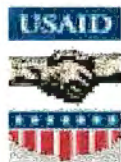


**BUREAU FOR HUMANITARIAN  
RESPONSE / PRIVATE  
VOLUNTARY COOPERATION:  
COOPERATIVE DEVELOPMENT  
PROGRAM**

**PROGRAM  
and  
PARTICIPATING  
COOPERATIVES'  
PROJECT DESCRIPTION**

**FY 1996 to FY 2002**



# Table of Contents



**CDO Program Objectives and Description.....1**

Participating Cooperatives

American Association of Cooperative/

Mutual Insurance Societies

(AAC/MIS).....3

Agricultural CooperativeDevelopment International/

Volunteers in Overseas Cooperative Assistance

(ACDI/VOCA).....5

Cooperative Housing Foundation

(CHF).....7

Land O' Lakes

(LOL).....10

National Cooperative Business Association

(NCBA).....12

National Rural Electric Cooperative Association

(NRECA).....14

National Telephone Cooperative Association

(NTCA).....16

World Council of Credit Unions

(WOCCU).....18



# **USAID BHR/PVC**

## **Cooperative Development Program**

### **Program and Project Descriptions**

Cooperatives enable people to achieve self-reliance and lasting economic independence. These member-owned, democratic, community-based businesses spread economic benefits and provide opportunities for millions of people to participate directly in democratic processes.

The Humphrey Amendment to the Foreign Assistance Act of 1961, along with other legislation, has allowed USAID to support and fund U.S. Cooperative Development Organizations (CDOs) which carry out development programs overseas.

The Office of Private and Voluntary Cooperation administers a competitive grants program for cooperative development. The Program uses the expertise and resources of long-established U.S. cooperative organizations, their members, and volunteers to respond to the needs of cooperatives and other group-based businesses in developing countries.

The purpose of the present Cooperative Development Program (CDP) is to: (1) support the development of cooperative systems in developing countries; and (2) strengthen the capacity of U.S. CDOs to support international development on a sustainable basis. The CDP current annual funding level is just under \$6 million.

#### **CDP Objectives:**

- Promote the growth of cooperative systems in developing countries and emerging democracies;
- Increase capacities of indigenous cooperatives through technical assistance, training, and advisory services;
- Encourage the establishment of long-term partnerships between the U.S. CDOs and host country organizations, based on sound service, information sharing, and/or economic links, to ensure program sustainability;
- Support the program development activities and services of cooperative development activities in the developing world;
- Support efforts to broaden the development resource funding base of U.S. CDOs and enhance long-term sustainability of cooperative development activities in the developing world;
- Build the organizational capacity of U.S. CDOs and their members to support international cooperative development activities.

#### **Program Description**

USAID has agreements with eight participating U.S. cooperative organizations to enhance cooperatives in credit, housing, agribusiness, technology transfer, democratic institutions, rural telecommunications and electrification, private enterprise development, and insurance protection sectors. The cooperative organizations are also provided funding to strengthen their institutional capacity to develop and implement activities in less developed countries. They have been

selected through a competitive process and are funded by Cooperative Agreements. The current program began in mid-1997 and has a five-year life of project. This program has a long history of achieving measurable results and has had profound impact on the lives of people in developing countries.

## AMERICAS ASSOCIATION OF COOPERATIVE/MUTUAL INSURANCE SOCIETIES (AAC/MIS)

Sectors of Activity: credit/microcredit

Total FY 1998 Obligations: \$200,000

LOP Funding: \$1,000,000

Primary Contact: Patrick Roberts (614)846-2467

Focus Countries: Bolivia, El Salvador, Guatemala, Honduras, Panama

### Organizational History

AAC/MIS was established in 1989 from what had been the North American Association-International Cooperative Insurance Federation. AAC/MIS is an association of 28 cooperative insurance companies located in the western hemisphere. AAC/MIS is one of four regional associations affiliated with the International Cooperative and Mutual Insurance Federation (ICMIF), composed of 82 cooperative insurance companies in 55 countries worldwide. Individual insurance companies belong to both their regional association and the International Federation. AAC/MIS is also associated with All Nations of Columbus, Ohio.

The purpose of AAC/MIS is "to advance cooperation as an economic and social philosophy and to build a more cohesive cooperative insurance sector..." To this end AAC/MIS provides a forum for members to meet and contribute to ICMIF programs. It promotes and facilitates mutually beneficial technical assistance relationships among members through activities financed by donations from USAID, All Nations, ICMIF, and individual member cooperatives. The sole interest of AAC/MIS members in carrying out these activities is to serve fellow member cooperatives based on their mutual ideals and belief in cooperation among people-centered organizations. Commercial interests are not involved.

**Program-Wide Summary of Activities:** The project goal is to increase the ability of these cooperatives to become self-sustainable and more profitable through improved management, expanded insurance products, and increased marketing to cooperative members and the public. In turn, beneficiaries will have greater protection against risk and peace of mind that insurance provides.

Cooperative insurance builds local, long-term capital for development and, as it becomes profitable, supports cooperative federations, credit union systems and cooperative-based NGOs. Cooperative insurance also lowers the risk of micro-entrepreneurs and may become significant as a strategy for the sustainability of microenterprise lending institutions.

The program will strengthen Crucena and COOSEF in Bolivia, Seguros Futuro in El Salvador, COLUMNA in Guatemala, FACACH in Honduras and Seguros FEDPA in Panama where technical assistance has the greatest potential for major impacts. In each case, the cooperative insurance efforts fit PVC and USAID mission strategic objectives for sustainable service delivery and broad-based economic development. The beneficiaries are members of credit unions and cooperatives in each of the countries.

### Country-Based Summary of Activities

*Bolivia* AAC/MIS works with two companies, COOSEF, formed in 1988 by the credit union federation and based in Cochabamba, and Crucena formed in 1975 by consumer cooperatives and based in Santa Cruz. Both companies need to substantially develop their capital and more fully develop their market potential. A new insurance law raised capital requirements for all insurance companies, permitting three years for compliance. In the coming year, a comprehensive market study and development of a business plan will be the primary focus of assistance to COOSEF.

*El Salvador* Seguros Futuro, formed in 1994 by the credit union federation and based in San Salvador is required to increase capital within the next two years to meet established minimums. The company is growing, and product development and emphasis on marketing will be the major emphasis in the coming year.

*Guatemala* COLUMNA, formed in 1989 by the credit union federation and based in Guatemala City has substantially increased new business and expanded into other types of insurance markets with a new package policy developed by our consultant. They have recently purchased and moved into their own office building.

*Honduras* The insurance department of the credit union federation formed in 1966 has seen premiums grow at 40-50% in 1998, which is excellent. Obtaining a license as an insurance company continues to be problematic.

*Panama* Seguros FEDPA, formed in 1993 by the credit union federation and other cooperatives is based in Panama City. Seguros FEDPA is on schedule with their annual business plan. This company is hosting the Americas' Association annual conference and Annual Meeting in November 1998.

### Success Story

COLUMNA Compania de Seguros, S.A. located in Guatemala City began as an insurance department of the Guatemala Credit Union Federation (FENACOAC) providing loan protection to credit union members. Offering a reasonable price to lower-income, often rural credit union members, many of which could be considered micro-entrepreneurs, and retaining profits, they accumulated sufficient capital to become licensed as an insurance company in 1994. The Americas Association with USAID funds has provided technical advice and offered training opportunities to COLUMNA's staff in AAC/MIS member companies in Puerto Rico and Colombia.

Currently, AAC/MIS is leveraging financial resources in collaboration with Societe de cooperation pour le developpement international (SOCODEVI), a Canadian development organization utilizing CIDA funds to provide targeted support by a consultant who is residing in Guatemala City and working at COLUMNA's office. This consultant is helping develop a package, non-life policy and advising the Board and Manager on a variety of administrative and strategic issues that should improve operating efficiency and expand their market. Columna has continued to remain profitable since receiving its license as an insurance company.

**AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL/  
VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE  
(ACDI/VOCA)**

Sectors of Activity agriculture cooperatives and rural economic development  
FY 1998 Obligation: \$933,000 (\$838,907 planned obligation, \$94,093 forward funding)  
LOP Funding: \$3,749,246  
Primary Contact: Charles Cox (202)383-3975  
Focus Countries: Brazil, Mozambique, Kyrgyzstan, Peru, Ukraine (subgrant)

**Organizational History**

ACDI/VOCA was formed in 1997 with the merger of Agriculture Cooperative Development International (ACDI) and Volunteers in Overseas Cooperative Assistance (VOCA). Both of these organizations have a strong focus on rural agricultural development in developing countries and emerging democracies.

**Program-Wide Description of Activities**

ACDI/VOCA will develop sustainable agricultural cooperative systems in developing and market transitional countries through the expertise of our U.S. member cooperative agribusinesses, farm credit banks, volunteers, and enduring partnerships. We are committed to help strengthen these cooperative systems.

The program goal is to improve the economic well-being of farmers by strengthening democratic member-owned cooperatives as sustainable, group-based businesses. Its purpose is to accelerate the growth and enhance the viability of cooperatives through three components: rural finance, capacity building, and partnerships. The program rationale is that small farmers will benefit from fuller participation in the rural economy by building the capacity of cooperative institutions to deliver financial services, distribute appropriate production technologies, and market member products. Cooperatives' sustainability will be enhanced through local, national, and international partnerships that provide continued access to technology, trade, and investment.

In the Philippines and Peru, ACDI/VOCA will work with the Mindanao Federation of Cooperative Banks and the National Association of Cajas Rurales which will, in turn, support local cooperatives. In the Kyrgyz Republic, ACDI/VOCA proposes to help the Osh Credit Association to finance, private farmers and their associations, using resources from a USDA-funded food monetization program. In Mozambique, the program will help small-holder farmers rebuild "socialist style" cooperatives from the ground up in which U.S. and Brazilian volunteers will work together. In the Amazon region of Brazil, ACDI/VOCA will strength local cooperatives for the economic benefit of low income farmers and to preserve biodiversity.

**Country-Based Description of Activities**

*Brazil* The goal of ACDI/VOCA's Brazil activity under the CDP is to strengthen the institutional capacity of rural cooperatives in the Brazilian Amazon. ACDI/VOCA opened an office within the Organization of Brazilian Cooperatives' (OCB) headquarters in Brasilia in 1995. In addition to this and other cost sharing schemes, the OCB also helps ACDI/VOCA access individual

cooperatives through the state cooperative organizations that make up its membership. Most technical assistance focuses on management of cooperatives working with tropical fruit, rice, Brazil nuts, mixed agriculture (manioc, rice, and fruit), aquaculture, farm supplies and dairy products in Tocantins and Maranhao states.

*Mozambique* The goal of the Mozambique activity under the CDP is to increase the capacity of indigenous cooperatives and farmer/rural associations in Manica, Sofala, and Zambezia provinces using volunteer technical assistance. Volunteer interventions have focused on marketing studies of products like ginger, honey, tropical fruit, and tomatoes.

*Kyrgyzstan* ACDI/VOCA has signed an agreement with the Osh Farm Credit Association which states that CDP resources will be used to "create a more competitive and market-driven, user-owned credit association, and to strengthen its capacity to provide reliable financial services to farmers." To achieve this mission, both volunteer and paid consultants are being employed.

*Peru* ACDI/VOCA is working with the Association of Cajas Rurales to identify and promote new financial services and technologies to the members, channel relevant technical expertise to the cajas, and tap funding resources at both market and concessional rates for the cava system. ACDI/VOCA focuses CDP resources on development of a technical services division to deliver training and consulting services and increase the capacity of the member cajas, and to design a division to tap sources of funding for the Cajas Rurales. To achieve these goals, both volunteer and paid consultants are being employed.

*subgrant* Southern States Cooperative is working in Ukraine to support the formation of a private, democratic, farmer-owned input-supply cooperative in the Ternopil region of western Ukraine to supply agricultural inputs, credit, and private marketing services. Initial efforts will focus on establishing demonstration projects to educate members about the value of modern farm supplies.

### Success Story

Even with an extensive database of American consultants and volunteers, some projects are better served by volunteers recruited from developing countries. ACDI/VOCA's Cooperative Development Project in Mozambique combines USAID funded consultant and volunteer assignments with non-AID funded Brazilian volunteer assignments. Some areas in which Brazilian volunteers have been recruited include silkworm cultivation, tropical mango production, and coffee processing. Assignments for this South-to-South Volunteer Program also bring with them a perspective which is difficult to achieve with American volunteers.

ACDI/VOCA's first South-to-South volunteer was Guatemalan Edgar Palma, who has worked extensively in sustainable agriculture and agroforestry throughout Latin America. Palma also owns a small farm, allowing him to teach sustainable practices drawn from his first-hand experience. Palma notes that his methodology is uniquely applicable to Latin America. "I try to communicate an approach to farming that integrates the role of women as well as cultural and spiritual values." This type of assignment also develops volunteerism in developing countries. "There is a time to do your own work and a time where you feel an obligation to help others. Most people don't have the luxury to volunteer, but I have found it professionally and personally valuable."



## COOPERATIVE HOUSING FOUNDATION (CHF)

**Sectors of Activity:** housing, broad based community development

**FY 1998 Obligation:** \$1,215,595 (\$599,139 planned obligation, \$616,456 forward funding)

**LOP Funding:** \$2,994,096

**Primary Contact:** Dr. Judith Hermanson (301)587-4700

**Focus Countries:** Philippines, Poland, South Africa

### Organizational History

CHF was founded in 1952 as a non-profit association dedicated to the development of better housing and related community services for low and moderate income families in the United States. At the request of USAID, CHF became involved in international working 1962 and for more than 30 years has worked with the problems of providing community services and shelter for low-income people worldwide.

Since 1962, CHF has provided assistance through approaches such as credit and finance, job creation, institutional building, and government regulation to build or improve 2.1 million homes and has worked in more than 90 countries. In recent years, CHF has provided assistance to the countries of Central and Eastern Europe and the NIS as they move toward free market-based systems of housing delivery.

### Program-Wide Description of Activities

CHF is increasing the availability of affordable housing services to underserved populations through the promotion and strengthening of cooperative housing systems. This proposal describes field-based, results-oriented approaches in the focus countries of the Philippines, Poland and South Africa. While the institutional arrangements vary slightly from country to country, the program strategy is to establish sustainable systems by building the institutional capacity of CHF's local partners to provide technical and financial services to indigenous housing cooperatives.

Under the CDP, CHF's local partners will gain direct experience in promoting cooperative housing initiatives through the implementation of cooperative housing pilot projects. CHF will provide technical assistance to its local partners in the legal, organizational, financial and technical steps related to conducting a new core construction or a renovation project. Each pilot project will include all phases of planning and development, including the mobilization of resources to finance the project. CHF will assist in the implementation and monitoring of the pilot projects throughout the life of the CDP. CHF will assist its local partners in establishing fees for their services which will provide them with an ongoing revenue stream after the completion of the project.

### Country-Based Description of Activities

**Philippines** CHF is assisting The National Housing Authority (NHA) in mainstreaming their policies and procedures to more effectively deliver housing, i.e. registration, taxation, and financing as well as in decentralizing decision-making from the national government to its local cooperatives. CHF and NHA are working to develop three pilot projects in each major region of

the Philippines. Pilot goals include organizing legally registered cooperatives, designing new housing, accessing external sources of financing, and managing the development of construction-related efforts.

*Poland* CHF is working with a local NGO, Center for Housing Initiatives (CIM), to advise condominium associations on planning for credit, accessing external capital from commercial banks, and managing the construction and procurement processes for home improvements. CIM works with an association of 32 agencies to Support Housing Initiatives (AWIMs) which helps to organize local business and government efforts to produce new, privately-owned housing. CIM will be in a position to duplicate pilot project results through this national AWIM structure.

*South Africa* CHF's South Africa program promotes collective and assisted self-help approaches to low income housing delivery through beneficiary education, group-based housing demonstration projects, and technical assistance to emerging builders. CHF works with the Provincial Housing Board, the Government of South Africa, local cooperative members, a community-based organization, and a network of NGOs to disseminate lessons learned to other community-based housing groups around South Africa.

### Success Story

CHF's program in South Africa is located in Port Elizabeth where the majority of people live in deficient housing that they have assembled themselves with various pieces of recovered materials. The poor infrastructure is evident with few communities being linked to water or sewage lines. Designed to alleviate many of the adverse effects generate by a history of discrimination and neglect on the city's low-income communities, CHF South Africa provides technical assistance in an effort to assist families in Port Elizabeth. In the program's start-up year, fifty new units were built, numerous people trained, and three cooperatives were created. In its second year, over 250 constructed homes have been built.

CHF's program in South Africa quickly established a Technical Service Center (TSC) responsible for education, community-outreach, NGO capacity building, and housing delivery. The program has been successful in working with community-based organizations to facilitate distribution of housing information through workshops and education campaigns to provide technical assistance in the form of business skills training, and to bridge financing to builders.

Additionally, CHF South Africa continued to stress the importance of the community-based approach when providing training for a newly-created executive committee of local housing association in the following areas: organizational capacity building, accountability to beneficiaries, community participation, internal democratic practices within organizations, and independence from donor organization. In recent years, the South African government has begun to implement a national housing subsidy program. This effort has not been an ideal solution for wide-spread inadequate shelter due to shortages of basic housing materials. The TSC is concerned with assisting communities to utilize the subsidies and helping optimize the housing products they do obtain. CHF's approach emphasizes stimulating the local economy and mobilizing local resources. Thus, CHF's "people-driven housing process" stresses the use of local labor and materials in the construction of pre-fabricated houses. Additionally, the program's guidance in creating local housing associations has served to institutionalize a democratic structure to facilitate housing construction through advising on the preparation of

action plans, the drafting of constitutions, and the election of governing committees.

The South Africa program encompasses a wide range of accomplishments from housing and cooperatives to education and training. For over two years, this highly adaptable and agile program has sought out numerous approaches to housing delivery and builder education in order to meet the people's needs while successfully working within the context of a challenging, post-conflict environment. Through providing support, capital, and opportunity, CHF South Africa continues to help communities work toward their own goals of having safe, affordable housing. With 250 units, three created cooperatives, and thousands of beneficiaries through local employment and training, the people of Port Elizabeth are realizing those goals. The need for adequate shelter, which has been only a dream for so many low-income families in South Africa, has become a reality for hundreds in the local communities near CHF South Africa.

## LAND O'LAKES (LOL)

**Sectors of Activity:** agriculture/agribusiness

**FY 98 Obligation:** \$950,000 (\$750,000 planned obligation, \$200,000 forward funding)

**LOP Funding:** \$3,750,000

**Primary Contact:** Colleen Bryn, (612)481-2508

**Focus Countries:** Bulgaria, Philippines, Guatemala, Uganda (grantee and subgrantee)

### Organizational History

Land O'Lakes, Inc. is an agricultural cooperative founded by a small group of Minnesota dairy farmers in 1921. Today it is owned by more than 300,000 member farmers and ranchers in 15 states and has combined annual sales of more than \$3 billion. As an agricultural supply, processing, and marketing cooperative, it provides a comprehensive range of services to its members.

Until 1983, Land O'Lakes was involved in international development in cooperation with other cooperative organizations. Since 1983, Land O'Lakes has worked directly with USAID to strengthen its institutional capabilities for providing assistance to agribusinesses, farm supply, food processing, and dairy organizations in developing countries. In response to demand by USAID and individuals and organizations in developing countries, Land O'Lakes now provides training courses in the US for foreign participants in addition to its overseas work.

### Program-Wide Description of Activities

Land O'Lakes is working to identify sustainable primarily agricultural cooperatives and provide targeted assistance to improve their financial viability and member services. Land O'Lakes has a subgrant to mentor Minnesota Health Partners' (human health) to develop a health care cooperative model in Uganda to complement the services provided by the agriculture cooperatives. Funding for this subgrant is \$150,000 per year.

### Country-Based Description of Activities

**Bulgaria** Land O'Lakes has been working with various producer and processor associations to organize a steering committee of dairy industry representatives and form a Bulgarian National Dairy Association (NDA). This steering committee is working to formalize the Bulgarian NDA, hire the coordinator, and begin cooperative training to both the NDA and its members. The NDA will represent and promote the dairy industry on a national basis.

**Uganda** Land O'Lakes has provided advice and assistance to new regional dairy associations in Uganda over the last nine months. They also support other regional dairy associations in Eastern Uganda, assisting them to develop by-laws, recruit members, etc. The past six months have been mainly focused on assisting the regional dairy associations and local dairy cooperatives to promote the dairy industry among consumers.

**Philippines** Through a partnership with the Federation of Cattle Raisers of the Philippines, Land O'Lakes has jointly conducted an assessment of the cooperative environment in the Philippines and provided basic training to several cooperatives. The federation project coordinators were also trained on cooperative structure and organization.

**Guatemala** Land O'Lakes is working with dairy sector representatives on cooperative

development at the producer level. Land O'Lakes is also dialoguing with indigenous group representatives on ways the project can assist them with their cooperative development efforts.

### Success Story

In response to a request by the government of Uganda, Land O'Lakes has assisted individual farmers in improving the quality and quantity of their milk production. More than 1,000 Ugandan farmers have received training in milk handling, preservation, and cheese and ghee making; another 4,200 farmers have received on-site training from member cooperatives. Forty-six dairy cooperatives, with a total membership of 4,600, have benefited. Women comprise 97% of the membership in two of the cooperatives. In addition, Land O'Lakes technical assistance has had an environmental impact; for instance, cooperative members have stopped dumping oil and other harmful waste products and are practicing zero-grazing for cattle. This dairy development program is recognized as a model for the region. Dairy leaders from Kenya, Ethiopia, and Tanzania have traveled to Uganda and, as a result of the project, are discussing the formation of a regional dairy association for private sector dairies. Land O'Lakes is well positioned to assist with the expansion of cooperative development in the region.

## NATIONAL COOPERATIVE BUSINESS ASSOCIATION (NCBA)

**Sectors of Activity:** cooperative businesses and associations

**FY 98 Obligation:** \$750,000

**LOP Funding:** \$3,750,000

**Primary Contact:** James Cawley (202)638-6222

**Focus Countries:** Indonesia, Mali, Nicaragua (grantee and subgrantee)

### Organizational History

NCBA was founded in 1916 as the Cooperative League of the USA (CLUSA). Its current membership includes representatives from agriculture, banking and finance, health, housing, insurance, and consumer goods sectors. NCBA provides government relations, educational assistance, commerce promotion, and cooperative development services to these members.

NCBA received its first USAID funding tranche in 1964. The stated goal of its international development programs is "to empower the poor and disadvantaged of the world through the development of viable, member-owned and member-managed business enterprises to meet their own economic needs and improve the quality of their lives."

### Program-Wide Description of Activities

NCBA strengthens the capacity of indigenous cooperative development organizations by providing the necessary technical assistance and to strengthen linkages between these cooperatives so that they become a primary service provider to other local cooperatives.

### Country-Based Description of Activities

**Indonesia:** NCBA assists a federation of cooperatives which serves 1,100 small-scale coffee growers, provides technical assistance in co-op management to improve yields and quality of product, and develops new export markets. In the first year, markets were developed for \$349,900 of Indonesian specialty coffees.

**Mali:** Four Malian NGOs are provided technical assistance which focuses on providing services to some 400 Malian cooperatives. Services include cooperative management, business planning, financial analysis, credit management, marketing, and membership development. The NCBA-assisted co-ops did \$315,700 in additional business during the initial 6 months of the project.

**Nicaragua:** NCBA is working with a union of co-ops serving the poorest of Nicaragua's small-scale farmers to develop a business unit, which will broker business opportunities for co-ops. The first undertaking of this unit is to develop marketing opportunities for "organically-grown" Nicaraguan coffee.

**subgrant:** Cooperative Resources International (CRI), an NCBA member, has a sub-agreement to work on livestock improvement with several Nicaraguan cooperatives serving small landholders (1-5 hectares and 2 to 5 animals). The objective is to build the capability of these co-ops to sustainably provide and expand services in rural Nicaragua.

### Success Story

NCBA has helped 133,000 members of 52 Salvadoran cooperatives and producer groups to rebuild the war-ravaged economy of El Salvador by developing new sources of income through the cultivation of non-traditional crops for export to the United States and other countries.

La Providencia Cooperative of Usulután has risen from the ashes of the war zone like a phoenix, reborn after years of dormancy. Because of the conflict, the coffee plants of La Providencia were untended for 12 years. Yesterday's setback has turned into today's advantage because no chemical fertilizers or pesticides were applied to the coffee trees during those years. With assistance from NCBA, the cooperative was able to have the coffee crop certified chemical-free and accepted by commercial organic markets. In 1993, La Providencia Cooperative won El Salvador's National Ecology Award for reversing environmental decline through organic production.

"We've been processing organic coffee for the past three years," says Chungo Iglesias, president of the cooperative. "What we once spent on chemicals we now spend on hiring more workers. Organic coffee is more labor-intensive, but the prices we receive are 30 percent higher than what we earned for traditional coffee."

Iglesias explains that the cooperative not only provides a livelihood for 147 families, but it has influenced the government to construct a road to the community, and, has brought in power with the assistance of the National Rural Electric Cooperative Association (NRECA).

NCBA assists the Salvadoran cooperatives in the production and marketing of non-traditional agriculture export crops including organic coffee, sesame, cashews, melons, marigolds, and a range of fresh fruits and vegetables. These cooperatives account for two-thirds of El Salvador's produce exports and have generated tens of thousands of jobs.

None of the cooperatives' products sold in the U.S. compete with U.S. farm production. On the contrary, they have helped meet a demand in the U.S. for a greater variety and volume of fresh produce. Just 10 years ago, the average U.S. supermarket carried about 40 fresh produce items; now the average store carries more than 200, many of which are not "in-season" year-round, thanks to imports like those from El Salvador's cooperatives.

## NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)

**Sector of Activity:** rural electrification

**FY 98 Obligation:** \$742,538

**LOP Funding:** \$3,712,690

**Primary Contact:** James Durnil (703)907-5692

**Focus Countries:** Guatemala, Peru, Dominican Republic, Kyrgyz Republic, Philippines (grantee and subgrantee), El Salvador (grantee and subgrantee)

### Organizational History

NRECA was founded in 1942 to represent the interests of the rural electric cooperatives which were developed with the assistance of the Rural Electrification Administration during the latter half of the 1930s. NRECA now represents 900 distribution cooperatives, 60 generating and transmission cooperatives, and a variety of state-wide cooperatives, computer services companies, and other organizations providing services related to rural electrification. NRECA's international Programs Division was established in 1962 when USAID requested NRECA to provide its technical and organizational expertise in promoting rural electrification to developing countries. Over the years, NRECA has provided the services of more than 350 rural electrification advisors in more than 65 countries, bringing electricity to an estimated 36 million rural inhabitants around the world. NRECA International Ltd., a for-profit, wholly owned subsidiary also does international work in the form of joint ventures, host country contracts, and activities funded by the World Bank and other multilateral organizations. The NRECA International Foundation was founded in 1985 to solicit, receive, and distribute equipment donated by NRECA members and other organizations for use in developing countries.

### Program-Wide Description of Activities

NRECA builds host country electric cooperatives' capacity to meet growing service needs through providing necessary financial and technical support to strengthen the managerial, financial, and operational capacities of existing cooperatives and to develop new cooperatives.

### Country-Based Description of Activities

**Guatemala/El Salvador** NRECA is establishing a revolving fund modeled on the U.S. Rural Electrification Revolving Fund. This will be operated as a private capital resource to co-finance rural electrification projects in developing countries with private distribution companies, existing electric cooperatives, and government agencies dedicated to rural development. Donated U.S. equipment from NRECA member electric cooperatives will form part of its capital resources.

**Philippines** NRECA is working with the national government to establish a new private capital finance corporation to take over the public sector financing of the country's 120 rural electric cooperatives. The cooperative finance corporation will be established under a collaborative investment by NRECA and the International Finance Corporation with up to 70 of the strongest electric cooperatives and will arrange financing for energy efficiency improvements and other capital needs.

**Peru** NRECA has developed a proposal with the Ministry of Energy to convert the Ministry's electrification office into a coordinating unit similar to the U.S. Rural Electrification



Administration. In a complementary effort, NRECA is discussing a project with USAID to expand the Mission's counter-narcotics alternative development program to include a rural renewable energy component.

*Dominican Republic* NRECA has submitted a proposal for financial assistance guarantee under USAID's planned Development Credit Authority to support a private investment group including NRECA and several partners that will invest in electric distribution, efficiency, restructuring, and renewable energy development under an electric cooperative format. USDA Sec. 416 commodity assistance has been requested as part of this initiative.

*Kyrgyz Republic* NRECA will develop a model electric cooperative in collaboration with the state electric power holding company to demonstrate the consumer ownership option under its future power sector restructuring program.

*subgrant* The National Rural Utilities Cooperative Finance Corporation is working alongside NRECA in the Philippines and El Salvador to develop private cooperative finance alternatives to the traditional public electrification funding systems.

### Success Story

When Bob Schiller, manager of the National Rural Electric Cooperative Association's project in Bangladesh, was on home leave last summer, he stopped by the local coffee shop to meet a group of friends. After asking about Bob and his family, the conversation soon turned to the aid sent by the United States to developing countries like Bangladesh. One of Bob's friends leaned across the table and asked, "Just what do we get for all this? Isn't it like putting more sand in the desert?"

Bob replied, no, not at all. The rural electric program in Bangladesh is a tremendous success story. It brings electric power to five million people. And not just electric power but comfort and security, economic opportunity, better health and schooling and, for most, the first taste of true democracy as voting members of electrical cooperatives. Also, he pointed out, in the past four years more than \$59 million of wood utility poles, connectors, switches, meters, tools and other equipment has been purchased from United States manufacturers for use in the program.

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

Bangladesh emulates the system of cooperatives that bring electricity to the rural U. S., launching its program in 1978 with funding from USAID and technical assistance from NRECA. Initially other potential donors were highly skeptical. But the success of the program has attracted \$600 million from the World Bank, the Asian Development Bank, the Islamic Development Bank and the development agencies of Canada, Finland, Japan, Kuwait, Saudi Arabia and Norway.

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

## NATIONAL TELEPHONE COOPERATIVE ASSOCIATION (NTCA)

**Sector of Activities:** telecommunications

**FY 98 Obligation:** \$597,651

**LOP Funding:** \$2,977,814

**Primary Contact:** Marlee Norton (202)298-2352

**Focus Countries:** South Africa, Philippines, Romania, Ukraine

### Organizational History

NTCA was incorporated in 1954 and represents nearly 500 small, rural telephone cooperatives and commercial companies. In addition to its international programs, NTCA provides a wide array of services to its members including government affairs, legal representation, educational services, regular and special publications, and networking opportunities at regular regional and national meetings. NTCA is new to the BHR/PVC CDO community, having received its first USAID grant in 1990. NTCA's international development programs focus on improving rural and urban people's access to affordable telecommunications and the organizing of local NGOs to work towards similar ends.

### Program-Wide Description of Activities

NTCA enhances access to adequate telecommunications facilities by creating telecommunications cooperatives and community telecenters as well as strengthening existing cooperatives in other sectors (e.g.: credit, agriculture). To enhance public-private partnerships which improve access to and quality of existing telecommunications.

### Country-Based Description of Activities

*South Africa* Along with the South African Telecommunications Regulatory Authority, the Universal Service Agency, and IDRC; NTCA is expanding telecenters into telephone cooperatives. NTCA is also providing SATRA and USA with regulatory advice and assistance on universal service issues, cellular service, etc. in order to ensure service for the greatest number of rural South Africans.

*Philippines* Assisting numerous local partner organizations to develop a telephone cooperative on Samal Island, Mindanao.

*Romania* Working with Romanian Telephone Company on policy dialogue necessary to gain permission to do pilot project.

*Ukraine* NTCA and its local partners have selected five villages as sites of future telephone co-ops. Community leaders were taken to Poland to study successful telephone co-ops. Currently waiting on Mission approval of proposal in order to launch significant activity.

### Success Story

In 1990 NTCA began working with a variety of partners to help rural communities in Poland create their community-owned telecommunications cooperatives. These partners included local and central government leaders, NGOs, international financiers, training institutions, the government-owned monopoly telephone system, government regulators, local citizens and cooperative leaders.

As of 1997, NTCA and its Polish partners have created two rural telephone cooperatives and four community-based telephone companies. One additional system is currently in development. The six NTCA-supported operating companies now provide telephone service to 27,000 customers, and this number is expected to reach 100,000 by 1998. All but one are in southern Poland.

The provision of high quality, digital telecommunications has resulted in dramatically increased economic activity, especially in attracting foreign-owned investors, which have set up factories and warehouses and hired thousands of workers. It also increased the efficiency of farms and small businesses, whose owners now can use the telephones to acquire supplies, market products and carry out other activities. These direct benefits will continue to mount as the systems grow and new systems come on line.

The success of the telephone companies has directly led to other successful community projects in solid waste, water and sewer, and natural gas lines. In Brzesko, the municipal government has developed a water supply facility, waste water sewage plant and natural gas lines for households.

The Tyczyn community built a water sewage treatment plant and is supporting additional community projects, such as a gas lines to households and a mineral water production center, because of the initial success of the telephone company. As a result, Tyczyn is attracting outside investment because of its good telephone service and cleaner environment. Tyczyn's success mobilized the nearby communities served by the WIST telephone cooperative, which have initiated an identical waste water treatment plant.

In Tyczyn, site of the largest of the two cooperatives, telephones have been the catalyst for 100 new businesses and increased incomes by over 30%. For example, Tyczyn attracted two major outsider investors: a siding company that uses U.S. technology, and a joint venture for making insulation building materials. A flour mill cooperative also became profitable because of new telephone service that was critical for its marketing. Other examples of new businesses in the Tyczyn area include a private meat processing plant, agro-tourism at three local farms and a dairy plant.

At Debica, the availability of telephones was critical to attracting a large Joint venture with two U.S. firms: Goodyear and Igloo (food processing). Other new investments include meat processing, freezing, paints & varnishes, plastics and a poultry plant, which were all attracted to the town because of its improved telephones.

At the WIST telephone cooperative, over 100 small, home-based furniture companies have prospered. Two recently-established American telemarketing firms, Amway and Rainbow (vacuum cleaners) were attracted to locate there because of good phone service as well as a meat processing plant and Biocom (an American medical production firm). The telephone cooperative also serves the regional airport and municipal bus garage.

At the Brzeskie telephone company, the impact of telephones resulted in attracting a new large-production plant: a U.S.-Polish joint venture (POLAMPACK CANPACK) that employs 1,000 people and makes cans for the entire Central Europe region. Telephones resulted in an increase in small business formation from 500 in 1990 to 2,000 in 1996.

## **WORLD COUNCIL OF CREDIT UNIONS (WOCCU)**

**Sectors of Activity:** credit/microcredit

**FY 1998 Obligation:** \$610,492

**LOP Funding:** \$3,000,000

**Primary Contact:** Lucy Izumi Ito (608)231-8871

**Focus Countries:** Brazil, Ethiopia, Russia, Jamaica, Romania, Uzbekistan

### **Organizational History**

WOCCU was created in 1970 from International Programs Division of the Credit Union National Association (CUNA). It is the international association of the world's credit union movement which is engaged in over 80 countries around the globe. The bulk of its associated credit unions in developing countries serve low-income members with limited saving capacity. Their demand for relatively small, costly-to-process loans make them unattractive clients for commercial banks, thus WOCCU plays a crucial role in the economic mobility of its members.

*Mission Statement:* To assist members to organize, expand, and improve. To integrate credit unions and related institutions as effective instruments for the economic and social development of people.

### **Program-Wide Description of Activities**

Using their Model Credit Union Building approach, WOCCU's program will increase savings and credit services to local populations and strengthen existing credit unions to become financially sound providers of high-quality micro-finance services to their members. WOCCU is currently implementing their Model Credit Union Building approach in Ethiopia, Bulgaria, Russia, and Brazil. Since developing the Model Credit Union Building approach, WOCCU has had a high degree of success increasing credit union membership and access to credit in countries where they are active. For example, between 1993 and 1995 credit union membership has increased from 959 to 10,700 in Niger and from 17,000 to 85,200 in Poland.

### **Country-Based Description of Activities**

*Brazil* Before specific credit union level improvements in service delivery will have a significant impact, the Brazilian movement needs to expand their membership and increase savings in a safe manner by developing a supervisory framework. This framework will more closely monitor credit unions and establish criteria for credit unions to offer their services to a broader range of people.

*Ethiopia* WOCCU efforts have supported the assessment, self-evaluation and strategic planning efforts of the state-controlled credit union movement in Ethiopia. Continuing activities will begin working towards strengthening credit unions and separating a private association for promotion and representation of credit unions from the government agency currently responsible for regulation and supervision.

*Russia* Given the vast size and complexity of Russia, WOCCU has pursued a strategy of localized efforts targeted at the oblast level. WOCCU has worked in several countries neighboring Russia and has learned valuable lessons that can be applied to credit union development efforts in Russia. WOCCU was able to carry out an internship in the U.S. for one Russian credit union professional from the Demerovo Oblast. WOCCU will explore the

feasibility of organizing a credit union for railway trade unionists modeled after the very successful Railway Credit Union in neighboring Latvia.

*Jamaica* WOCCU will soon begin implementing a credit union certification program in Jamaica which will complement an existing program. The certification program serves as an incentive for credit unions to meet certain safety and soundness standards in order to be certified as a "model credit union." This certification would be reviewed annually to ensure continued compliance with certification standards.

*Romania* WOCCU will soon pilot a Certification Program that could serve as the basis for a longer-term regulatory system solution and use this to develop a certification program for global use by WOCCU. BHR/PVC's support of this program will complement WOCCU's current implementation of a modernization program that is introducing financial disciplines, market-based pricing and market-responsive financial services to partners.

*Uzbekistan* Credit unions are in the beginning stages of formation in Uzbekistan. WOCCU staff have provided intermittent on-site technical assistance to these nascent credit unions since 1996. Although credit unions are forming and operating, they still lack an appropriate legal and regulator framework. The purpose of the Uzbekistan activity is to provide for more consistent technical assistance to these credit unions and to work at the national level to help obtain the necessary legal and regulatory framework.

### **Success Story**

The World Council of Credit Unions in Guatemala (WOCCU) provided the Guatemalan national credit union with technical assistance in computerization, which increased its volume with efficiency, reduced its delinquencies, and lowered the costs of the lending process. In addition, the project focused on assisting credit unions in tailoring lending to the increasing needs of micro-entrepreneurs. As a result, loan volume increased approximately 85 percent from \$25 million in 1994 to \$46 million in 1996, and real growth savings nearly doubled from \$22 million to \$40 million. With a 65 percent growth in the number of credit union members in two years, the Cooperative Development grant has provided increased access to credit to almost 172, 000 micro-entrepreneurs.