from \$25,000 to \$100,000 per country are now being granted in some 20 countries in Latin America, Africa and Asia. These funds are used to support many small self-help projects of interest to CRS. For example, the impact fund in Honduras granted \$50 to purchase beehives for a cooperative, and \$515 to help build a community hall. A \$4,000 grant helped to resettle 250 peasant families on new land in Senegal. Other small grants of from \$100 to several thousand dollars have been made for tools, equipment and other requirements of cooperative-type projects being assisted by CRS.

AFRICA

Algeria. Socio-economic development projects include village sanitary construction programs, technical schools, agricultural projects and cooperatives. Over 30 Food-for-Work projects were carried out.

Botswana. Funds were donated to support the Mogobane Cooperative Marketing Society. The Bamalete-Mogobane Cooperative received a grant for building a feeding kraal for the members' cattle.

Cameroon. Chemical equipment and seeds were donated to a registered cooperative with 2,000 acres of farmland, established under the guidance of the local Chiefs and Senior District Officer of Agriculture, Forestry and Community Development.

Congo. The church mission at Kinzunda, serving 25,000 people over a 2,500 square mile area, donated materials for rebuilding and restocking cooperative fish ponds with tilapia. This project is being copied by other villages.

Dahomey. More than 30 socio-economic projects, involving over 5,000 persons were based mainly on Food-for-Work assistance.

Ethiopia. Funds were used to develop a seed bank and marketing cooperative.

Ghana. An OXFAM grant was utilized for support of a credit union at Nandom, which attained such viability in a year that the funds were returned to the donor.

Kenya. A commitment was made to three years' support of a cooperative specialist to give expert guidance in initiating cooperative schemes throughout Kenya.

Liberia. Special projects include construction of community wells, demonstration swamp rice farms and credit unions.

Sierra Leone. CRS was instrumental in securing rice mill equipment for the Magburkaka Rice Cooperative, the Makeni Cooperative Union, and the cooperative union at Bo Kakua Chiefdom. The Cooperative Societies of Sierra Leone received a \$10,000 loan for expansion work.

LATIN AMERICA

Argentina. A revolving fund established to purchase building materials and tools for a housing cooperative and to construct shelters for 30,000 migrant workers.

Brazil. A cooperative technician is assisting 53 Brazilian families settled in the State of Parana to organize a consumers' cooperative. A CRS grant enabled the townspeople of Coari, Amazonas, to construct a new brick kiln which produced cheaper bricks, stimulated private construction and created new jobs.

Chile. More than 200 self-help projects based on the expanding Food-for-Work scheme was implemented by CRS. These included the construction of 500 new homes, eight social centers, 13 first aid stations and 22 schools, plus other projects for community repairs and improvements. Over 57,000 volunteers participated. Under "Plan Cordillera," 2,000 families in Antofagasta from 15 different villages collaborated in 45 projects ranging from dam- and road-building to handicraft cooperatives. A fruit and garden cooperative is being made possible by the private trust grant, which provided garden seeds, tools and machinery, and irrigation equipment to develop the Chol-Chol area of Chile, inhabited mainly by 10,000 Araucanian Indians. A canning cooperative in Trovolhue is teaching women sewing, canning and other domestic skills. The Nueva Palena housing cooperative of Penallolen is helping 20 families to build their own homes.

Colombia. A CRS grant has enabled 200 campesinos in El Tambo, Narino, who formed the Cooperativa Agropecuaria Sur Colombiana, to buy machinery and supplies to produce Panama hats, baskets and coffee bags from the local cabuya (straw) crop. The Agrarian Credit Union is assisting in marketing. Other projects included formation of farming cooperatives and the establishment of handicraft industries for Indians in the Narino region.

Dominican Republic. A Food-for-Work project with U.S. commodities was organized by CRS to build a nine kilometer road from the village of El Pinar to the market place in San Jose de Ocoa, reducing transportation costs from \$1 per 100 pounds to 20 cents per 100 pounds. Now inhabitants in the regions beyond El Pinar seek similar assistance to build feeder roads.

Ecuador. Over 118,000 needy persons participated in self-help projects based on Food-for-Work and U.S. Government-donated food. Construction of rural roads, clinics, irrigation ditches, schools and community centers were implemented by CRS under the food-incentive plan. A joint project between OXFAM, Heifer Project Inc., and CRS supports a model farm to provide farmers with a permanent source of improved livestock, breeding service, instructions in the use of new farming methods and farm management services.

El Salvador. Thirty-three Food-for-Work self-help cooperative-type projects were initiated in 18 rural areas. CRS and Caritas cooperated with a U.S. paper company to organize impoverished palm workers in the Tenancingo area into a cooperative to produce paper-tissue dispensers out of palm fibers.

Guatemala. CRS grub-staked the members of the Cabrican Cooperative who colonized the jungle island of San Juan Acul until their first harvest. Now cooperative craft transports farm products to the capital city and other coastal markets. A private grant has enabled CRS to perform a land survey and establish the San Mateo Ixcán Cooperative. The Ixcán colonization project has proved to be a model for other Government agricultural resettlement schemes.

Honduras. The private grant made through CRS expanded services of the Association de Promocion Humana which trains organizers for cooperatives and credit unions, and initiates and implements various self-help and community development projects.

Mexico. The Tzeltal Indians in Sitalá, who work on coffee and sugar plantations, were helped to organize the Sitalá Committee for Community Betterment, which led to formation of a credit union, a production cooperative and a consumers' cooperative.

Panama. A pick-up truck donated to a fishing cooperative in San Carlos helped double the group's income.

Venezuela. Over 100 cooperatives of various types were initiated during the year through the joint efforts of CRS, the Peace Corps and Caritas. The National Institute of Cooperative Education, the National Federation of Savings and Loan Cooperatives, the Catholic University of Andres Bello, the University of the East, the University of Andres, and Government and private agencies have assisted in a farmers' resettlement project benefiting more than 3,000 families. Assisted by Food-for-Work, the participating families now own, for the first time in their lives, adequate housing and livestock.

FAR EAST

Korea. The CRS-sponsored Isadore Development Association on Cheju Island completed the laying of water pipes to its central farm and to near-by villages. This was made possible by an OXFAM grant. A rock-clearing project, based on Food-for-Work, made additional farming land available. The New Zealand Council of Organizations for Relief Services Overseas donated 1,500 sheep to the association. Classes and seminars on the meaning and implementation of the cooperative movement and modern farming techniques are being conducted for farmers.

CHURCH WORLD SERVICE

Cooperative Development By Voluntary Agencies

Community self-help activities are conducted in cooperation with local counterpart agencies in the host countries and from bodies similar to Church World Service in developed countries of the world.

Philippines. Tiruray Cooperative Association in Upi helps nomadic tribal groups develop a livelihood with modern agricultural and marketing techniques. Thirty-eight scattered self-help Food-for-Work projects, mostly of community-development type benefitting 15,565 people.

Malawi. A 5-year \$250,000 Utumiki project to assist the Government in combating poverty with emphasis on agricultural development and irrigation.

Congo. Kwilu Poultry project, with Congo Protestant Relief Agency (CPRA) furnished 10,000 chicks from Heifer Project in 1966. Cattle owned by CPRA are loaned to village livestock cooperatives, which in turn pay a fixed price for each calf born. When a new herd is established, the cooperative returns the cattle to CPRA. The process is then repeated with other village cooperatives. CPRA has requests from 20 villages and more are interested.

Botswana. \$5,000 for Cattle Marketing Cooperative in Mochudi, to assist farmers in marketing their cattle at fair prices.

Brazil. Food-for-Work Public Law 480 projects involving cooperative-type assistance included the Araguara community development project serving 8,000 people, and a number of special school construction, well-drilling and irrigation projects involving 80,000 people.

Bolivia. Sipi-Sipi and Chilimarca irrigation projects, involving 3,000 volunteers, \$3,000 contributed for purchase of cement.

CARE, INC.

Cooperative Development By Voluntary Agencies

Most assistance in cooperative development has been to groups in the first phase of pre-cooperative status. CARE's flexible programming is well-suited to assisting groups in this critical stage of their development.

British Honduras. Rural Women's Community Workshop, Belize, provided training for 90 women per class. The workshop was originally planned for victims of Hurricane Hattie, and to determine whether cottage workshops and cooperatives to market their products could be established in other unemployment areas.

Forest Home Village Poultry and Egg Production Program. Subsistence farmers, with Peace Corps assistance, plan to organize demonstration cooperative after receiving training in poultry and egg production. The project has received the attention of many farmers who now are beginning their own training projects, preparatory to forming cooperatives.

Chile. Rengo Cooperative for Angora Rabbit Raisers. First cooperative with 150 families established to assist the wool industry and provide more protein for Chilean diet. Goal is 500 new nurseries within the next three years. Cooperatives pay into "Self-Help CARE Cooperative Fund" to finance training, educational bulletins and provide minimum breeding units. Wool spinning is becoming a profitable home industry.

San Gregorio Housing Construction Cooperative. Eighty families organized into 10 work teams to build houses. The block making equipment was donated by the Peace Corps and CORVI, Chilean housing organization. CARE contributed electrical, plumbing and woodworking kits. The carpentry section will produce doors and window frames for other housing programs, thus helping finance housing units for new members and expand the cooperative's community service.

Colombia. Foundation for Cooperative Development Revolving Fund. CARE, Peace Corps, Banco Cafetero, have initiated a central Rotary Loan Fund with initial capital of \$22,000 to finance small producer and consumer cooperatives unable to get credit from the established banking institutions and government agencies.

Ministry of Agriculture, Beekeeping Program, El Guavio. Three hundred families are being helped to introduce modern beekeeping methods in Colombia. Classes in scientific beekeeping have been started. Formation of cooperatives is being encouraged, with 30 families in the first unit. CARE has agreed to provide demonstration units to hasten the formation of cooperatives. Most beneficiaries are poor rural farmers for whom honey production should mean an increase in income.

Guatemala. Fishing cooperative in the village of Livingston. Goal is to include all of the village's 132 families. Members are establishing a market in Guatemala City. CARE has programmed engines for three fishing boats and 900 feet of surface-type fishing nets. The first week's catch with the new equipment was double the average catches of 300 to 400 pounds.

Honduras. Palo Pintado Cooperative, Comayagua. Fifty-five small farmers have built a clinic and installed a water system for the town. The cooperative needed assistance to complete town market and sales center and recreation room for the community. CARE furnished asbestos roofing for the building.

Liberia. Dingoma Hog Production and Demonstration Program. Three residents working with a Peace Corps Volunteer pooled resources for a hog raising cooperative which has become a demonstration project to encourage other villagers to follow as a means of increasing income.

Panama. Puerto Mutis Fishing Cooperatives. A group of farmers in Montijo Bay formed a fishing cooperative. Through fund raising activities, the cooperative purchased a car to transport fish to market. The Santiago Credit Cooperative Fund established for small projects by AID/Panama, enabled it to modernize its fishing boat.

San Miguelito Cooperative Sewing Project, organized with the help of the American Order of Maryknoll, has turned a number of sewing classes into garment producing cooperatives. CARE supplied 12 sewing machines.

San Blas Agricultural School, Mandinga. In order to help upgrade agriculture and enable the San Blas Indians to purchase modern equipment, the Ministry of Agriculture and the Peace Corps and groups of Indians have joined to build an agricultural school to train one man from each village in modern agricultural and cooperative methods. USAID/Panama furnished building equipment. CARE donated a tractor and equipment for training and demonstration aid.

Vietnam. Hoc Mon District Farmers Association, Peanut Plant Project. This Farmers Association is composed of 12 village farming associations with nearly 2,000 members. CARE helped provide peanut oil expelling equipment to the cooperative. The long-term objective is to expand the Farmers Association into a source of credit as well as provide processing and marketing facilities.

Duc Thu District Farmers Association Hog Breeding Production Program. CARE provided 49 gilts and 87 breeder piglets to be distributed to 46 selected farmers on a loan for production basis. The interest and capital regained goes into a revolving fund. Objective of the project is to increase hog production, as well as the agricultural yields of farmers by teaching them to utilize manure and unsalable wastes as fertilizer.

NEAR EAST FOUNDATION

Cooperative Development By Voluntary Agencies

Fifty to 70 young Niger farmers are being trained annually at a center built and operated under contract with AID. Upon completion at school, the young farmers are able to receive credit, purchase seed, draft oxen and farm equipment and supplies to start farming, through Government cooperative and credit personnel. The school is expected to grow rapidly in the next several years.

COMMUNITY DEVELOPMENT FOUNDATION

Cooperative Development By Voluntary Agencies

One hundred forty-one projects in 100 communities initiated in the past two years. Programs are based on mutual aid, but still largely in the early states with most communities not yet sufficiently well-organized to undertake the establishment of formal cooperative organizations.

Four agricultural cooperatives and one handicraft school, serving 775 families, were registered in Honduras last year. Registration of more mutual assistance institutions is anticipated in the coming fiscal year.

Agricultural cooperatives: Hicaque, Esparta, Atlantida, benefitting 204 families; El Bun, Pueroto Cortes, Cortes, benefitting 200 families; Casa Quemada, Macuelizo, Santa Barbara, benefitting 186 families; El Obraje, Danli, Paraiso, benefitting 170 people. Handicraft school: eventually to become small industry, Trinidad, Trinidad, Santa Barbara, benefiting 15 students.

WORLD NEIGHBORS

Cooperative Development By Voluntary Agencies

Major assistance has been directed at organizing farmers' associations. The people in areas in which World Neighbors is engaged are mostly primitive or isolated. The technical requirements for fully registered cooperatives are often too sophisticated and complicated for them. Nevertheless, they are operating farmers' associations and the first steps have been taken toward developing fully operating cooperatives.

INDIA

Ahmednagar, Maharashtra. Producers ground nuts cooperative with 168,000 members. It has proven so successful that 97 additional villages now seek to join the original venture started by 10 villages. The cooperatives operate an oil mill, established at a cost of \$375,000. Earnings are reported as substantial.

Poultry cooperatives have completed the first segment of a large complex.

Furniture making cooperatives and other ventures are now in prospect. Earnings are reported to have increased substantially.

Anklesvar, Gujarat. Producers cooperatives assisted in 25 villages. They are having only moderate success and stand in need of improving operations.

Deenabandupuran, Madras. Producers and marketing cooperatives, involving resettlement, irrigation and food production, now serve more than 82,000 people. Increased earnings are estimated to be in excess of \$250,000 annually.

Trivandrum, Kerala. Producers cooperatives, developed in cooperation with the Gandhi Smarak Nidhi, serve approximately 500,000 people.

PHILIPPINES

Laoag, Illocos Norte. Farmers cooperatives, serving approximately 63,000 people, have been organized. Emphasis is on irrigation, rice production, seed multiplication. Increased annual income estimated at \$625,000.

San Maeto, Isabella. Farmers associations serve a wide area of the Cagayan Valley, with emphasis on irrigation, supervised credit, rice production. Increased annual income estimated at \$900,000.

Cebu City, Cebu. Limited number of artisans' cooperatives have been started.

Zamboanga City, Mindanao. Limited number of cooperatives featuring small industries, mainly of cottage-type, have been encouraged.

AFRICA

Kaimosi, Kenya. Producers and marketing cooperatives serving 3,296 families, mainly in sugar production. Estimated increased annual income, \$10,000.

Mazenod, Lesotho. Ninety-one self-help associations have been organized to assist 17,390 people.

Asaba, Nigeria. Thirty egg-marketing cooperatives, three fishing cooperatives and two piggery cooperatives considered as pilot projects directed at serving 488,000 people in mid-Western and Eastern regions, prior to secession and outbreak of hostilities. The association had reported healthy growth and substantial savings.

Moshi, Tanzania. Poultry cooperatives serving over 9,000 families in the Mt. Kilimanjaro area.

CHRISTIAN REFORMED WORLD RELIEF COMMITTEE

Cooperative Development By Voluntary Agencies

KOREA

A \$60,000 self-help cooperative development program has benefited 2,000 families in the rural community around Seoul, capital city. Community development is being substituted for treating isolated cases of poverty as making the best use of funds and time available. Loans are made to families and villages for 12 to 18 months, at charges much less than the five percent per month interest rates that many farmers have been compelled to pay. The family and village cooperative projects include raising of angora rabbits, swine, goats and oxen, construction of scores of small greenhouses, manufacture of rice straw rope and mats, roof tiles, fishing nets, small carts for transportation, cement blocks, and sedge hats for farmers, setting up cooperative marketing procedures and saving societies.

MENNONITE CENTRAL COMMITTEE

Cooperative Development By Voluntary Agencies

The two most successful ventures are the Societe Jean-Baptiste Chavannes Cooperative, a cannery of local fruits for export, with 83 members, and the Grande Riviere du Nord credit union with 40 members, both in Haiti.

INTERNATIONAL DEVELOPMENT FOUNDATION, INC.

Cooperative Development By Voluntary Agencies

The principles of cooperative activity have played a large role in combating two of the major factors inhibiting the development of responsible citizen participation in Latin America: lack of administrative and organizational knowledge and experience and lack of economic flexibility. The IDF has included introductory organizational administrative and counseling classes in its cooperative training courses. It does so in the belief that cooperatives serve to develop the confidence and ability of their members to organize to meet their needs while increasing the economic resources available to them. Cooperative assistance was provided in the following countries:

PERU

Formation of a peasant organization, ALPACA, in the Montaro Valley region, following training in leadership and organization, coordinated with technical assistance programs. Current membership is 1,000 families in 47 local leagues, which market the product of their members on a cooperative basis. This program has resulted in an increase of 10 to 40 centavos per kilo to individual members, depending on the product. Assistance consisted of six scales valued at \$1,401 for weighing harvested crops; two-year loan of \$3,300 for development of better seed potato, which resulted in a profit of \$1,200 for support of ALPACA along with improved seed potatoes for membership; interest-free loan to allow ALPACA to buy a truck for hauling produce, which added approximately \$240 monthly net income to cooperative.

The success of this marketing effort has resulted in ALPACA being asked to conduct a course in the administration of cooperatives for the leaders of the Montaro Valley Electrification Cooperative. AID has contributed \$187 to this course.

IDF includes a section on cooperatives in its training courses in Lima for university student-volunteers who work in the national community development effort, Cooperacion Popular. Training is also offered for Government employees, for the National Cooperative Institute.

CHILE

IDF works with the National Confederation of Peasants (CNC) in the development of its service departments and training programs for organizers, officers and members, especially with the Cooperative Services Department. An AID grant of \$4,200 assists in this work. Over 600 leaders have received courses during the past year.

**AID MISSION EXPENDITURES FOR
TECHNICAL ASSISTANCE
FISCAL YEAR 1967**

AFRICA

Disbursement for technical aid to cooperatives, fiscal year 1967

Missions	\$1,210,000
Regional (including worldwide contracts)	<u>492,000</u>
Total	\$1,702,000

CAMEROON

AID expenditures for fiscal year 1967, \$40,000 mission, plus regionally funded cooperative and agricultural credit projects.

The Cameroon Government regards cooperative action as an essential instrument for rural development. It is stimulating the gradual expansion of the cooperative movement within the second National Development Plan (1966-71) as an efficient method for increasing rural production and providing more adequate remuneration for farmers.

The AID mission is providing counsel and technical assistance to help the government integrate cooperative development with other rural development schemes and action. The mission's assistance includes equipping the Eboloua Cooperative Training Center with a library valued at \$25,000, furnishing French and English text books on cooperatives, and educational films. It contributed to the ATNA cooperative self-help project. Cooperatives were involved in the farm-to-market roads program, in cocoa disease control, creation of credit unions, and the building of community centers. Two participants on AID grants are studying cooperative management, one of whom will be in the office of the Secretary of State for Community Development.

In the West Cameroon there are 12 regional unions and 403 primary cooperative societies with 27,263 members. They handled 66 percent of the Arabica coffee, 20 percent of the Robusta coffee, 52 percent of the bananas, 25 percent of the cocoa and 34 percent of the palm kernels marketed in 1965-66. Marketing increases of from 10 to 50 percent were estimated for fiscal year 1967. Sales were \$4.1 million dollar-equivalent.

In East Cameroon, there are 18 unions and 82 primary societies with 79,261 members. They handled 98 percent of the Arabica coffee, 17 percent of the Robusta coffee, 71 percent of the bananas, and 6.4 percent of the cocoa marketed in 1965-66. Sales were \$19.3 million dollar-equivalent.

The year's most significant development has been in the processing and marketing of Arabica coffee. All Arabica coffee growers are members of primary cooperatives which are united into the Union des Cooperatives Cafe Arabica de l'Ouest (UGCAO) for East Cameroon, and Bamenda Cooperative Marketing Association, Ltd. (BMCA Ltd.) for West Cameroon.

The Arabica coffee cooperatives maintain a dominance in this market. The West Cameroon Robusta coffee cooperatives, which had handled 70 percent of the crop, suffered sharp decline when East Cameroon traders entered into the Bakossi and Kumba areas. Lacking ready cash, the cooperatives were unable to compete. Poor administration added to the trade losses led to a reorganization which has improved operations. The general heavy indebtedness of most cocoa cooperatives and the failure of those in East Cameroon drastically reduced the volume handled. The palm kernels cooperatives are faced with serious competition from East Cameroon traders who pay higher than marketing board prices. The banana cooperatives were confronted with a three year drop in world prices and widespread disease of the crop, but 1966 prices showed improvement and West Cameroon now participates in the French protected market.

Projects directly concerned with cooperatives or due to adopt the cooperative structure in the course of their evolution have been retained by the second National Development Plan, such as:

A pilot cooperative zone within the East Cameroon cocoa region, investment capital of which should reach \$2.1 million dollar equivalent.

Small-holders development schemes for which the International Bank for Reconstruction and Development (IBRD) assistance is already agreed upon for \$18 million and Communité Economique Européenne (CEE) common market for \$6.4 million.

Zones d'Actions Prioritaires Intégrées (ZAPI) in East Cameroon for the development of pilot schemes for rural production.

The Yabassi-Bafong Development for the colonization of virgin land in the western part of East Cameroon.

Building a West Cameroon cooperative training center at the Banbui College of Arts, in order to cope with the expanding needs for trained personnel for the cooperative movement in West Cameroon. The East Cameroon national training center for cooperative personnel has been in operation since 1965.

Government departments assisting and promoting cooperatives are the Secretariat d'Etat au Développement Rural, Direction de la Coopération et de la Mutualité, and Secretariat of State for Commercial Development and Cooperatives. In West Cameroon the existing legislation is based on the English-Indian laws and in East Cameroon on French laws.

The International Labor Organization, United Nations, assists in general cooperative development, training and education. The dollar-equivalent contribution of this project is \$40,000.

CONGO — Kinshasa

AID expenditures for fiscal year 1967, \$15,000 mission, plus regionally funded cooperative and agricultural credit projects.

There is a long history of a large scale quasi-cooperative organization in the Congo. Prior to Independence much of the cotton, corn, peanuts, and to some extent other crops, were raised within a framework of community production units that were established in the more fertile areas of the country. These "paysannats" were well known and well accepted by the local population. One of the keys to increasing agricultural production in the Congo may lie in revitalizing the crumbling structure of the old system and establishing new, similar groups. This is not being done because of the lack of Congolese and European administrators and technicians who can carry out the program.

The AID mission has helped five rural cooperatives, including a fisheries cooperative. The assistance is on a self-help basis, and less than 1,500 families have been involved. AID assisted two rubber marketing cooperatives to recommence operations by providing credit on favorable terms as a result of the AID/GDRC agricultural credit program. Assistance also was given to rural cooperatives in Tolau and Topoke, the Uvira fishing cooperative, and the Kibali-Ituri community agriculture project. AID dollar equivalent loans of \$96,000 in controlled local currency were made for these projects.

DAHOMY

AID expenditures for fiscal year 1967, \$55,000 mission, plus regionally funded cooperative and agricultural credit projects.

AID assistance directly involving cooperative training and development included sending five participants to attend a 16-weeks general training program in cooperative development in the U.S., and providing "impact assistance" for local cooperatives. The total cost was under \$20,000.

Major Technical assistance projects, in which cooperative-type development was involved but was of secondary importance to the over-all programming, include \$50,000 to improve grain storage facilities and \$64,000 for general agricultural education and extension. An independent U.S. source interested in cooperatives also spent some time exploring the desirability of establishing a cooperative school and training center for West Africa in Dahomey.

Under self-help assistance, AID provided craft, motors and fishing gear for fishermen joining the Marine Fisheries Cooperative at Grand-Popo and the Marine Fisheries Cooperative at Agoue. Sixty fishermen, supporting approximately 300 people, are benefitting from the assistance provided.

AID also furnished tools and materials to construct and equip a rural center in the village of Gadome, part of which will be used as a workshop by a carpenters' cooperative, and provided materials to enlarge existing poultry houses and pig shelters of a Rural Scouts agricultural cooperative at Grand Popo. A small cooperative in the Dassa Zoume area was furnished with a water pump to encourage expansion of vegetable growing, as well as to help in building a fish breeding pond. The cooperative also is developing a handicraft section for its members.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Dahomey during fiscal year 1967, FUIAC.

ETHIOPIA

AID expenditures for fiscal year 1967, \$20,000 mission, plus regionally funded cooperative and agricultural credit projects.

The establishment of efficient agricultural cooperatives would, the AID mission believes, facilitate evolution to greater marketing orientation and increased agricultural production in Ethiopia. Until recently, there was virtually no progress in this area for a variety of economic and social reasons, such as the lack of a market economy, credit institutions, and appreciation of the value of cooperatives.

There are now, however, crude beginnings of a cooperative movement. AID has provided a small amount of help over the years in savings, agricultural marketing and membership training. The assistance has involved several hundred people.

The mission-financed staff at Alemaya College of Agriculture has established and furnished informal technical assistance to one poultry and one vegetable cooperative. The irrigation cooperative it helped form is now inoperative. The cooperative bought 40 irrigation pumps on credit. Its members were unable to use them effectively and fell behind in payments.

The mission's guaranteed housing project was well received by literate Ethiopians, when it was approved by the Council of Ministers. The significance of the housing project is that it will help to stimulate other projects of this kind and will support the Imperial Savings and Home Ownership Association, started in 1957 largely through AID effort.

Food for Peace P. L. 480 commodities supported such cooperative-type undertakings as road building, reforestation, irrigation, dam construction and terracing. The mission believes that P. L. 480 commodity resources could be used to finance grain cooperatives, so that grain can be bought during the harvest season when prices are lowest and stored until grain prices rise. Local grain cooperative centers could assist the Ethiopian Grain Corporation in purchasing, storing, and marketing grains, and expanding rural storage facilities.

Cooperative enterprise could also make a contribution to a regional livestock development plan which envisions establishment of a modern plant capable of slaughtering 350 head of cattle daily and be a canning agent for export. This could permit cooperative assembling, fattening and marketing of cattle.

In 1965 the Emperor spoke before Parliament recommending speedy passage of the Cooperative Societies Proclamation. In the Autumn of 1966 the law was proclaimed. In May 1967, the Ministry of National Community Development co-sponsored a seminar in Addis Ababa on "Mobilization of Local Savings." The sustained interest of the government and recent action indicate that further cooperative development is quite promising.

At present, the Ministry of National Community Development lacks the capability to support new cooperatives in any large number. However, it has ambitious plans for

the future which include training approximately 200 field representatives and raising sufficient money to support the establishment of 150 new cooperatives over the next five years.

The International Labor Organization provides a cooperative advisor to the Ministry of National Community Development. India has offered training for three senior officers in cooperative development since 1963. Sweden has trained one provincial officer. Three cooperative workers attended a three-month seminar on cooperatives in the United Arab Republic, two have received training in Finland, and one participant is in the United States.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Ethiopia during fiscal year 1967: NLISA.

GABON

AID expenditures for fiscal year 1967, \$7,000 mission, plus regionally funded cooperative and agricultural credit projects.

Two participants from Gabon were selected to join 22 other French-speaking Africans to attend a 16-week general training program in cooperative development in the U.S., under an AID/AFR/RUA contract with the Farmers Union. The participants from 7 countries lived on farms, worked in cooperative elevators, and studied institution-building in small towns, as well as attending special cooperative courses at the Arkansas A.M. & N. and the International Cooperative Training Center at the University of Wisconsin.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Gabon during fiscal year 1967: FUIAC.

GHANA

AID expenditures for fiscal year 1967, \$25,000 mission, plus regionally funded cooperative and agricultural credit projects.

The AID mission in Ghana is working closely with government agencies to develop a comprehensive cooperative program to help expand agricultural production. In the meantime, however, its direct involvement with cooperatives is limited largely to financing a number of community, self-help cooperative-type projects.

The country had several thousand flourishing marketing cooperatives until they were suppressed in 1961 by the Nkrumah regime. One of the present government's first acts, after Nkrumah was removed as ruler, was to restore the independent status of the country's once flourishing cooperative movement.

More than 1,300 agricultural cooperatives already have been revived and reorganized. Most of them are cocoa marketing cooperatives. In the first season since reorganization they have marketed 100,000 tons of cocoa, roughly one-third of the country's total crop.

The National Liberation Council, which considers itself an interim care-taker government, has already shifted the emphasis from state farms to private farms. AID is giving technical assistance to help the government carry out her reforms in agriculture. The projects for 1968 will reach agriculture extension and education, credit and cooperatives.

The mission's major cooperative planning is directed at assisting farmers' cooperatives through the Agricultural Development Bank. Local currency received by AID from the sale of Food for Freedom P.L. 480 Title I commodities would, under this program, be made available to the Bank for the capitalization of rural branch banks, which would in turn make loans to agricultural credit cooperatives.

The Peace Corps Volunteers are assisting in teaching cooperative practices and management through meetings with cooperative committees and members, as well as through formal training courses for employees.

Negotiations are underway for a joint private and government enterprise to process rubber from trees now reaching maturity. AID assisted in developing project nurseries which provided rubber seedlings and stumps on 9,000 acres. These holdings belong to farmers, production cooperatives and the government. Twenty-seven thousand acres are expected to be planted by 1970 which should eventually yield 15,000 tons of rubber annually.

The Ghana Department of Cooperatives is responsible for inspection and auditing, the Alliance of Ghana Cooperatives carries on education and publicity, and the Ghana Cooperative Marketing Association, Ltd., is responsible for marketing of export produce. The present Cooperative Societies' Ordinance of 1937 is being revised with a new act expected in a short time.

GUINEA

The AID program in Guinea is limited to a small amount of technical assistance in vocational education and training to complete present bilateral commitments. Two capital projects (electrification and a vehicle assembly plant) financed by AID loans in prior years are also being completed. In addition, Guinea will benefit from a \$2.7 million Food for Freedom sale in FY 1968 and is also participating in two regional projects involving rinderpest control and measles/smallpox vaccination. Previous efforts to assist cooperatives in the country were unsuccessful because of lack of cooperation by the Government of Guinea.

IVORY COAST

AID expenditures for fiscal year 1967, \$37,000 mission, plus regionally funded cooperative and agricultural credit projects.

A low-cost housing project, in which it is expected that costs can be reduced substantially through self-help and cooperative participation, was commenced with AID assistance. Approximately \$82,000 has been granted for the project of which \$30,000 was spent on preliminary preparations in fiscal year 1967.

Two participants from Ivory Coast were among 24 participants from French-speaking African countries to attend a 16-week general training program in cooperative development in the U.S. under an AID contract with the Farmers Union. This is the second year that AID has offered such a program.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Ivory Coast during fiscal year 1967: FUIAC.

KENYA

AID expenditures for fiscal year 1967, \$60,000 mission, plus regionally funded cooperative and agricultural credit projects.

The main objective of the AID/Farmers Union activity has been to assist the Government of Kenya in bringing African farmers into the cash economy through the development of cooperative societies to provide marketing, credit and other services to farmers.

The fundamental problems of developing cooperatives have been the lack of trained management for the large number of small, poorly operated cooperative societies, and the limited understanding of cooperative principles by members. The information program centered around two pilot area training projects in which two AID-financed mobile communication units and staff were assisted by eight Peace Corps Volunteers. In addition to holding training classes for more than 5,000 committeemen, the mobile units visited hundreds of cooperatives and reached 200,000 people in six months at meetings at which cooperative-building motion pictures were shown.

These farmer cooperatives are the only organized marketing institutions in most communities. Their sales exceed \$85 million annually. The local societies and unions are also the major contributors to many community projects such as schools, medical centers and community and village projects. The pay-out periods by the various marketing associations are geared to due dates for school fees and taxes. Thus, they are a source for funds and make it possible to carry out municipal and school activities in a more orderly manner. Since most of the farmers have some contact with the marketing cooperatives, they therefore, have the greatest opportunity for development in the immediate future. The volume of agricultural commodities that passes through them demands that the cooperative effort be expanded and better organized. One of the most significant developments has been the absorption of many of smaller societies into larger and more viable societies, and the total number of cooperatives of all kinds to 1,250, with a membership of 355,000 families.

Under the AID project, a central accounting system was developed. A number of the 43 participants from Kenya who were trained as cooperative officers in the U.S. under the USAID program were able to assist in training local cooperative officials and putting the accounting system into operation. All of the participants are now filling responsible positions in the cooperative movement or in government. They have a broad influence on general policy decisions concerning cooperatives and one has done outstanding work in the development of credit unions.

Although consolidations and centralized accounting has provided greater efficiency, flexibility and lessened minor corruption, the great handicap to growth continues to be the lack of trained and experienced people in the cooperatives and in the government agencies which administer the programs. This is even more serious than lack of credit and capital. The AID project was phased out in August 1967, but technical assistance to the cooperative movement is being provided by a team of 50 technicians from the three Scandinavian countries. The estimated cost of the Scandinavian program is equivalent to \$1 million over the next 10 years.

Although not a part of the regular cooperative program, twenty-five ranching enterprises and local grazing schemes were organized during the year under the Range Development Project. These included both individual ranches and cooperative ranches with as much as 40,000 acres and 2,500 members. In addition to specific grazing schemes, one million acres of communal grazing lands are

being organized into a pattern of rotational and deferred grazing systems. The cooperative ranches have installed dips, improved the water supply, up-graded the breeding stock and are adopting a regular marketing system, moving the participants to a cash economy.

The fishermen's cooperatives, organized in the Lake Victoria area have access to a \$40,000 revolving loan fund, established by the government using P. L. 480 local currency proceeds, which enable members to purchase outboard motors, improved boats and fishing gear.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Kenya during fiscal year 1967 include FUIAC and FCH.

LIBERIA

AID expenditures for fiscal year 1967, \$70,000 mission, plus regionally funded cooperative and agricultural credit projects.

The Government of Liberia has constantly expressed its intention of promoting cooperatives as a primary means of increasing agricultural output, particularly in the production of rice. To date, however, cooperative development has been exceedingly limited, and prospects for success of present efforts are slight. This is due mainly to poor administration by the Liberian Department of Agriculture and the lack of available resources to carry on such work.

The AID/Farmers Union team has helped the Ministry of Agriculture develop plans for five rice zones. This involves five cooperatives with 320 families. Particular attention was given to a pilot project in the Voinjama region, involving 50 farmers, where 50 acres have been cleared and a cooperative organized to handle production machinery, distribute supplies and market rice. Another rice-zone program was launched at Tahien where 40 acres have been cleared. Future development of these two projects will depend on the Liberian government's providing its share of initial capital for the cooperatives and solution of problems related to equipment maintenance; and the high cost of clearing land and resettlement of families of different tribal backgrounds. The successful development of these two zones will be helpful in implementing other rice zone projects.

The AID team has also received support from the Liberian government in its efforts to develop effective cooperatives in rubber production and agricultural marketing. AID also is working with the United Nations' Food and Agriculture Organization representatives in making cooperatives an integral part of the FAO's rather ambitious program for increased rice production. The Chinese (Taiwan) have provided technical assistance since 1962 in developing a rice growers' cooperative at Gbedhin, and there are indications they will increase their aid. AID has provided some commodity assistance in the Gbedhin project.

A cocoa processing and marketing cooperative, organized by a missionary in the interior of Liberia, has had considerable local impact. He is now working with Peace Corps Volunteers to develop similar cooperatives. AID may provide them with some financial or technical assistance if developments are encouraging and the experience proves transferable.

The agricultural credit program was brought to a standstill when the Agricultural Credit Corporation proved unsuccessful in creating a loan program to assist both cooperatives and private farmers due to lack of proper credit management and collection policies. A bill to reorganize the credit corporation has finally passed the legislature and may provide the basis for a new program providing effective management and adequate funds are available and a way is found to enforce collections.

A major AID effort, which is unrelated to cooperatives but could have a significant impact on their future development plans, is assisting a farming venture by UniRoyal, a U.S. concessionaire. The U.S. corporation is seeking to determine whether rice and soybeans can be produced economically through large-scale production techniques under tropical social and economic conditions. AID financing will be provided for three years for equipment, utility buildings and operating costs applicable to rice, soybeans, and livestock phases of the program. Production is to be purchased by UniRoyal at current market prices, either for its own use or resale to other buyers, to cover AID's expenses. If this operation is successful, the experience may be applicable for expanding large-scale farming in other areas.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Liberia during fiscal year 1967: FUIAC.

MALAGASY

AID expenditures for fiscal year 1967, \$10,000 mission, plus regionally funded cooperative and agricultural credit projects.

Three participants from the Republic of Malagasy were selected to join 21 other participants from 6 French-speaking African countries to attend a 16-week general training program in cooperative development in the U.S., under an AID/AFR/RUA contract with the Farmers Union. This is the second year that participants from Malagasy have taken part in the training program which is offered to government people who are in the field of agricultural or cooperative development.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Malagasy during fiscal year 1967: FUIAC.

MOROCCO

AID expenditures for fiscal year 1967, \$80,000 mission, plus regionally funded cooperative and agricultural credit projects.

The Moroccan cooperatives that most nearly resemble those in the U.S. are the 97 artisanal and the French dairy cooperatives at Casablanca and Kenitra, and these are the ones that have been the most successful. About half the artisanal cooperatives are independent in their management and control; the remainder still tend to be government dominated.

Although various agencies carry the word cooperative in their titles, the concept of cooperative in the U.S. sense is still relatively new. Most cooperatives have been created by the Government and are controlled primarily by the Government. There is some sentiment for a democratization of cooperatives. For example, the Director of Agriculture Economic Planning Division favors the eventual establishment of true cooperatives, but at present the Cooperatives Marocaines Agricoles and the Societas Cooperatives-Agricoles Marocaines are actually government operated and controlled institutions.

Direct USAID assistance to Moroccan cooperatives in FY 1967 was directed to seven artisanal cooperatives in tanning, leather working and lapidary, including a new tanning cooperative at Ouezzane and a lapidary cooperative established in connection with the AID assisted Lapidary Training Center in Fes. Indirect AID assistance included participant training in the U.S. for nine provincial directors of the National Agricultural Credit Bank, giving them the opportunity to observe and learn from the organization and operation of U.S. cooperatives.

P. L. 480, Title II commodities have been used in a successful and highly popular Food-for-Work program involving projects in reforestation, housing, irrigation development, road building and other local self-help development projects. None of this assistance directly involved cooperatives as such, but it did encourage local initiative in the development effort.

Attempts to improve the scope and quality of cooperatives in Morocco have not been without setbacks. The plans, perhaps too ambitious, of the National Agricultural Credit Bank to establish 60 farmer-controlled cooperative regional credit banks to handle local farm credit have not materialized, partly due to a shortage of trained personnel to staff them. Local currency available from P. L. 480 Title IV sales was used to advance credit in kind to the banks. AID provided planning and training assistance for national and regional personnel, but the bank still needs more trained personnel to properly staff all regional banks.

An AID-financed study by the National Rural Electric Cooperatives Association concluded that rural electric cooperatives might be feasible. The Government has a monopoly on electric power. The National Electricity office apparently feared that rural electric cooperatives would compete with the Government monopoly so no action was taken on the study.

One of the main obstacles to the development of cooperatives is the lack of understanding of the meaning or purpose of cooperative organizations. A few educated people support cooperative development, but even they express opinion that the peasants are too poor and backward to be able to operate their own institutions without strong outside direction. In addition to peasant unfamiliarity with the cooperative idea, constraints imposed by existing legislation on cooperatives make it difficult for Moroccan officials to respond enthusiastically to AID initiatives on cooperative development.

Since efforts to establish independent cooperatives would probably have minimal effect on agriculture production for ten or fifteen years, USAID's present agricultural assistance is aimed at other means for achieving increases.

U.S. non-Governmental organizations under AID contract which offered cooperative assistance in Morocco during FY 1967: NRECA.

NIGERIA

AID expenditures for fiscal year 1967, \$70,000, plus regional funded cooperative and agricultural credit projects.

Nigeria, with 45 million people, sizeable oil deposits and potential for economic growth, is one of the most important countries in Africa. It has in the past exerted a moderating influence on African positions and situations. Unfortunately, army revolts, tribal conflict and secession threaten to fragment Nigeria into separate regions and destroy its national strength and influence abroad.

While the internal dissidence has halted USAID activities in Eastern and Midwestern areas, U.S. assistance to the other parts of Nigeria is continuing with remarkably little disruption. Cooperatives have been an important element in Nigerian agricultural development, and in the country's over-all economic development.

The AID mission was assisting in developing a corps of 300 U.S.-trained Nigerians capable of assuming positions of responsibility in their country's agricultural development. Many of these young men have already filled important agricultural teaching and government positions, including cooperatives and farm credit. This assistance also was directed at training field staffs to supervise agricultural credit programs. Eight persons were to have been added in the cooperative and agricultural credit fields when hostilities broke out.

Background Information on Nigerian Cooperatives

There are 5,700 cooperatives in the country with approximately 300,000 members in the agricultural cooperatives. It should be noted, however, that

many of the cooperatives are not functioning effectively for lack of management and financing. The type and distribution of cooperatives in Nigeria is as follows:

East Nigeria: 1,800 cooperatives, mostly thrift and credit with 20 percent agricultural credit and marketing.

Mid-west Nigeria: 470 cooperatives, 55 percent thrift and credit, 45 percent agricultural credit and marketing.

North Nigeria: 2,100 cooperatives, 95 percent agricultural credit and marketing.

West Nigeria: 1,200 cooperatives, 66 percent agricultural credit and marketing and 34 percent thrift and credit.

Federal Territory (Lagos): 130 cooperatives, mostly thrift and credit.

At the beginning of 1967, the volume of commodities marketed by cooperatives varied from as low as 3 percent for groundnuts to 40 percent for such crops as ginger and beniseeds. Cooperatives marketed 25 percent of the cocoa in Western Nigeria.

The Cooperative Divisions of the Government have increased emphasis on cooperative education at the regional cooperative colleges at Ibadan, Enugu and Zaria. There was a 15 percent increase in trainees over the preceding year. There were 700 staff workers in the Cooperative Divisions involved in education, inspection and service work with cooperatives. The federal government has made a good start in organization, staff and training facilities, but teaching programs still need to be upgraded. Cooperatives must become more economically viable private enterprise units and provide expanded services.

The district governments have frequently indicated a desire to turn over to the cooperatives many sponsored agricultural schemes as soon as the cooperatives are capable of operating them. This includes such schemes as the grain storage units developed by the Western Nigerian Government, capable of holding 6,000 tons and located at 26 sites.

AID Assistance to Cooperatives

Since 1965 AID has provided assistance to Nigeria aimed at strengthening and enlarging the role of agricultural cooperatives in raising productivity and fostering rapid growth in the agricultural sector of the economy. Activity targets include the introduction of Cooperative techniques for:

1. Expansion in production and marketing of export crops, food and feed crops and livestock and livestock products;
2. Development of a more viable and reliable agricultural production and marketing credit program;

3. Development of an economic and effective system for the purchase, processing and marketing of farm supplies (including facilities for assembly, storage, and distribution); and

4. Provision for a coordinated educational and training program for the people involved.

To accomplish these objectives the Mission furnished the services of an Agricultural Cooperatives Management Advisor to the Ministry of Trade and Industry in Western Nigeria to make pilot studies and demonstrations in selected cooperatives to show their potential for expanded production and services and more effective and profitable operation. Also a Cooperatives Advisor on the Lagos staff (funded under another project) since November, 1965 has given guidance in project planning to officials in the Western State and has made a detailed analysis of the needs and potentials of cooperative program development on a nation-wide basis for the various States. The USAID has also assisted by furnishing books, visual aids and teaching and demonstration equipment to cooperative training schools to enhance their instructional programs. In order to prepare Nigerians to operate a successful cooperative program independently, short training courses in the U.S. were provided in cooperative structure and organization, and in the techniques of preparation and demonstration of audio-visual aids. Thirteen participants received training under this program and have returned to Nigeria.

Most of the field work for this project was done under contract by the Cooperative League of the USA, working with the Cooperative Marketing Union at Ilesha (former Western Region). It was hoped that these activities of an experimental nature would develop techniques which could be applied in working with other unions. However, as a result of unstable conditions which made it increasingly difficult for the Nigerians to support the project at the required level, it has been found necessary to terminate this project ahead of schedule. Tentative plans for a resumption of assistance to cooperatives are being considered by the USAID and AID/W. These will, of course, lean heavily on our experience to date. In view of the fact that Nigerian attention is currently focused on war and will later be directed toward the tasks of reconstruction, we doubt that it will be possible to resume our activities prior to January, 1969.

AID has also assisted a number of community self-help projects in which local people provided the labor and leadership. Among them were the following cooperative efforts:

1. Quarters for the Kaduna Cooperative Poultry Society, Ltd. This organization could serve as the pilot scheme for an established marketing service throughout northern Nigeria.

2. A 200-stall farmers' market for the Okpe Community Development Committee, to improve the village economy by providing for a larger market and attracting more people to Okpe, an agricultural community of 7,000 people.

3. Construction of a drainage system adjacent to the main road of the farming community of Ayogwiri so farmers can transport their agricultural produce to three nearby market towns.

4. Improve the market places and water storage systems in the communities of Umumba and Ojinato, to serve 6,000 people.

5. Building a community hall at the farm settlement scheme at Ille-Oluji, with the primary objective to develop modern farming communities.

6. Road and bridge construction to connect Ojo village with Ajegunle, Apapa, to expand market for agricultural produce for both villages with AID contributing basic construction tools and services of a bulldozer and operator.

7. Assist 90 farm families planting a 70-acre community oil palm farm, which also will be used as a demonstration and instruction center.

8. Assist the Igbo Eze Multi-Purpose Cooperative, Ltd., develop a 25-acre market-garden to help alleviate a food shortage caused by an influx of refugees into the area. The outbreak of hostilities has meant the termination of this activity. It is hoped the farm can be used when hostilities are terminated for training students in rural development at the University of Nigeria, Nsukka.

Other Donor Assistance to Cooperatives

Assistance to Cooperatives also has been provided by the United Kingdom, and the United Nations' International Labor and Food and Agriculture Organizations. The assistance was for market analysis and educational short courses for cooperative leaders, training for provincial managers, developing a cooperative poultry and egg marketing program in the East, and making a business analysis of Cooperative Supply Association (CSA) in Western State. The estimated dollar-equivalent contribution was \$82,000.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Nigeria during fiscal year 1967 include Cooperative League of U.S.A. and National League of Insured Savings Associations.

SENEGAL

AID expenditures for fiscal year 1967, \$299,000 mission, plus regionally funded cooperative and agricultural credit projects.

Village cooperatives are to be a major weapon in winning the War on Hunger as the United States and Senegal governments join in a major reclamation program to expand food production in the West African country. Farmers in the richly agricultural Casamance area will be organized into village cooperatives. They will use animal-drawn plows, planters, cultivators, and harrowing equipment instead of hand tools they employ at present. This is expected to increase the individual farmer's output five times.

Fertilizers, seeds and animal-drawn equipment will be provided each unit, consisting of 20 families each. The farmers involved will be urged to increase their production of rice, corn and millet in an effort to help the diversification of Senegal's crops.

Senegal produces sorghum, beans, cassava, vegetables, fruits, industrial fibers, and palm cabbage, but peanuts account for 80 percent of the country's exports. Sixty percent of the foreign-exchange earnings from this crop have had to be used to import foods. The Casamance Project is a step toward making the Senegalese more self-sufficient in grain cereals.

U.S. agronomists and technicians will demonstrate how effective employment of unused land and manpower resources can stimulate and expand food production. They will also assist in developing extension work activities and aid individual farmers. Major land reclamation and use will be undertaken, including the construction of some dikes and ditches for irrigation purposes.

The joint effort is expected to cost \$4 million over a five-year period, with Senegal financing \$1.8 million of the program's cost in local currencies, and the U.S. contributing about \$2.2 million. During fiscal year 1967, the U.S. will provide equipment, agricultural technicians, and training for Senegalese farmers at a cost of \$282,000.

Five participants from Senegal attended a 16-week general training program in cooperative development in the U.S., under an AID/AFR/RUA contract with the Farmers Union. This is the second year that Senegalese participants have attended the cooperative training program. All of them hold government positions in agriculture or cooperative agencies.

U.S. non-Government organizations under AID contract which offer cooperative assistance in Senegal during fiscal year 1967: FUIAC.

SIERRA LEONE

AID expenditures for fiscal year 1967, \$10,000 mission, plus regionally funded cooperative and agricultural credit projects.

Ten percent of the landholding farmers are members of cooperatives, a majority participating through credit societies or marketing associations. Relatively few purchase farm supplies or get technical assistance from cooperatives.

The bigger the holdings, the larger the proportion of farmers belonging to cooperatives. Only six percent of all holders with less than an acre belong to a cooperative as compared with 24 percent of those having 15 acres or over. There are 251,000 small farmers in Sierra Leone, with an average holding of 3.9 acres.

There are presently 900 registered multi-purpose cooperatives with a membership of 42,000. Eighty cooperatives and 2,000 members were added during fiscal year 1967. Cooperatives have helped develop community water systems. Most rapid expansion was in marketing of cocoa, coffee and rice. AID has provided counsel in the area of cooperative development, but direct assistance is limited to a \$4,200 training grant. Other cooperative training grants have also been provided by Denmark, United Arab Republic, Canada, Great Britain and the Soviet Union. The United Nation's International Labor Organization offers year-around training in cooperative education. This is the equivalent of \$50,000 in assistance contribution.

The Government of Sierra Leone encourages cooperatives, but is restricted by a program of financial stringency, as well as lack of trained and experienced personnel. Food for Freedom Public Law 480 commodities could be used to assist consumer cooperatives and credit societies.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Sierra Leone during fiscal year 1967: FUIAC.

SOMALI

AID expenditures for fiscal year 1967, \$5,000 mission, plus regionally funded cooperative and agricultural credit projects.

The AID mission self-help project is assisting two vegetable production and marketing cooperatives in land leveling and soil conservation work by providing money for bulldozing. The University of Wyoming farmer-training center is helping farmers of a quasi-cooperative to improve farming methods. Nearly 100 families are involved. These activities are small parts of the Somali government's overall plan to increase agricultural production. All public officials, including the Prime Minister, have extolled the cooperatives, but there has been no follow-up on an active program. The Agricultural Development Agency has lacked sufficient funds to operate. The National Housing Agency is attempting to organize teachers, government employees and professional people to develop cooperative housing project with United Nations assistance. The Foundation for Cooperative Housing has been asked to provide assistance. Some AID assistance is used to provide credit for farmers. Assistance has been provided by the United Nation's World Food Program, which is trying to link its assistance with housing and agricultural cooperatives. West Germany has assisted in developing production and marketing cooperatives in two villages in Northern Somali.

TANZANIA

AID expenditures for fiscal year 1967, \$43,000 mission, plus regionally funded cooperative and agricultural credit projects.

Tanzania continues to follow a national policy of mobilizing its own resources for development. Under this program of "self-reliance," rural development through self-help cooperatives receives top priority. AID's assistance within this framework has been primarily to help organize credit unions.

During the year, 47 new local societies and 7,000 members have been added. There are presently 141 local societies and 18,300 members. About 90 percent of these unions are rural, with membership based on a common bond of agriculture. One participant has been trained in the U.S. on the organization and administration of credit unions. Nearly 1,000 local credit union officers attended classes in basic credit union theory and operation. These people, in turn, were assisted in carrying on member education programs.

President Nyerere and other high government officials continually urge the people to organize credit societies and unions for the purpose of mobilizing funds in the pursuance of the "self-reliance" policy. The government's determination to make the most effective use of cooperatives is shown in a number of ways. The government ordered a thorough investigation of the cooperative structure by a special commission. The recommendations based on the inquiry into cooperative movements and marketing boards have been enacted into law by the Parliament. A government reorganization created the Ministry of Agriculture and Cooperatives, which will be the key ministry to implement the country's policy of "self-reliance."

The Scandinavian bloc of countries, including Finland, has made substantial contributions to carrying on a cooperative education program, at both the cooperative centers and the cooperative college. The estimated dollar-equivalent of these contributions is nearly \$500,000. Approximately 60 cooperative trainees are sent each year to Egypt, Israel, USSR, Sweden, Canada, India, West Germany, East Germany and Czechoslovakia.

Housing, insurance and agricultural supply and service cooperatives have the greatest opportunities for development. Credit unions, agricultural production and marketing cooperatives have already established themselves in the country's economy, and it is a matter now of improving and expanding existing services.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Tanzania during fiscal year 1967: CUNA.

TOGO

AID expenditures for fiscal year 1967, \$23,000 mission, plus regionally funded cooperative and agricultural credit projects.

For the second year, five participants from Togo were selected to attend a 16-weeks general training program in cooperative development in the U.S., under an AID/AFR/RUA contract with the Farmers Union. A total of twenty-four participants from French-speaking African countries were in the group.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Togo during fiscal year 1967: FUIAC.

TUNISIA

AID expenditures for fiscal year 1967, \$25,000 mission, plus regionally funded cooperative and agricultural credit projects.

The development and use of cooperatives in Tunisia is a national policy. They are being utilized to organize a backward rural population and the country's land, water and available financial resources for the purpose of developing a modern agricultural industry operated by Tunisians trained for the purpose. This system represents the Government's major effort to replace the colonial agricultural system bequeathed by the French. It is aimed at building a viable agricultural economy.

Cooperatives are the mechanism through which the Government extends its administration, technical and financial assistance to rural development. They are to serve as a step in transferring Government-owned lands, nationalized from the holdings of former French citizens to eventual private ownership by individual Tunisian citizens.

There are 1,800 agricultural, consumer, industrial, multi-purpose and federated cooperatives, with 250,000 members. Eight hundred and seventeen new cooperatives and pre-cooperative societies were organized in fiscal year 1967, 415 are agricultural with 28,676 members, and 412 are multi-purpose cooperatives with 17,676 members.

The Food for Freedom PL 480 Title II commodities are a continuing source of indirect financial assistance to the cooperative development program. USAID owned or controlled currency is also an important source of financing loans to new credit cooperatives for their lending capital. This program has been implemented through the Banque National Agricole (BNA). A review of the Mutual Credit program is to be undertaken to establish the extent of future U.S. assistance in this important field. The review is being made in light of the recent \$18 million loan by the International Bank for Reconstruction and Development (IBRD) for improvement of cooperative farms in Northern Tunisia on this activity. Also to be determined is the future relationship of the AID/Farmers Union project to the Mutual Society program under the BNA on the basis of expanding the 37 mutual credit societies now in existence to 60 mutual societies within the next year.

AID has in the past given serious consideration to helping meet the short-term operating credit needs of medium and small private farmers through a reorganization, expansion and development of the Mutual Credit program. It has assisted in local seminars on cooperative management, in preparing educational and training materials, and in organizing and conducting courses at the BNA's central office, as well as in-service training programs at branch offices and at credit cooperatives.

The most significant development in cooperatives during the year has been the emphasis on in-service cooperatives. This has been brought about by the development of water resources for irrigation. This, in turn, has made possible the establishment of small, economically viable private farms, creating needs for service cooperatives. The recent loan of the IBRD to the Government of Tunisia ought to permit the Northern Units of Production to intensify their efforts to expand and diversify agricultural production. It should also permit the development of new Production Units from the existing pre-cooperatives formed on colon lands and other lands administered by the Officidés des Terres Dominiales. There are 402 pre-cooperatives with 17,000 members.

The Credit Mutuel Rural, operated by the BNA and its 24 agencies throughout Tunisia, was organized to supply agricultural credit to small producers. It is proposed, however, to remove the administration of small credits from the control of the bank, and place it under the direction of the Secretariat of State for Plan and National Economy. At present there are 37 Mutual Credit Societies, with another 13 planned by the end of 1967. The creation of approximately 25 new societies is foreseen for 1968.

The P. L. 480 Title II program has continued under the Lutte Contre Sous-Development (LCSD) program to supply employment and a source of livelihood to many people. The wheat import program, including carryover of 22,857 metric tons from July 1, 1966, has amounted to 42,811 metric tons having a value of \$3,116,225. This food has provided 22,857;251 man-days of employment devoted to road construction, flood control and water conservation facilities and construction of houses on Government-owned land destined for cooperative use, or on cooperative lands.

Activities under which Food for Freedom had a direct connection with cooperative development provided 3,243,329 man-days of work. They are as follows:

1. Agricultural activities in cooperatives in Gafsa, Kasserine and Beja	260,000 man-days
2. Production unit projects employ 8,283 cooperators for 63-day period when cooperatives are established	521,829 man-days
3. 66 Civil Service Centers train 7,244 boys and girls in farming and agricultural cooperatives as well as other skills.	2,461,500 man-days
Total	<u>3,243,329 man-days</u>

The distribution of cooperatives by types is as follows: 311 agricultural service cooperatives with 103,000 members; 380 agricultural production cooperatives, with 35,000 members; and 7 fishery cooperatives with 3,000 members; 78 consumer cooperatives with 54,000 members; 132 small industrial cooperatives with 10,000 members; 37 agricultural mutual credit cooperatives with 44,000 members; and multi-purpose cooperatives distributed thus, 301 Northern Production Cooperatives, mostly pre-cooperative, with 21,865 members, 402 cooperatives with 17,676 members on lands supervised by the Office des Terres Dominales (O. T. D.), and 79 Polyculture cooperatives of central and southern Tunisia with 13,522 members. There is a regional cooperative in each of 13 gouvernorats, to provide assistance to local cooperatives in accounting, supplying requirements and marketing their production.

The importance that the Government of Tunisia and political party officials attach to the cooperative program is expressed almost daily in newspaper articles and in editorials. These views, however, are inclined to be over-optimistic as to the rate of development of cooperatives. Government departments responsible for assisting and promoting cooperatives are the Ministry of Planning and National Economics, and the Banque National Agricole. Both are active, dedicated and effective to the extent of their capacity. Both need added personnel.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Tunisia during fiscal year 1967 include FUIAC and NLISA.

UGANDA

AID expenditures for fiscal year 1967, \$291,000 mission, plus regionally funded cooperative and agricultural credit projects.

The President of Uganda and other high ranking public officials have frequently proclaimed the necessity for their country to develop a strong cooperative system, in public pronouncements, newspaper articles, and in speeches on radio and television. Their statements are supported by the current Five Year Development Plan, "Work for Progress—1966". This places cooperative development high on the list of priority activities in the agricultural sector of the economy. New legislation is being prepared to strengthen the Cooperative Societies Act, 1963.

The AID-financed National Farmers Union team is now in its fifth year of working with the people to expand the use of cooperatives to organize and train 600,000 farm families, to increase agricultural production and stabilize market prices, to diversify farming, to encourage non-government agricultural business enterprises, and to raise the living of the people.

There are 1,982 primary cooperatives in Uganda, of which 76 were organized in the year. Their listed membership is 529,500 families, an increase of 74,000 from the preceding year. These societies presently handle mostly cash export crops. They dry and process 90 percent of the Arabica and 31 percent of the Robusta coffee, and gin 60 percent of the cotton grown in Uganda. These cooperatives do \$80 million in business annually, are enabling Africans to operate their own enterprises, and at the same time are creating an increasingly favorable climate for joint foreign and domestic business investments through the Uganda Development Corporation.

The marketing cooperatives in coffee and cotton have encouraged producers of other agricultural commodities to organize. There are now cooperatives among tobacco and tea growers, dairy farmers, poultry producers, minor-crop producers, cattle feeders, and even tree growers, the last-named being organized to plant and raise trees in order to furnish the kind of wood the tobacco cooperatives need for flue-curing tobacco leaves. There are also hides and skins societies, fishing cooperatives, tradesmen's groups, credit and savings unions, and even four taxi drivers' cooperatives.

Establishment of a dairy industry in the country has been facilitated by the existence of an active cooperative movement. AID furnished advisory assistance in plant layout, society formation and operation of four cooperative creameries and furnished eight bulk milk coolers. This action, coupled with importation of 400 pure-bred in-calf heifers from Europe as foundation stock and the formation of the new Milk Marketing Board, starts the cooperatives in an industry that may produce milk and dairy products for over seven million people.

Eight prefabricated steel storage warehouses, donated by AID, have been erected at strategically located crop collection points and will serve as the nuclei from which minor crop marketing centers will develop. By this means the government hopes to increase substantially the production of such crops as beans, corn, groundnuts and millet. Seven participants are receiving training in the U.S. on all aspects of harvesting, storing and marketing of cereal and oil crops.

AID's supervisory assistance is helping develop economic livestock production units, particularly in the field of beef producing ranches. Through its assistance program, the AID mission is expanding this area of operation through the Ankole Ranching scheme, where a large tract of land has been cleared and subdivided into suitably sized ranches. One such ranch is a 10,000-acre unit operated by the Banyankole Growers Cooperative Union. A district union in another part of the country is developing a 40,000 acre unit along lines similar to the successful Banyankole Cooperative ranch.

The Uganda Cooperative Department and AID are assisting these and other cooperative unions in planning their programs and in setting up adequate records and accounts to handle the new business. Effort is being made to integrate the livestock programs on the union ranches into Uganda's overall cooperative movement.

Poultry cooperatives in six years have organized over 70 percent of the producers to support a poultry marketing association in the capital area.

The requirements of the new dairy industry, the livestock feeders and the poultry raisers, who formerly imported feed, led the Uganda Development Corporation to erect a feed mill in Jinja. The mill is to be operated by a private feed manufacturing corporation. The Cooperative Central Union and its member unions handling minor crops have a special interest in this development, both in supplying feed grains and distributing manufactured feeds.

AID's Self-Help Fund has assisted a number of cooperative-type ventures. One example was the Student Cooperative Marketing and Consumer Society at Arapai to help it improve the sale of perishable products and at the same time teach the practical aspects of cooperative management of 200 students. Another example was furnishing supplies to erect 24 tobacco growers' supply warehouses, with 2,000 cooperative members providing labor under supervision of a Peace Corps Volunteer. The cooperatives are helped by the extensive training programs for agricultural officers and by the assistance given to 13,000 Young Farmers of Uganda to carry on "home" projects, many of which are tied to local cooperative activities.

The Central Union has a leading role in promoting agricultural diversification. It furnishes farmers with production supplies such as seeds, fertilizers, farm chemicals and cotton gin supplies. Cooperative business operations center in cotton and coffee. The Government has taken steps to create marketing boards for the minor crops.

Five years of experience in lending and four years in collecting have proved that properly supervised cooperative marketing societies can successfully manage the production credit needs of their members. Credit service has increased from 17 societies lending \$79,000 in 1963 to 296 societies lending \$730,000 in 1966. Loans have also increased to group farms from two farms for \$10,000 in 1963 to 29 group farms for \$97,000 in 1966. The basic credit needs, however, are still far from being met.

More and more agricultural cooperatives are becoming multipurpose as they are selected to make agricultural loans. There are 248 societies now in the credit scheme compared to 296 in 1966. This drop in number is due to the withdrawal of credit privileges from cooperatives that default on loan repayments. Societies in arrears are barred from the loan program for at least one year. The strictness with which collections are being made has already had a visible effect in improving credit operations in the existing societies and strengthening the total program. The goal is to have 1,000 agricultural cooperatives in a position to furnish credit to farmers by 1970.

An Agricultural Credit Advisory Service was added to the cooperative service this year. It is intended to advise farmers on how credit can best be used to increase production and income. Joint training courses are being held for Cooperative Department and Agricultural Department personnel assigned to the program in four districts selected as pilot areas. Each Agricultural Credit Assistant will be responsible for approximately 300 farmer borrowers.

A system by which savings can be accepted for deposit with cooperative societies has proved workable. Thus, mobilization of savings in rural areas may prove a source of previously untapped funds. All types of depositors can be accommodated.

Most progress is being made in areas where district staffs have had practical experience with savings programs and where societies have been pressing for the scheme. Full implementation of the plan is hindered by lack of trained supervisory personnel.

The Uganda program reveals that a continuing information program is essential for continued cooperative expansion and growth. AID/Farmers Union works closely with government agencies in colleges, schools, and at the grassroots in training officers and employees and informing cooperative members. During the year 11,320 student days of class training was provided, and 16,000 people attended one-day meetings in their communities.

The mission states that "one of the most influential but unnoticed benefits of cooperatives is the mass democratic educational process taking place in the conduct of primary society meetings. Cooperative education of the members equips them to assume positions and duties in social and government activities."

There is interest on the part of the government in the possibilities of developing canning, drying, milling and processing enterprises in connection with dairying and minor crop production. Cooperatives are looked upon as a means to get farmer participation in the processing industry.

Thirteen participants are studying cooperatives and agricultural credit in the U. S.

The United Kingdom, the Government of Israel and the United Nations' Food and Agriculture Organization also provide cooperative assistance. The dollar-equivalent contribution of this assistance is \$75,000. There is no duplication of effort and the relationships with AID have been excellent.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Uganda during fiscal year 1967: FUIAC.

UPPER VOLTA

AID expenditures for fiscal year 1967, \$7,000 mission, plus regionally funded cooperative and agricultural credit projects.

For the second year, two participants from Upper Volta were selected to attend a 16-week general training program in cooperative development in the U.S., under an AID contract with the Farmers Union. Twenty-four participants from seven French-speaking African countries were in the group.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Upper Volta during fiscal year 1967: FUIAC.

ZAMBIA

AID expenditures for fiscal year 1967, \$18,000 million, plus regionally funded cooperative and agricultural credit projects.

Cooperatives are going through their "day of reckoning" after being encouraged by the government to expand too rapidly as a panacea for most of the country's social and economic ills.

The Government of Zambia had placed its dependence upon the cooperative program to take the lead in expanding: agricultural production, mechanization of farms, cooperative construction projects in rural areas, especially in brick making and carpentry, agricultural credit services to individual farmers, distribution and sale of fertilizer to farmers, and primary marketing depots for farm produce.

The cooperatives' plight is now recognized by the government, and especially in the Ministries of Cooperatives and Agriculture. These officials are aware that small and inexperienced staffs cannot properly supervise a large number of new cooperatives which are engaged in a multitude of activities. The government has lost effective control over their operations for the present. One of the major schemes which floundered is the government's farm-tractor project. Typically, it was pushed too rapidly and without sufficient planning and a trained drivers' and service staff. As a result it is now in a precarious position.

AID's assistance has been confined mostly to training directors and employees of marketing cooperatives. This indirectly involved 327 agricultural cooperatives, of which 182 were organized during the year. The 4,000 members more-than-doubled the number of the preceding year. Two officers of the Eastern Province Cooperative Marketing Association and two officers of the government's Department of Cooperative Societies received seven months cooperative training in the U. S. under an AID grant.

The main problems for the new cooperatives were lack of proper training and experience, inadequate supervision by competent authorities, poor investment of the limited existing capital, over-promotion of the ability of cooperatives to carry out economic reforms.

Other countries assisting agricultural cooperatives are Sweden, with 22 volunteers, Israel with 10, and Netherlands with 8. The dollar-equivalent contribution of these activities is \$125,000.

EAST ASIA

Disbursements for technical aid to cooperatives, fiscal year 1967

Mission	\$ 992,000
Regional (including worldwide contracts).....	<u>275,000</u>
Total	\$1,267,000

INDONESIA

AID's technical assistance program was resumed in fiscal year 1967, starting with participant training. The cooperatives, are still in a state of collapse due to the galloping inflation of 1964-66. The Mission states that no assistance for Cooperatives was included in the first year's program, but this will be changed in subsequent years.

In 1964, the latest year for which information is available, there were 62,619 cooperatives in Indonesia, with over 7.5 million members. The two largest were the consumer cooperatives, with 16,251 outlets and 4,075,000 members, and multi-purpose cooperatives with 32,850 outlets and 2,094,000 members. In third position were 8,316 agricultural cooperatives with 865,000 members. One of the encouraging developments during the year was the participation of the KOPERTAS, the Agricultural Production Cooperatives, in the BIMAS, or mass counselling programs, to increase rice productivity.

Two United Nations Agencies, the International Labor Organization, helped consumer cooperatives, and the Food and Agriculture Organization helped rural credit organizations.

The major government agencies assisting cooperatives are the Directorate-General for Cooperatives and the Department of Home Affairs. Both agencies are critically limited in their effectiveness by the continuing inflation and demoralization of the last four years, compounded by the tight money policy of the stabilization program of 1966-67. Funds made available to the Cooperatives Directorate were only sufficient to pay salaries, with even stationery and operating supplies difficult to obtain.

Church and voluntary organizations have assisted in cooperative-type development. The Church World Services, for example, is providing the Indonesia Council of Churches (ICA/DGI) with directed assistance for self-help projects through the Indonesian Archipelago, embracing such under-takings as a community swine-breeding project in Kapal, Bali, a community project for cooperatively upgrading cattle stocks and dairy cows at Patumbak, North Sumatra, and several cooperative projects for improving crop agricultural projects in the Celebes.

KOREA

AID expenditures for fiscal year 1967, \$150,000 mission, plus regionally funded cooperative and agricultural credit projects.

Korea's cooperatives are the keystone to total democracy. The Republic's constitution requires the state to encourage cooperatives founded on the spirit of self-help to farmers and fishermen, and to guarantee their political impartiality. Currently proposed changes are being recommended which will increase the voice of 2.5 million members in the cooperative federation and reduce the number of local associations from 17,281 village cooperatives to about 540 county and county-branch cooperatives.

The National Agricultural Cooperative Federation (NACF) is a truly unique organization, the largest non-military operation in Korea. It reaches nearly all the 2.6 million rural households and claims 90 percent of them as members. It is the only source of institutional credit for farmers and is the Government's agent in distributing all commercial fertilizers. The wide variety of services provided and materials handled by the NACF make it basic to the people's sustenance.

This vast cooperative federation is AID's creation. It was brought into being four years ago through the integration of the Korean Agricultural Bank and the Cooperative Association. Between 1962 and 1964, AID's total assistance amounted to the dollar equivalent of \$15.5 million from counterpart funds. The equivalent of over \$2 million was loaned to NACF and the Central Federation of Fisheries Cooperatives (CFFC), with 123,000 members. A single Office of Fisheries has been established to control all government fisheries programs. The cooperative has expanded and modernized its fleets.

AID's once large technical cooperation staff has gradually been reduced, until now it is almost at the vanishing point. This is the real measure of NACF's success.

The sustained growth of NACF during this tapering off by AID is testimonial to the health and vigor of the federation and the sound management of its leaders. NACF continues to use AID counterpart funds in its lending program, and to make use of a full-time AID credit advisor. Its most spectacular success was the growth of its capital accumulation program. Savings deposits increased from the dollar equivalent of \$53 million to \$72 million in the last year. A special campaign by the Savings and Insurance section of NACF increased farmer participation from 7.7 percent to 13.6 percent of these total deposits. The Government loans to NACF and CFFC amounting to \$37.6 million have been released to the cooperatives. AID furnished NACF with eleven trucks and CFFC with 6,000 empty oil drums and five sets of five-KW generators for the fishery cooperatives from Army excess property.

As successful as the cooperatives have been, their principal difficulties are no different than those of cooperatives in other developing countries. Lack of capital and credit is the number one problem, but a close second is the lack of trained and experienced personnel. This shortage continues even though NACF operates a cooperative college to train directors, employees and teachers. The present enrollment is 120 students. The NACF also maintains its own extensive research department, which now is augmented by an outlook service station. It maintains an effective two-way communications with members through its leadership and county agent-type of extension service and the publication of a weekly newspaper with 70,000 circulation, a monthly publication with 161,000 circulation and a quarterly publication with 9,000 circulation. Radio is used for regular programs and special broadcasts.

The NACF has an expanding role in helping farmers to maintain a strong, independent family type of agriculture. Two studies of NACF's operations and structure made by AID/ICTC consultants recommended that the Government gradually divest itself from direct participation and control as an essential step for creating an independent institution with strong local leadership.

The NACF may submit recommendations for changes at its National Assembly in October 1967. One change would remove two Government Ministers and the Governor of the Bank of Korea from the operational board and have county cooperative presidents or NACF officials, preferably county presidents elected to fill these vacancies and increase participation by farmer-members of the board.

Several years ago there were 22,000 village cooperatives, and the recommendation is for further drastic cut-backs to strengthen cooperative operations. The recommendation is for transferring the legal entity from 17,281 existing village cooperatives to 540 county and county-branch cooperatives. Effort will be made to correct the imbalance on the operational board which gives the special (livestock and horticulture) cooperatives with 46,000 members equal representation with county cooperative presidents representing 2.4 million members. The AID mission observes that since these measures dealing with NACF affect 2.25 million heads of households, they will be controversial and no one can predict what the outcome may be.

The recommended changes, however, would strengthen the member-relations of NACF as a truly farmers' organization, rather than an entity of the government, as it is now. This intimate identification is associated with the implementation and execution of a wide variety of activities, such as:

1. Rice-fertilizer barter program.
2. Fertilizer distribution.
3. Promotion of corn production and price support purchase program.
4. Promotion of sweet potato production and price support purchase program.
5. Government price support-purchase operation.
6. Government grain acquisition program.
7. Agricultural research and statistics.
8. Lime use promotion.
9. Agricultural loans to marginal operators.
10. Antiusurious debt financing program.
11. Irrigation loans.
12. Fisheries loans.

The demand for electric service is growing in rural areas. Some local cooperatives are beginning to provide electric services and others are planning such service for their members. NACF is seeking to encourage the development of rural electric cooperatives on a planned, guided basis.

There is a small but healthy credit union movement, but it has not reached national proportions. Lack of development may hinge on need for adequate legislation. A request was made for a representative from CUNA, International to provide the Korea Credit Union League with legislative assistance. As the economy develops, more resources are becoming available for social development. AID is assisting Koreans' in urban planning and housing development.

Most Food for Freedom P. L. 480 grain has been used to pay for the labor on cooperative development of bench terracing or tideland reclamation projects. The Food for Work program is making substantial progress. The P. L. 480 food will be used to implement 308 provincial development projects.

Eight Korean participants were studying agricultural credit, marketing, and cooperative development in the U.S.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Korea during fiscal year 1967 include CLUSA and ICTC.

LAOS

AID expenditures for fiscal year 1967, \$50,000 mission estimated, plus regionally funded cooperative and agricultural credit projects.

The cooperative movement in Laos is in its nascent stage. A limited number of consumer stores and related cooperative rice mills have existed in remote, tribal areas in the south for some years. These were reorganized and brought together as VDAL (Village Development Association of Laos) in 1966. During Fiscal Year 1967, the AID Mission formed two new cooperative-type organizations, the Ban Kuen Salt Producers Cooperative and the Highland Agricultural Development Association (HADA). The Mission also laid the groundwork for forming farmer associations, which, when organized, would be the only cooperative-type organizations with potential for country-wide participation.

Any immediate cooperative development is apt to be closely related to AID's priority effort to make Laos self-sufficient in rice production within the next three to five years. This overall agricultural program is closely tied to rural development activities. This increases contact with farmers and relates other development efforts to increased agricultural production. The activities are concentrated in manageable areas of operations such as the village clusters. This is done in order to contribute to the security of the countryside and establish a mutually-confident relationship between the people and the government, and to improve living standards.

A brief description of the two organizations formed in FY67 follows:

Ban Keun Salt Producers Cooperative helped restore a dying industry in an area where salt producing had existed for hundreds of years. To reduce salt imports and to establish a cheaper source of salt for the refugee program, the AID mission encouraged producers to start a cooperative in the town of Ban Keun, where a salt deposit of high salinity had been discovered. Approximately 30 producers established ovens at the site, and initiated the process of organizing a cooperative to sell the salt they produced. The AID mission provided technical assistance, a pump, and third-country training in cooperative management for three of the producers. In March 1967, the cooperative was officially established, and USAID/Laos signed a contract to purchase 100 tons of salt per month. A premium price is paid by USAID to provide funds for the necessary capital to continue operations and also to test the feasibility of eventually converting from boiling brine to the solar evaporation method of salt production.

Highland Agricultural Development Association (HADA) operates non-profit commercial outlets under a cooperative arrangement, in order to make agricultural commodities available on the local market. Leaders of the Meo people in the Sam Thong area of Xieng Khouang Province requested local outlets for needed farm supplies as the people shift from a slash-and-burn farming economy to a rice paddy culture. This switch to permanent farming as a means of increasing rice production, however, required that the fertility of the soil be replenished every two or three years. Initial capitalization and operating expenses for HADA are being provided from loans by the USAID-

sponsored Agricultural Development Organization. A commodity loan was granted to purchase agricultural commodities, and direct USAID loans were granted to hire seven permanent employees for one year, and to finance construction costs. A plan, signed in May 1967, provides for a loan from USAID to HADA for ₪ 522,000, plus commodities valued at ₪ 900,000. Plans call for five stores to be opened in several years.

The Mission does not believe that these two cooperatives will lead to further organizations of the same type, but is prepared, when feasible, to provide financial and technical assistance for establishing further cooperative-type organizations. In addition, the formation of farmer associations is a specific objective under the agriculture development program.

Farmer Associations. The farmer associations will help the Mission achieve its agricultural objective of increasing rice production by 50 percent in five years by improved farming methods, including double cropping on 50,000 hectares. It is believed that the formation of farmer associations will attract the support of the advanced farmers who are needed to introduce year-round cultivation. When organized, these farmer associations should represent strong economic units able to attract loan capital and to arrange for the profitable marketing of the excess production of their members. Only limited services will be performed in the beginning. One of the first functions will be the distribution of fertilizer and insecticides under the supervision of farmer association officials, who will likely be the already established leaders in each area.

The term "farmer association" is used to indicate any group mechanism that is used to aid its members grow more rice. They will often take root in the village-level mechanism already established for meeting common needs. The process will be to expand the functions of the existing village level organizations to include rudimentary cooperative operations. As the members gain experience in the farmer associations, these operations can be broadened to include the traditional credit and marketing services.

The process of expanding the functions of existing village-level organizations may actually be initiated, not by the distribution of agricultural commodities, but rather by the need to regulate local water systems. The existing village level organizations may provide a forum to decide upon the ways and means of best using the local irrigation systems, constructed under the USAID irrigation program. Then additional cooperative activities, such as distribution of commodities, credit and marketing, may be built upon the resulting organizational framework. USAID/Laos emphasizes, however, that with no past experience, it is difficult to forecast the pace and shape of the cooperative movement in Laos, although some correlation will likely exist between the future increase of rice production and the creation of farmer associations.

PHILIPPINES

AID expenditures for fiscal year 1967, \$100,000 mission, plus regionally funded cooperative and agricultural credit projects.

AID's priorities in its program to bolster the agricultural economy and increase food production in the Philippines are focused on rural development and rice growing in 11 provinces concentrated in areas of social unrest. The importance of rural cooperative

and credit projects are also measured by how much they contribute to the overall effort to increase rice production.

This has called for special training programs, demonstration plots, and efforts to heighten public service in the provinces, the results of which are reflected in better agricultural techniques, improved irrigation and multi-purpose water uses, expanded services by rural credit lending institutions, and land reform progress. Attention also has been given to housing and urban development and rural electrification.

There are an estimated 567 agricultural cooperatives, with 20 organized in 1967, which have been receiving some kind of assistance, or guidance through AID-assisted agencies. They have 318,500 members, with 1,875 farm families added during 1967. Special attention was devoted to developing a newly organized cooperative grain marketing federation, under contract with the Farmers Union.

The purpose of the AID/FU contract was to strengthen the effectiveness and efficiency of a national cooperative marketing and supply organization, the Central Cooperative Exchange (CCE), the country's national federation of cooperatives. This called for the redevelopment of the organizational, financial and operational structure of CCE, which was organized in 1955, grew rapidly and then had deteriorated to near bankruptcy by 1960. A major, seemingly insoluble problem was CCE's outstanding debt of ₱ 12 million to the Agricultural Credit Administration. Its poor membership support added to the problems, so the only solution appeared to be liquidation and "reestablishment" of separate cooperative organizations. The first reorganization was the creation of the Grains Marketing Cooperatives of the Philippines (GRAMCOP) to take care of the farmers' marketing needs. A request for ₱ 3 million to be provided for inventory financing was submitted to AID. Eighteen local cooperatives have been organized in GRAMCOP.

The need for rural electrification is evident everywhere, but a scarcity and high cost of investment capital, the low economic level of most unserved areas, and high production costs and margins all tend to inhibit the initiative to electric power. AID, nevertheless, hopes that ways can be found for the Philippines to adopt some of the methods which have been used with success to electrify rural America. An AID-financed NRECA team started work in April, 1967, with Philippine counterparts in the Philippine Electrification Administration on the development of pilot projects. The immediate purposes of the project are to (1) develop the 2 pilot projects as working cooperatives and (2) provide technical assistance to the Electrification Administration of the Philippines in the formation, construction and operation of rural electric cooperatives. Encouragement will also be given to municipal electric systems and private plant owners to extend existing systems away from towns so that outlying barrios and rural areas may be served. After the project team completes its task, a base should be established for a sustained rural electrification program under the Electrification Administration.

Agencies responsible for promoting cooperatives are the Agricultural Productivity Commission, in charge of organizing farmers' associations; The Agricultural Credit Administration, in charge of promoting and supervising cooperatives, and the Agricultural Credit and Cooperative Institute, in charge of training.

The continued reactivation and revitalization of dormant agricultural cooperatives has been a major achievement. Special attention has been given to implanting sound and practical business principles among employees. A four-year training program for 1,080 local cooperative employees is underway at the Agricultural Credit and Cooperative Institute at Los Banos. It is financed with AID-counterpart grant funds. During the

year 114 managers, bookkeepers, and secretary-treasurers received cooperative training from two to eight weeks. The United Nations International Labor Organization representative at the Institute has helped prepare materials and manuals used in training, taught classes, and made studies of cooperative institutions in the Philippines.

The annual housing needs in the Philippines have been placed at 100,000 urban dwellings and 370,000 rural dwellings. Actual construction is far below this, but it is believed that there is an effective market for twice the number of dwellings being constructed presently. In its housing and urban development study, AID found one of the first considerations toward generating needed funds is the creation of a sound savings and loan system. This would call for a reorganization of the present savings and loan system supervised by the Central Bank, which unlike U.S. associations, can invest 60 percent of their portfolio in non-housing enterprises.

Food for Freedom P. L. 480 Title II, Section 202, livestock feed grains amounting to 4,200 metric tons were received in fiscal year 1967 to support the livestock cooperatives program. The sorghum grains are milled and mixed into complete feed rations and distributed to participating cooperatives.

U.S. non-Government organizations under AID contract which offered cooperative assistance in the Philippines during fiscal year 1967 include FUIAC, FCH, NLISA and NRECA.

THAILAND

AID expenditures for fiscal year 1967, \$300,000 mission, plus regionally funded cooperative and agricultural credit projects.

USOM/Thailand has given no direct support to cooperative programs during fiscal year, but has directed its attention toward organizing voluntary associations of Thai farmers in the Northeast region. More than a dozen Amphur district level Farmers' Associations, with 1,000 members each, were organized during the year. One of the purposes of this program is to provide evidence to the farmers that the Thai government is concerned for their welfare and is carrying out programs to increase farm income. Technical assistance and credit inputs are being provided to each district association to develop focuses of economic and social development.

To date the Amphur Farmers' Associations, developed under the AID/FU program, have arranged for commercial banks to provide short-term credit at reasonable rates so farmers were able to increase their production of cash crops. The farmers are able to secure fertilizer, insecticides and other production inputs at minimum prices through group purchases. Through their Associations, the farmers have started to build warehouses for crop storage and the marketing of agricultural products. This has already improved the marketing system for many cash crops and increased the income of farmers.

Not part of but helpful to the Farmers' Association program is AID's community development program to assist in training and organizing volunteer village groups to identify and help solve community problems. So far 23,000 villagers have been trained.

Experts under contract with AID are assisting with a farm credit program, advising the National Bank for Agriculture and Agricultural Cooperatives and such private banks as may wish to participate on how to initiate and expand farm credit. The Agricultural and Cooperative Bank has five branches, each with an initial funding of \$500,000. The bank began operations in September 1966. AID contributed substantial technical assistance toward its establishment between 1958 and 1963. One million dollars capital was provided indirectly (local cooperative capital) to the predecessor agency, The Cooperative Bank, between 1955 and 1963. The new institution began business with dollar equivalent assets of \$17.7 million, of which \$6.25 million was cash. The new combined institution is a forward step in expanding agricultural credit.

Every precaution is being taken to properly train Thai technicians and supervisors to organize and supervise the Farmers Associations. This may help to overcome the reluctance of Government agencies to release authority to local leadership. AID will train 300 participants in the U.S. and in third countries. Ninety-eight were trained in Taiwan during fiscal year 1967 and are now on the job. The short-course instruction provided observational training for Government personnel, managers and farm leaders to learn how members run Farmers Associations, how to manage marketing for members, and how to relate extension services and credit to other Farmer Association activities.

A rural electric cooperative pattern for Thailand is being proposed by NRECA, which under AID contract is prepared to apply a three-phase pattern successfully used in other developing countries. Introduction of lighting for villages in the Northeast area will tend to reduce the psychological isolation of the villagers, facilitate police surveillance and help to reduce clandestine infiltration. Preliminary surveys are completed. First construction goal will be to have two power distribution systems for pilot sub-projects that will provide electricity for 15,000 rural homes. The next step would be to start two additional distribution systems, expand feasibility analyses, prepare loan applications for four pilot systems. This would establish a cooperative pattern of economic rural distribution of electricity in Thailand. A training program for managers, operating personnel and specialists to supervise construction and manage cooperatives already organized has been started. The Thai Government is undetermined as to whether or not it will underwrite the cost of the project or seek a loan from AID.

The Cooperative League of USA has assigned two of its staff to work with the Ministry of National Development to assist in strengthening and reorganizing existing cooperatives. Their goals are to improve management, institute an expanded training program and establish a National Cooperative Federation.

The Thai Government has officially recognized agricultural associations as an essential means of stimulating rural development. At a National Farmer Group meeting in May 1967, the Prime Minister conveyed a message from His Majesty, the King, encouraging farmer organizations. New cooperative legislation, which should stimulate their organization, is expected to be enacted in fiscal year 1968. Legislation which established the new Bank of Agriculture and Cooperatives was passed at the beginning of fiscal year 1967. The Government departments most responsible for assisting and promoting cooperatives are three departments in the Ministry of National Development, two departments in the Ministry of Agriculture, and the Office of Accelerated Rural Development.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Thailand during fiscal year 1967 include FUIAC, ICTC and NRECA.

VIETNAM

AID expenditures for cooperative development for fiscal year 1967, \$392,000, plus \$387,000 in P.L. 480 commodities, \$18 million for fertilizer.

Cooperatives are serving two vital roles in Vietnam. They are the means by which the U. S. is directly encouraging large numbers of farmers to increase production and improve marketing and storage operations, and to create a base on which a sound grassroots social and economic structure can be built. This assistance has not only helped to increase food supplies, establish democratic institutions, and strengthen village ties with the central government, but also has been of counter-insurgency value. The people recognize the benefits that accrue to them from the institutions they build.

The development of cooperatives is only one part of AID's ambitious and comprehensive agricultural program. As a long range goal, AID seeks to help make supervised credit and cooperative services available to one-half of the two million farm families in Vietnam. Until now no more than ten percent of the farmers were ever involved in cooperative programs. AID's technicians, as well as those under contract from U.S.D.A. and U.S. cooperatives are scattered throughout the provinces engaged in projects that are directed at:

- Expanding supervised agricultural credit.
- Improving cooperative and agricultural banking services.
- Expanding and revitalizing cooperatives and farmers' associations.
- Expanding fishermen's cooperatives.
- Establishing rural electric cooperatives.
- Continuing the pig-corn cooperative program.
- Expanding fertilizer distribution through cooperatives.
- Strengthening cooperatives for tenant farmers.
- Training cooperative teachers and employees.

An AID/Farmers Union contract team of five finance specialists were selected in 1967 to help the Vietnamese develop sound financial management systems for the country's Agricultural Development Bank, and the agricultural cooperatives, and Farmers' Associations. Over 700,000 farmers stand to benefit from this improved system of accounting and financial management, in and for their organizations. Sound

financial management will also do much to strengthen the farmers' confidence in their own supply, credit, and marketing institutions.

There are three groups of cooperative organizations: those with the Farmers' Association, agricultural cooperatives, and agricultural unions of the Confederation of Vietnamese Labor (CVT), especially Tenant Farmer Unions. A decree in 1967 gave independent status to the Farmers' Associations. This development is expected to help improve cooperative leadership after a long period of decline. The granting of independent status was actually a step by the Vietnamese Government to encourage democratic business responsibility in the Farmers' Associations. The merging of cooperatives and farmers' associations, along with the upgrading of credit, supply and marketing services, was begun in 1965. It has led an increasing number of farmers to turn to cooperatives for assistance. The recent revitalization of cooperatives is closely tied to the activity of the supporting credit agency, the new Agricultural Development Bank, an outgrowth of the National Agricultural Credit Office (NACO). There are presently 400 cooperative and farmers' associations with 350,000 members, of which 46,000 were added during fiscal year 1967.

The objectives of the cooperative development program of the Vietnamese Confederation of Labor is to improve the flow of retail goods to workers, facilitate the distribution and use of fertilizer by the CVT Tenant Farmers' Federation members, stimulate the development of adequate housing facilities for workers, and provide a fair and equitable basis for the marketing of farmers' and fishermen's products. The Farmers' Associations have been actively supporting an educational program which is designed to encourage its members to engage in modern farming practices and use the improved production techniques being fostered by AID. These cooperative associations and the CVT cooperatives were responsible for distributing substantial amounts of AID-financed fertilizer to farmers, much of it in areas where it had not been available before.

Fish and seafoods are an important part of the Vietnamese diet. AID continues to assist fishermen's cooperatives, which now number 79 with 17,000 members. AID introduced improved fishing gear and motorized junks for the fishermen. These cooperatives, with their member-owned fleets, cold storage facilities and marketing organizations, have doubled the fish catch to nearly 400,000 tons in eight years.

The P. L. 480 pig-corn program more than doubled hog production in four years. The average market weight of hogs has been increased from 130 to 220 pounds. Under this program the farmers were first furnished with two pigs and corn on credit. In one program, two pigs from the first two litters are returned to the cooperative or other sponsoring organization as breeding stock for other farmers. This year lesser quantities of P. L. 480 commodities will be required as more and more farmers move to a self-supporting status.

Rural electric cooperatives are being developed in strategic rural areas by AID/NRECA. In one pilot project, power has already been furnished to some 500 people in three villages in Phat Chi, 200 miles northeast of Saigon. In the first four months the power load reached a peak that had been conservatively projected as 10 years away. Two small electric sawmills are operating. A ceramics plant is being converted to electric power. People in the Phat Chi region estimate that there is a potential for developing 63 agro-businesses. Effort is being made to establish a

cannery for vegetables, which must now be transported fresh for 200 miles to Saigon. Rural electric cooperatives which give people ownership in their own utility facility are regarded as giving counter-insurgency efforts a big boost. Electric lights and power give a sense of permanence and progress to the villages.

Most of the cooperative problems have centered around the failure of management employees to properly handle the finances and to provide support services, as well as a lack of adequate capital. Security conditions may have been the main cause of most of the financial problems, but considerable fault lies with inadequately trained personnel.

The cooperatives that have the best opportunity for growth are agricultural marketing and general farm supply associations. The need for better marketing practices is enormous. Farm supply associations that are already established should develop a healthy growth if they are provided with reasonable assistance. Such assistance is being made available through USDA and Farmers Union contracts with AID.

Educational efforts, while as important as ever, have been restricted by the security situation. Nevertheless, the Cooperative Research and Training Center, established as an independent center with U.S. cooperative assistance, provided 2,612 participants with two-week training in accounting, marketing, and member education. Refresher courses and seminars were also conducted. Provincial cooperative and credit union leaders were enrolled in special courses. The problem at the Center and throughout Vietnam is the lack of teachers with adequate practical and professional experience. Ninety-six participants in cooperative endeavors were selected for training in the U.S., Taiwan, Korea, the Philippines and Peru. The courses offered to these participants included study of cooperatives and government, management of multipurpose cooperatives, cooperative member relations training, supervised government credit, credit unions, and rural electrification. The participants will take up teaching or managerial positions when they return to Vietnam.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Vietnam during fiscal year 1967 include FUIAC, NRECA and CLUSA.

LATIN AMERICA

Disbursements for technical aid to cooperatives, fiscal year 1967

Missions	\$2,498,000
Regional (including worldwide contracts)	<u>1,831,000</u>
Total	\$4,329,000

(For summary of cooperative loans by Inter-American Development Bank, see page 162.)

ARGENTINA

AID expenditures for fiscal year 1967, \$5,000 mission, plus regionally funded cooperative and agricultural credit projects.

The mission in Argentina has not been directly involved in assisting the cooperative movement during the year. Discussions are being continued, however, relative to future assistance, and an excellent working relationship has been developed with the major agricultural cooperatives.

Assistance in the cooperative area of private enterprise has been provided, however, by U.S. cooperative organizations holding contracts with AID in the fields of housing, agricultural credit, labor education and training.

The Foundation for Cooperative Housing assisted in a socio-economic study for the relocation of 3,000 families and for the infrastructure investment in Buenos Aires' slum clearance housing project for 20,000 families in Parque Almirante Brown. The Inter-American Development Bank's first-phase loan of \$19.2 million was approved in fiscal year 1966 and construction is to begin on the first 3,000 units.

The Fund for International Cooperative Development (FICD) continues to provide technical assistance to the Banco Cooperacion Agrario Argentine, established in 1965 with \$4 million in subscribed capital. The bank has grown rapidly, adding 523 new members for a total of 592 affiliated cooperative organizations. The Bank's operations, FICD estimates, affects 2,850,000 individuals.

Inability to secure additional capital has limited its loan activities and thus its potential benefit to the agricultural sector.

The National League of Insured Savings Associations was a co-sponsor of the Fifth Inter-American Savings and Loan Conference in Buenos Aires in March, 1967, attended by 800 delegates. The U.S. attendance, second highest among countries represented, reflects the interest of U.S. housing investment people in assisting Latin American countries to expand the services of savings and loan organizations.

The Cooperative League of the United States helped to finance the first national seminar for teachers on classroom education in cooperative development in Argentina in 1965. It has since interested a number of Argentine cooperatives to develop a regional program to assist cooperative development in other Latin American countries.

The labor cooperatives have been useful in the social and economic areas. The mission reports that there are numerous instances of labor cooperatives being organized to take over bankrupt industrial plants from their former owners or from the government. It has been proposed to utilize labor cooperatives for this purpose in depressed areas, such as the Tucuman sugar area in Argentina. There are approximately 300 labor cooperatives with 50,000 members.

Agricultural cooperatives represent 80 percent of the producers, but still have much to do in the marketing and service fields. Agricultural cooperatives at the third degree level joined this year with the Rural Society, Rural Associations, and

the Agrarian Federation in a single coordinating committee in order to speak with one voice on agricultural policy matters.

There are approximately 3,000 cooperatives in Argentina with 2.5 million members, of which 1,375 are agricultural, with 500,000 family members.

The government, in general, feels that cooperatives are a positive force, and a useful tool in helping to solve social and economic problems. The Secretary of Agriculture and other Government officials consult with officers of agricultural cooperatives about policy decisions affecting agriculture and have acknowledged in public statement their positive role in the development process. It has detailed the responsibilities of the various Secretariats toward the cooperative movement and establishment of the National Office for Cooperative Direction in the Social Welfare Secretariat.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Argentina during fiscal year 1967 include AIFLD, FCH, FICD and NLISA.

BOLIVIA

AID expenditures for fiscal year 1967, \$50,000 mission, plus regionally funded cooperative and agricultural credit projects.

The AID mission assistance to cooperatives is focused on how to teach people to accumulate indigenous capital and to establish credit through pooling their own small savings. There are now 158 active credit unions, of which 56 are in rural areas. The latter are supplementing the Agricultural Bank in granting small loans to farmers for production purposes. In most instances they are making credit available to the small farmers for the first time. Thirty-six new credit unions were organized and membership was increased by 30 percent in fiscal year 1967. The Bolivian credit unions now have 66,000 members.

Bolivia's first savings and loan society now has 2,600 members, and is making it possible for people to secure long-term mortgage funds at reasonable rates for the first time. This continues to widen the base for home ownership. The Central Housing Bank (Caja Central) secured a \$1 million local currency loan to expand the savings and loan and housing program.

Bolivia's Consejo Nacional de Vivienda (CONAVI) has plans for an \$8.5 million program to build 3,500 homes in a number of Bolivian cities. Some 2,000 units are to be built through an aided self-help system. The self-help homes, which will involve cooperative participation, are to average \$1,900 each, and are intended for families with incomes below \$85 a month. In the self-help homes, the down payment will consist of labor to be supplied by the prospective homeowners. The Inter-American Development Bank (IDB) is lending CONAVI \$5.5 million to support the project.

AID has provided assistance to cooperatives in coffee marketing, agricultural and housing credit, rural electrification, and savings and loan. Electric cooperatives received \$1,697,000 in dollars and \$728,000 in local currency loans for the Santa Cruz project.

There is recognized need for developing ways to expand agricultural credit so that more small farmers can receive loans. It is estimated that production credit loans presently do not reach more than 10,000 farmers. Wheat and rice cooperatives, marketing and storage facilities are being urged to increase production, stabilize prices for consumers and provide farmers with more income.

Public statements by the President and Minister of Agriculture reflect government support of cooperatives as a means of helping small farmers increase their incomes. The problems incidental to organizing cooperatives are similar to those related to institution building in general, namely, the cultural level of the rural people, lack of trained and experienced people, and almost no source of credit.

The Artensanias Bolivianos handicraft project has progressed under difficult circumstances. The U.S.-based sales organization has been restricted to that of a purely commercial nature.

Eighteen participants are receiving cooperative training, one in cooperative insurance in the U.S., and 17 in savings and loan operations in Chile, Peru and Argentina. During the year nearly 1,300 persons were given credit union training, mostly in one-week courses.

The three government agencies which are responsible for cooperative development are the Direccion Nacional de Cooperatives, responsible for over-all promotion; the Department of Cooperation, Ministry of Agriculture, responsible for agricultural cooperatives, and the Department of Cooperatives, COMOBOL, responsible for promotion of mining cooperatives. The services of all could be expanded considerably.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Bolivia during fiscal year 1967 include AIFLD, CLUSA, CUNA, FICD, FUIAC, NLISA, and NRECA.

BRAZIL

AID expenditures for fiscal year 1967, \$507,000 mission obligations, plus regionally funded cooperative and agricultural credit projects.

The mission in Brazil has attempted to measure the degree to which its various cooperative programs respond to Title IX of the Foreign Assistance Act. It recognizes that the cooperative principle is a readily definable vehicle for carrying out the broad concepts of this title, as it both builds economic wealth and management competence at the local level.

Assistance during the year involved 259 agricultural and consumer cooperatives and credit unions with 230,000 members. Thirty-one new cooperatives were organized and 13,000 members added. Cooperatives and cooperative projects fit into Brazil's total development plan in the following ways:

Agriculture. Cooperatives are an increasingly important institution in rural and agricultural development in Brazil. AID is helping to improve the organization

and operations of cooperatives, and in turn, the level of agricultural production and income of their members. Achievement of this objective by improving the technical and administrative standards will also do much to improve the agriculture of Brazil, as well as strengthen rural communities.

Savings and Loan. The Savings Banks have signed an agreement with the National Housing Bank to establish savings and loan departments within their organizations to encourage thrift and promote home ownership. Legislation has also been passed creating the Sociedade de Credito Imobiliario (45) and the Savings and Loan Associations (19) which play a similar role.

Labor. There is growing consumer cooperative activity among Brazilian trade unions, which helps workers to unite around a practical economic aim and to make substantial savings on purchase of food, drugs and other household goods. The AIFLD has assisted workers in Sao Paulo and other cities to build cooperative housing. Multi-purpose cooperatives and community centers have been started in the South and in Northeast Brazil. Workers banks are a prime method for promoting worker savings and providing access to long-term financing for trade union social projects in Peru, Venezuela, and other Latin American countries. In Brazil, some trade union groups, such as the Porto Alegre Commercial Workers, have capital available to finance a workers' bank, but are hampered from proceeding by legal restrictions.

Credit. Credit unions are able to mobilize the limited resources of the extremely poor as well as the working class, which become the funds to provide low-cost, productive loans. By moving money, which otherwise might be idle, into rapid circulation, and by tending to lower local interest rates, the credit unions' operations are in harmony with the government's efforts to slow inflation.

Electrification. While rural electrification is a component in rural development, the philosophy of the electric cooperative, with a regional coverage and ownership by member-consumers, has not yet taken hold in Brazil. AID is primarily interested in providing participant training to develop trained technical and managerial staff in this area.

Food for Freedom. The objectives of the P.L. 480 Title II feed grain project are: to demonstrate increased efficiency of livestock, poultry, and milk production through adequate feeding of balanced rations; encourage the production and storage of feed crops and forages for use in meat and milk production; to promote adequate marketing facilities and processing techniques; to improve utilization of increased agricultural production by providing necessary supplies and equipment for resale to cooperative members, and furnishing equipment and facilities for centralized cooperative services such as marketing and processing of produce.

Discussions continue on the four-year development plan of the Mogiana region of the States of Sao Paulo and Minas Gerais, whereby the Central Cooperatives of Mogiana Coffee Growers (CCCM) would establish a fertilizer granulation plant, 15 farm service centers, 5 poultry processing plants, a central feed concentrate plant, and a central cold storage plant, as an intergrated agro-industrial complex. The original estimated total cost of \$32 million for the program has been scaled down.

The Mogiana will involve tens of thousands of farmers. Its importance as a pilot project is that similar undertakings will be developed in other regions if it is

demonstrated that packaged "units" of cooperative enterprise can be integrated into the total economy of the states of Sao Paulo and Southern Minas Gerais. Prime objective is to diversify agriculture and increase farmers' income in this intensive coffee production area.

AID is providing technical assistance. It is considering loaning up to 60 percent of \$6 million to meet the frozen exchange costs, as well as assist in meeting the cruziero capital costs and working capital needs of the program, and a cruziero loan of P. L. 480 Title I, 104 (G) fund of CR\$6 billion. The Brazilian government will provide the funds for rural credit and the CCCM will provide 22 percent of the total program cost.

A small part of the ambitious program to modernize the sugar-zone of Northeast Brazil will be the installation of family farm units on lands liberated under the sugar modernization program. Integral Agrarian Reform Cooperatives will be established to provide technical assistance, supervised production credit, marketing and other services for family farmers.

Food for Freedom P.L. 480 commodities have been used in the institutional development of agricultural cooperatives sponsored under the feed grains program. These commodities have also been used to promote production, urban community development, marketing and colonization projects. Forty-six cooperatives with 64,420 members received benefits from the 76,000 metric tons of grain which were consigned to 11 state Secretaries of Agriculture. Even more widespread use could be made of P. L. 480 commodity resources in assisting cooperative development in order to expand livestock development projects.

Nine farmer cooperatives in the State of Rio de Janeiro received assistance in feed grains to the value of \$685,000 in order to increase production of livestock and poultry. The 10,000 tons of grain sorghum is for a three-year period for sale by cooperatives to members at reasonable prices. A request for 10,000 tons of corn for cooperatives in the State of Santo Esperito was in the process of being cleared. In both of these instances the Brazilian government matches the amount of grain and provides the necessary proteins and supplements which go into the manufacture of feed.

AID's information program was carried on through preparation and distribution of educational material, conducting classes and training programs, and by sending Brazilian participants to the U.S. or Puerto Rico for training. The AIFLD, for example, offered special courses in Sao Paulo for cooperative managers, and special training at the University of Puerto Rico under the "union-to-union" program. The NRECA held classes in Recife and Rio de Janeiro for persons who would be interested in the organization and operation of rural electric cooperatives, as well as seminars in the U.S. Eight one-week seminars were held for managers of agricultural cooperatives at Brazilian universities. Special courses were held for top-level people from cooperatives, credit unions and labor unions. More than 1,000 persons took part. Courses in special fields were also offered, the cost of which was borne by the cooperatives participating in the Title II feed grain program.

Forty-five participants received cooperative training in the U.S. These persons studied some special aspect of cooperatives such as organization and operation, rural electric cooperatives, savings and loan associations, credit unions, or agricultural marketing and supply cooperatives. Many of the participants were also

learning as teachers, in order to conduct their own classes on cooperative subjects.

The major federations of cooperatives which were assisted are the Middle-Eastern Credit Union Confederation, covering five states; Southern Credit Union Federation, covering three states; Tri-City Cooperatives, Mogiana, processing and marketing agricultural products, and ERMIG and CERNE, rural electric cooperatives. The types of cooperatives involved include service, marketing, processing, farm supply, agricultural and consumer credit, banks, rural electrification, irrigation and water supply, consumer retailing and housing.

There are also many small grassroots federations such as the Federacao das Cooperativas Mistas de Pernambuco, Ltda. established January 15, 1967 to coincide with the first Congress of Cooperatives in the state of Pernambuco. The seven small consumer type cooperatives in the Agreste Zone and Zona da Mata have 2,132 union members. The federation and its member cooperatives were sponsored by the Rural Orientation Service of Pernambuco (SORPE), with assistance from the Cooperative League of the USA (CLUSA).

Two significant legislative acts were passed in 1967: the cooperative law which created a National Cooperative Council, and the legalization of the urban industrial credit unions through the active support of the Brazilian Central Bank and USAID. Responsibility for the promotion of all cooperatives, including credit unions, is vested in the Cooperative Council, rather than in government agencies. Government agencies which continue to be identified with cooperative development are: the National Housing Bank, housing credit; the Department of Cooperative Assistance, technical assistance; INDA, financing, with subdivision devoted to rural cooperatives which is understaffed and lack funds; ELETROBRAA, the major agency responsible for electric power, is oriented toward federal and state power projects rather than rural and cooperative enterprises; ABCAR and ACAR, rural extension service.

The full-time cooperative team which provided most of the assistance and worked closely with the Brazilian federal and state government people included two AID staff people, four U.S.D.A. technicians under a Participating Agency Service Agreement, and six specialists from U.S. cooperatives. There were also short-term consultants for special assignments.

Other countries engaged in cooperative assistance were West Germany and Israel.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Brazil during fiscal year 1967 include AIFLD, ASLI, CLUSA, CUNA, FCH, NLISA and NRECA.

CHILE

AID expenditures for fiscal year 1967, \$238,000 mission, plus regionally funded cooperative and agricultural credit projects.

The strength of President Eduardo Frei Montalva's hopes for leading Chile to a new prosperity ride with the Chilean peasants, the campesinos. Until recently they were Chile's forgotten people. But now they are the flesh and blood of what President Frei calls the "revolution of liberty." One of the major reforms calls for the breaking up of huge estates that have limited Chile's ownership of arable lands to some 600 to 700 families.

The Frei administration places much of its hope for agrarian reform on cooperatives. Legislation has been enacted conferring certain tax benefits and exemptions to cooperatives. Younger cooperativists, who have a reputation for action and efficiency, have been given new responsibilities. Most Chilean cooperatives are still far from being dynamic social institutions, but strides made by the agrarian reform and rural development program may push them into a more important national role.

In anticipation of the agrarian reform promulgated law by the President in July 1967, the Minister of Agriculture stressed the nation's major agricultural production problem. To meet the substantially increased production demands, the Government reiterated its intention to lower input prices and to maintain for farmers during the coming years the real level of prices achieved during 1966, which were the highest ever registered during the past 30 years.

Within the framework of assistance, preferential attention is being given to direct importation of many agricultural inputs, including fertilizer, pesticides and farm machinery through cooperatives and farmers' associations.

The government has already expropriated 461 large farms with a total of three million acres for sale in small parcels to new landowners.

Through the Agricultural Development Institute (INDAP) 116,000 small landowners have been organized into cooperatives or development committees, and 58,000 more have received technical and credit assistance. By 1970, the Government plans to have settled on their own land 100,000 campesino families, totaling nearly one-half of the 1.9 million campesinos out of the country's total population of nearly nine million. Through self-help community action, the new settlers have already built nearly 2,000 miles of roads, more than 60 miles of irrigation canals, nearly 50 miles of fence, established 139 schools, 115 community centers, 52 health clinics, and 83 warehouses. Other projects, large and small, range from extensive tree planting to extending many miles of new rural electric cooperative lines.

Cooperatives receive tax benefits and exemptions to stimulate their growth as a vital part of the country's economic development. Some of the legislated benefits include:

1. Fifty percent exemption from customs duties and many municipal and other government taxes.
2. Total exemption from taxes on purchases and sales between agricultural and fishing cooperatives and their members.

3. Total exemption from sales between confederation, federations and unions of cooperatives and their affiliates.

4. Fifty percent reduction on sales tax by consumer cooperatives and their members.

These benefits in certain specific applications can be substantial. SODIMAC, the large construction materials cooperative (\$25 million annual sales), passes along its benefits in constantly expanding services not only to its business sector but also to the general cooperative movement. A recently formed insurance cooperative (COOPREV) estimates that it will realize a 32 percent reduction on overall taxes on commissions for its members.

Additional benefits will accrue to farmers as the State Bank gives preferential attention to direct importation of pesticides which farmers wish to make through their cooperatives. Thus, farmers organized in cooperatives may secure price reductions of from 20 to 40 percent.

The Government has opened new marketing channels for farm machinery which will promote price reductions of 20 percent. This system which went into effect during July, 1967 began with tractors and will be extended to other types of farm machinery.

Credit policies already in effect will be continued and expanded. This includes the reduction of interest rates on credits authorized to farmers under the Lineas de Credito Segun Presupuesto de Caja, or credit lines in accordance to cash working budgets. A reduction of 50 percent on single tax on bank interest charges is also instituted for Sociadad Agricoles and farm cooperatives organized under the Agrarian Reform, and for small farmer committees.

There are between 1,500 and 1,725 legally organized cooperatives in Chile, depending on whether one used the figures of the Servicio de Cooperacion Technica (SCT) or the Department of Cooperatives. But even with the more conservative estimate, the profile of growth over the past five years has been a remarkable 85 percent. The SCT gives the following cooperative breakdown: housing, 642; credit unions, 222; consumer, 163; agriculture, 157; farmers' associations, 86; colonization (CORA), 68; potable water, 35; fishing, 32; electric distribution, 23; service, 22; subsistence farms, 17; production, 7; and student, 7.

AID's assistance to cooperative-type development over the past six years has been substantial. The range of its services has varied from counseling with the Ministries on overall planning to training teachers, organizing members and establishing cooperatives. AID's technical assistance has been supported by food grants, financial aid and loans.

Cooperative sectors in which AID has provided assistance include:

The Cooperative Housing Federation listed 694 registered housing cooperatives in 1967, with 100 more in the process of soliciting legal recognition and 65 more in the early stages of formation. The Government's emphasis on cooperative housing financing is through the Caja Central de Ahorro y Prestamo and its member associations. Domestic savings account for 60 percent of the total value of home financing, and the savings and loan system finances about 20 percent of the annual housing requirements.

Credit Unions were first organized in 1947. Their greatest success has been in low income industrial zones and the Catholic Church parishes. They are presently 222 local societies, with 65,000 members and a dollar equivalent capital of \$1.1 million. Of the 222 local societies, 127 are affiliated with the National Credit Union Federation.

Consumer Cooperatives number 163, with business ranging in volume of sales from the \$1.5 million for the Cooperativa de Empleados Particulares (COPEMPART) to operations of less than \$15,000 annually. Only 29 are affiliated with the National Consumers Cooperative Federation (FENACOO). Most of the larger consumer cooperatives have been developed as closed associations to serve a particular group of employees, or professionals, with sales concentrated largely in goods other than food items.

The food and supermarket consumer cooperatives generally operate as open cooperatives and conduct approximately 50 percent of their business with non-members. The UNICOOP chain in Santiago is the largest of the supermarket type. Its volume of sales is \$7 million annually. Organized in 1961 with 110 members and capital of \$35,000, it now has 11,500 members and subscribed capital of \$350,000 equivalent. It received an IDB loan of \$600,000 to expand its outlets in Santiago, and now has three self-service outlets, seven supermarkets, one office building and a central warehouse. It pioneered in moving modern grocery shops to the slums. Other large consumer cooperatives are COOPENOR of Antofagasta and Iquique, COOPESUR of Osorno, and the COPEAUSTRAL of Punta Arenas.

Agricultural cooperatives are mostly concentrated in the dairy and wine sectors, and in the activities of the Agrarian Reform Corporation (CORA) and its predecessor, the Colonization Agency. More than 50 percent of the milk processing plants are cooperatives and handle over 35 percent of all the milk processed in Chile. Members of the wine cooperatives are small producers who supply 12 to 15 percent of the country's total wine production. The eight cooperatives that form the Wine Growers' Federation include 900 only of the approximately 30,000 small wine producers in Chile.

The dairy and wine groups have developed successful commercial ventures, but have not contributed significantly to the cooperative movement. The colonization and CORA cooperatives report 100 societies with 5,332 members, but these figures may be misleading because a number of the establishments are still considered to be mainly on paper.

Among the independently organized marketing and supply cooperatives, which are doing well is the Union Cooperativa Nacional de Insumos Agropecuarios (INSUCOOP), established in 1965. It is an important distributor of fertilizer, pesticides, seed and lubricants. It has been encouraged by the Government as a genuine cooperative channel through which to move \$3.6 million of fertilizers purchased in 1966 through an AID loan.

CERECOOP has been making an important contribution by providing guaranteed markets and access to government credits for local agricultural farmers' cooperatives.

The Cooperativa Agrícola Ganadera Nacional (AGROPECOOP) provides supplies, technical assistance and credit facilities to cattle producers and assists in the commercialization and industrialization of cattle products.

The two major non-government sources of financing for the cooperative sector are the Instituto de Financiamiento Cooperativo (IFICOOP), and the savings and loan associations.

IFICOOP is the Chilean Cooperative Bank. It has 201 cooperative members. A \$3.6 million loan agreement with AID signed in April 1966, makes funds available to the bank in stages related to the bank's ability to obtain additional financing within Chile. Thus far it has withdrawn \$1 million, initiated 250 loans to Chilean cooperatives for \$1.3 million. In the absence of any cooperative federation, IFICOOP represents the only organization that brings together representatives of all the cooperative sectors, federated and non-federated.

Savings and loan associations are private, non-profit thrift institutions which offer special interest rates and loan facilities to housing cooperatives. The Sistema de Ahorro y Prestamo (SINAP) has grown from 11 associations in 1961 to 24 associations with 248,000 individual savers, including 28,000 cooperative members. Loans totaling \$16.5 million have been made to 98 housing cooperatives representing 7,255 individual members. Since 1961, AID has extended \$5 million in grants and \$13.7 million in loans, and the IDB has extended \$10 million in loans, to this sector.

There is no lack of organizations ready and willing to help people build cooperatives, which by the latest count number 85. The ones to which AID has assisted, however, are limited mainly to the following institutions:

Instituto Chileno de Educacion Cooperativa. Established in 1964 under a \$124,000 AID grant for cooperative training, including advanced college courses. The Institute faced a financial crisis when AID participation terminated in 1967.

Instituto de Promocion Agraria (INPROA). Assisted by a \$325,000 AID grant in 1964. Purpose, to provide credit and marketing services to rural cooperatives. Much of the original program supported the reform effort on church lands. It presently has an agreement with CORA, the government's Agrarian Reform Corporation, to carry out all agrarian reform activities including developing cooperatives in the La Serena Zone, where 400 families are being settled on CORA appropriated lands.

Instituto de Promocion del Trabajo (IPT). Assisted by a \$530,000 AID grant, IPT was founded in 1961 to develop cooperative centers from home industries and to promote the distribution of these items on a cooperative basis.

During fiscal year 1967, AID also participated directly in the development of 28 agricultural cooperatives, five newly organized, with 5,000 members, and 12 industrial cooperatives, four new, with 300 members. AID/NRECA continued to provide technical assistance to expand electric services to more than a score of rural communities. Disbursements of a \$3.3 million AID loan, made in 1964 for electrification, were \$1.5 million by the end of fiscal year 1967. Many local community self-help projects have been helped by AID and non-government institutions such as voluntary agencies, church groups, labor organizations, the Friends of the Alliance, and the Freedom from Hunger Committee.

Several typical examples of this kind of assistance include: donation of a five-ton refrigerated truck by the Northern California Freedom from Hunger Committee to the Fishermen's cooperative of Valdivia, to enable the fishermen to market their fish in

the large, consumer market areas of metropolitan Chile; donation of two vehicles to the Chol-Chol Garden project under the direction of the Catholic Foreign Mission Society of America by the United Teamsters Union. Purpose, to assist the 2,000 Mapuche Indian families; donation of a truck from U.S. excess property and a complete canning unit from the Small Industries grant, by AID to assist the Chol-Chol project organize 12 small cooperative centers, cultivate, can and market fruits in the cities of Temuco and Concepcion.

Under revised P.L. 480 legislation, Title II food programs will increasingly be used for worthwhile self-help projects involving an economic impact. The AID mission will give special consideration to new or proposed cooperatives in activities such as self-help housing or agricultural resettlement. Food donations may represent partial compensation-in-kind for cooperative work or, in qualified cases, to assist capitalizations through closed sales to members at reduced prices.

Government departments and agencies supervising and promoting cooperative activities include the following:

President's National Cooperative Coordination Commission.

Departamento de Cooperativas, Ministerio de Economia, Fomento y Reconstruccion: responsible for chartering cooperatives and subsequent legal and financial supervision of all cooperatives except those established under the Agrarian Reform Law.

Servicio de Cooperacion Tecnica (SCT) Corporacion de Fomento de la Produccion (CORFO): SCT, as a branch of CORFO, the Government's Development Corporation, provides technical assistance directed toward increasing industrial productivity, including the training of industrial workers and executives.

Seccion Cooperativas Departamento de Extension Agricola, Direccion General de Agricultura y Pesca, Ministerio de Agricultura: responsible for supervision of accounting and technical assistance functions for all agricultural cooperatives.

Corporacion de la Reforma Agraria (CORA): major responsibility is to parcel and settle lands, expropriates or otherwise acquires, and to develop cooperatives.

Departamento de Cooperativas, Instituto de Desarrollo Agropecuario (INDAP): responsible for the organization of cooperatives directly related to agricultural, forest or fish products.

Sub-gerencia de Promocion Cooperativa, Empresa de Comercio Agropecuario (ECA): responsible for the marketing of agricultural products and the role of consumer cooperatives in the marketing structure.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Chile during fiscal year 1967 include AIFLD, ASLI, CLUSA, FICS, NLISA and NRECA.

ASSISTANCE TO COOPERATIVES, OTHER THAN U.S.

Country or Organization	Type of Cooperative Aided	FY 1967 Contribution	Comment
<u>Belgium</u>	Fishing cooperative in Valdivia	1 expert	In charge of mission working with cooperative
	Institute of Rural Education	1 expert	Professor of Rural Economics and Cooperativism
<u>Germany</u>	Institute of Rural Education CORA - agrarian reform Cooperativa Agricola de Productores de Semillas in Gorbea	17 volunteers 70 volunteers 2,000 tons fertilizers and machinery	From German Voluntary Service. Some of these are with University del Norte.
<u>Israel</u>	Housing Cooperatives Agricultural cooperatives	Fellowships 2-3 fellowships	Seminar in Israel. Three month seminar in Israel
<u>Inter-American Development Bank</u>	Agricultural Cooperatives		
	(a) INPROA (SPTF)	\$ 1,500,000	To settle 600 families in Central Valley. Supervised Agricultural credits, part of which are to go to cooperatives. Pre-investment studies and technical assistance. Construction of houses for members of cooperatives. Consulting services.
	(b) INDAP (FSO)	11,000,000	
	(c) CORA (FSO)	265,000	
Housing Cooperatives INVICA (SPTF)	200,000		
	Cooperative supermarkets (UNICOOP)	45,000	

COLOMBIA

AID expenditures for fiscal year 1967, \$160,000 mission, plus regionally funded cooperative and agricultural credit projects.

Approximately 45 percent of the people of Colombia live in backward rural areas that lack adequate farm-to-market roads, agricultural credit, marketing and supply facilities, electric power, savings and loan societies, and sufficient housing. The AID mission is seeking to strengthen Colombia's overall program for rural development through assistance to programs such as expanded supervised cooperative development, agricultural credit, agriculture education and planning, livestock development, and the AID/NRECA rural electric co-op projects in the Sevilla-Caicedonia and Palermo-Tibu areas.

There are nearly 1,000 cooperatives in all stages of development, with a reported total membership of 455,000 persons. During fiscal year 1967 154 new cooperatives were organized and 28,000 members added. The distribution of cooperatives according to types is as follows: 176 agricultural cooperatives, of which 21 were new, with 52,000 members; 522 consumer cooperatives, of which 124 were new, with 264,000 members; 65 industrial cooperatives, of which 9 were new, with 6,000 members, and 204 multi-purpose cooperatives, a drop of 147 from the preceding year, with 131,211 members. Nineteen federations have a membership of 814 local associations. The major national organizations are the Asociación Colombiana de Cooperatives (ASCOOP), and the Union Cooperativa Nacional de Credito (UCONAL).

A significant development in the consumer field was the organization of two new wholesale federations and strengthening of the two existing wholesale federations. This effort improved services and lowered prices for members. The sales in the two established wholesale cooperatives increased 50 percent.

The Land Reform Institute (INCORA) has provided training in supervised agriculture credit to more than 630 employees. In a little over three years, 28,395 farmers have received over \$26 million in financial assistance, of which over \$18 million was provided by AID. It is estimated that the supervised agricultural program has raised the per capita income of participating farmers from an estimated \$100 in 1962-63 to \$220, an increase of 114 percent. At the request of the Ministry of Agriculture, AID has proposed that a USDA team help prepare a development plan for the agricultural sector (which lags behind the rest of the economy) to improve the price and credit structure, land use, colonization, and marketing facilities.

AID has proposed a \$3 million loan to the Livestock Bank for the construction and improvement of slaughterhouses. This ties in with the livestock loans made to increase production for domestic consumption and the export market.

AID continues to assist the Columbian Housing Institute and the Bank of the Republic to develop a system that will encourage private investment in the housing industry. The Government gives high priority to housing construction and has a goal of 60,000 housing units per year. It provides the National Housing Institute with \$7 million annually, but cannot hope to come anywhere near the 60,000 goal without domestic and foreign financing. In 1966 the government allocated the equivalent of \$1.2 million in counterpart-pesos for low-cost, cooperative housing. Approximately 14,000 homes are in various stages of planning and construction.

AID is aware of the difficulty of finding qualified people for the cooperatives. It provided advanced training courses, averaging eight weeks, for nearly 400 leaders. These training programs were for consumer and agricultural leaders, credit union officers and cooperative instructors. Four government agencies are presently engaged in cooperative activities. Their programs are not coordinated, but there is an improved working relationship.

There have been some failures among small and newer consumer and marketing cooperatives. The reasons given for these failures are inadequate financing and lack of member education and effective administration.

The consumer cooperatives have the greatest opportunity for immediate growth and development. Agricultural marketing cooperatives, however, hold more promise for long-time development.

Cooperatives are also receiving assistance from Sweden, in consumer cooperatives; the United Nations organizations, in all types of cooperatives; Israel, in housing and general cooperative training, and OEA, in housing. The Israel team holds an intensive training course in cooperatives for cooperative leaders each year. The estimated dollar equivalent of this assistance is \$30,000.

U. S. non-Government organizations under AID contract which offered cooperative assistance in Colombia during fiscal year 1967 include AIFLD, CLUSA, CUNA, FCH, FICD, ICDA and NRECA.

COSTA RICA

AID expenditures for fiscal year 1967, \$30,000 mission, plus regionally funded cooperative and agricultural credit projects.

Participation at the grassroots which so far has raised \$155,000 in cooperative capital from among 1,800 rural families, is giving an added impetus to three rural electric cooperatives in San Carlos, Los Santos and Guanacaste to which AID made a \$3.3 million loan in 1965. The first of 502 miles of primary lines are now being strung, which local boosters claim "will cover the entire Peninsula of Nicoya, starting with the Cantons of Carrillo and Santa Cruz."

At first the development of the electric cooperatives in this 860-square-mile region was slowed through lack of understanding and experience in electrification. Once these

difficulties were overcome, however, AID/NRECA made good progress. There are now 5,625 members signed up, 1,700 of them joining in 1967. The electrification of the region, which is now without any kind of electric power, is part of AID's overall integrated program for farm-to-market roads, a potable water supply, supervised agricultural credit and rural health. The electric power is expected to encourage the establishment of small local industries.

AID approved an agricultural loan of \$5 million for agricultural credit to help the Government extend loans to small farmers. The funds will help meet the critical credit needs of the agricultural sector which supports one-half of the population and accounts for 95 percent of its exports outside of the Central American Common Market. The Bank of Costa Rica's 42 credit boards have made over 35,000 supervised subloans with the \$10 million provided through AID loans made in previous years. Up to 20 percent is available for cooperative-type loans.

The credit unions are an important factor in stimulating savings and capital accumulation throughout the country, as well as providing training in cooperative development. There are 140 local unions in operation. This year 19 new societies were organized and 7,800 members added, bringing total membership to 15,868. The reorganization of the Federal Credit Union and AID-financed technical assistance through CUNA, International, were important developments. The credit unions still have the most promising possibilities of being organized in both the cities and among small farmers.

There is a great lack of cooperative training and experience, which hampers growth. AID is meeting this problem by assisting in training courses, which have reached 750 cooperative leaders in special one-and two-week courses. Special study courses also were provided for the Cooperatives Department, National Bank of Costa Rica. The Government departments which are assisting cooperatives are the Banco Nacional, Instituto Costarricense de Electricidad, and the Ministry of Labor.

Four participants received training in the U.S. and Honduras, one in leadership in electric cooperative development, and three in Credit Union Federation management.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Costa Rica during fiscal year 1967 include AIFLD, CUNA, FICD, and NRECA.

DOMINICAN REPUBLIC

AID assistance for fiscal year 1967, \$295,000 mission, plus regionally funded cooperative and agricultural credit projects.

Agriculture continues to be the first priority of the AID program. Its technical assistance activities are focused on increasing the production and diversification of

varieties to improve the diet of the people and to stimulate more exports. AID has contributed loan funds, education assistance, and the services of two technicians under contract, to encourage the development of agricultural cooperatives for the processing and marketing of tobacco, rice and coffee. A cooperative bank, discussed for a number of years, is now a serious consideration, and an accelerated rural community development program is underway. Foreign and domestic private investment in industry is being encouraged with emphasis on agro-industrial undertakings which will complement and encourage agricultural development and cooperatives.

AID has provided training assistance for 206 cooperatives with 25,000 members, an increase of 40 percent in both the number of organizations and membership. The largest cooperative organization is credit unions, with 111 local unions and over 12,000 members. The other cooperatives are: 45 agricultural marketing and supply with 4,500 members, 50 consumer with 7,000 members, 13 industrial with 400 members, and 3 housing with 500 members. Ninety-eight local associations belong to cooperative federations.

AID has provided investment guarantys of nearly \$10 million for an agricultural development project which is planned to assist in diversification of agriculture as well as to enable small farmers to acquire lands and develop cooperatives. This venture involves 32,000 acres of land, formerly owned by a division of the United Fruit Company, and includes a railroad, irrigation, cooling and storage facilities, roads, and workers houses. The land is to be sold at cost to small farmers. The participating U.S. firm, Central Agrirre Sugar Co., San Juan, Puerto Rico, will buy farm machinery and equipment, provide agricultural technicians, develop new crops, and establish facilities to market the crops.

President Balaguer has stated through a decree the need for more consumers' cooperative stores to help stabilize prices. The government agency for cooperatives, IDECOOP, now has five or more cooperative representatives on its board of directors. The agency is responsible for promotion, organization and auditing of cooperatives. It assisted in the organization of 158 cooperative groups in fiscal year 1967.

U.S. non-Government organizations under AID contract which offered cooperative assistance in the Dominican Republic during fiscal year 1967 include AIFLD and FCH.

ECUADOR

AID financed projects for fiscal year 1967, \$415,000 mission, plus regionally funded cooperative and agricultural credit projects.

The sweeping cooperative development program encouraged by USAID/Ecuador has helped the people of that country to establish a national cooperative bank, multiply credit unions, introduce production credit to small farmers, expand cooperative education, housing projects, and rural development, and strengthen farmers' marketing and supply associations. This economic expansion has directly benefitted the 50,000 members of 200 cooperatives, and indirectly many more who belong to no cooperative.

Between 1963 and 1966, 145 new credit unions have been incorporated with 19,600 members, a National Cooperative Bank was established, two pilot rural electric

cooperatives serve 10,000 families, and over 8,000 cooperative leaders have completed training under joint programs sponsored by the Government of Ecuador, the AID mission and cooperative institutions.

During 1967 attention was directed at upgrading management and improving service functions of cooperatives, credit unions and national institutions. Goals were set to bring the number of legalized credit unions to 200 with 36,000 members; trained credit union and cooperative leaders to 1,200; new production credit unions to 7, and to expand the Cooperative Bank's member cooperatives to 300 and its volume of loans by \$1 million. Agricultural production credit and agricultural marketing cooperatives have the best opportunity for development.

Organizations which contracted to assist AID are the Cooperative League of the USA, the Fund for International Cooperative Development, the National Rural Electric Cooperative Association, the American Institute for Free Labor Development, CUNA, International, Washington Savings and Loan and the U. S. Department of Housing and Urban Affairs.

One of the more successful efforts to assist small farmers to improve operations was achieved through putting agricultural production credit units into rural credit unions, which have 40 percent of the total credit union membership in Ecuador. This proved to be the simplest and most direct way of reaching large numbers of small farmers and providing them with access to production credit for the first time. This credit program is blazing the way to better farming by introducing improved techniques in the use of fertilizer, chemicals and improved seeds, and involving small farmers in cooperative decision making.

Extension agents of the Ministry of Agriculture are cooperating by providing technical advice and assistance in coordinating training programs for members of the credit unions. The farmers themselves are learning to administer, capitalize and approve loan applications for their individual credit unions. This is an important development in a country where there is a pronounced shortage of trained personnel to operate cooperatives.

During the year, 35 coffee marketing cooperatives processed and exported \$2.28 million worth of coffee. They hold 15 percent of Ecuador's coffee export quota. By exporting their coffee through their cooperative rather than selling it to one of the 12 traditional coffee exporters, the growers received a much better price and their income per bag rose from \$11 to \$33.

The National Cooperative Bank is firmly established. Its lending service is being expanded, and a higher percentage of loans is being made to agricultural cooperatives. During fiscal year 1967, it made 57 loans to cooperatives for \$528,000. The Bank received a \$1.2 million AID loan as well as \$222,000 in Food for Freedom P.L. 480 Title IV funds in 1964. FICD technical assistance is being grant-funded by the mission until fiscal year 1968.

The CUNA program, now a separate mission project, is successfully providing assistance to both urban workers and small farmers. Membership, savings and loans are increasingly rapidly. During 1967, the total savings increased from \$880,000 to \$2,145,000. AID technical assistance to mutual saving and loan associations terminated at the end of fiscal year 1967. This assistance was closely related to a \$5 million AID loan to the National Housing Bank, which provided loans to assist "mutualista" members to finance housing construction.

Phase A of the Santo Domingo Rural Electric Cooperative project was completed in fiscal year 1967. This included construction of two power houses, installation of three 450-KW diesel-electric generators, a sub-station, a transmission line, and electrical distribution for the urban area of Santo Domingo de los Colorados. Phase B calls for the electrical distribution system for the rural area, which will be built during fiscal year 1968. A consumer credit plan will be implemented by granting \$15,000 in loans to cooperative members for wiring, electrical appliances and machinery.

The town plan program was launched in 1963. It originally embraced six communities under a broad variety of small local projects. Cooperative-type assistance included introduction of a refrigeration plant to stimulate cooperative fisheries in Esmeraldas, a carpenters' cooperative center at Guaranda, and small industry assistance at Peli Pelileo. The establishment of these and similar cooperatives, and organizing people in cooperative ventures such as building needed town markets, roads, bridges and irrigation ditches, as well as artisan, community and medical centers and schools, helped to further social-economic progress at the grass roots level and increase public awareness of the Alliance for Progress by responding to local requests for assistance. Expenditures for the town plan program were \$350,000 this year, out of total estimated cost of \$1 million. The Government of Ecuador and local contributions are estimated at \$1,870,000. Excess property and other commodities were purchased under the \$50,000 a year special development projects activity.

Personnel sent to Ecuador by the Washington Federal Savings and Loan Association has provided valuable information to the mission in its investment guarantee fiscal inspection. Physical inspection of sites and projects for private and cooperative housing are conducted by Housing and Urban Development under a Participating Agency Service Agreement and have been uniformly excellent.

The AIFLD has been active in labor training and organization as well as social development. The mission finds the impact of this program outstanding. The successful marketing of artisan handicrafts is important to the total success of CLUSA's organizing a cottage-industry type in the High Sierras. The marketing has been done under contract by Sherr & McDermott, Inc., New York. It is doing an acceptable job despite initial difficulties with quality control, world competition and delayed shipments.

U.S. personnel, both those employed by AID and those representing U.S. cooperatives, were capably assisted by 32 Ecuadorean counterparts on the credit union, agricultural cooperative, and rural electric projects.

A measure of the high value placed on training was reflected in the success of the courses offered to managers, directors and members of credit unions. Classes were conducted for 2,500 persons. In addition, 22 Ecuadoreans received training in the U.S., Brazil and Puerto Rico on supervised agricultural credit, extension field services, and mutual savings and loan associations. Food for Freedom P. L. 480 funds have been used to establish rural leadership training programs for cooperative managers, farm organization and campesino leaders. The mission believes that the rural leader and campesino training program could be expanded with additional P. L. 480 assistance.

The public officials have supported the cooperative movement in Ecuador with strong statements about the importance of cooperatives in land reform and colonization, raising the standard of living of small farmers, increasing agricultural production and bringing the small farmer into the development activities of the country and

making him an important contributor to its economic development. The cooperative law, decreed in September 1966, encourages and makes simpler the organization of cooperatives. Government agencies concerned with cooperatives are: the Cooperative Division of the Ministry of Social Welfare, responsible for national registration, and the I.E.R.A.C. and INECEL, both responsible for promotion and organization.

The regional and national organizations, in addition to the National Cooperative Bank which is the lending institution for nearly all cooperatives, are: Ecuadorean Federation of Credit Unions, National Federation of Coffee Producers, Union of Coffee Producers of Lodana, Union of Coffee Producers of Hopipapa, Union of Coffee Producers of El Oro, Union of Coffee Producers of Loja.

The United Nations' Food and Agriculture Organization made a unique revolving grant of 20 tons of fertilizer to the Federation of Credit Unions. The Federation distributed the fertilizer to a pilot production credit project at a nominal cost to establish a revolving fund for additional purchases. The individual credit union, in turn, sold the fertilizer to member-farmers under the production credit program, which includes technical assistance, improved seeds, livestock foundation stock, chemicals and other modern agricultural inputs.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Ecuador during fiscal year 1967 include AIFLD, CLUSA, CUNA, FICD, NLISA and NRECA.

EL SALVADOR

AID expenditures for fiscal year 1967, \$40,000 mission, plus regional funded projects.

AID has endeavored to provide appropriate assistance to El Salvador to increase the momentum of economic and social development as the keystone of democratic stability. This calls for a popular involvement by the people in as many of the development projects as possible. Cooperatives are the main source for establishing needed rural services basic to agricultural development, such as financing the procurement of fertilizers, seeds, insecticides, farm tools and machinery. They are also a base for developing other community development efforts, such as rural housing and electricity, health and family planning, and road construction.

The government recognizes the importance of cooperatives. President Rivera has informed the National Congress that credit cooperatives are the best instrument through which the people can raise their buying power and finance special productive projects and improve social welfare. The Minister of Education stated in his annual report that credit unions organized among teachers will be an instrument to help them meet their financial problems.

The development of cooperatives, however, is in a primary stage. There are only 19 agricultural cooperatives with 2,000 members and 56 credit unions with 5,000 members. In spite of this small number, there appears to be a widespread and growing interest among people in the lower incomes to organize their own enterprises. Ten new credit unions were established during the year. AID granted \$35,000 to the Credit

Union Federation for its operational budget, and sound organizational and supervisory assistance was provided by CUNA, International. AID/CUNA also helped to reorganize five agricultural cooperatives which were in financial difficulties.

Five participants received grants from AID to receive credit union training in the U.S. Ten thousand people attended credit union meetings, averaging two days in length, to receive training in credit union and cooperative practices. The extent of future growth will depend on expanding and improving training and auditing procedures and recruiting additional qualified personnel.

The Governments of Sweden and West Germany are also providing training in the development of rural credit unions and consumer cooperatives.

U.S. Non-Government organizations under AID contract which offered cooperative assistance in El Salvador during fiscal year 1967 include AIFLD, CUNA and FCH.

GUATEMALA

AID expenditures for fiscal year 1967, \$80,000 mission, plus regionally funded cooperative and agricultural credit projects.

Cooperatives are proving to be an effective method for helping farm people establish the kinds of enterprises and services that are needed in order for them to share in the benefits of rural development. They are an increasingly important means for helping to provide credit and technical assistance, which are among the greatest needs of 300,000 small farmer-operators.

AID has placed a major emphasis on the total cooperative education program. A full-time education and training advisor, one of eight AID-supported cooperative technicians, has worked with the Government in holding workshops, establishing formal classes, teaching courses on cooperatives, and providing job training. AID prepared leadership training courses for 300 agricultural cooperative directors in the Ministry of Agriculture's Department of Cooperatives. The credit union educational program has concentrated on developing and expanding existing unions. Three participants are studying cooperative training methods under an AID grant in order to improve the technical capacity of the Cooperative Section in the Ministry of Agriculture, to develop rural cooperatives and thereby increasing production.

The National Institute for Agrarian Transformation (INTA) has plans within its national program for establishing 16 cooperatives in the province in Peten, and between 60 and 70 cooperatives with 16,000 people within the next two years. Emphasis is also being given to cooperative development in the North-east where three new rural cooperative offices were opened.

AID helped to organize 76 new cooperatives, bringing the year's total to 250, and added 5,000 families for a total of over 24,000 members. Forty-nine local cooperatives belong to the Credit Union Federation or the El Quetzal, a regional marketing cooperative. The distribution of cooperatives by types is as follows: 5 agricultural service, 55 agricultural marketing, 4 agricultural processing, 69 farm supply, 12 retail consumers, 9 housing, 74 credit unions, 14 industrial, and 3 commercial enterprises,

a publishing company, a book store and match manufacturing. The healthy growth of cooperatives is indicated by membership increase of 49 percent in agricultural cooperatives and 29 percent in credit cooperatives for fiscal year 1967.

AID's total rural development program, for which nearly \$1 million was allocated, continued to be directed at increasing food production and the involvement of the rural communities in this effort. The technical assistance and loans under consideration for next year are for farm storage, a wholesale produce market, irrigation projects, and a development bank.

The importance of using cooperatives to get loan funds to farmers in order to assist them to transform from subsistence to commercial-type farming was revealed by a recent survey. It showed that 71 percent of the agricultural cooperatives provide members with credit, either as loans or through credit sales of farm supplies. Credit is available to these cooperatives through the Supervised Credit Agency of the Ministry of Agriculture. The credit union service is being expanded to furnish both farmers and low-income families with small, low-interest production loans. AID/CUNA is providing training and supervisory assistance.

The most fertile field for cooperative development continues to be in agriculture, to provide farmers with supply, purchasing and marketing services. The greatest difficulty to organizing the farmers is the low level of literacy, followed by lack of credit and qualified people to operate cooperatives.

Other countries providing cooperative assistance are Germany, Israel, England and Canada, mainly in the field of participant training.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Guatemala during fiscal year 1967 include AIFLD, CLUSA, CUNA, FCH and NLISA.

GUYANA

AID expenditures for fiscal year 1967, \$58,000 mission, plus regionally funded cooperative and agricultural credit projects.

There are 661 cooperatives in Guyana, of which 61 were organized during the year. Share capital totals approximately \$2.1 million, exclusive of down payments for houses in the housing cooperative scheme. This, however, indicates the low capitalization on the average for the cooperatives. The goal is to double or treble the capitalization by 1969.

The Government has a strong interest in making cooperatives effective in promoting self-help projects and local industrial and agricultural production. AID has provided direct assistance for nine agricultural and three consumer cooperatives with 800 members. Two technicians assigned by AID/AIFLD are helping to train directors and employees of cooperatives. Most significant cooperative achievement during the year was the signing of the construction contract for the \$2 million AIFLD-Trade Unions Council (TUC) Housing Cooperative Society under an AID housing agreement to build 568 low-cost houses for trade union members.

The Guyana Credit Cooperative Society is being encouraged by the Government to serve as the forerunner of the Cooperative Bank. The Prime Minister has promised the support of his administration to assist in making the credit cooperative the source for credit and finance for members of the Cooperative Union.

Under the Food for Freedom P.L. 480 assistance, \$21,451 in food was used to assist 10 cooperatives in land resettlement and community development projects. This small assistance was effective in continuing a number of inadequately financed agricultural cooperatives. The AID mission recognizes that free food is a "crutch" and must be used only as a supplement to extensive self-help. To the extent this criteria is satisfied, a modest increase in commodities can be contemplated.

Six participants are at the International Cooperative Training Center in the U.S. on AID grants to study cooperative organization, development and management, in order to apply their lessons to developing cooperatives in Guyana. The Cooperative Training Institute, which held its first classes in 1966, is expanding to provide the cooperatives with qualified personnel. It is looked on as the model for other institutes throughout the country. This institute is a serious effort by the Government to meet the shortage of trained people needed to organize and manage cooperatives. Canadians are assisting at the Training Institute, as well as providing cooperative and educational advisors to the Government of Guyana. The failure of a workers' cooperative to continue publishing a daily newspaper due to lack of funds and business experience was a serious blow to developing a national cooperative information program.

The Cooperative Department is responsible for the promotion and regulation of cooperatives, and the Cooperative Training Institute for education. Public officials reflect in their statements the strong support which cooperatives are receiving from the Government. As an example, Prime Minister Forbes Burnham declared on July 1, 1967, on the occasion of international cooperation day at Queen's College:

"I am impressed that the cooperative movement more than any other movement or institution in this country can be not only an instrument for the giving of dignity to the small man, but also an instrument of national cohesion."

U.S. non-Government organizations under AID contract which offered cooperative assistance in Guyana during fiscal year 1967 include AIFLD.

HONDURAS

AID expenditures for fiscal year 1967, \$250,000 mission, plus regionally funded cooperative and agricultural credit projects.

The cooperative movement has gained the support of the Government of Honduras as a means of involving the masses of people in the country's total development. The government's position was made clear by the President in a televised speech:

"The Government of the Republic is intent in promoting the development of cooperatives... Cooperatives constitute the most adequate channels through which economic and social development can reach the communities of our Republic."

The AID mission has been able to assist the government in its program to use cooperatives to harness the energies and resources of people in self-help projects. The concept of a Cooperative Development Division in the AID mission, which involves housing, marketing, consumer services and related activities, was inspired by the success of the credit unions. This credit project was initiated by AID/CUNA, International. It is now continued by the Honduran Credit Union Federation (FACACH).

AID's assistance was expanded rapidly after trial efforts demonstrated that cooperatives were effective in helping to increase agricultural production, to create new sources of investment capital, to encourage new housing, to involve more people in the mainstream of socio-economic development, and to establish private institutions of democratic orientation. Thirty-two U.S. and Honduran cooperative and credit technicians and short-term consultants has been employed by AID. Additional assistance has been provided by AID staff people, Peace Corps Volunteers and members of voluntary agencies in the country. They work through such government agencies as the Cooperative Development Administration and the Ministry of Economy.

In less than three years, 85 active cooperatives have been organized in the country. They have 13,000 members. This is barely scratching the economic surface and hardly recognizing the social needs of the country, but is regarded as a favorable start. AID is also assisting in reorganizing 17 cooperatives and liquidating 42 of the 59 cooperatives established prior to the present assistance program. Most of them had deteriorated into little more than paper organizations.

Credit unions are the strongest segment of the new cooperative movement. The 10,000 members of the 67 local unions have accumulated \$500,000 in savings and loaned more than \$2.5 million. The bulks of the loans went for expanding agricultural and small-industry production, and a lesser amount to cover such basic needs as health, education and for household purposes. The impact of even this limited but rapidly growing credit program must be measured in terms of what it means to farmers whose per capita income is only \$100 a year. The Credit Union Federation has received a \$500,000 two-step loan from the government to expand services and organize new unions. The Federation also obtains the government's first permit for contract insurance with a non-admitted carrier, and now 88 percent of the affiliated credit unions are bonded and provide life insurance on loans and savings. The Inspector of Cooperatives is in the U.S. on an AID grant to study advanced auditing techniques used by the U.S. Bureau of Federal Credit Unions in order to be able to encourage a coordinate auditing procedure for all cooperatives in Honduras.

Establishing savings and credit cooperatives as the first-phase of the cooperative program absorbed most the time of the AID technicians. A continuous education program already has produced 500 trained community leaders. During the year 25 special courses, involving 165,427 man-hours of study, were offered. Classes ranging from basic studies in credit unions to advanced accounting and management training were attended by more than 1,800 persons. Many thousands more attended one-day meetings in their communities.

The second phase of the cooperative program, which is already begun, is designed to organize cooperatives which will help the Honduran farmers increase production and market their product. It should have a strong impact on the rural economy. Honduran farmers have few marketing channels, lack storage facilities and have no way of maintaining price levels. Thus, the economic needs of farmers are focused on grain elevators to promote crop storage, on improved methods of dairy production,

on artificial insemination to improve livestock production, and eventually on ways to bolster exports of chilled and frozen meats. Agricultural cooperatives are being organized to increase basic crop production for present domestic markets, and in anticipation of sales on a multi-national scale through the Central American common market.

The country's only milk processing plant has already been converted from a government-owned to a cooperative enterprise. Producers are watching with interest any development which may arise from \$4 million allocated by the Central American Bank for Economic Integration (CABEI) to build grain storage facilities in Tegucigalpa and San Pedro Sula, as well as in other key areas of the country. The funds are being held up until the government provides the money to support a rotating fund for grain purchases.

The need for a credit system that can help transfer farmers from a subsistence to a commercial level is generally recognized. A plan for providing supervised agricultural production credit to farmers through credit unions is being studied by AID. An encouraging sign for future development is the interest shown by an agricultural representative of one of the largest U.S. banks in possibilities for private investment in the field of agricultural credit in Honduras and three neighboring countries. The same ground rules for credit as are used in the U.S. are being instituted here as part of the bank's loaning procedure.

One example of what people can do for themselves was demonstrated by the inhabitants around the small village of Las Cruces. They first organized an agricultural producers' cooperative and then a savings and loan association. This encouraged the villagers to build a farm-to-market road between Las Cruces and Nacaome, a nearby marketing center. The Coordinating Committee of Democratic Organizations of Honduras (CORDEH), a private organization stimulating community action, is prepared to give technical assistance as soon as tools and equipment can be secured.

In the field of cooperative housing, three major developments were proposed during the year. Two of them became a reality for 251 families when groundbreaking ceremonies took place in the spring of 1967 for El Sauce (The Willow) in La Ceiba, for 78 houses. These projects which introduce cooperative housing on the Honduran northern coast are funded by a \$2 million AID loan. The 150 acres of land for El Sauce Cooperative was donated by the Standard Fruit Company, the major industry in the coastal town of La Ceiba. The COLVISULA cooperative purchased land adjacent to a major highway which connects San Pedro Sula, the industrial center of Honduras, with the coast. The third project also in San Pedro Sula calls for construction of more lower- and middle-income cooperative housing, pending approval of a \$5 million investment guarantee loan. Local housing cooperatives are members of the Housing Cooperative Federation (FEHCOVIL). AID/Foundation for Cooperative Housing has provided sound counsel in planning as well as technical assistance in all these projects.

The mission finds that its effort during fiscal year 1967 has not only resulted in a great deal of actual progress toward the greater involvement of a large proportion of the people in both social and economic efforts, but has broadened the base from which such progress takes off. It also adds this footnote:

"The implications of the accelerating rate of response and involvement of the people need to be given serious consideration, particularly with respect to the capital investment which will be

called for to utilize the human resources that are being activated and that will be seeking an outlet. Furthermore, the new awareness of their own ability to do things for themselves, to manage their efforts, to evaluate their own and their society's capabilities and accomplishments, will call for a better response by their political, economic, and social institutions than they have seen in the past."

Other countries which provided assistance in agricultural development and administration, with strong emphasis on cooperatives, were Israel and Germany. The estimated dollar equivalent of their contribution was \$22,000.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Honduras during fiscal year 1967 include AIFLD, CUNA, ICDA and FCH.

JAMAICA

AID expenditures for fiscal year 1967, \$5,000 mission, plus regionally funded cooperative and agricultural credit projects.

The need for cooperative projects for the total development of the country have been set forth in the economic development goals outlined by the Government of Jamaica in the Five Year Independence Plan (1963-68). The emphasis has been in agriculture, housing, and community development. The newness of these cooperative projects prevents one from measuring their effectiveness. AID is planning to use Food for Freedom, P. L. 480 Title II feed grain to assist the formation of a multi-purpose service cooperative among new dairy farmers. It also has \$200,000 available for technical assistance to implement an AID loan for \$3.8 million to develop the dairy industry and to improve agricultural marketing in general. This project was originally to have begun in fiscal year 1967.

AID assisted a group of fishermen, who had been organized into the Manchioneal Fishing Cooperative by a Peace Corps Volunteer, in establishing a revolving fund for the cooperative to build additional boats, purchase fishing gear and establish a retail outlet for its members. Assistance in this case should have an immediate economic impact as fishing is the main source of income for the community of Manchioneal. One senior member of the All-Island Banana Growers Association is in the U.S. on an AID grant to study modern cooperative operations to enable him to help organize and develop cooperative boxing plants in the main banana areas of the country. The CUNA, International world union conference in Jamaica in October, 1966, focused new attention on cooperatives and encouraged the organization of new credit societies. Cooperatives which have the best opportunity for development are agricultural marketing, credit and services, and credit unions.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Jamaica during fiscal year 1967 include AIFLD, FCH and ICDA.

MEXICO

AID expenditures for fiscal year 1967, \$5,000 mission, plus regionally funded cooperative and agricultural credit projects.

Mexico is substantially able to carry out economic and social development programs with its own resources supplemented by external financial credits. AID's program is therefore limited to assisting in the improvement or establishment of permanent institutions capable of carrying out continuing programs in key areas of rural development, housing and home loan banking. AID assists in monitoring on-going loans, \$41.5 million for supervised agricultural credit and \$20 million for low-cost housing, and in encouraging the Government to expand its role of assistance to the less-developed Latin American countries within the framework of the Alliance for Progress. The technical assistance program for the year provided backstopping for prior AID loans in housing, agricultural credit and university reform, for a small training program to develop young Mexican farm leaders, and a limited program for training union leaders. In addition, matching funds with the Mexican Government were used for small impact projects in rural areas. The Mexican Government in the meantime has sought to encourage private banks to extend credit to the little farmers instead of concentrating on safer and easier dealings with industry, commerce and building trades. Government officials are emphasizing access to credit as a key part of a new phase that emphasizes improvement of productivity and living conditions. They are aware that lack of funds from Government farm credit institutions are slowing long-time plans for increasing production. In the meantime, in the States, such as Guerrero, which is more than 80 percent agricultural, farmers are being encouraged to help themselves through credit, production and marketing cooperatives.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Mexico during fiscal year 1967, AIFLD.

NICARAGUA

AID expenditures for fiscal year 1967, \$110,000 mission, plus regionally funded cooperative and agricultural credit projects.

USAID/Nicaragua believes that the attention being given to cooperative development should have a broad beneficial effect on country development. The rural electric development is enlisting local support and developing local capabilities as it continues to expand. Typical of the membership sign-up meetings was the community gathering at La Garza, a settlement in the area served by CAEER No. 1, the Rural Electric Cooperative of Nicaragua. Since there was no electric power, a small portable generator was borrowed from the Nicaraguan Credit Union, a movie projector from a government agency, and the people saw for themselves how U.S. farmers established their electric systems. Discussion was prolonged until a senora with a large family said the women wanted electric lights. "Where were the men?" she asked. The membership fee was \$3 per family and by the end of the week most of the families in that isolated community had paid their membership fee. Equally important, they had organized their own local cooperative and were ready as volunteer workers to organize other groups in the surrounding countryside.

With the first unit of rural electrification well on its way to completion, a number of communities are already feeling the economic impact. Not only are many electric household appliances being used, but irrigation pumps are being installed, a cotton gin has been set up, new equipment has been added by a local dairy, and new refrigeration and cold storage facilities are changing production and marketing patterns.

AID has assisted 10 agricultural cooperatives with 2,000 members; 73 consumer cooperatives, with 22 new cooperatives, and 7,500 members; a community service center with 300 members; and 56 credit unions, with 6,700 families, which are also members of the Nicaragua Credit Union Federation.

The basic shortcomings that must be overcome are lack of trained and experienced people and the low literacy in rural areas, as well as lack of credit. The need for trained leaders is recognized. Five Nicaraguans have received leadership training in the U.S. The credit union training program has held 220 classes for managers, directors, credit and supervisory committees and members. More than 2,300 persons attended the one-week courses. The Organization of American States is also assisting in connection with scholarships for cooperative training in Israel. Experience is also teaching the organizers the importance of establishing a large enough membership base to make the cooperative economically sound. This was made clear in the dissolution of three small credit unions which were doomed to failure because they had very little opportunity to grow, the existing membership had a very lax interest in supporting the unions, and there was no awareness of their social or economic significance.

Slight use has been made of Food for Freedom, P.L. 480 food commodities in the development of cooperatives, except to grubstake families on resettlement projects carried on by the agrarian reform program.

Government agencies promoting cooperatives are the National Bank of Nicaragua, the Agrarian Reform Institute and the Ministry of Labor.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Nicaragua during fiscal year 1967 include ICDA, CUNA, FCH and NRECA.

PANAMA

AID expenditures for fiscal year 1967, \$100,000 mission, plus regionally funded cooperative and agricultural credit projects:

AID-assisted housing cooperatives are making their mark in Panama. The "Dos Pinos," the country's first single mortgage cooperative housing community to be built by self-help efforts, may well be a pilot for future cooperative housing programs for low and middle-income families. The community of 103 housing units demonstrates the advantages of modern site planning, cooperative project maintenance, and cooperative action to obtain needed community services. The first 28 duplex units cost between \$2,300 and \$2,669. Monthly charges run between \$19 and \$22. The project is already being used to train Panamanian technicians and to develop training materials and legal documents for a national cooperative housing project.

A housing project for 600 families from the slums of Panama City has been built in the suburban Panama City resettlement area of Nuevo Veranillo. Similar projects are underway in the cities of Colon and Santiago. Cooperative production centers have been set up in these resettlement areas to provide employment, job skills training, and low cost construction materials for the inhabitants. In rural Panama, cooperative houses of a simpler style are being built for as little as \$300 with owners doing the work.

These housing efforts are funded by a \$3.5 million AID loan to the Instituto de Vivienda y Urbanismo, (IVU) Panama's national housing institute. A Technical Institute for Cooperative Housing (ITIVICOOP) has been established to guide new housing developments on a cooperative basis. The AID-assisted projects inject the largest amount of self-help possible. In the rural areas emphasis is on using local building materials.

IVU's Director General Jorge Riba declared that "we are firm in our belief that we do not need subsidized housing if we can get people engaged in solving their own long-term problems. It is not just a housing program we are developing, it is an involvement of people in building their own societies."

There has been considerable progress in preparing the ground for expansion of cooperatives in housing and credit, and in establishing pre-cooperative societies. Credit unions have increased from 78 to 102 local societies, with 12,000 members and more than \$1 million in savings. The mission has made a grant of \$10,000 "seed capital" to help provide credit for some of the newer and smaller unions. AID-supported Latin American activities of CUNA, International are now headquartered in Panama.

Two problems plague cooperatives. One is the lack of adequate and uniform records and accounting procedures, and the other is the lack of administrative training and experience and membership education. One of the achievements of AID/CUNA has been to mechanize and centralize the banking operations of local credit unions through a Federation of Credit Unions.

There is a need for more agricultural cooperatives to market commodities and furnish supplies. There are only 16 agricultural cooperatives presently in operation, but the formation of an Agricultural Cooperative Federation is a sign that local societies are becoming aware of the need to join together to be more effective economically and socially. Consumers' groups are organizing 24 local societies into a Federation of Consumer Cooperatives. The AID mission has proposed a \$3 million loan to establish a Cooperative Bank which would stimulate cooperative development in all sectors of the economy.

The country's leading public officials strongly support cooperatives. The Minister of Agriculture has given them priority in agricultural development plans. There is reason to believe that they can help to increase and improve agricultural production, develop human resources through organizing and training programs for people at campesino level, help to alleviate the serious housing shortage through self-help housing cooperatives, and provide additional sources of credit to the small subsistence-type farmers.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Panama during fiscal year 1967 include AIFLD, CLUSA, CUNA, FCH, FICD and NLISA.

PARAGUAY

AID expenditures for fiscal year 1967, \$15,000-mission, plus regionally funded cooperative and agricultural credit projects.

The AID mission is assisting the government of Paraguay to expand an educational and training program in cooperatives, with emphasis on "teaching teachers" and on reaching small farmers and settlers. It has provided basic training courses for 350 persons, conducted a training school for government extension service personnel, and distributed pamphlets on cooperative development.

Most agriculture is at a subsistence level, and cooperatives are a relatively new idea. The hope is to make people aware of how cooperatives can help economic development in rural areas, especially as the country is opened up and trade established with the outside world. Of the 138 registered cooperatives not more than 45 are operative and none more than four years old. The most successful cooperatives are those operated by immigrants, such as five Japanese societies in the Federation de Agricolas de Itapu Ltda.

Great expectations are being raised by the organization of Cooperativa Electrica Amambay Ltda, to serve between 4,000 families in a potentially rich agricultural area now without electric power. This program also creates a problem of how to sustain the enthusiasm and support of the people in the area for other cooperative enterprises if the program is postponed or abandoned.

Food for Peace P. L. 480 commodities valued at \$337,000 have been distributed through the Catholic Relief Services to settlers on land resettlement projects. A portion was used to develop cooperatives. This was the first year that P.L. 480 funds were used specifically for cooperatives, \$16,000 being provided for the "Direccion de Cooperativism" in the Ministry of Agriculture and Livestock. How much assistance will be provided in fiscal year 1968 depends on what success is achieved in organizing a grain and feed cooperative. Agricultural advisory services will be continued in 1968 by agreement with the U.S. Department of Agriculture to assist the Ministry of Agriculture in its reorganization plan and in road construction, cooperatives, marketing operations and rural credit. Thirteen participants received training in the U.S. and Brazil on how to develop and operate a federated grain storage and feed cooperative.

PERU

AID expenditures for fiscal year 1967, \$100,000 mission, plus regionally funded cooperative and agricultural credit projects.

Social reform is slow in the rigid structured society of Peru, but the Government is moving diligently to expand its program of social development and agrarian reform. AID's assistance has been directed mostly to the rural community. It has helped to expand supervised agricultural credit, rural electric cooperatives, irrigation projects, road building, housing, and health and education facilities.

Substantial financial and technical assistance has been given to Cooperacion Popular, the agency for channeling technical and material assistance to communities

for small, self-help, infrastructure projects. A revolving loan fund of \$2.1 million was authorized by AID in 1967. Earlier the Inter-American Development Bank had made a \$20 million loan. Nearly 3,000 community self-help projects have been completed in two years, 4,000 more projects are underway, and there are over 11,000 additional requests for assistance pending. The Cooperacion Popular has become a political issue in some quarters, but strong support continues for the program at the community level, where local labor and often local materials are used in self-help projects. This assistance has created a sense of forward movement in the rural areas and local involvement in the country's total development process.

It is estimated that more than 125,000 farm families have gained some benefits from agrarian reform activities. The assistance has encompassed not only the distribution of large land holdings to small farmers, but also has provided the new landowners with technical assistance and needed credit through the Agricultural Research and Extension Service and agricultural credit banks. An integrated "breadbasket" program is starting to increase the flow of agricultural products from the high and low jungle areas adjacent to Lima on the eastern side of the Andes. This program includes road construction, agricultural and industrial credit, local educational and medical facilities, and improved agricultural pricing, marketing, research and extension services for the settlers and farmers.

Credit is being expanded rapidly for small and medium-sized farmers throughout Peru, although the overwhelming number still lack channels through which they can borrow money at reasonable rates of interest. About 20,000 loans for \$17 million have already been made to farm operators eligible for supervised agricultural credit. AID's \$9 million loan in 1967 has helped to expand the scope of the agricultural credit program. The goal starting in 1967 is to furnish 27,000 small and middle-sized farmers with supervised agricultural credit annually.

There has been a consistent growth in cooperatives. In a little more than 10 years the number has increased 23 times. This is not only due to the success of the credit union and housing programs, but also the potentiality of an agricultural cooperative program.

In the past year the number of cooperatives exclusive of credit unions increased by 15 percent, to 1,018 officially recognized local organizations, with a membership increase of more than 20 percent, to 90,500 persons. The distribution of cooperatives by types is as follows: 406 agricultural, 33 new, with 31,000 members; 104 consumer, 13 new, with 17,000 members; 139 production, 15 new, with 7,000 members; 117 service, 31 new, with 9,000 members, 252 housing, 95 new, with 25,000 members. It is estimated that 300,000 more people belong to credit unions and cooperatives which are not officially registered.

Peru pioneered the credit union program in Latin America, and has made such strides that the initial assistance provided by AID/CUNA and other outside groups has been phased out. The number of credit union and savings and loan societies is now placed at 550 with 282,000 members, who have accumulated \$27 million in savings. For a number of years Lima was the credit union training center in Latin America. Many thousands of organizers, officers and members carried the lessons they learned back to their own countries. It was this emphasis on training leaders and educating members that in no small part was responsible for the rapid growth of credit unions and the impact it has had on encouraging among the extremely poor and "penniless" in the slums and barrios to develop their own source of credit.

Among the most significant developments during the reporting period were the organization of Cooperativa de Seguros del Peru, which writes loan life and savings insurance for members of the Credit Union League in Peru. The organization of this cooperative has already effected the rates charged by other companies for certain kinds of insurance.

The workers-owned savings and loan association, the first of its kind in Latin America, has had a continuous and healthy growth since its organization in 1964. It is making loans for cooperative housing through ASINCOOP, the Central Cooperative Institute and a \$6 million AID loan made for cooperative housing several years ago. The workers have deposited \$2 million in savings. This has brought cooperative housing within the range of low-income people, who previously were unable to secure cooperative housing loans from the Central Home Loan Bank because of legislative restrictions.

The rural electric cooperative in the Montero Valley is rapidly moving to completion, with 13,000 meters already installed. The completed project will serve 25,000 rural homes in over 100 villages in this prosperous agricultural valley. Approximately 125,000 people live in the area. First results of agri-business are evident as a result of the electric power. AID authorized a loan for \$1.6 million in fiscal year 1967 to complete the project which the people organized in 1965. The assistance provided by NRECA under contract with AID is now being studied by groups in other parts of Peru, anxious to establish rural electric cooperatives in their districts. Two regional projects, patterned after the Montero Valley Rural Electric Cooperative, are now under serious consideration.

Fourteen Peruvian campesino leaders were in the U.S. for three months on AID grants to study cooperatives and community institution building. Courses included on-farm training, study at the University of Wisconsin's AID-supported International Cooperative Training Center, work in local cooperatives, and counseling and working with local leaders. This is the fourth year that Peruvian participants have been in the U.S. under the AID/Farmers Union program. Many of the participants in these previous programs are already contributing leadership to government agricultural work, have positions of responsibility in their communities, and are actively engaged in cooperative development.

An ambitious food distribution project, for which AID has authorized a \$5.5 million loan, centering around relocating and expanding a farmer's wholesale product markets in Lima, and other coastal market centers, and assisting cooperative wholesale and retail food stores has shifted emphasis to modernizing and expanding the existing super-market systems.

The use of Food for Freedom, P.L. 480 food to assist cooperatives has been mostly carried out through voluntary agencies such as Catholic Relief Services, Seventh Day Adventist Welfare Service, and the Church World Service. This assistance is provided on the basis of food-for-work projects. The cooperative projects developed by this method include housing, colonization, handicraft, small fishermen's societies, and so forth.

The public officials have been favorable to cooperatives, publicly stressing their importance for the development of the country. The National Economic Development Plan for the period 1965-70 assigns a leading role to cooperatives for increasing the production of food, mobilizing savings, and organizing consumer organizations. The

government channels most of its activities through the Instituto Nacional de Cooperativas.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Peru during fiscal year 1967 include AIFLD, ASLI, CLUSA, FICD, FUIAC, NLISA and NRECA.

URUGUAY

AID expenditures for fiscal year 1967, \$15,000 mission, plus regionally funded cooperative and agricultural credit projects.

The AID mission has limited its cooperative assistance to individual cooperatives because of the uncertainty of the federated organizations. Its Special Development Project Fund has provided assistance to AIFLD's Trade Union Education Center at Tacuarembó. The AIFLD is also engaged in social projects such as encouraging housing for union members.

AID is also involved in adult education through its book program, having distributed literature to five cooperatives during the year. It is seriously considering a supervised credit program and providing funds for cooperative members and institutions. The mission feels the possibilities are extensive and full of development potential.

Although most of the cooperatives are not sufficiently active to have a pronounced impact upon the country's total development, there are official plans which are designed to increase their influence, especially in the marketing of products which would accelerate rural development and possibly assist the country out of its long period of economic stagnation. Dairy processing cooperatives are being encouraged in several cities in an effort to provide economical sources of quality dairy products and pasteurized milk.

The failure of FENACOA or an alternative federation of cooperatives to arise to fill the vacuum left by the former organization's downfall two years ago is one of the most serious handicaps to overcome. Agricultural marketing and processing organizations, especially those devoted to exports or import substitution activities lack credit and trained personnel, but nevertheless have the greatest opportunities for development.

Attempts have been made to encourage the Federation of Uruguayan Agricultural Cooperatives (FUCA) to replace FENACOA. There are, however, legal restrictions which prohibit another federation for assuming the responsibilities of FENACOA and the final structure is not yet decided.

U.S. non-Government organizations under AID contract which offered cooperative assistance to Uruguay during fiscal year 1967, CLUSA.

VENEZUELA

AID expenditures for fiscal year 1967, \$20,000 mission, plus regionally funded cooperative and agricultural credit projects.

The Government of Venezuela has constantly emphasized the importance of cooperatives in developing the rural economy. Because of the country's high level of economic development, compared to most other Latin-American countries, no AID development loans have been made since fiscal year 1966 and technical assistance has been limited to programs designed to encourage reform in key development sectors and a small Food for Freedom program. Peace Corps Volunteers continue to be of much help to local cooperative effort.

The AID program is specifically designed to accelerate the government's efforts to carry out sound reforms and development programs, and to encourage Venezuela to play a leading role in the Alliance for Progress by extending assistance to other Latin American countries. Venezuela is expanding its technical assistance to other countries in such fields as community development, supervised agricultural credit and rural development. One example is its sharing with Bolivia, Nicaragua, Panama, Honduras and El Salvador the techniques and skills acquired in its own successful literacy program. AID has provided instruction materials to the Cooperative Education Center, University of Los Andes, Merida State. One staff member is studying in the U.S. on an AID grant.

A National Superintendency of Cooperatives was legally established in July, 1966, and is under the direction of a former AID participant who studied cooperatives in the U.S.

AID's technical assistance is directed at developing local housing institutions to assure completion of housing programs under existing loans and new construction, and rural electrification. A National Savings and Loan bank was established in December 1966, as an integral part of the national housing plan.

The Inter-American Savings and Loan Conference in Caracas in 1967 was jointly sponsored by AID, the Inter-American Development Bank, and the National League of Insured Savings Associations. AID's savings and loan program will end by fiscal year 1969.

While distribution of Food for Freedom P. L. 480 Title II commodities is rather limited, 200,000 of the 245,000 people who were helped in this manner were engaged in self-help community development operations.

Two participants in the U.S. on AID grants are receiving savings and loan management training and studying cooperatives.

The rural electric cooperatives, considered within the Venezuelan Development Plan, are helping to increase the contribution of the rural sector to the country's total national economic development. Two cooperative projects are being developed by the Venezuelan Electric Company (CADAFE) at Anzoategui and Zulia states.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Venezuela during fiscal year 1967 include AIFLD, ASLI, CLUSA, FCH and NLISA.

NEAR EAST—SOUTH ASIA

Disbursements for technical aid to cooperatives, fiscal year 1967

Missions	\$ 925,000
Regional (including worldwide contracts)	<u>275,000</u>
Total	\$1,200,000

INDIA

AID cooperative commitments for fiscal year 1967, \$478,000 mission, plus regionally funded cooperative and agricultural credit projects.

AID is giving additional thrust to the vigorous drive by the Indian Government to develop and expand the usefulness of cooperatives as a means of involving the teeming millions of people in villages and on the land in that country's total effort to increase the production of food and fiber. All of the current activities were requested by the Government of India. While recognizing the importance of cooperatives as an instrument of the people, the government is aware that this is only one aspect of the total social and economic program which must be carried forward in order to achieve the goals which the nation has set for itself. The development of agriculture through cooperatives, however, is recognized as a national policy.

AID's assistance in the cooperative area is being concentrated for the moment on three major projects: to develop rural electrification, to improve and expand the processing of oil seeds, and to build a fertilizer plant and distribution system. These are the three main building blocks on which other cooperative projects will be developed as they are required.

The present activity is in sharp contrast to the dormancy that has existed since the phasing out of the cooperative membership project by AID in 1961. It reflects a widespread concern for developing methods for organizing and bringing into play the resources of millions of people who now have little or no part in the nation's economic life.

The fertilizer project proposes to bring the U.S. cooperatives into the picture, working with the Indian cooperative movement, to develop a cooperative fertilizer corporation that ultimately would be owned by the Indian farmers. This ambitious undertaking, which would take three years to complete and would cost more than \$100 million, would produce \$78 million worth of fertilizer a year. Another \$50 million would be required for warehousing, trucks and distribution facilities. Preliminary surveys were completed by an AID/ICDA team in fiscal year 1967. U.S. cooperatives would contribute an estimated \$1 million for organization and management costs, and work with the Indian cooperatives to develop a training program to enable the Indians to take over the total operations. Under the present arrangements, the Indian cooperatives would provide \$12 million of capital, and AID would provide a \$50.9 million loan and the Central and State Governments of India would loan \$32.1 million and invest \$24 million in the enterprise. Estimated foreign exchange savings that would accrue from manufacture of the fertilizer would be \$340 million in 12 years.

First steps were taken by AID/NRECA to assist the Indian Government to develop rural electric cooperative pilot projects to serve as models for other ventures. The Indian Government requested U.S. assistance in 1966 to teach village marketing cooperatives how to manage village electric facilities. A team of electric cooperative technicians from NRECA is working with the Indian Government to select the villages which will be part of the pilot rural electric cooperative program. The people trained will provide the Indian Government and cooperatives with people who can guide and stimulate expansion of rural electric cooperatives in other areas. Preliminary studies have been made delineating the potential social and economic problems which might arise in introducing rural electric cooperatives to rural populations, and suggesting

ways to deal with these problems. By 1968 the actual initiation of new pilot rural electric cooperatives should be underway. Indian participants from the pilot projects will receive four months training in the U.S. on organization and operation of rural electric cooperatives.

The Indian Government realizes that changes leading to increased agricultural production, such as expanding irrigation systems, better food grain processing and storage, depend in part on villages being supplied with electricity. Although only eight percent of all Indian villages with less than 10,000 people now have electricity, as additional power facilities are completed, more villages will be linked with electric power.

The importance of reaching the farmers with improved seeds is recognized by the Indian Government as essential to increasing food production. AID/CLUSA is working with the National Seed Corporation and Fertilizer Association in developing hybrid seed cooperatives, and in improving the distribution and promotion of improved seeds and fertilizer. Attention is being given to organizing seed dealers and market channels in the crucial crop producing areas. The demonstration fields developed under this program have encouraged farmers to plant certified seeds, as well as use the inputs essential to increasing production.

AID/CLUSA is assisting oil seeds cooperatives to improve operations and expand production. Direct assistance was being provided for five extraction cooperatives, three scheduled to go into operation during the year, as pilot demonstrations. These are both mechanical and solvent extraction mills. It is anticipated that when the mills are operative that the farmers will increase oil seeds production as a profitable source of income. The lessons gained from this project should be of benefit to 187 cooperative oilseeds processing plants, most of them small, community operations, which serve nearly 15,000 producers.

New credit regulations have been promulgated to extend credit to farmers on the basis of fixed needs. During 1967, AID supported the Indian agricultural program by financing about one-third of the fertilizer imports costing about \$50 million. AID's assistance also is directed at developing better agricultural price policies and marketing programs as well as improve rural credit facilities. Total amount allocated for technical assistance in agriculture was \$4.5 million. The cooperative portion of \$478,000 AID assistance was further implemented by \$140,000 in AID controlled local currency.

Food for Freedom P. L. 480 commodity resources could be used more extensively in expanding cooperative credit, thus providing needed financial assistance in the development of water facilities and the distribution of fertilizers, pesticides, improved seed, and provide much-needed management training.

The Cooperative League of the USA has a contract with AID to improve methods for training teachers for cooperative education. This project is carried on in partnership with the National Cooperative Union of India. Teaching and training is also carried on in connection with the development of consumer cooperatives in Punjab by Peace Corps Volunteers. The Ford Foundation has given substantial assistance to cooperatives in a number of districts.

The government department responsible for cooperative promotion is the National Cooperative Development Corporation. Its emphasis is on marketing and processing cooperatives.

U.S. non-Government organizations under AID contract which offered cooperative assistance in India during fiscal year 1967 include CLUSA, FCH, ICDA and NRECA.

IRAN

Estimated AID assistance for fiscal year 1967, \$175,000 mission local currency projects, plus regionally funded cooperative and agricultural credit projects.

The AID program is being terminated in Iran, as the country continues to move forward dramatically and is now in a stable position of good economic growth, modernization and change. The Government is able to finance its development program from its own resources, mainly increasing oil revenues, and from foreign loans obtained on non-concessionary terms. The last AID development loan was made in FY 1966.

AID's technical cooperation will be brought to an orderly close during fiscal year 1968. It is estimated that \$175,000 will be required to wind up the technical assistance projects which have been underway for a number of years. These include agricultural production and marketing, administrative reforms and training, internal security, and financial and economic statistics. In the 17 years of assistance, the U.S. has provided \$967 million in economic assistance to Iran.

Now that AID is phasing out, there should be an opportunity for U.S. cooperatives to communicate directly with the Iranian cooperatives, especially at the federation levels. There are presently 7,600 local cooperatives and 59 federations in Iran with one million farm families. The agricultural cooperatives are not "voluntary," but centered upon the land distribution programs. The recipients of the land have been required by law to become members of cooperatives. Cooperative assistance, provided perhaps by the U.N., the Government of Iran, or the proposed International Cooperative Executive Corps, would be valuable if a program could be developed to supply short-term advisors in many disciplines, including administrative management skills, as well as technical skills in all phases of production and marketing.

The Government of Iran, Ministry of Housing and Development, which is responsible for tribal affairs in Iran, and the Development and Cooperative Bank of Iran (Omran) were signatory participants to an AID local currency project agreement, which provides assistance to the tribal people in improving livestock production by establishing tribal cooperatives through which credit can be extended and livestock can be marketed. The Ministry of Housing, Bank Omran and Pahlavi University Agricultural College have agreed to provide technical advisors and support for the program. The AID grant became effective immediately because of the emergency situation in Fars Province, where drought-stricken winter pastures threatened the tribe with the loss of 50 percent of their adult animals and 50 to 60 percent of their spring lambs.

The long-term aspects are organization of permanent tribal cooperatives to demonstrate the value of group effort in purchasing, storing and distributing supplemental feedstuffs, extension of credit for essential family subsistence goods, livestock feed, credit consolidation for indebted but credit-worthy borrowers; credit to

rug-weaving, cottage-industry cooperatives for supplies; construction of 2,000-capacity sheep feed-lots for demonstration value; and feed storages of 1,000 tons for each of six sub-tribes.

Two independent cooperatives organized by large and middle-class owners, and a third in the process of being organized, possibly could become patterns for transferring small existing village cooperatives into voluntary membership cooperatives. These organizations are the Cooperative of Agricultural Growers of Gorgan-Dasht, organized in 1965, with 188 members and capital of \$133,000, and the Cooperative of Mechanized Agriculturists of Gorgan, organized in 1966 with 142 members and \$133,000 paid in capital. These cooperatives provide credit, supply modern inputs and market commodities.

The National Iranian Oil Company (NIOC) consumer cooperatives now operate 18 stores and have \$2 million capital.

Much of what is happening in Iran's marketing improvement effort started with a six-village pilot cooperative project among the rice growers near Rasht in 1960. The growers organized a cooperative to obtain credit for improved rice seed, fertilizers and technical guidance. Through savings made by the cooperative credit program, the members purchases a rice mill to provide custom milling for farmers. The Central Organization of Rural Cooperatives (CORC) introduced a cooperative marketing program in 1965. This step followed a satisfactory pilot experience with a wheat-seed financing program for cooperatives at the harvest season in 1964, which made an estimated savings of \$186,000 for members.

AID-supported programs which contributed to the Government's efforts to stabilize consumer prices included an agricultural credit and cooperative project which included a study of chain store feasibility, and the agriculture production and marketing project; and the CENTO fruit and vegetable marketing workshops recently conducted in Turkey, Pakistan and Iran.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Iran during fiscal year 1967: NRECA.

JORDAN

AID expenditures for fiscal year 1967, \$115,000 mission, plus regionally funded cooperative and agricultural credit projects.

A carefully planned program of agricultural development in which cooperatives had an important role, was cut short by the outbreak of hostilities and the evacuation of U.S. agricultural advisors in June, 1967. Some work was resumed in fiscal year 1968. A new cooperative law is being proposed for the establishment of a "Jordan Cooperative Organization." The major agricultural-cooperative development during the year continued to be in the East Ghor rural area. This project has in nine years developed 30,000 irrigated acres and provided water for 11 major population centers. Much of the farming is built around cooperatives.

In addition to continuing groundwater studies and extending agricultural credit to small farmers, the mission carried on successful farm demonstrations of improved land use. Nearly all of the physical facilities at the Wadi Yabes and North Shounda agricultural centers were completed. These included a health clinic, agricultural demonstration center, marketing center and equipment shop at Wadi Yabes, and a health center, packing center and marketing cooperative at North Shouna. There were about 800 cooperatives with 70,000 members, although many are in poor condition. Credit and thrift cooperatives are in dire circumstances because of the lack of funds and poor collections. Jordanians trained at the agricultural extension centers worked with farmers on land leveling, using equipment from the rental shop, and packing citrus fruits for export. Much of this assistance was possible through Food for Freedom PL 480 food commodities and AID controlled local currency. Nearly 4,000 families in 119 agricultural cooperatives received work-wages to develop their farms. Two participants are receiving cooperative training in the U.S. and other countries.

Other donor support for cooperative projects came from the United Kingdom, West Germany, Kuwait, Saudi Arabia, the Arab League and United Nations agencies.

NEPAL

AID expenditures for fiscal year 1967, \$102,000, plus \$257,000 P.L. 480 (Indian rupees) dollar equivalent and regionally funded cooperative and agricultural credit projects.

AID is assisting the Government of Nepal to develop cooperatives as one means to speed change in rural areas, to bring farmers into the mainstream of national life, and to have them contribute more to the country's economy. AID's contribution is in the form of technical advice, training and local currency support to cooperatives and credit institutions. By this means, AID expects to help increase the supply of production credit at reasonable cost through strengthening and increasing the capitalization of the agricultural bank, to increase food production by the use of improved seed, fertilizers and other critical production inputs, and to establish good markets and improve the income of producers by establishing viable local cooperatives.

This is an exceptionally ambitious undertaking in a country whose isolated 11 million rural people have little sense of nationhood, whose economy is characterized by a subsistence agriculture, and where conservative attitudes resist modernization. Nevertheless, Nepal is giving high priority to improving rural conditions and has shaped its budget and programs accordingly.

Two U.S. technicians are currently involved in this project. While their operations affected over 1,300 1/ cooperatives with nearly 50,000 members, including 7,500 new members they are concentrating their efforts on one particular district in Nepal so that a demonstration will be effected to show what can be done. The demonstration district receiving much of AID's help is the Bhaktapur Pilot project, to which AID provides one full-time technician plus the part-time resources of six others (who for the most part are engaged in projects in different fields) to help develop nine new

1/ 252 agricultural credit; 33 consumer; 43 industrial; 1,021 multipurpose.

multi-purpose cooperatives at the village level, each with 1,500 members. These multi-purpose cooperatives are now furnishing credit to farmers and providing them with basic farm supplies, and storing and marketing their commodities. They will ultimately replace the older village cooperatives which too often were too small to be able to operate in the black. The new multi-purpose cooperatives are being organized with no fewer than 1,000 families, at which level they can operate with efficiency, and show savings and improved services for members.

The Cooperative Bank of Nepal, Ltd. was established to furnish credit to farmers through their cooperatives. It now has 14 sub-offices and accepts savings and checking accounts as well as making farm loans. The credit services still have difficulty reaching many farmers, but the bank is expanding its field organization. Legislation has been approved which will give the Cooperative Bank more responsibilities and wider latitude. More credit-in-kind will be extended and collected at marketing time through the cooperative mechanism. AID provided the bank with \$622,000 dollar-equivalent local currency in loan capital in 1965.

The Government is aware of the danger of sacrificing quality for quantity. In the 1950s 1,000 cooperatives were organized, but most of them, unfortunately, existed only on paper. There is still a tendency to judge cooperatives on the record of their early efforts, which were not planned, balanced or coordinated. Recent successes, however, such as in the Khaktapur district, are demonstrating that cooperatives can perform an important role in the business life of the district's agricultural organization. This value increases as the marketing and supply operations are supplemented by development services providing credit, marketing guidance, technical assistance, agricultural inputs, and training.

The Cooperative Training Institute is too small to handle the number of students who wish to receive cooperative instruction. During the year, 325 cooperative managers and cooperative sub-inspectors received 12 weeks of basic training at the Training Center at Thapathali. Ten Nepalese were also trained abroad, eight in the U.S., on cooperatives, agricultural credit and related subjects.

Structurally, a system of cooperating committees has been established at the village, district and central levels. The credit and marketing cooperatives are organized into 20 district unions.

The Government agencies responsible for assisting and promoting cooperatives are the Department of Cooperatives, the Cooperative Bank of Nepal, Ltd., and the Department of Land Reform.

U.S. non-Government organizations under AID contract which offered cooperative assistance in Nepal during Fiscal Year 1967: FUIAC.

PAKISTAN

AID expenditures for fiscal year 1967, \$30,000 mission, plus regionally funded cooperative and agricultural credit projects.

Pakistan has committed itself to achieving self-sufficiency in foreign products by 1970. U.S. goals are to assist the Government to improve irrigation and reclaim

water-logged land, import and distribute fertilizers, increase availability and use of pesticides and encourage private-sector investment in fertilizer and pesticide production.

In East Pakistan, 85 percent of the population depends upon agriculture for a living. AID has given assistance to the growth of two cooperative movements.

One is the Comilla Academy which has established a pilot system of village cooperatives in a single county in East Pakistan. The program, although successful, has proved expensive and may not be expanded to other counties.

The other - of broader scope - is the rural works program, which is carried on within the township council structure. This program was inaugurated to condition the people to take on responsibilities involved in creating their own cooperative and municipal institutions. The local committees reach into 64,000 villages through 4,000 township councils. More than 1,500 councils have agricultural committees. In the process of this development the people have built 75,000 miles of irrigation and drainage ditches, plus schools, community buildings and disaster shelters.

In East Pakistan, one over-all project to influence three million farmers to use more fertilizer and bring five million acres of improved rice under cultivation by 1970 is built around the organization of effective village council agricultural extension programs. One pilot project calls for the Township Council Credit and Finance sub-committees to assist the Cooperatives and Agricultural Development Bank to provide supervised credit to farmers in 20 select union councils. AID's share in the cost of this project is \$79,000.

In West Pakistan, a 1.2 million acre project in the Punjab area, where tubewells have been installed, will demonstrate reclamation procedures. Farm demonstrations are held to show the increased wheat and rice yields which result from the use of balanced inputs. AID's share in the cost of this project is \$293,000.

In West Pakistan, the agricultural cooperatives vary from rice husking and sugar mills to small credit societies. Only recently, however, have any become involved in providing grain storage and marketing. The most significant cooperative development has been the setting up of a cooperative demonstration by AID for providing agricultural inputs. These demonstration cooperatives provide credit, storage, market products, and have branch service centers for repairing farm machinery. AID helped to provide the form of organization and methods for organizing five such cooperatives during the year. The main drawback to cooperative growth is that under this plan, they are strictly controlled by the Cooperative Department. Twenty-five percent of all savings are deposited in a reserve fund and no member owns any part of the reserve or has any control over its utilization. The main drawback to a more rapid development of cooperatives is the absence of proper machinery and procedure for prompt recovery of cooperative earnings; and lack of training and experience which is reflected in poor management in many of the primary societies.

Two projects related to agricultural cooperatives in East Pakistan have been financed through Food for Freedom P. L. 480 programs. They are the development of marketing and credit cooperatives. Three participants have received AID grants to study supervised agricultural credit operations and the management of credit organizations in the U.S. In West Pakistan AID provided direct assistance to three demonstration supply credit and marketing cooperatives.

TURKEY

AID expenditures for fiscal year 1967, \$25,000 mission, plus regionally funded cooperative and agricultural credit projects.

An AID agricultural credit advisor has been assisting the Agricultural Bank of Turkey personnel with general cooperative educational policies. This has involved conferences, meetings, counseling and assisting the Turkish trainees of Turkish Cooperative Credit institutions in preparing training materials. Seven participants have received training in agricultural credit in the U.S. With a lack of trained and experienced personnel, a recognized handicap to cooperative development, special attention has been given to training of directors and employees of cooperatives and credit societies. Most of AID's assistance has been at the central government level.

A Cooperatives Department was established in 1966 within the General Directorate of Land Settlement in the New Ministry of Village Affairs. This division was established to encourage development of Turkey's cooperatives. It is regarded as one of the main institutions for bringing about an expanded rural development program. High priority has been given in both the first five-year plan and the second five-year plan, which is now getting underway, to cooperative projects as a means of involving the people in improving the rural economy.

There are 1816 agricultural credit societies, 82 of which were organized during the year. They have 1,153,000 family members, of which 62,000 were added during the year.

Three years ago AID undertook a pilot program to coordinate the efforts of all Turkish agricultural agencies. Denizli province in Southwestern Turkey was elected as the pilot area. The five-year program envisages a supervised credit program by the Agricultural Bank, an expanded number of demonstrations, the organization of farmer cooperatives, land and water use demonstrations. These activities are guided by a National and Provincial Coordinating Committee. Successful implementation of the program will ultimately enable the Turkish Government to adopt similar methods in other provinces. AID's contributions consist of participant training and the services of advisors and consultants in various fields.

Based on the success of the pilot supervised agricultural credit program begun in 1964 in the Denizli area, the Agricultural Bank has already expanded its program to 10 provinces. Credit extended under this program, plus other coordinated services, have supported a wheat and barley production campaign.

One of the most significant but unique recent developments in Turkey was the organization of more than 300 village cooperatives for the general purpose of sending workers to European countries, which have until recently had a severe labor shortage. Each worker going to a foreign country remits at least 5,000 TL annually to his village cooperative for investment. Approximately 3,000 workers participated in this savings program during fiscal year 1967. These savings have provided rural communities with much needed capital.

No use has been made of Food for Freedom P. L. 480 commodities to help cooperative development.

The Turkish-German Cooperative Training project sends about 30 Turks to Germany each year for six months to learn cooperative administration. The 10 year project began last year, and the first of a 2-man team has returned to Turkey and the men are already engaged in cooperative and agricultural credit work.

INTER—AMERICAN DEVELOPMENT BANK LOANS

For Agricultural Credit and Cooperative-Type
Projects, Fiscal Years 1964-67

Type of loan	Loans approved cumulative (millions)			
	1964	1965	1966	1967
Housing Cooperatives	\$ 68.6	\$ 84.7	\$ 85.9	\$ 85.9
Agricultural Cooperatives	43.8	74.9	82.8	111.8
Total	\$112.4	\$159.7	\$158.7	\$197.7

INTER—AMERICAN DEVELOPMENT BANK

Loans Outstanding and Requested Fiscal Year 1966-67

Total outstanding loans for cooperative and agricultural credit projects: Argentina, \$30 million approved; Bolivia, \$7.7 million approved; Brazil, \$20.5 million approved; \$11.1 million approved; Chile, \$27,443,950 approved, \$1.5 million approved; Colombia, \$17 million approved; Costa Rica, \$2.3 million approved; Dominican Republic, \$1,735,000 approved; Ecuador, \$10.6 million approved; El Salvador, \$2 million approved; Guatemala, \$2.5 million approved; Honduras, \$2.5 million approved; Mexico, \$19.8 million approved; Nicaragua, \$2.5 million approved; Panama, \$2.5 million approved; Paraguay, \$6.3 million approved; Peru, \$11,069,000 million approved; 7 million approved; Venezuela, \$12.7 million approved. Total approved, \$198,747,950.

HOUSING COOPERATIVES

ARGENTINA

The Inter-American Development Bank (IDB) loan of \$30 million approved January 24, 1963 fiscal year to the Banco Hipotecario will be matched by an additional \$30 million from Argentina. Of the grant total of \$60 million, \$30 million will be available to finance housing built through authentic housing cooperatives made up of trade union members. Technical assistance will continue to be provided to assure that the cooperative program will achieve its full objective.

BOLIVIA

The IDB loan of \$4 million approved June 1963, will be augmented with a contribution from Bolivian sources of \$1,429,000. Approximately 64.90 percent of the total proceeds will be utilized for housing cooperatives or the Bolivian variation of housing cooperatives. Technical assistance has been contributed and will be available for at least one year to carry out this facet of the program.

CHILE

An IDB loan of \$5 million to the Chilean Savings and loan system for use by authentic housing cooperatives, June 13, 1962 fiscal year. The Chilean system is sufficiently sophisticated so that no technical assistance is required.

Another \$5 million loan for the same amount and purpose as above was signed on August 12, 1964.

Borrower: Sociedad Promotora de Viviendas Economicas Limitada (PROVIEN) guaranteed by the Corporacion de Fomento de la Produccion (CORFO). Amount of loan: \$2 million (26 percent). Local contribution: equivalent of US\$5,642,857 (74 percent). Total cost of project: equivalent of US\$7,642,857. Term, 21 years; interest: 1-1/4 percent; service charge; three-fourths of one percent; disbursement period: 2 years; approved July 26, 1962. This loan will help build some 1,900 homes in the Province of Valparaiso for families of members of PROVIEN, which has a membership of 6,000 workers.

PROVIEN is a limited partnership, organized in July 1959 to help its worker members build low-cost homes. It is under the Corporacion de la Vivienda (CORVI), which is an autonomous national agency established in 1953 to carry out low-cost housing construction programs throughout Chile.

A US\$2 million loan approved on March 11, 1965, to help finance a cooperative housing program for low-income families. The borrower is the Instituto de Viviendas Populares Caritas (INVICA) Chile. At the outset the borrower would build about 840 units representing the first stage of a 2,950 unit project.

INVICA would arrange for housing cooperatives, and through them, the beneficiary families, to obtain long-term financing through the Chilean system of savings and loan associations.

COLOMBIA

A loan of US\$7.5 million to the Instituto de Credito Territorial (ICT) was approved on October 8, 1964. It will help finance a plan to build more than 7,000 houses at a total cost of US\$17.7 million. The trust fund will finance 42.5 percent; the Colombian Government, 21.7 percent; priority enterprises, cooperatives, and syndicates, 10.1 percent; and the beneficiaries the remaining 25.7 percent; 430 houses of this program will be allocated to members of the cooperative "Minuto de Dios."

Approval of a US\$2.5 million loan was made on December 24, 1964. The borrower is the Instituto de Credito Territorial de Colombia (ICT), the governmental agency in charge of housing programs throughout the nation. The 800 houses and 600 apartments to be built with this loan will be allocated to members of the Alianza Democratica Sindical Colombiana para Viviendas, a private institution with a basic objective of social development programs, especially those related to the organization and establishment of worker housing cooperatives.

DOMINICAN REPUBLIC

On April 22, 1965, an IDB loan of US\$1,735,000 was approved to help finance the construction and/or improvement of 960 houses for low-income families. The borrower is the Instituto Nacional de Vivienda (INVI) which will in addition obtain a loan from the American Federation of Labor and the Congress of Industrial Organization (AFL-CIO) in the amount of US\$865,000. Both credits will cover about 70 percent of the financing requirements of the program. The houses will be allocated among members of the housing cooperative, Cooperativa Provivienda Ingenio Porvenir (COPVIP) of the city of San Pedro de Macoris. This cooperative was organized and has the technical aid of the American Institute for Free Labor Development (AIFLD).

This program will be financed with local contributions as follows: 4.9 percent by INVI; 2.5 percent by the Sugar Corporation; 8.2 percent by the Dominican Government and 14.5 percent by the beneficiaries themselves, through cash payments and labor.

ECUADOR

The IDB loan of \$10.6 million (July 23, 1962) will be increased by \$6,404,000 as a local contribution, and will result in the construction of 6,500 homes. Of this total, approximately 1,173 new homes will be for authentic housing cooperatives, which will contribute no less than 20 percent of the total cost of each unit. Technical assistance in connection with the organization and administration of the housing cooperatives will be provided.

MEXICO

Borrower: Nacional Financiera, S.A., guaranteed by the Government of Mexico. Amount of loan: US\$10 million (16.7 percent). Local contribution: equivalent of US\$60 million. Term, 30 years; interest, 1-1/4 percent; service charge, three-fourths of one percent; disbursement period, 2 years; approved August 27, 1963.

This loan provides partial financing for the first stage of a program to build homes for sale to low-income families through the mortgage of fiduciary guarantee system. This stage, which involves 23,000 units and will cost at least US\$60 million, is also receiving financial assistance from AID in the form of a US\$20 million loan (February 28, 1964).

The Fund for Operations and Bank Discounts for Housing (FOVI) of the Federal Government of Mexico will contribute the equivalent of US\$16 million to financing

this stage of the program; and additional US\$14 million, from private banking institutions, industrial firms, cooperatives, employers associations, labor unions, public funds, will complete this financing.

PARAGUAY

An IDB housing loan was signed on December 1, 1964, of US\$3.4 million to be increased by the equivalent of US\$1,354,000 as local contribution, and will result in the construction of 3,800 homes. Of this total about 320 new homes will be built both in rural and urban areas through housing cooperatives, whose members will contribute the necessary labor and the lots. Families with monthly incomes up to US\$75 are eligible to participate in this plan. Technical assistance in connection with the organization and administration of the housing cooperatives will be provided.

PERU

An IDB loan of \$1 million (May 1st, 1962) has been made to the Mutual El Pueblo, a cooperative non-profit savings and loan association. No technical assistance is being provided for this program.

On August 19, 1965, US\$1.2 million was provided for housing purposes to the Mutual El Pueblo. This association is entitled to build 400 housing units at a total cost equivalent to \$1,680,000. The members of this association are the beneficiaries.

Borrower: Cooperativa de Credito Central del Peru. Amount of loan: US\$1 million (37 percent). Local contribution: equivalent of US\$1.7 million (63 percent). Terms, 21 years; interest, 1-1/4 percent; service charge, three-fourths of one percent; disbursement period, 1 year; approved October 19, 1961.

This loan would strengthen the lending operations of the 248 non-governmental local credit cooperatives, affiliated with the National Federation of Cooperatives of Peru, which have grown out of the credit cooperative movement started in 1955 among the Peruvian Indians. In seven years, these local cooperatives have mobilized through savings of members \$1.7 million capital and have extended small credits totaling US\$5.4 million on short terms to small borrowers with limited resources. The loan proceeds would increase the loanable assets of the Central Credit Union (from which the locals borrow) for marking such small credits for agriculture, housing, water, and sewerage. The relending rate of the local credit cooperatives to the small borrower would not exceed 12 percent per annum on outstanding balances.

AGRICULTURAL COOPERATIVES

BOLIVIA

A loan in the amount of US\$2.6 million was granted on December 28, 1962, for colonization and cooperatives promotion; and on the same date it was complemented with another one US\$6.5 million which benefits around 50,000 persons.

BRAZIL

Finance rural cooperatives - The loan to SUDENE (7/30/64) (Agency for Development of Northeast Brazil) for \$2.7 million will be used for agricultural credit to low-income farmers and their cooperatives. The purpose of this loan is to establish and finance rural cooperatives which will furnish various types of services needed by low-income rural families in northeast Brazil.

A loan to Banco Central de Brasil has been granted for US\$20.5 million on December 9, 1965, to finance low and medium income farmers and their cooperatives.

The above loans are expected to assist more than 40,000 rural families.

CHILE

Supervised agricultural credit - The \$6.5 million loan (12/21/61) for supervised credit in Chile will be used to finance low-income farm families and their cooperatives. Most of the cooperatives will be new organizations and arrangements have been made to furnish technical assistance for their organization and administration.

On September 15, 1966, a loan in the amount of US\$11 million was approved for the same purpose as the previous one.

Colonization - A provision in the \$6,343,950 (12/21/61) loan for colonization in Chile requires that technical assistance be provided in the organization and administration of cooperative service organizations for settlers. An expert in agricultural cooperatives has been engaged for a minimum of two years to train the staff in organizing and developing such cooperatives.

Cooperative marketing - The \$600,000 loan to the Central Consumer Cooperative in Santiago (1/13/63) is designed to demonstrate the possibilities of increasing and improving the marketing facilities for low-income farmers by having cooperative retail consumer outlets purchase directly from farmers' cooperatives. The consumer markets are mostly in the low-and medium-income urban areas.

IDB has made a \$40,000 technical assistance grant to help finance development planning of certain large farms owned by the Catholic Church in Chile.

A loan application for \$1.5 million has been approved (11/4/65) for the purpose of developing these properties into a colonization project of family-sized units for low-income families. The program will be administered through cooperatives which will furnish various services the settlers will need.

COLOMBIA

A \$7 million loan (5/21/64) which includes as one of its purposes the development of cooperatives to serve the needs of the 4,000 low-income families to be benefited by a comprehensive agrarian reform project.

COSTA RICA

Production, processing, and marketing cooperatives - A loan of \$1 million has been approved (4/4/63) to finance new and existing cooperatives which develop the production, processing, or marketing of products of agriculture and fishing. The borrower, Banco Nacional de Costa Rica, through its cooperative development department, is responsible for the organization, supervision and financing of cooperatives.

A loan for \$1.3 million has been approved (10/1/64) to finance the settlement of 600 low-income farmers and their service in cooperatives in a colonization project.

EL SALVADOR

Agricultural credit - The first agricultural loan made by IDB for Social Progress Trust Funds was approved in August 1961 to Federacion de Cajas de Credito Rural de El Salvador, a cooperative system that supervised the finances of 32 cooperative lending institutions. This \$2 million loan was to increase the loanable funds of this cooperative system which at that time had more than 24,000 farmer members. The Federacion is responsible for the organization of rural cooperatives.

GUATEMALA

A \$2.5 million loan (2/14/63) to benefit 13,800 rural persons through a rural development program.

HONDURAS

A \$2.5 million loan to benefit 15,000 persons through a rural development project (8/30/62).

MEXICO

A loan of \$9.8 million to develop eight small irrigation projects for low-income farmers and their cooperatives (1-/22/64).

NICARAGUA

A \$2.5 million loan to finance an estimated 30,000 low-income farmers and their cooperatives (6/14/62).

PANAMA

A loan of \$2.5 million has been approved (4/22/65) for the purpose of financing part of the cost of an agrarian development program to benefit 3,150 low-income farmers and their cooperative service organizations.

PARAGUAY

Agricultural cooperatives - The financing of agricultural cooperatives is authorized by terms of a loan of \$2.9 million (12/20/62) which is to finance the requirements of an estimated 21,500 low-income farmers.

PERU

Agricultural cooperative - A loan of \$869,000 was approved on January 27, 1966. The purpose of this loan is to develop cooperatives, financing their equipment, construction of buildings, and a revolving fund to help the cooperatives. The total amount of the IDB loan is \$20,000,000.

Colonization and cooperatives - Another loan was granted (5/26/66) for \$15 million to assist in financing the colonization project in the Tingo Maria Area. The sum of \$7 million of this loan has been allocated for the financing of cooperatives.

VENEZUELA

Two loans for \$12.7 million loan (11/8/62) to provide part of the financing of a land settlement project for an estimated 3,700 low-income farmers and their service cooperatives.

BID OPERATIONS FOR AGRICULTURAL CREDIT UP TO MARCH 31, 1967

<u>Number of Operations</u>	<u>Amount US\$</u>
51	233,886,330

The Agricultural credit operations are the most important in quantity, 51 out of 94 granted loans; and insofar as the amount, 48 percent of a total of US\$490,003,046.

The basic goals of these operations for credit projects may be classified as follows:

<u>Purpose</u>	<u>Number of Operations</u>	<u>Amount</u>
General Agricultural Diversification and Development	37	\$132,560,000
Cattle Development	8	44,466,330
Agricultural Mechanization	3	52,160,000
Cooperatives	3	4,700,000
Total	51	\$233,886,330

In any case, most of the Bank's agricultural financing have a credit content.