

REPORT
to
THE CONGRESS
(Fiscal Year 1962)

On Implementation of

THE HUMPHREY AMENDMENT

to

THE FOREIGN ASSISTANCE ACT OF 1961

" ... 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 ... "

International Cooperative Development Staff
Office of Material Resources
Agency for International Development
Department of State

July 25, 1962

MEMORANDUM TO: Robert L. Supard, Director
Office of Institutional Development, AFI/ID

Robert Bonham
Regional Cooperative Advisor
Rural & Industrial Development Division, RI/ID

Clifford Milton, Director
Office of Technical Support, OTS/TOSI

Dr. William A. Wolffer, Chief
Institutional Development Division, ISDI/TOSI

SUBJECT: Attached Copies of a REPORT TO THE COMMISSION ON INCORPORATION OF
THE HURPERF AGREEMENT IN THE FOREIGN ASSISTANCE ACT OF 1951

Attached are four copies of this report. It has been formally
submitted to Senator Humphrey by Administrator Hamilton.

You will, no doubt, wish to send one of these copies to the
Assistant Administrator and another to your Program Division. For
others are for reference in your division.



John H. Neckman
Acting Director
International Cooperative Development Staff

Attachments :

FOREWORD

Cooperatives serve an important purpose in the economy of the United States. They have the potential of a far greater role in the economic progress of developing countries. There are opportunities for cooperatives in developing countries that are not so evident in the United States. In this country protective laws and effective competition make for assuring factors of quality, ethics and adapted services. In developing countries, either or both of these may be lacking. Cooperatives have an opportunity to bridge this gap.

Cooperatives have two major opportunities in developing countries. These are, (1) to stimulate the sense of pride and stability that stems from the knowledge of ownership and (2) to serve as laboratories of democracy.

The word "mine" is a powerful stimulus and works magic. It causes houses to be painted, streets to be paved, fields to become more productive, children to be educated and battles to be won. We minimize it here where some property owned is taken for granted. This is not so with the peasant, land starved for centuries, or with the shifting part-time laborer. To both, a bicycle may be an out-of-reach luxury. To these people, the feeling of ownership and belonging which evolves from their cooperative can be a strong stabilizing ballast to citizenship.

Cooperatives are economic and social democracies and grass roots democracies at that. The principles of democracy are the same whether in the political, social or economic area. A country covered with local cooperatives and their members - understanding owners - does not fear revolutions and military coups.

BACKGROUND

On June 1, 1961, Mr. Herbert J. Waters, then Special Assistant to the Director of the International Cooperation Administration, submitted to the Director and Chairman of the President's Task Force on Foreign Economic Assistance, then the Honorable Henry R. Labouissé, a memorandum on the subject of cooperatives and recommended: (1) That he designate some focal point internally to conduct a review and survey of what cooperative activity the Agency was conducting; (2) assign the same group to the task of drafting for the Director a policy directive or statement on cooperatives; and (3) prepare a preliminary outline of plans for future expanded activity in this field, if that were to be the Agency's policy.

The Director approved the recommended actions and gave Mr. Waters the responsibility for implementing them.

On June 13, 1961, an ICA Cooperative Review Working Group was organized and began work under the direction of Mr. Waters. This Group outlined a plan and schedule for review and study of cooperatives in foreign assistance and social development. (A copy of that outline is appended hereto as Annex I.) On June 30, 1961, a questionnaire-cable was sent to all United States Operations Missions requesting information on an evaluation of past and present programs of assistance to and development of cooperatives in individual countries; and recommendations for future programs were requested. (A copy of that cable is appended hereto as Annex II.) The ICA Cooperative Review Working Group then met separately with representatives of U. S. governmental agencies, international agencies and non-governmental organizations which had an interest in cooperatives, credit unions and savings and

loan associations. The purpose of these meetings was to discuss with the representatives of these agencies their experiences in these fields.

During this same period, the International Cooperation Administration was preparing fiscal year 1963 guidelines to the United States Operations Missions in accordance with which programs to carry out the new concept of foreign economic assistance and social development would be prepared. On July 21, 1961, Mr. Waters addressed a memorandum to Mr. Frank M. Coffin, then the Chairman of the Program Development Group of the President's Task Force on Foreign Economic Assistance, requesting the inclusion of guidelines concerning cooperatives, credit unions and savings and loan associations in the fiscal year 1963 guidelines to the United States Operations Missions.

The responses from the United States Operations Missions to the questionnaire-cable of June 30, 1961, and the statements of experience and recommendations of all the contributing agencies and organizations were analyzed and commented upon by all ICA regional and technical offices. Subcommittees were set up within the ICA Cooperative Review Working Group to consider separate subjects and geographic regions. The reports of these subgroups were reviewed and approved by the ICA Cooperative Review Working Group as a whole. The ICA Cooperative Working Group assembled this material in a volume entitled, "ICA Cooperative Review - Background Papers."

SPECIAL ADVISORY COMMITTEE

On August 25, 1961, the Director of ICA announced the appointment of a Special Advisory Committee on Cooperatives, a group of 13 private citizens "to make recommendations to the A.I.D. Administrator on the utilization of

cooperatives in the foreign aid program." (A list of the names of the representatives on this Committee and the organizations which they represent is appended hereto as Annex III.)

Meanwhile, on September 4, 1961, the Congress passed the Foreign Assistance Act of 1961, which established the Agency for International Development sixty days after the date (September 4, 1961), the legislation was enacted into law. The Humphrey Amendment, Section 601 of the Act, declared it to be the policy of the United States . . . "to encourage the development and use of cooperatives, credit unions and savings and loan associations,"

The Special Advisory Committee met in Washington, D. C. on September 13, 1961, to acquaint its members with the work already done by the ICA Cooperative Review Working Group and to learn the plan in accordance with which the work was to proceed. At this time, the Special Advisory Committee made several recommendations which were extremely helpful in guiding the ICA Cooperative Review Working Group in its work.

The ICA Cooperative Review Working Group then began preparation of a draft of a proposed report to the Administrator of A.I.D. from the Special Advisory Committee in which were set forth a statement of policy in connection with cooperatives, credit unions and savings and loan associations and recommendations for the utilization of these organizations in the new A.I.D. foreign economic assistance and social development program. Copies of this draft of the proposed report were sent to members of the Special Advisory Committee some two weeks prior to the date of a meeting of the

Special Advisory Committee with the ICA Cooperative Review Working Group in Washington, D. C.

On September 26, 1961, a memorandum was sent to the regional and technical offices of the ICA requesting them to develop projects for the ICA Cooperative Program for the fiscal years 1962 and 1963. (A copy of the memorandum is appended hereto as Annex IV.)

On October 26, 1961, the Special Advisory Committee met in Washington, D. C. to discuss and comment on the draft of the proposed report and to suggest further data essential to their study and recommendations.

On November 1, 1961, members of the Special Advisory Committee located in Washington, D. C. formally presented this Report entitled, "Cooperatives - Democratic Institutions for Economic and Social Development" in behalf of the whole Special Advisory Committee to the Honorable Fowler Hamilton, the Administrator for the A.I.D. Mr. Hamilton accepted the Report and referred it to Mr. Waters for implementation. Department of State press release No. 757, dated November 1, 1961, was issued to make public the Special Advisory Committee's Report to the Administrator. (A copy of this press release is appended hereto as Annex V.)

As part of their recommendations, the Advisory Committee set forth certain prerequisites and goals of successful cooperation.

Prerequisites: "The prerequisites for the successful development of cooperatives are almost universally acknowledged: --- determination of adaptability and feasibility --- sound legislation --- membership understanding --- trained personnel --- adequate supervision --- adequate financing. The absence of these prerequisites is cited, in varying degree, as a serious impediment to the orderly development of cooperatives in most of the developing countries."

Goals: "The goals of the United States foreign assistance program are peace, security, progress and freedom for the people of the newly developing countries - freedom from want, freedom from oppression, freedom from ignorance, and freedom from disease.

Essential to these goals is a dynamic increase in the general productivity and wealth of the economies of these nations, as well as a positive increase in the standards of living through a more equitable distribution of income and more widespread ownership and enjoyment of wealth.

Foreign aid programs should encourage people to help themselves and give them a stake in their countries' economic welfare."

"Cooperatives also provide the foundation and framework for democratic, social and political experience during the emergence of a new nation."

"Also, cooperatives involve the citizen-patron not only as an owner but as a participant and a decision maker. He has the right, in fact the obligation, to participate in general policy decisions directly on the local level and through elected representatives on the regional and national level."

"It is noteworthy that the Act for International Development calls for the strengthening of free labor unions as well as the development of cooperatives, credit unions and savings and loan associations. These two objectives are mutually supporting in that cooperatives can help workers, and the workers can provide a base for cooperatives."

"All of these people - including workers in larger mines, mills and plantations - as consumers, need the distributive service cooperatives,

credit unions, savings banks and savings and loan associations, to help them combat exploitation and monopoly practices, to get the most for their hard-earned income in food, clothing, housing and other services, and to encourage thrift and aid them in their desire and need for home-ownership and adequate housing."

A meeting of the Inter-American Cooperative Conference took place at Bogota, Colombia, November 6 - 12. Several representatives of U. S. cooperatives, credit unions and savings and loan associations attended. Two officials of A.I.D. also attended. Subsequent to the meeting, a group of five representing U. S. cooperatives, credit unions and savings banks accompanied by two officials of the A.I.D. made a 30-day study tour of cooperatives, credit unions and savings associations in 7 Latin American countries under the auspices of the Department of State and A.I.D. (This tour was announced in Department of State press release No. 770, a copy of which is appended hereto as Annex VI.) The group, after its return, presented to the Honorable Fowler Hamilton, Administrator of A.I.D., a report, entitled, "Summary Recommendations, Latin American Study Group". The Administrator of A.I.D. subsequently transmitted the report of this group to President Kennedy. (The report and other pertinent papers are appended hereto as Annex VII.)

On January 10, 1962, the Administrator of A.I.D. formally established an advisory committee on cooperatives designated as the "Cooperative Advisory Committee" to the Administrator of the Agency for International Development. (A copy of A.I.D. General Notice, dated January 18, 1962, is appended hereto as Annex VIII.)

On May 7, 1962 the Administrator of A.I.D. convoked a meeting of his Cooperative Advisory Committee for May 18, 1962 in the Department of State, Washington, D. C. The purpose of the meeting was three-fold, viz., (1) to hear the comments of the members of the Cooperative Advisory Committee on the Report to Congress drafted by A.I.D.; (2) to allow the Assistant Administrators of the Regional Bureaus and their Program Officers to report to the members of the Cooperative Advisory Committee on projects concerning cooperatives, credit unions and savings and loan associations already underway or to be undertaken in their Regions; and (3) to permit open discussion on these programs among the members of the Cooperative Advisory Committee and the officials of the A.I.D. A full day was passed in discussion and some excellent recommendations concerning the programs of the four Regions were made by the members of the Cooperative Advisory Committee. The Committee approved the Report to Congress and requested that it be transmitted to Congress by the Administrator of A.I.D. (A copy of the agenda and schedule of the meeting is appended hereto as Annex IX.)

REPORT ON PROGRESS

This report outlines activities undertaken as a result of the responsibilities given the A.I.D. in Section 601 of the Foreign Assistance Act of 1961, "...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....," and the recommendations of the Special Advisory Committee to the Administrator of the A.I.D. concerning A.I.D.'s organization and administration.

The Special Advisory Committee recommended:

- (1) Establishment of a central office of cooperative development and assistance in A.I.D. to provide coordinated resources, planning and programming services for world-wide programs and for regional bureaus and country missions.
- (2) Provision for a qualified and experienced cooperative specialist in each of the four regional bureaus to advise the bureau chief and his staff on programs of cooperative development and assistance.
- (3) Cooperative specialists in appropriate country missions to advise mission staff, host government and local cooperative personnel on A.I.D. programs and procedures.
- (4) Immediate allocation of available regional development loan funds and grants to initiate priority cooperative programs.
- (5) Continuation of the Special Advisory Committee on Cooperatives to make available to the Administrator of the A.I.D. the resources of non-government organizations involved in programs of cooperative development and assistance.

(6) A special report to the Congress at the close of Fiscal Year 1962 on the implementation of its mandate to "encourage the development and use of cooperatives, credit unions and savings and loan associations."

The Latin American Study Group, which at the request of the Administrator, made a study tour of Latin America, made both general and specific recommendations to the Administrator of the A.I.D. (see Annex VII). Among the recommendations were: (1) More aid must be channeled to and through non-government agencies and organizations, and (2) A.I.D. should encourage and assist the two major programs recommended by the first Inter-American Cooperative Conference at Bogota, Colombia.

IMPLEMENTATION OF THESE RECOMMENDATIONS

International Cooperative Development Staff: The recommendation to establish a central office of cooperative development has been accepted. A.I.D. General Notice, dated January 18, 1962 (appended hereto as Annex X), announced the establishment of the International Cooperative Development Staff (ICD) in the Office of Material Resources. The functions of ICD outlined in Annex X follow closely the recommendations of the Advisory Committee.

To carry out these recommendations, a staff of specialists in the major cooperative areas is planned. The present staff includes:

Acting Director and Education and Training - John H. Heckman

Credit and Finance - Arthur H. Pursell

Housing and Industrial - Murton Peer

Consumer and Services - George W. Jacobson

Savings and Loan - One consultant (recruitment action in process)

The above staff members have been or are being added. As the program develops, it is hoped that the staff can be increased.

Cooperative Specialists in Regional Bureaus: The pattern varies among regions in implementing this recommendation. A cooperative specialist is being added in the Latin-American Region.

Continuation of the Special Advisory Committee on Cooperatives: In accordance with the recommendations of the Special Advisory Committee, its services were continued with the establishment of the Cooperative Advisory Committee to the Administrator of the A.I.D. This was announced in A.I.D. General Notice, dated January 18, 1962 (see Annex VIII). A.I.D. will rely on the Advisory Committee to an increasing extent for resources and liaison with non-government agencies.

DEFINING POLICY

As mentioned, A.I.D. policy toward the development and use of cooperatives, credit unions and savings and loan associations was established in Section 601 of the Foreign Assistance Act of 1961. To assure that the United States Operations Missions gave consideration to this policy in their developing programs, they were advised of its importance through A.I.D. Circular Airgram A-52 (Annex XI).

Later on it was noticed that some Missions were viewing cooperatives as programs in themselves rather than as a means to achieving programs or goals. To correct this impression and to bring cooperatives and cooperative programs in line with program compactness, A.I.D. Circular Airgram A-218 was sent (Annex XII) to all the Missions. Thus, we believe that the Missions now regard cooperatives as a means of achieving economic and social goals rather

than as goals in themselves.

PROGRAMS CURRENTLY IN PROGRESS IN HOST COUNTRIES

The activities of A.I.D. with cooperative programs in the Missions fall into three general classes. These are: (1) technicians and consultants, (2) participants and (3) financial assistance. Usually, there are about 45 technicians and 10 consultants working with the Missions during a year. Technicians work over a wide range from specific activities such as credit advisor to a cooperative bank to cooperative advisor to a Ministry or Government. Consultants have chiefly two responsibilities: (1) surveys and evaluations and (2) assisting with regional seminars or workshops. Usually, about 40 cooperative technicians work in the area of agriculture and agricultural credit. The remainder are engaged in other cooperative programs. Large numbers of participants come to the U. S. to study cooperative programs. Some are sent to third countries where conditions and programs more nearly resemble those in the participants' country. About 175 participants are brought to the U. S. or to third countries every year. Of these, about 150 study agriculture or agricultural credit cooperatives. The remainder are concerned with other areas of cooperation. Data regarding cooperative programs as reported by the Missions is shown in the following Tables I through IV:

TABLE I

COOPERATIVE TECHNICIANS EMPLOYED OR PROGRAMMED BY TYPE AND REGION

| Type | R E G I O N | | | | | | | | Total | |
|----------------|---------------|-------|---------------|-------|----------------------|-------|----------|-------|----------|-------|
| | Latin America | | Africa-Europe | | Near East-South Asia | | Far East | | | |
| | Employed | Prog. | Employed | Prog. | Employed | Prog. | Employed | Prog. | Employed | Prog. |
| Credit | 8 | 10 | 3 | 10 | 5 | 8 | 8* | - | 24 | 28 |
| Marketing | 3 | - | - | 2 | - | 1 | 1 | - | 4 | 3 |
| General | - | - | - | 2 | - | - | 1 | - | 1 | 2 |
| Agriculture | 2 | 1 | - | 1 | - | - | 4 | - | 6 | 2 |
| Savings & Loan | 1 | 2 | 1 | - | - | - | - | - | 2 | 2 |
| Total | 14 | 13 | 4 | 15 | 5 | 9 | 14 | 0 | 37 | 37 |

* Two (2) also Marketing; two (2) General Cooperation.

TABLE II

COOPERATIVE CONSULTANTS EMPLOYED OR PROGRAMMED BY TYPE AND REGION

| Type | R E G I O N | | | | | | | | Total | |
|----------------|---------------|-------|---------------|-------|----------------------|-------|----------|-------|----------|-------|
| | Latin America | | Africa-Europe | | Near East-South Asia | | Far East | | | |
| | Employed | Prog. | Employed | Prog. | Employed | Prog. | Employed | Prog. | Employed | Prog. |
| Credit | 7 | 10 | - | 2 | - | - | - | 2 | 7 | 14 |
| Marketing | - | 1 | - | - | - | - | - | 4 | - | 5 |
| General | - | - | - | - | - | - | - | - | - | - |
| Agriculture | - | 5 | - | - | - | - | - | 3 | - | 8 |
| Organization | - | - | - | - | - | 1 | - | - | - | 1 |
| Housing | - | - | 4 | - | - | - | - | - | 4 | - |
| Savings & Loan | - | 3 | - | - | - | - | - | - | - | 3 |
| Total | 7 | 19 | 4 | 2 | 0 | 1 | 0 | 9 | 11 | 31 |

TABLE III

COOPERATIVE PARTICIPANTS BY TYPE AND REGION

| Type | R E G I O N | | | | Total |
|-------------|---------------|---------------|----------------------|----------|-------|
| | Latin America | Africa-Europe | Near East-South Asia | Far East | |
| Credit | 36 | 33 | 4 | 37 | 110 |
| Marketing | 5 | 3 | - | 2 | 10 |
| General | - | 4 | - | 26 | 30 |
| Agriculture | 30 | - | - | 20 | 50 |
| Housing | 2 | 1 | - | - | 3 |
| Total | 73 | 41 | 4 | 85 | 203 |

TABLE IV

COOPERATIVE PROGRAMS IN OPERATION AND PROPOSED BY TYPE AND REGION

| Type | R E G I O N | | | | | | | | Total | |
|----------------|---------------|-------|---------------|-----------------|----------------------|-----------------|-----------------|-------|-------|-----------------|
| | Latin America | | Africa-Europe | | Near East-South Asia | | Far East | | Oper. | Prop. |
| | Oper. | Prop. | Oper. | Prop. | Oper. | Prop. | Oper. | Prop. | | |
| Credit | 8 | - | 3 | 4 ^{a/} | 4 ^{c/} | 1 ^{d/} | 6 ^{e/} | - | 21 | 5 ^{b/} |
| Marketing | - | - | - | 1 | - | - | 1 ^{f/} | - | 1 | 1 |
| Housing | - | 2 | - | 1 | - | - | - | - | - | 3 |
| Savings & Loan | 1 | 1 | 1 | - | - | - | - | - | 2 | 1 |
| Settlement | - | - | 1 | - | - | - | - | - | 1 | - |
| Total | 9 | 3 | 5 | 6 | 4 | 1 | 7 | 0 | 25 | 10 |

^{a/} Credit and Marketing

^{b/} Three are Credit and Marketing

^{c/} Three also involve other phases as Marketing and Small Business

^{d/} Also includes Marketing and Processing

^{e/} Also includes Marketing

^{f/} Also includes Processing

Cooperative Specialists or Technicians in Country Missions (Table I).

Normally, about 45 cooperative technicians have been employed at the various A.I.D. Missions. This number will increase with the added emphasis on cooperation. Currently, 37 cooperative technicians are working at the Missions and 37 more are being programmed. Part of the 37 are replacements and part new positions--but an increase is underway. Both the existing and the programmed positions favor credit and marketing. The credit technicians are dominantly agricultural credit.

The prominence of credit with heavy emphasis on agricultural credit in the early cooperative programs in developing countries is logical. First, the economy of the countries is dominantly agricultural. Second, an available and adapted source of credit is a prerequisite to other cooperative development. Cooperative credit is the logical source of this adapted credit.

The dominant source of credit available to cultivators and artisans in developing countries is the money lender. Needless to say, the practices of the money lenders do not stimulate cooperative activities among their borrowers. Therefore, the logical place to begin cooperative programs in developing countries is with cooperatives that provide credit and stimulate thrift.

Cooperative Consultants (Table II). Forty-two (42) consultants are planned to be used during the year. This is a substantial increase. Only eleven were employed at the beginning of the year, but 31 will be added later. Two or three in Latin America are to assist in developing regional seminars. Again, practically all are in the fields of agriculture, agricultural credit and marketing.

Cooperative Participants (Table III). The number of participants programmed for this year is slightly above average. This is encouraging, owing to the temporary slow-down effect of the reorganization adjustments in some of the Missions. A sharp increase should be expected hereafter. Again, practically all the participants are in agriculture, with over half of them in credit.

Cooperative Programs (Table IV). Twenty-five (25) major cooperative programs are reported in operation by the Missions and ten (10) are in the process of development. Most of them involve cooperative credit. A number are multi-purpose and involve marketing, processing or other services along with credit.

Total A.I.D. Contribution to all Regions for Fiscal Year 1962: \$2,323,400

FAR EAST

(Total Amount A.I.D. Contribution, Fiscal Year 1962: \$1,001,000)

(Brief Description of Cooperative and Related Projects Currently in Progress)

I. Vietnam:

The development of agricultural cooperative organizations and affiliated credit facilities in Vietnam results from a consolidation, reorganization and change of emphasis in the program which has been continuing since 1955. Four U. S. technicians are providing technical assistance for the new program.

The new project is designed to bolster four major activities. These are:

- (1) pilot cooperatives; (2) cooperative research and training; (3) farmers' cooperative associations; and (4) national agricultural credit offices.

To date, 35 cooperative rice storage and credit cooperatives have been put into operation in 14 provinces. Most of these are self-supporting. Some 28,000 tons of rice were warehoused in Fiscal Year 1960 while cooperative members waited for better market prices.

The Cooperative Research and Training Center has graduated 830 men from credit-cooperative short courses. A research department and a library with over 500 books have been established.

The membership in credit-cooperatives has reached over 260,000. Twenty-two (22) training schools trained over 2,000 of these members as district leaders and about 30,000 elected leaders.

| <u>*FY 1962</u> | <u>Prior Costs</u> | <u>Technicians</u> | <u>Consultants</u> | <u>FY 1962 Participants</u> | <u>Host Country Contributions</u> |
|-----------------|--------------------|-------------------------|--------------------|-----------------------------|-----------------------------------|
| *DS \$330,000 | DS \$130,000 | 1 Agr Credit Adv | 0 | 40 | *VN\$ 395,200,000 |
| | *TC \$348,000 | 1 Agr Credit & Coop Adv | 0 | 10 Agr Credit | *CP VN\$ 36,000,000 |
| | | 1 Agr Coop Adv | 0 | 10 Agr Coop | |
| | | | | 20 Farmers' Association | |

*FY = Fiscal Year

*DS = Defense Support

*TC = Technical Cooperation

*VN\$ = Vietnam Currency (U.S. \$100 = VN\$ 3500); (Host Country Contributions = U.S. \$12.3 million)

*CP = Counterpart

II. Thailand:

The Thailand Agricultural Credit and Marketing project is concerned with the development of cooperatives and credit and marketing facilities. The project proposes to establish a cooperative credit institution for such agricultural needs as production, marketing and processing and will be implemented through legislation prepared in cooperation with USAID. The legislation is expected to be enacted by the Thailand Government this year, thereby establishing a structure for a national credit system.

To date, eight field demonstration projects are in operation providing production loans to farmers. The training of staff and field workers is now the most important task to be accomplished. Obtaining operating capital to meet expanding needs will be a continuing problem.

| <u>FY 1962</u> | <u>Prior Costs</u> | <u>Technicians</u> | <u>Consultants</u> | <u>FY 1962 Participants</u> | <u>Host Country Contributions</u> |
|----------------|------------------------------|--|--------------------|-----------------------------|-----------------------------------|
| *DG \$150,000 | TC \$467,000 DS \$747,000 | 1 Credit & Mkt. Adv 1 Credit Adv 1 Coop Adv | 0 0 0 | 10 Agr Credit | *\$700,000 |

III. Korea:

The cooperative program in Korea is concerned with the development of not only cooperatives, but also agricultural credit and rural banking facilities. Progress in the field of cooperatives has been made by passage of the Agricultural Cooperative Act authorizing the establishment of cooperatives and setting forth general regulations for their operation. The movement to establish cooperatives was country-wide but for various reasons only a small number have operated successfully.

* DG = Development Grants

* \$700,000 = U.S. equivalent of local currency contributions

Trained officers were lacking and member support weak, mainly because of their lack of knowledge of the services that can be provided.

Fisheries' cooperatives, formerly called guilds, serve fishermen in obtaining supplies and services, in marketing and in credit and financing of the industry.

U. S. assistance in the fields of cooperatives and credit is undergoing review. Material changes in the program are contemplated.

| <u>FY 1962</u> | <u>Prior Costs</u> | <u>Technicians</u> | <u>Consultants</u> | <u>FY 1962 Participants</u> | <u>Host Country Contributions</u> |
|------------------------|--------------------|--------------------|--------------------|-----------------------------|-----------------------------------|
| TC \$164,000 | DS \$18,000 | 1 Agr Credit | 0 | 4 Coops | *H 36,200,000 |
| Tech 85,000 | TC \$1,069,000 | Adv | | 4 Credit | -Agr Credit |
| *Part 69,000 | Prior cost of | 1 Agr Coop | | | |
| *Comm 10,000 | Agr Credit & | Adv | 0 | | |
| -Est. cost - | Coops not known | | | | |
| Agr Credit & | | | | | |
| <u>Coops, \$65,000</u> | | | | | |
| | | | | | |
| \$393,000.00 | | | | | |

IV. Cambodia:

The development of agricultural cooperatives and production credit facilities in Cambodia involves five major activities:

- (1) the establishment of effective organization and operation of the Royal Office of Cooperatives (to be accomplished by FY 1964);
- (2) development of an educational program for members of agricultural cooperatives;
- (3) development of a similar educational program for members of multi-purpose cooperatives;

* Part = Participant Training

* Comm = Communications

* H = (Computed at U.S. \$1.00 = 1300 H); (Host Country Contributions = U.S. \$27,846,000)

- (4) the provision of low cost credit to at least 65,000 farmers and 23 cooperatives by Fiscal Year 1964, and;
- (5) the facilitating of marketing of agricultural products through cooperatives (7500 farmers to be served by FY 1964).

Two U. S. advisors assist with this program, one in agricultural cooperatives and credit, and the other in agricultural economics and marketing.

Eight Cambodians will receive training in the U. S. in cooperative activities during Fiscal Year 1962.

| <u>FY 1962</u> | <u>Prior Costs</u> | <u>Technicians</u> | <u>Consultants</u> | <u>FY 1962 Participants</u> | <u>Host Country Contributions</u> |
|----------------|----------------------------|--|--------------------|---|-----------------------------------|
| DG \$56,000 | DS \$8,000 TC \$150,000 | 1 Agr Credit & Coop 1 Agr Econ & Mktg | 0 0 | 8 3 Academic 1 Communication 2 Agr Credit 2 Rubber, Prod & Mktg | FY 1962 300,000,000 Riels* |

V. China:

The major cooperative activities in China are in the fields of agriculture and fisheries. With over 300 multipurpose cooperatives servicing the entire island of Taiwan in marketing, in procurement, as savings depositories and in providing credit, the program of technical assistance and financial support in terms of local currency is a major project of the Joint Commission for Rural Reconstruction in rural development. Financial and technical assistance is also given to several specialized marketing cooperatives and to 70 fishermen's associations in management, marketing and the providing of services to members. A.I.D. provides one American cooperative specialist in this entire program--his particular field is agricultural credit.

* Riels (U.S. \$1.00 = 35 Riels); (Host Country Contributions = U.S. \$8,500,000)

Over 90 percent of the farmers and fishermen's families (about 5,000,000 persons) are benefited by this activity.

| <u>FY 1962</u> | <u>Prior Costs</u> | <u>Technicians</u> | <u>Consultants</u> | <u>FY 1962 Participants</u> | <u>Host Country Contributions</u> |
|-------------------------------|--|--------------------|--------------------|-----------------------------|--|
| \$27,000 Est. subproject cost | Breakdown subproject costs not available | 1 Agr Credit Adv | 0 | 1 Agr Credit | Breakdown subproject contributions not available |

VI. Philippines:

The Agricultural Credit and Cooperative Project for the Philippines which was reported in the *CPB FY 1962 as a project in suspense has not been discontinued, but has been incorporated as a subsection in the Agricultural Program, 492-A-19-AA, according to CPB FY 1963. Two technicians are assigned to this work; one in agricultural credit, and the other in cooperatives. Approximately \$45,000 was spent on cooperatives in Fiscal Year 1962.

VII. Indonesia:

Cooperatives have long played an important role in the economic life of Indonesia. Recently, new government policy pronouncements have added considerable responsibility to the role these independent cooperative organizations are expected to perform in support of the Indonesian economic policy of mutual assistance.

Cooperative activities under the PEKA Railway Workers' Union involve rice milling, cloth manufacture and shoe production. These activities have benefited

* Country Program Book

some 35,000 cooperating railway workers. The U. S. supplied funds for the procurement of equipment and spare parts and technicians to assist in the installation and operation of the equipment. A manufacturing equipment technician is being recruited.

Project Title - Railway Workers' Welfare Services (497-46-624)

FY 1962 Costs - No funds budgeted in CPB Proposed 1962 Budget

Prior Costs - *SA \$50,000. TC \$349,000.

* Support Assistance

NEAR EAST/SOUTH ASIA

(Total Amount A.I.D. Contribution, Fiscal Year 1962: \$389,000)

(Brief Description of Cooperative and Related Projects in Process)

NEAR EAST/SOUTH ASIA

(Total Amount A.I.D. Contribution, Fiscal Year 1962: \$389,000)

(Brief Description of Cooperative and Related Projects in Process)

I. Iran:

Projects have been developed in agricultural economics, credit and marketing. They are designed to help the Agricultural Bank which has been supporting and is expanding its program of creating Village Agricultural Credit Cooperatives in areas where farmers are being sold land. The contribution from the A.I.D. totals \$163,000. This project is to be expanded in FY 1963.

II. Turkey:

Two projects, entitled Agricultural Credit and Small Business Assistance are in process. The first involves assistance to village agricultural credit societies. The second assists a bank which is lending money and giving technical assistance to marketing and produce cooperatives among other clients. The Agricultural Credit project is not fully staffed; the Small Business Assistance project has not yet gotten underway although it is technically in operation. The contribution from the A.I.D. totals \$53,000.

III. Jordan:

The Jordanian Government is extending credit to Agricultural societies and village cooperatives. A.I.D. is helping with technical assistance. The contribution of the A.I.D. totals \$77,000.

Jordan: (Proposed)

A project concerning agricultural credit, marketing and processing is to be undertaken in FY 1963. It includes assistance to cooperatives engaged in marketing and processing.

IV. Nepal:

The Nepalese Government has been extending loans to licensed cooperatives for some time. In prior years, the U. S. extended this activity under the Village Development project. Financial assistance, however, has not been provided. The new project would be limited to agricultural credit advisors and helping the Nepalese Government strengthen the Agricultural Credit Cooperatives. The A.I.D. contribution would approximate \$126,000.

AFRICA

(Total Amount A.I.D. Contribution, Fiscal Year 1962: \$235,000)

(Brief Description of Cooperative and Related Projects in Process)

I. Libya:

During FY 1962, the A.I.D. provided two technicians to train personnel to manage effectively existing agricultural cooperatives. Three participants were trained. The A.I.D. contribution totals \$18,000.

II. Morocco:

During FY 1962, the A.I.D. provided one technician. One participant was trained. The A.I.D. contribution totals \$10,000. During FY 1963, it is planned to provide two technicians and train four participants at an estimated cost of \$51,000. They will assist in reorienting and expanding credit and marketing services to small farmers through formation of cooperative associations - \$10,000.

III. Ethiopia:

Housing. The purpose of this project is to demonstrate that suitable, economic, middle-income level urban housing can be provided in Ethiopia on a loan/purchase basis. The savings and loan institution received a \$200,000 grant from DS funds in FY 1957 as "seed" capital and the Government of Ethiopia provided a 100,000 square meter land grant for the construction of demonstration houses.

FY 1962 funding included \$17,000 for costs of a technician and \$6,000 for participant costs. Miscellaneous costs of \$3,300 made for a total project cost of \$27,000. The cooperating country provided \$30,000 towards this project in 1962 and \$205,000 in prior years.

IV. Dahomey:

A project is proposed for the development of agricultural settlement and production cooperatives. This project includes youth resettlement cooperatives

of 200 men each, and small farm cooperatives of unemployed rural men to clear and cultivate farms for producing vegetables for consumption and sale.

V. Uganda:

A project is proposed for training in credit and marketing. Its purpose is to improve production and marketing through the cooperative movement by providing managerial and other talent through training; and, to improve cooperatives as a source of credit. The estimated A.I.D. contribution is \$100,000.

VI. Nyasaland:

It is proposed that subsequent to a credit survey, an agricultural cooperative credit institution will be established and a staff trained. A U. S. development loan will be sought.

VII. Kenya:

A project is proposed to assist primarily with developing training programs for cooperative officials and members. The estimated A.I.D. contribution is \$175,000.

Regional:

During FY 1962, \$180,000 was provided by the A.I.D. for development of agricultural cooperative leadership in two pilot countries. The project is being implemented through a contract with the National Farmers Union which will utilize the facilities of the International Federation of Agricultural Producers. (See page 34, Project One.)

Regional:

Housing. It is proposed that A.I.D. enter into a contract with the Foundation for Cooperative Housing for the work necessary for arranging a pilot project for cooperative housing in Africa - \$60,000.

LATIN AMERICA

(Total Amount A.I.D. Contribution, Fiscal Year 1962: \$689,400)

(Brief Description of Cooperative and Related Projects in Process)

I. Argentina:

3,048 cooperatives; 2,123,441 members for 1960/1. Cooperative credit. A project to establish production credit associations in 10 to 12 sections of the country. These associations are to supply loans to farmers to increase agricultural production, especially livestock. A.I.D. contribution is \$100,000.

II. Jamaica:

Cooperative credit. A project to give administrative, technical and accounting assistance to cooperative credit association. A.I.D. contribution is \$3,000.

III. British Guiana:

Agricultural credit and cooperative technician working with officials of the British Guiana Credit Corporation developing basic changes in the operating procedure of the agency. This will improve the service to cooperatives. A.I.D. contribution is \$14,000.

IV. Bolivia:

35 cooperatives, 3,267 members for 1960 /1. (a) Credit: To meet the urgent credit needs of farmers whose members have greatly increased since agrarian reform was affected by inflation which has ravaged the country. (b) Marketing: To improve the marketing facilities for cooperatives in certain areas. A.I.D. contribution is \$55,000.

V. Brazil:

4,353 cooperatives; 1,594,384 members for 1960 /1. Credit and Marketing. Assist the development of agricultural cooperatives, and to aid the development of agricultural credit institutions, especially through improvement of management. A.I.D. contribution is \$165,000.

/1 - The Cooperative Movement in Latin America (1959-1960) Fernando Chavez, Pan American Institute.

VI. Chile:

688 cooperatives; 272,828 members for 1960 /1. Credit. Organize 900 community organizations to serve as nucleus for credit and farm cooperatives. A.I.D. contribution is \$45,500.

VII. Colombia:

409 cooperatives; 233,817 members for 1960 /1. To provide technical assistance to credit and other cooperatives. To assist in strengthening existing cooperatives. To develop a broad training program for cooperative managers and personnel. A.I.D. contribution is \$87,000.

VIII. El Salvador:

53 cooperatives; 53,320 members for 1960 /1. Cooperative Credit. To assist with the new supervised production credit program and the program to finance agricultural cooperatives. A.I.D. contribution is \$28,800.

IX. Ecuador:

437 cooperatives; 19,198 members for 1960 /1. Cooperative credit and cooperative marketing. A.I.D. contribution is \$20,400.

X. Haiti:

33 cooperatives; 9,141 members for 1960 /1. Credit: Develop a program of in-service training and a revolving capital loan fund. Marketing: Establish and modernize storage, processing and marketing cooperatives. A.I.D. contribution is \$18,000.

XI. Peru:

89 cooperatives; 31,687 members for 1960 /1. (a) To draft legislation for cooperatives and a cooperative bank. (b) To reorganize and strengthen the department of cooperatives. (c) To establish agricultural cooperatives. (d) To train government officials, cooperative personnel. (e) To organize credit unions, consumer and housing cooperatives. A.I.D. contribution is \$34,000.

XIII. Venezuela: 39 cooperatives; 6,948 members for 1960 ¹.

Housing and savings and loan associations. Encourage the mobilization of local savings from home buildings through the establishment of savings and loan associations. A.I.D. contribution is \$10,000.

XIII. Nicaragua:

(a) General. Establish a national cooperative council. (b) Expand cooperative program as a means of raising the workers' standard of living. A.I.D. contribution is \$30,300.

XIV. Surinam:

(a) Credit and cooperatives. To bring to an effective level agricultural credit for small farmers and to provide funds for farm cooperatives.

(b) Credit unions and housing. To stimulate credit unions, cooperatives and low-income housing. A.I.D. contribution is \$20,500.

XV. Panama:

36 cooperatives; 3,200 members for 1960 ¹. Marketing. Provide equipment and facilities for fruit and vegetable marketing cooperatives in two production areas and grading equipment for cooperatives in the City of Panama. A.I.D. contribution is \$16,000.

XVI. Dominican Republic:

Credit unions and other cooperatives. A.I.D. contribution is \$51,900.

OTHER PROGRAMS

The ICD has assisted in the development and implementation of a number of cooperative programs. Some of these have been developed from proposals that originated with non-governmental agencies. Others have been developed by non-governmental agencies from suggestions of opportunities by ICD. ICD has assisted the sponsors and A.I.D. offices and Bureaus with all of these programs in an advisory and coordinating capacity.

In developing countries, leadership and trained personnel are limited. Both are essential to efficient cooperatives. This was recognized by practically all Missions and the Advisory Committee which urged a greater use of non-government agencies to expand the activities of existing programs. Also, an AID-sponsored study team to Latin America recommended "an expanded program for Latin America consistent with objectives of the Alliance for Progress."

In the area of training, four projects have been approved, others are pending and more are contemplated. These projects are complimentary and not overlapping.

Project One: Training and developing cooperative leaders in one pilot country to be selected in East and one in West Africa. Sponsored by the International Federation of Agricultural Producers through its U. S. members, the National Farmers' Union, the National Grange and the National Council of Farmer Cooperatives. The A.I.D. contribution is \$180,000.

Project Two: Developing a regional training center in Peru for credit union leaders in Latin America and beginning credit union development programs in five pilot Latin American countries - Brazil, Colombia, Peru, Ecuador and Argentina. Sponsored by the Credit Union National Association (CUNA). The A.I.D. contribution is \$160,000.

Project Three: Selecting and developing young agricultural and cooperative leaders in three pilot Latin American countries - Brazil, Colombia, Argentina - bringing them to the U. S. for on-the-job training and observations through living with farm families. Sponsored by the National Farmers' Union. The A.I.D. contribution is \$160,000.

Project Four: Establishing a National Cooperative Training Center for cooperative leaders from developing countries. Some of the participants will have been trained in the other centers. Training will be provided also for U.S. personnel preparing for work with cooperatives in developing countries. Sponsored by the Cooperative League of the U.S.A., the training will be done at the University of Wisconsin. The A.I.D. contribution is \$140,000.

In the development of the above projects, the importance of trained leadership in sound cooperative progress and the value of pilot projects have been the foremost objectives.

Financial Assistance: Among other recommendations, the Latin American Cooperative Study Group suggested, "an inter-American financing institution and cooperative financing organization in Latin American countries. Feasibility studies should be made immediately on this proposal." The Inter-American Cooperative Conference meeting in Bogota made a similar recommendation and authorized a committee to sponsor it. A project for a feasibility study in line with these recommendations has been approved by A.I.D. The A.I.D. contribution is \$82,000.

Housing: The Foundation for Cooperative Housing (FCH) under a worldwide contract developed general guidelines for a program of assistance to be undertaken by A.I.D. for the development of cooperative housing.

As a continuation of this project, an open-end contract is being negotiated with FCH against which Task Orders could be issued for technical assistance for individual countries. Requests for such technical assistance have already been received from Brazil, Chile, Colombia and Venezuela.

PROGRAMS BEING DEVELOPED

Several programs are being currently developed and more are contemplated. In general, the guidelines mentioned for those already approved are being followed. Some additional areas, however, will be explored. Among them are the combining of several cooperative activities into the implementing of a major agricultural or industrial program. For example, cooperatives would be tremendous stabilizers supplying credit, marketing, supplies, electrical, consumer and other services in agrarian reform projects as possibly on the Trujillo estates; or similar services to communities of workers around industrial developments.

Rural Electrification. The National Rural Electric Cooperative Association and the Organization of American States are jointly sponsoring an Inter-American training course on rural electric cooperatives. The course is being planned in cooperation with the International Cooperative Training Center and the Rural Electrification Administration.

The National Rural Electric Cooperative Association has also submitted to A.I.D. a proposal to establish pilot rural electric cooperatives in several Latin American countries. In the same proposal, NRECA also offers a plan whereby it would provide technicians and management consultants at the request of A.I.D.

Like several other projects, it is so designed that its basic provisions can be adapted to programs in other regions.

Savings and Loan Associations. "To encourage the development and use --- of savings and loan associations" is one of the responsibilities in the Foreign Assistance Act of 1961. To implement this section, the National Association of Mutual Savings Banks and the National League of Insured Savings Associations were requested to "jointly select one or more nominees" for a consultant to "develop a recommended program with suggested projects." The appointment of this consultant is planned. This program should permit the expansion of work already begun.

A.I.D. has made extensive use of leaders in the U.S. savings and loan industry in stimulating the creation of savings and loan systems. Such consultants have been used in Argentina, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Ecuador, Guatemala, Panama, Peru and Venezuela. As a result of their efforts, legislation has been adopted in Argentina, Chile, Ecuador, Peru and Venezuela and is under consideration in other countries. "Seed capital" assistance has been given in such countries as Chile (\$11,500,000), Ecuador (\$5,000,000), Peru (\$9,500,000) and Venezuela (\$10,000,000) in order to permit loans. Similar financial assistance is under consideration for other countries. Already, in Chile, savings are accumulating at the rate of close to \$1,000,000 a month.

Plan of the Inter-American Institute for Free Labor Development. A plan to give training to 300 Latin American trade union leaders in the next two years, using A.I.D. financing in part, is under consideration. While the training would be mainly in trade union development and operation, subjects would include workers cooperative housing, savings and loan programs, canteens and related activities. This plan was discussed at a meeting chaired by Secretary of Labor

Goldberg, including AFL-CIO leaders, Administrator Hamilton, Assistant Administrator Moscoso, Assistant Secretary of State Martin and others. The Institute was founded on April 2 under co-chairman President Meany of the AFL-CIO and W. P. Grace of the Grace Industries, and staff was assigned to it. A.I.D. and U. S. private foundations would be asked to finance the project which would include three months training in the United States, followed by nine months of paid internship on projects in the home country. Estimated cost is \$800,000 for two years.

Proposed Inter-American Council for Social Progress. Under consideration by AID/W and, especially the Bureau for Latin America, is a proposal for an Inter-American Council for Social Progress. This proposal was made by Mr. Walter Reuther, President, United Auto Workers Union, AFL-CIO, and Mr. James Patton, President of the National Farmers' Union. The councils would be formed of representatives of trade unions, farmers associations, cooperatives, credit institutions, educational and professional groups and progressive business and industry. The councils would formulate projects providing food, housing, clothing, health care, education and democratic institutions. These projects would be within development plans of the host countries and be assisted by A.I.D. and other economic aid sources. Estimated cost is \$500,000.

Proposed Publications on Cooperatives, Land Reform Small Business. A proposal was made to AID/W by the Public Affairs Institute of Washington to help fill the book gap. As submitted, the plan would use \$150,000 of FY 1962 funds to develop and publish technical publications. Subjects would be land reform, land resettlement and use, farmers associations' programs, and small business and small industry. Case studies would include both successes and failures and

activities of Communists in these fields, both behind the Iron Curtain and in the Free World. First issues would be work kits or packets for use in field programming, training and wide non-project distribution, followed by loose-leaf books. The project would explore use of surplus U. S. food and equipment to aid publishing of low-cost local language materials in the host countries. Estimated cost is \$150,000.

Cooperative League's Training of Tunisian Leaders. This proposed project is part of a general effort of A.I.D. to help Tunisian cooperatives develop a training program and expand their activities into additional sectors. The Tunisian government requested ICA to send a consultant. He was an employee of the Cooperative League of the U. S. A. and spent several months in Tunisia early in 1961. While there he proposed that training outside the country would be helpful to Tunisian cooperative leaders. The organization of Tunisian cooperative leaders has requested that the training be conducted by the Cooperative League. A program is being developed on methods of how the Cooperative League will conduct this project. A six-week work-study tour for four Tunisian leaders in Western Europe, Canada and the U.S.A. would require a budget of about \$30,000. This really is another pilot project as the methods can be readily adapted to other areas.

FINANCING BY THE INTER-AMERICAN DEVELOPMENT BANK

Projects Approved

Peru. The training program by CUNA with A.I.D. assistance and the financing program by the Inter-American Development Bank are interrelated. IDB has loaned \$1,000,000 to the Central Credit Union of Peru for financing loans to local credit unions to reloan to their members. Credit union success in Peru is largely due to Father McClellan, Missionary of the Order of Maryknoll Fathers. He was the guiding spirit in organizing the first credit union in July 1955 and is Managing Director of the National Federation of Cooperatives in Peru.

The confidence inspired by the success of the credit union program reflected in another \$1,000,000 loan by the Inter-American Development Bank to finance the savings and loan association program in Peru. The loan is to the Mutual Association of Pueblo, Peru.

Projects Being Developed:

Costa Rica. A project for the general financing of cooperatives is being developed in Costa Rica. The loan would be to the National Bank for use of its Cooperative Department to all types of cooperatives. \$3,500,000 is required.

Chile. A project is being considered for a loan to Unicoop of Santiago. This is a central consumer cooperative serving cooperative retail food stores - \$750,000 is required.

Cooperativa Agricola Loucomilla. This is a regional grape growers cooperative. The proposed loan is to finance a cooperative winery - \$2,370,000 is required.

Housing. Four cooperative housing projects are being considered. These are one each in Argentina and Ecuador and two in Chile.

PEACE CORPS

An introduction to cooperatives as they fit into the economic, social and political structure of developing countries is important to the Peace Corps trainees. Discussions of this importance were held with representatives of the Training Division of the Peace Corps. Cooperatives are now one of the subjects included in the training of Peace Corps participants in adapted areas.

LOOKING AHEAD

Plans are to continue the general direction of the programs begun and make some expansion. Official liaison has been established with the four Regional Bureaus and with the Offices of Education and Social Development and Research, Evaluation and Planning in the A.I.D. Thus, approved channels are established for ready contact.

The Country Program Books are being and will continue to be reviewed. These proposals form the basis for consultation with the liaison officers of the Regional Bureaus and the Country Desks regarding proposals for strengthening the cooperative programs.

Existing projects are expected to be expanded beyond the current pilot stages. The pilot activities are expected to expand in two directions--one, to other countries in the pilot region and two, to other regions.

New projects will be continually encouraged and assisted. They will be guided in emphasis along the lines of pilot projects, emphasizing education and training. In close follow-up or in coordination with, however, should come action cooperative programs. As adapted and available credit is basic to progress and the developing countries are dominantly rural, the existing agricultural credit and agricultural cooperative projects should be encouraged and increased. However, greater emphasis should be given to other phases of cooperation, such as credit unions, savings and loan, rural electric, consumer and other services. Currently, these are minimized and out of balance with agricultural cooperative projects. In the furtherance of the types that have received less emphasis, attention could well be given to the development of a

"package" of cooperative services around community developments. At least three types offer opportunities. These are: (1) The necessary cooperative services connected with an agrarian reform project; the cooperative services surrounding an industrial development; and (3) the cooperative services necessary to the servicing of the residents of a housing project. There may be others.

It would be expected that A.I.D. Cooperative Staff personnel should gradually increase in numbers. This would include the International Cooperative Development Staff, cooperative personnel in the Regional Bureaus and cooperative technicians at A.I.D. Missions.

ANNEX I

ICA COOPERATIVE REVIEW GROUP OUTLINE OF PLAN AND SCHEDULE OF REVIEW AND STUDY
OF COOPERATIVES IN FOREIGN ASSISTANCE AND SOCIAL DEVELOPMENT

1. Purpose:

a. To review and evaluate the past and present policies and programs of development of and assistance to cooperatives, and related activities of ICA and other governmental and international agencies and non-governmental institutions.

b. To formulate and recommend to the Director of the Agency, on the basis of this review and evaluation, a policy statement concerning the role of cooperatives in foreign assistance.

c. To formulate and recommend plans for the use of cooperatives as a means of implementing programs in certain segments of the total economic and social development plans of individual countries.

2. Method:

Time Table

Steps Taken or to be Taken in the Review and Evaluation
of Policy and Programs by ICA.

(ICATO Circ 37)
(6/20)

a. A questionnaire-cable has been sent to all USOMs requesting information on and an evaluation of past and present programs of assistance to and development of cooperatives in individual countries; and recommendations for future programs have been requested.

(7/1-8/15)

b. USOM replies to the referenced questionnaire-cable are being sent, as received, under cover of a memorandum of

instructions, to the members of the ICA Cooperative Review Group in the Technical Divisions for review and written comment. The referenced memorandum instructs the representatives of the Technical Divisions to send forward their written comments to the member of the ICA Cooperative Review Group from the Regional Office to obtain the written comments of the country desk and the Regional Area on both the information set forth in the reply and the comments of the Technical Services. The written comments requested are to be sent upon completion without delay, to Mr. George Goss, D/ICA, Room 4942-NS, (Ext. 8055). These comments will be reproduced, as received, and distributed to all members of the ICA Cooperative Review Group.

c. Certain members of the ICA Cooperative Review Group have, on request, written papers on certain aspects of cooperatives. These papers will be reproduced and distributed to all members of the ICA Cooperative Review Group for information.

(By 8/15)

3. After review of all country replies by the technical, services and the country desks, the regional offices will be responsible for preparation of regional summary evaluation of cooperatives as a technique of economic development, citing country-by-country examples of past programs and future program potential. These evaluations will be reproduced and distributed to all members of the ICA Cooperative Review Group.

(6/20-30)

4. Letters, requesting a statement of experiences with and programs for cooperatives, have been sent to the following-named U. S. governmental and international agencies and non-governmental institutions. These letters also request the Agency or institution to designate by name a representative to be available to the ICA Cooperative Review Group for consultation.

U. S. Governmental Agencies: Departments of Agriculture; Commerce; Labor; Health, Education and Welfare; Housing and Home Finance Agency; Small Business Administration; Peace Corps; Food for Peace; and Development Loan Fund.

International Agencies: United Nations; FAO; Inter-American Development Bank; World Bank; ILO; OAS; and the European Productivity Agency.

Non-Governmental Organizations: Credit Union National Association; Cooperative League; American International Association for Economic & Social Development; National Farmers Union; National Grange; American Farm Bureau Federation; National Council of Farmer Cooperatives; American Institute of Cooperation; National Rural Electric Cooperative Association; AFL-CIO; United Auto Workers; National Association of Mutual Savings Banks; National League of Insured Savings Associations; Church World Services, Inc.; American Jewish Joint Distribution Committee; Lutheran World Relief; Catholic Relief Service; and CARE.

(By 8/15)

When replies to these letters will have been received, they will be sent to the Technical Divisions and Regional Offices for written comment in accordance with the procedure outlined in Paragraph 2b.

5. Concurrently, with the progress of the activities described heretofore, meetings of the following designated groups will take place for purposes of information and discussion on the dates indicated:

(7/20)

a. ICA Cooperative Review Group

(7/27)

b. ICA Cooperative Review Group and representatives of other U.S. Governmental agencies (Recommendations to be received in ICA not later than 8/15).

(8/2)

c. ICA Cooperative Review Group and representatives of international agencies (Recommendations to be received in ICA not later than 8/22).

(8/10)

d. ICA Cooperative Review Group and representatives of non-governmental institutions. (Recommendations to be received in ICA not later than 8/29).

It is planned, at these meetings, to: (a) have made by the ICA Cooperative Review Group a presentation of the status of present cooperative programs and the objectives and proposed methods of the review; (b) request statements from representatives of the other groups concerning the experience of their agencies and organizations with programs of cooperative development and assistance;

and, (c) request representatives of other groups to prepare recommendations concerning related questions of policy and program, to be sent to Mr. George Goss, Room 4942-NS (Ext. 8055). When these recommendations will have been received, they will be sent to the Technical Divisions and Regional Offices for written comment in accordance with the procedure outlined in Paragraph 2b.

6. Before the end of July, the Director of ICA will invite some ten or twelve prominent private citizens to serve as a non-governmental Task Force to which the report of the ICA Cooperative Review staff studies will be submitted, along with proposed recommendations. It will be the responsibility of the Task Force to evaluate the ICA Cooperative Review's proposals and formulate the final recommendations for consideration of the Director. Members of the Task Force will be invited to meet in Washington, D. C., on August 7, 1961, to be briefed on the work already done and underway by the ICA Cooperative Review Group, and to offer its guidance and suggestions for further staff work it may feel required before it returns to Washington again in October to complete the final report for the Director.

(By 9/15)

7. The ICA Cooperative Review Group will prepare, based on the information and recommendations of all the aforementioned plans and proceedings, a recommended statement of policy and plans on cooperatives.

(By 9/15)

8. The recommended statement of policy and plans prepared by the ICA Cooperative Review Group will be sent to all representatives of the U. S. Governmental and international agencies and non-governmental institutions for review and comment and return to the ICA Cooperative Review Group.

- (10/2) 9. The ICA Cooperative Review Group will review the comments of the groups mentioned in Paragraph 8 and revise the recommendations as agreed.
- (By 10/6) 10. The agreed recommendations will be sent to the Special Task Force for review and study.
- (10/16) 11. Special Task Force will meet in Washington on October 15 and finalize the recommendations.
- (10/16) 12. The recommendations as finalized and approved by the Special Task Force will be submitted to the Director for his consideration and action.

ANNEX II

OUTGOING
CABLEGRAM

DEPARTMENT OF STATE

UNCLASSIFIED

SENT TO : ICATO CIRCULAR 37

SUBJECT : Cooperatives

REFERENCE :

PART I. The President has emphasized certain aspects of the new concept of the U.S. foreign economic assistance program which are considered essential to the success of that program:

- (1) self-help
- (2) widest participation by the people in the process and benefits of development, and
- (3) participation in cooperative efforts for economic and social progress by private business and other private institutions.

The establishment of cooperative institutions in areas where the situation and circumstances are favorable, could provide the opportunity to mobilize the human and other resources of the participating countries on a widely-dispersed basis; make possible and encourage the participation of the people of the country in a venture which embodies an aspect of self help and democratic, social

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|---------------------------------|-----------|------------------------------|------|---------|
| <u>Herbert J. Waters, D/ICA</u> | FCSpreyer | DD/P | 8081 | 6-20-61 |
| Clearances: | *DD/PE | *CDD | | |
| B/FAC, State | *O/LA | *HD | | |
| DD/O | *O/AFE | *GC | | |
| DD/P | *G. Goss | O/FOOD(phone) | | |
| O/NESA(phone) | *O/PT | O/FE | | |
| O/IND(phone) | *O/LAF | *clearances obtained in mtg. | | |

and economic self-determination; and make them member-owners of their own business, the benefits of which are realized and shared by the people.

ICA/W has done considerable work in the development and operation of cooperatives and co-op-training, especially in the field of agriculture. A review of all such established projects as a basis for determination and development of future policy and systematic programs is being initiated. Therefore, all USOMs addressed are requested to reply to the questions enumerated hereafter on the basis of the information and knowledge available to them. Request reply to Part II be arranged in alphabetically designated columns corresponding to those as identified in this cable.

- Part II.
- A. Identify types of cooperatives established and functioning in country, e.g., consumer cooperatives, housing, marketing, fishing, agricultural credit, food processing, credit union, manufacturing, life insurance associations, savings and loan associations.
 - B. Indicate whether ICA or its predecessor agencies participated in the establishment and growth of these institutions, and if so, to what extent.
 - C. Indicate the sponsors of these cooperative institutions, e. g., labor unions, farmers associations, agricultural and development banks, corporate groups, private banks, regional or national governmental institutions.
- (N.B. FYI Specialized agencies of the U.N., U.S. Foundations, The Coop League, CUNA and religious groups have been active in these fields.)
- D. Give date of establishment.

- E. Amount of original capitalization.
- F. Membership.
- G. Current assets.
- H. Estimate amount of ICA contribution or loans in U.S. dollars.
- I. Estimate amount of ICA contribution or loans in U.S. owned local currency.
- J. Total amount of loans issued.
- K. Amount of average loan issued.
- L. Amount of minimal loan issued.
- M. Amount of ICA technical assistance contribution.

- Part III.
1. What is the attitude of the government toward cooperatives?
 2. Are there localities in the country where conditions might be considered favorable to the establishment of cooperatives?
 3. Have any nationals in the country had training in establishing and/or operating cooperative institutions? If so, how many and where was training received? If ICA, identify back-stop offices.
 4. What is your opinion as to the reasons for the success or failure of cooperatives in the country?
 5. What is your opinion as to the feasibility and desirability of utilizing cooperatives in the country as a means for realizing the three aspects of the foreign economic assistance program mentioned above?
 6. What specific cooperative programs would you propose which could be initiated in the next fiscal year to realize these objectives?

Early receipt of the information requested will be of great assistance to ICA/W in its study of cooperatives and co-op-training. This information will be most helpful, also, in providing information to Congressional Committees during the following weeks in connection with ICA's work and policy.

LABOUISSÉ

ICA CABLE AND AIRGRAM ADDRESS SHEET FOR CIRCULAR MESSAGES

UNCLASSIFIED

CABLE ROOM: SEND TO FOLLOWING AS:

ICATO CIRCULAR 37

Abidjan
Accra
Addis Ababa
Belgrade
Bonn
Conakry
Dakar
Khartoum
Lagos
Leopoldville
London
Madrid
Mogadiscio
Monrovia
Nairobi
Paris USRO
Rabat
Reykjavik
Salisbury
Tripoli
Tunis
Vienna

Ammān
Ankara
Athens
Baghdad
Beirut
Cairo
Colombo
Kabul
Karachi
Katmandu
New Delhi
Taiz
Tehran
Tel Aviv
Nicosia

Asuncion
Belize
Bogota
Buenos Aires
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La Paz
Lima
Managua
Mexico City
Montevideo
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Santiago
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Bangkok
Djakarta
Manila
Phnom Penh
Rangoon
Saigon
Seoul
Taipei
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ANNEX III

DEPARTMENT OF STATE

August 25, 1961

FOR THE PRESS

NO. 595

SPECIAL ADVISORY COMMITTEE ON COOPERATIVES NAMED

Henry R. Labouisse, Director of the International Cooperation Administration, today named thirteen private citizens to serve as a Special Advisory Committee on Cooperatives. The Committee will make recommendations to the ICA Director on the utilization of cooperatives in the foreign aid program. Their recommendations will be based on the judgement and individual experience of Committee members, together with the staff work which has been done by ICA's Cooperative Review Group, aided by a number of government and international agencies and non-government organizations.

Those named to the Committee are:

John C. Satterfield of Jackson, Mississippi, President of the American Bar Association, senior member of the firm of Satterfield, Shell, Williams and Buford, Jackson and Yazoo City, Mississippi, and General Counsel of the Mississippi Chemical Corporation, Yazoo City.

Murray D. Lincoln, Columbus, Ohio; President, Cooperative League of the U.S.A., President of Nationwide Insurance Companies; with Jerry Voorhis, Chicago, Executive Director of Cooperative League, as alternate.

Homer L. Brinkley, Washington, D. C., Executive Vice President of National Council of Farmer Cooperatives.

M. W. Thatcher, St. Paul, Minnesota, President, National Federation of Grain Cooperatives; General Manager, Farmers Union Grain Terminal Association; with Dwayne O. Andreas, President, Interoceanic Commodity Corporation, Chairman of Board, Interoceanic Industries, and Executive Vice President, G.T.A., as alternate.

Charles Schuman, Chicago, Illinois, President, American Farm Bureau Federation.

James Patton, Denver, Colorado, President National Farmers' Union.

Herschel Newsom, Washington, D.C., President, National Grange.

Walter Reuther, Detroit, Michigan, President, United Auto Workers, and Vice President, AFL-CIO.

R. G. Morgan of El Paso, Texas, President, Credit Union National Association, Inc., with H. Vance Austin of Madison, Wisconsin, Executive Director, as alternate.

Leon Keyserling, Economic Consultant, Washington, D.C., former member of President Truman's Council of Economic Advisors.

Gerrit Vander Ende, Tacoma, Washington, President National League of Insured Savings Association; President, Pacific First Federal Savings and Loan Association, Tacoma.

Bishop Edward E. Swanstrom, New York, Chairman of Executive Committee of the American Council of Voluntary Agencies for Foreign Service.

Clyde Ellis, Washington, D. C., General Manager, National Rural Electric Cooperative Association.

Mr. Labouisse announced on June 23 the initiation of the ICA review of cooperatives as a technique of foreign economic and social development, stating that "greater emphasis on development and assistance to cooperatives in underdeveloped countries will be among the major objectives of the administration's new foreign aid program."

"The Agency for International Development's (AID) expanded and coordinated cooperative development efforts," Mr. Labouisse continued, "will seek to utilize its own and the experience and resources of all interested government and private

agencies in programs for underdeveloped areas where the cooperative approach can contribute effectively to the self-help objectives of this country's foreign aid efforts."

Herbert J. Waters, Special Assistant to the ICA Director, is directing the ICA Cooperative Review Group, and will serve as an ex-officio member of the Special Advisory Committee.

ANNEX IV

September 26, 1961

MEMORANDUM

TO : See Distribution

FROM : Herbert J. Waters, Special Assistant to the Director

SUBJECT: Development of Projects for the ICA Cooperative Program
for Fiscal Years '62 and '63

Request that you review immediately the programs and projects proposed for cooperatives by the individual countries in their responses to ICATO circular 37 for the purpose of developing tentative programs and illustrative projects for utilizing fiscal year '62 funds as they may become available by allocation.

Although further communication with the USOMs and the final determination of recommendations and plans for programs and projects in the fields of cooperatives by the ICA Cooperative Review Group and the Special Task Force for Cooperatives will be required to complete programs and projects, a preliminary list of illustrative projects for fiscal year '62 must be submitted to this office as soon as possible in order to be considered for financing under fiscal '62 funds.

Concurrent with the development of programs and projects for fiscal year '62, tentative programs and projects for fiscal year '63 should be developed for consideration of the Coffin Task Force in preparation of the policy and program guidelines for country programs for fiscal year 1963.

The Coffin Task Force recommendations are to be submitted to the field on October 6. Therefore, your recommendations would be appreciated by October 2.

Distribution

Jack Bennett, O/NESA
Marcus Gordon, O/AFE
James W. Howe, O/FE
John Johnston, O/LA
Richard C. Knight, HD
Harold Robinson, O/AFE
Murton Peer, O/LAF
George Sadler, O/IND
Paul Fisher, DD/P

David Bronheim, GC
Ralph U. Battles, O/FOOD
Marie E. Berger, O/NESA
Fred L. Preu, DD/PE
Joan E. Kain, O/VFA
Louis M. Miniclier, CDD
Norman Ward, O/LA
Clifford Willson, O/FE
Harry Shooshan, DLF

ANNEX V

DEPARTMENT OF STATE

November 1, 1961

FOR THE PRESS

No. 757

SPECIAL ADVISORY COMMITTEE ON COOPERATIVES
REPORTS TO AID ADMINISTRATOR

An Advisory Committee on Cooperatives to the Agency for International Development (AID) has called on AID to embark on a "bold new program of cooperative development" and to "utilize the resources of the Agency for International Development and of all interested government and private agencies in programs for underdeveloped areas where the cooperative approach can contribute effectively to the self-help objectives of this country's foreign aid efforts and to total country development plans".

Programs recommended in an 82-page report by the Committee include:

--technical assistance - country studies, evaluation studies, pilot projects, training programs in the United States, in third countries, in host countries.

--financial assistance - through loan funds for cooperative capital construction projects; seed capital for credit unions and savings and loan associations; PL 480 and other local currency funds; private investment in cooperatives, credit union and savings institutions.

The Committee believes that its recommended programs are responsive to the 1961 Act for International Development which declares that "it is the policy of the United States to encourage the development and use of cooperatives, credit unions and savings and loan associations..."

In transmitting its report to the AID Administrator, the Committee, made up

of leaders of 13 non-government organizations, stated that "... a bold new program of cooperative development can be a powerful force in the United States' foreign policy throughout the world... Effective cooperatives, credit unions and savings and loan associations are precisely the kind of institutions which are needed to speed up the tempo of economic and social growth in the developing countries."

The report of the Special Advisory Committee is the result of four months of intensive review of the programs and recommendations of more than 30 private United States organizations, government agencies and international organizations. Reports on the status of cooperatives and the possibilities for future development were also received from some fifty United States Operations Missions around the world.

The Committee emphasized the importance of the first-Inter-American Cooperative Conference which is meeting in Bogota, Colombia, from November 6 to 11. This conference will bring together cooperative leaders from North, Central and South America. The Advisory Committee endorsed a plan for AID to sponsor a tour of six Latin American countries by a group of five outstanding U.S. cooperatives, credit unions and savings bank leaders who will be attending the Bogota conference. During a three-week period the group will visit Ecuador, Peru, Bolivia, Argentina, Brazil and Venezuela.

Members of the Advisory Committee include:

John C. Satterfield of Jackson, Mississippi, President of the American Bar Association, senior member of the firm of Satterfield, Shell, Williams and Buford, Jackson and Yazoo City, Mississippi, and General Counsel of the Mississippi Chemical Corporation, Yazoo City.

Murray D. Lincoln, Columbus, Ohio; President, Cooperative League of the U.S.A., President of Nationwide Insurance Companies; with Jerry Voorhis, Chicago, Executive Director of Cooperative League, as alternate.

Homer I. Brinkley, Washington, D.C., Executive Vice President of National Farmer Cooperatives.

M. W. Thatcher, St. Paul, Minnesota, President, National Federation of Grain Cooperatives; General Manager, Farmers Union Grain Terminal Association; with Dwayne O. Andreas, President, Interoceanic Commodity Corporation, Chairman of Board, Interoceanic Industries, and Executive Vice President, G.T.A., as alternate.

Charles Skuman, Chicago, Illinois, President, American Farm Bureau Federation.

James Patton, Denver, Colorado, President National Farmers Union.

Herschel Newson, Washington, D.C., President, National Grange.

Walter Reuther, Detroit, Michigan, President, United Auto Workers, and Vice President, AFL-CIO.

R. C. Morgan, El Paso, Texas, President, Credit Union National Association, Inc., with H. Vance Austin of Madison, Wisconsin, Executive Director, as alternate.

Leon Keyserling, Economic Consultant, Washington, D.C., former member of President Truman's Council of Economic Advisers.

Gerrit Vander Ende, Tacoma, Washington, President National League of Insured

Savings Association; President, Pacific First Federal Savings and Loan Association, Tacoma.

Bishop Edward E. Swanstrom, New York, Chairman of Executive Committee of the American Council of Voluntary Agencies for Foreign Service.

Clyde T. Ellis, General Manager, National Rural Electric Cooperative Association, Washington, D.C.

Herbert J. Waters, (Ex-Officio), Special Assistant to the Director, ICA.

ANNEX VI

DEPARTMENT OF STATE

November 6, 1961

FOR THE PRESS

No. 770

COOPERATIVE LEADERS TO
TOUR LATIN AMERICA

The Department of State, Agency for International Development (AID), announced today that a group representing U.S. cooperatives, credit unions and savings banks will travel to six Latin American countries under the auspices of Department of State, AID.

A thirty-day study-tour of cooperatives, credit unions and savings institutions will follow the Inter-American Cooperative Conference at Bogota, Colombia, November 6-12. The U.S. group will visit Quito, Ecuador, November 12-14; Lima, Peru, November 14-18; La Paz, Bolivia, November 18-21; Buenos Aires, Argentina, November 21-23; Sao Paulo, Brazil, November 23-24; Rio de Janeiro, Brazil, November 24-27; Recife, Brazil, November 27-29; Belem, Brazil, November 29-December 1; Caracas, Venezuela, December 1-2.

Members of the "Operation Cooperation" team are:

Clyde T. Ellis
General Manager
National Rural Electric Cooperative Association
Washington, D.C.

Howard A. Cowden
Consumers Cooperative Association
Kansas City, Missouri
Representing National Council of Farmer Cooperatives

Harry Culbreth
Vice President
Nationwide Insurance Companies
Columbus, Ohio
Representing Murray Lincoln, President
Cooperative League of the U.S.A.

Olaf Spetland
Director, CUNA World Extension Department
Credit Union National Association, Inc.
Madison, Wisconsin

Charles Lyon
President, Society for Savings
Hartford, Connecticut
Chairman, International Savings Bank Cooperation Committee
National Association of Mutual Savings Banks

The Executive Secretary of the group is Mr. George Goss, of Department of State, AID. Mr. Lyle Peterson, Agriculture Officer, USOM/Colombia, is Tour Director.

Objectives of the tour, as announced by the Department of State, AID, are: to demonstrate to officials of governments and of cooperative organizations and to the people of Latin America, the interest of the U. S. in cooperatives and their members in Latin America; to discuss with AID mission staffs, host governments, and local cooperative representatives the roles of cooperatives in country development plans and programs, and the ways in which the U. S. Government and private U. S. organizations might be able to assist such programs; to recommend specific ways in which U. S. cooperatives might assist in development of cooperatives overseas.

* * * *

ANNEX VII

AGENCY FOR INTERNATIONAL DEVELOPMENT
Department of State
Washington 25, D. C.

OFFICE OF PUBLIC AFFAIRS
DU 3-8097

For Release 4:00 p.m., Jan. 10, 1962

HAMILTON RECOMMENDS AID DEVELOPMENT
OF CO-OPERATIVES IN LATIN AMERICA

Fowler Hamilton, Administrator of the Agency for International Development, has reported to President John F. Kennedy the recommendation of a team of five representatives of cooperatives, credit unions and savings institutions which studied the possibility of foreign assistance through cooperatives in seven Latin American countries.

Mr. Hamilton told the President that the report "clearly demonstrates the potential contribution of such institutions to the Alliance for Progress." He said that AID "will give increasing emphasis to such programs which show promise of helping great numbers of people to help themselves to economic and social improvement."

The team reported to Mr. Hamilton that, "Cooperatives can and must make a substantial contribution to the economies of the developing countries of Latin America." In Latin America, both government and non-government agency representatives said that cooperatives could be an important "third force" in fields of agricultural production, marketing, purchasing, credit, savings and housing.

"Cooperatives are essential to effective implementation of agrarian reform programs" the team reported. "Without an organized program to provide to farmers the services formerly provided by land-owners, land reform programs will fail."

Among the principal recommendations of the cooperative study team to AID were:

The study team emphasized that more aid should be channeled to and through non-government agencies and organizations. They said that AID should do a substantial portion of its work in cooperative development programs by contract with U. S. non-government organizations which would work directly with cooperatives in the host country.

Other recommendations were these:

AID should move rapidly to establish the organizational structure recommended in the report of the Special Advisory Committee on Cooperatives to initiate and implement programs of cooperative development in Latin America.

That existing cooperatives should be strengthened.

That training of all types and at all levels of cooperative activity is needed in every South American country.

That AID's efforts to assist cooperatives in Latin America be multiplied by cooperation and coordination with programs of other agencies (OAS, IDB, FAO, ILO, Peace Corps).

That AID should encourage and assist the two major programs recommended by the first Inter-American Cooperative Conference, at Bogota, Colombia:

- (a) the formation of a Western Hemisphere Confederation of cooperatives;
- (b) an Inter-American financing institution and cooperative financing organization in member Latin American countries. The group urged feasibility studies on this proposal.

Members of the AID-sponsored cooperative study tour were:

Clyde T. Ellis
General Manager
National Rural Electric Cooperative Association
Washington, D. C.

Howard A. Cowden
Consumers Cooperative Association
Kansas City, Missouri
Representing National Council of Farmer Cooperatives

Harry Culbreth
Vice President
Nationwide Insurance Companies
Columbus, Ohio
Representing Murray Lincoln, President
Cooperative League of the U.S.A.

Olaf Spetland
Director, CUNA World Extension Department
Credit Union National Association, Inc.
Madison, Wisconsin

Charles Lyon
President, Society for Savings
Hartford, Connecticut
Chairman, International Savings Bank Cooperation Committee
National Association of Mutual Savings Bank

Executive Secretary of the group was Mr. George Goss, of Department
of State, AID.

LETTER OF TRANSMITTAL FOWLER HAMILTON TO PRESIDENT KENNEDY OF REPORT BY
LATIN AMERICA COOPERATIVE STUDY TEAM . . .

Dear Mr. President:

The enclosed report by a recent AID-sponsored study tour of cooperatives, credit unions and savings associations in seven Latin American countries clearly demonstrates the potential contribution of such institutions (in all of the Americas) to the Alliance for Progress.

The Latin America cooperative study team calls its tour and report "a significant first step in AID's new emphasis on the development of cooperatives, credit unions and savings and loan associations in this country's foreign aid effort." I agree.

The response, in this country, to AID's efforts to encourage the development and use of cooperatives, credit unions and savings and loan associations in the developing countries has been most gratifying.

AID has embarked on, and will give increasing emphasis to, such programs which show promise of helping great numbers of people to help themselves to economic and social improvement.

Sincerely,

Fowler Hamilton

December 20, 1961

The Honorable Fowler Hamilton
Administrator
Agency for International Development
Washington, D. C.

Dear Mr. Hamilton:

We are privileged to present to you the attached report of our recent AID-sponsored study of cooperatives, credit unions and savings institutions in seven Latin American countries. A more detailed report of observations and of specific country program recommendations will be submitted to you shortly.

We want to stress our appreciation to AID for sponsoring this tour. We believe that it was a significant first step in AID's new emphasis upon the development of cooperatives, credit unions and savings and loan associations as an important self-help element in our foreign aid program.

Sincerely,

Clyde T. Ellis

Harry Culbreth

Olaf Spetland

Howard A. Cowden

Charles Lyon

Attachment

December 20, 1961

MEMORANDUM FOR: The Honorable Fowler Hamilton

Administrator

Agency for International Development

SUBJECT: Summary Recommendations, Latin America Cooperative Study Group

I. Cooperatives can and must make a substantial contribution to the economies of the developing countries of Latin America.

This conclusion, a major premise of the report of the AID Special Advisory Committee on Cooperatives, was confirmed by discussions with host country cabinet ministers, executive agency and planning officials, U. S. officials, non-government organization representatives and voluntary aid agency spokesmen. They are searching for a third force between exploitative capitalism and state control of the economy. They see cooperatives as such a force in the fields of agricultural production, marketing, purchasing, credit, savings, housing, etc. They recognize that all free societies have strong cooperative organizations.

--- Cooperatives are essential to effective implementation of agrarian reform programs.

This observation was offered most emphatically by host government and non-government spokesmen, and U. S. government officials in Latin America. Without an organized program to provide to farmers the services formerly provided by land-owners, land reform programs will fail. Cooperatives are one of the most effective instruments to provide built-in reforms in credit, marketing, purchasing and other services essential to effective utilization of distributed lands.

II. More aid must be channeled to and through non-government agencies and organizations.

The question was asked repeatedly, "Can the United States accomplish the objectives of the Alliance for Progress program by working exclusively through our respective governments?" It is our opinion that aid through non-government channels will be more efficient, less political.

AID should do a substantial portion of its work in cooperative development programs by contract with U. S. non-government organizations which would work directly with cooperatives in the host country.

III. AID should encourage and assist the two major programs recommended by the first Inter-American Cooperative Conference, at Bogota, Colombia:

- (a) the formation of a Western Hemisphere Confederation of Cooperatives;
- (b) an inter-American financing institution and cooperative financing organizations in member Latin American countries. Feasibility studies should be initiated immediately on this proposal.

IV. Existing cooperatives should be strengthened.

Aid to existing successful cooperatives and to cooperative leaders of proven ability should be emphasized wherever possible, rather than spreading a given amount of money over a wide range of new projects. A strengthened and expanded existing cooperative could serve as a model operation, as a training center, as a source of qualified, experienced personnel (nationals of the country and region) to act as technicians (under contract to AID) to assist in establishing other cooperatives.

V. Training of all types and at all levels of cooperative activity is a universal need in every South American country.

We recommend top priority for in-country training programs, regional training activities and third country training in the U. S. and other countries where cooperatives, credit unions and savings institutions are well developed. We specifically urge approval by AID of pending proposals for cooperative and credit union training programs in Latin America and in the U. S.

VI. AID should move rapidly to establish the organizational structure recommended in the report of the Special Advisory Committee on Cooperatives, to initiate and implement programs of cooperative development in Latin America.

Such organization should include a central office of cooperative development within AID/Washington, regional cooperative specialists and qualified cooperative specialists in appropriate country missions.

VII. AID's efforts to assist cooperatives in Latin America can be multiplied by cooperation and coordination with programs of other agencies (OAS, IDB, FAO, ILO, Peace Corps).

As the Special Advisory Committee suggested, AID's programs can be strengthened by utilizing, whenever possible, the experience and trained personnel of other U. S., international and private agencies - many of whom have had years of experience in the area of cooperative development programs.

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Itinerary: (November 6 - December 1, 1961)

Bogota, Colombia; Quito, Ecuador; Lima, Peru; LaPaz, Bolivia;

Buenos Aires, Argentina; Sao Paulo, Brazil; Rio de Janeiro, Brazil;

Caracas, Venezuela.

Objectives: To demonstrate to officials of governments and of cooperative organizations and to the people of Latin America, the interest of the U. S. in cooperatives and their members in Latin America; to discuss with AID mission staffs, host governments, and local cooperative representatives the role of cooperatives in country development plans and programs, and the ways in which the U. S. Government and private U. S. organizations might be able to assist such programs; to recommend specific ways in which U. S. cooperatives might assist in development of cooperatives overseas.

ANNEX VIII

AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington 25, D. C.

AID General Notice
January 18, 1962

SUBJECT: Cooperative Advisory Committee

Effective January 10, 1962, there is established a Cooperative Advisory Committee to the Administrator of the Agency for International Development.

The function of this Committee is to make available to the Administrator of AID the experience, knowledge and resources of non-government organizations involved in programs of cooperative development and assistance.

The membership of the Committee is the same as that of the Special Advisory Committee on Cooperatives which has served for the past five months. See list of members on the reverse.

The International Cooperative Development Staff of the Office of Material Resources serves as a Secretariat for the Cooperative Advisory Committee.

The Committee reports to the Administrator through the Assistant Administrator, Office of Material Resources, who serves as ex-officio chairman of the Committee.

LIST OF MEMBERS - COOPERATIVE ADVISORY COMMITTEE

John C. Satterfield of Jackson, Mississippi, President of the American Bar Association, senior member of the firm of Satterfield, Shell, Williams and Buford, Jackson and Yazoo City, Mississippi, and General Counsel of the Mississippi Chemical Corporation, Yazoo City.

Murray D. Lincoln, Columbus, Ohio; President, Cooperative League of the U.S.A., President of Nationwide Insurance Companies; with Jerry Voorhis, Executive Director of Cooperative League, as alternate.

Homer L. Brinkley, Washington, D.C., Executive Vice President of National Council of Farmer Cooperatives.

M. W. Thatcher, St. Paul, Minnesota, President, National Federation of Grain Cooperatives; General Manager, Farmers Union Grain Terminal Association; with Dwayne O. Andreas, President, Interoceanic Commodity Corporation, Chairman of Board, Interoceanic Industries, and Executive Vice President, G.T.A., as alternate.

Charles Shuman, Chicago, Illinois, President, American Farm Bureau Federation.

James Patton, Denver, Colorado, President, National Farmers Union.

Herschel Newsom, Washington, D.C., President, National Grange.

Walter Reuther, Detroit, Michigan, President, United Auto Workers, and Vice President, AFL-CIO.

R. C. Morgan of El Paso, Texas, President, Credit Union National Association, Inc., with H. Vance Austin of Madison, Wisconsin, Executive Director, as alternate.

Leon Keyserling, Economic Consultant, Washington, D.C., former member of President Truman's Council of Economic Advisers.

Gerrit Vander Ende, Tacoma, Washington, President, National League of Insured Savings Association; President, Pacific First Federal Savings and Loan Association, Tacoma.

Bishop Edward E. Swanstrom, New York, Chairman of Executive Committee of the American Council of Voluntary Agencies for Foreign Service.

Clyde T. Ellis, General Manager, National Rural Electric Cooperative Association, Washington, D.C.

Herbert J. Waters, (Ex-Officio), Acting Assistant Administrator, Office of Material Resources.

ANNEX IX

COOPERATIVE ADVISORY COMMITTEE MEETING
9:30 a.m. to 4:30 p.m., May 18, 1962
Room 5518 New State Building
Washington, D. C.

AGENDA AND SCHEDULE

- 9:30 to 10:00 -Opening remarks by Herbert J. Waters, Assistant Administrator for Material Resources and Ex-officio Chairman to the Committee.
- 10:00 to 10:30 -Presentation and discussion of cooperative and related activities in the Near East and South Asian Region by William S. Gaud, Assistant Administrator, Bureau for Near East and South Asia.
-Clarence S. Gulick, Director, Office of Development Planning, NESAs/DP.
-Russell Dilts, Cooperatives Liaison Officer, Bureau for Near East and South Asia, NESAs/TECH.
- 10:30 to 11:00 -Presentation and discussion of cooperatives and related activities in the Far East region by Seymour J. Janow, Assistant Administrator, Bureau for Far East.
-William A. Ellis, Director, Office of Development Planning, FE/DP.
-Clement Orrben, Cooperatives Liaison Officer, Bureau for Far East, FE/FOOD.
- 11:00 to 11:30 -Presentation and discussion of cooperatives and related activities in the African and European region by Edmond C. Hutchinson, Assistant Administrator, Bureau for Africa and Europe.

-John R. Mossler, Director, Office of Development Planning,
AFE/DP.

-Robert L. Rupard, Cooperatives Liaison Officer, AFE/ID.

11:30 to 12:00 -General discussion.

- - - - Adjourn for lunch - - - -

1:30 to 2:30 -Presentation and discussion of cooperatives and related activities in the Latin American region by Teodoro Moscoso, Assistant Administrator, Bureau for Latin America, and U.S. Coordinator, Alliance for Progress.

-Reuben Sternfeld, Director, Office of Development Planning and Programs, LA/DP.

-Ralph U. Battles, Cooperatives Liaison Officer, Bureau for Latin America, LA/ID.

2:30 to 3:00 -Remarks by and discussion with Mr. Fowler Hamilton, Administrator, Agency for International Development.

3:00 to 4:30 -Discussion of the draft of the proposed Annual Report to Congress on Cooperatives, Credit Unions and Savings and Loan Associations.

ANNEX X

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

AID General Notice
January 18, 1962

SUBJECT: International Cooperative Development Staff (MR/ICD)
Office of Material Resources (AA/MR)

Effective immediately there is established in the Office of Material Resources (AA/MR) the International Cooperative Development Staff (MR/ICD).

Functions of the International Cooperative Development Staff

The International Cooperative Development Staff is responsible for assisting the Assistant Administrator for Material Resources to fulfill that portion of Section 601 (and related sections) of the Foreign Assistance Act of 1961 calling for encouraging the development and use of cooperatives, credit unions and savings and loan associations in the foreign aid program.

To accomplish this objective, the International Cooperative Development Staff:

1. Serves as a Secretariat for the Cooperative Advisory Committee (CAC)

to (a) inform the CAC on AID programs involving cooperatives, credit unions and savings and loan associations; (b) refer to appropriate AID offices the recommendations and resources of such U.S. organizations; (c) seek the maximum effective utilization of the resources of such organizations in foreign assistance programs.

2. Serves Regional Bureaus of AID with technical advice and guidance

in the areas of cooperative housing, agriculture production and marketing,

credit, education and training, purchasing, rural electrification, and other services.

3. Serves Regional Bureaus as a focal point for liaison and consultation concerning technical services and advice in the aforementioned areas.
4. Recommends to Regional Bureaus opportunities for cooperative development programs; assist, upon request - and in liaison with Program Review and Coordination Staff - in development of future plans and programs.
5. Assists Regional Bureaus in analysis and evaluation of cooperative program proposals submitted by country missions.
6. Advises Regional Bureaus as to non-governmental resources available for cooperative programs; assists, upon request, in contracting for such resources.
7. Assists Regional Bureaus and US AIDs by maintaining a directory of qualified specialists in cooperative, credit unions, savings and loan associations.
8. Assists and advises in coordination of AID cooperative development programs with related activities of international agencies (OAS, ILO, FAO, IDB, etc.).
9. Maintains liaison with program and staff offices of AID (other than Regional Bureaus) necessary to facilitate programs of cooperative

development.

10. Assists in preparation of annual report to Congress on imple-
mentation of legislation relating to cooperatives, credit unions and
savings and loan associations in the foreign assistance program.

ANNEX XI

AIRGRAM

DEPARTMENT OF STATE

UNCLASSIFIED

FROM : AID/W
SUBJECT : AID Cooperative Report
REFERENCE : ICATO CIRCULAR A-127

Date sent
12-13-61

AIDTO CIRCULAR A-52

This airgram is supplementary to ICATO CIRCULAR A-127. As mentioned in this circular, the Advisory Committee met on October 26. It considered the draft proposal on the need and opportunity for co-operatives, credit unions and savings and loan associations as a means of meeting the self-help objectives of developing nations. The committee gave a strong endorsement of these democratic, self-help institutions as a means of channelling assistance to these developing nations by both government and private agencies.

The report includes recommendations of both the methods of extending technical assistance and broad project areas. Also, in Section D, page 39, are outlined the committee's recommendations for implementing the program.

In general, AID is in agreement with the importance of and suggestions for the use of cooperatives, credit unions and savings

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Fowler Hamilton, Administrator
Clearance:
EJWaters, AA/MR

JHHeckman:sv A/AID 8342 11-20-61

and loan associations as one of the means of implementing technical and financial assistance to developing nations. It will be the policy of AID to use these organizations and the development of them to the fullest extent possible within policy and program balance. I commend the report to your consideration.

BALL (ACTING)

Attachment:

"Cooperatives - Democratic Institutions for Economic and Social Development"

ANNEX XII

AIRGRAM

DEPARTMENT OF STATE

UNCLASSIFIED

FROM : AID/W

SUBJECT : Cooperatives and Program Concentration

REFERENCE:

AIDTO CIRCULAR A-218

A review of Field-Proposed Programs for FY 1963 reveals an encouraging response to AID Circular A-52 which stated that "it will be the policy of AID to use these organizations (cooperatives, credit unions and savings and loan associations) and the development of them to the fullest extent possible within policy and program balance." This policy declaration is consistent with and responsive to the provisions of the Foreign Assistance Act of 1961 which require AID to "encourage the development and use of cooperatives, credit unions and savings and loan associations."

Frequently, however, AID Missions (in response to program guidance suggestions on program concentration and significant impact upon goals) have evaluated cooperative development programs as "proliferate," not contributing to program concentration or a significant

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/Signed/ Frank M. Coffin, DA/AID Drafted by: JHHeckman:sv:MR/ICDS

Clearances:

JHWaters, AA/MR _____

AA/LA _____

AA/FE _____

AA/NESA _____

PRCS _____

impact upon goals.

To be most effective in program development, cooperatives should be considered as a means to achieving goals rather than as goals in themselves.

As occasion arises for review of programs, Missions are requested to consider cooperative development projects not as goals in themselves, but as an institutional means of achieving program goals of economic, social and political development.

Viewed in this context, a well-conceived cooperative activity may be properly coordinated with such broad goals as economic development, marketing, processing, credit, housing, education or others.