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GOVERNMENT

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DEVELOPMENT OF COOPERATIVE
ENTERPRISES—1966

UNDER THE
FOREIGN ASSISTANCE ACT OF 1961

A REPORT

FOR THE

SUBCOMMITTEE ON INTERNATIONAL
FINANCE

OF THE

COMMITTEE ON BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES

90th Congress, First Session



Printed for the use of the Subcommittee on International Finance
Committee on Banking and Currency

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[SUBCOMMITTEE PRINT]

DEVELOPMENT OF COOPERATIVE
ENTERPRISES—1966

IMPLEMENTATION OF THE HUMPHREY
AMENDMENT

TO THE
FOREIGN ASSISTANCE ACT OF 1961

FIFTH ANNUAL REPORT

TO THE
CONGRESS
(Fiscal Year 1966)

U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 1967

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LETTERS OF TRANSMITTAL

APRIL 28, 1967.

To the Members of the Committee on Banking and Currency:

Transmitted herewith is a copy of a report on the programs of the Agency for International Development in providing development aid for cooperatives and other nonprofit enterprises under the Foreign Assistance Act during the calendar year 1966. The report, "Development of Cooperative Enterprises—1966," is being distributed as a print of the Subcommittee on International Finance for the use of the committee and all Members of Congress.

The committee's interest in the development of cooperatives and other nonprofit enterprises in connection with international economic assistance is set forth in the enclosed letter of transmittal from Congressman Henry S. Reuss, chairman of the International Finance Subcommittee of the Committee on Banking and Currency. I commend to your attention for your information and consideration Congressman Reuss' letter of transmittal, as well as the subject report.

Any views and conclusions contained in the report do not necessarily reflect the views and conclusions of the committee or of any of its members.

Sincerely,

WRIGHT PATMAN, *Chairman.*

APRIL 25, 1967.

To Chairman Patman:

As chairman of the Subcommittee on International Finance of the House Committee on Banking and Currency, I am transmitting to you herewith the attached report on the activities and accomplishments of the Agency for International Development (AID) in assisting cooperative enterprises under the Foreign Assistance Act. Section 601 of that act provides in relevant part that—

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

This provision was received in the Foreign Assistance Act of 1961 in the form of an amendment offered by then Senator Hubert H. Humphrey in the course of the debates on the act in the 87th Congress. Accordingly, it is referred to as the Humphrey amendment.

In the 89th Congress, further emphasis was placed upon these programs by the adoption of a new provision of the Foreign Assistance Act which states that "emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of the developing countries, through the encouragement of democratic private and local government institutions."

The House Banking and Currency Committee has stated its recognition of the value of the activities of the work of cooperative and other nonprofit programs in the field of international development in its report in the 89th Congress to the Asian Development Bank bill. In that report, your committee urged the Asian Development Bank to establish "close liaison * * * with cooperative organizations * * * to insure success of the Bank's projects." Similarly, the committee has in the exercise of its jurisdiction over enabling legislation for international financial institutions (the World Bank, the Inter-American Development Bank, the International Development Association, and the International Finance Corporation) given extended consideration to these and related problems.

Cooperative and other nonprofit organizations active in the field of international development held a conference on February 7 and 8 of this year in Washington, D.C., to commemorate the fifth anniversary of the Humphrey amendment and to discuss new plans and new approaches to increase the pace of development under the additional authority provided by the Foreign Assistance Act of 1966. These programs are, and continue to be, a dynamic and vital part of our international development efforts.

It is for these reasons that I deem that it is again both appropriate and valuable that the attached report be made available to the members of the committee specifically, as well as all Members of Congress, for their information and consideration.

This report, the fifth annual report to the Congress, was prepared by the International Cooperative Development Service of the Office of Material Resources, AID, with the assistance of the AID country missions, the four regional offices of AID, as well as cooperative enterprises with AID contracts. Further assistance was provided by other departments and agencies recognizing the value of cooperative enterprise as a means of stimulating private initiative and democratic institutions.

The views and conclusions contained in this report, of course, do not necessarily express the views and conclusions of the subcommittee or any of its members.

Sincerely yours,

HENRY S. REUSS,
Chairman, International Finance Subcommittee.

CONTENTS

	Page
AID assistance to cooperative enterprises, fiscal year 1966.....	1
Table 1. Cooperative projects under AID contract, fiscal years 1964-66.....	9
Table 2. AID mission expenditures for technical assistance to cooperative development, fiscal years 1965-66.....	10
Table 3. Manpower employed on AID cooperative projects, fiscal year 1966.....	12
Table 4. AID dollar loans for cooperative-type enterprises and agricultural credit, fiscal years 1964-66.....	12
Cooperative contracts with AID:	
American Institute for Free Labor Development.....	13
Cooperative League of the U.S.A.....	15
Credit Union National Association.....	16
Farmers Union International Assistance Corp.....	18
Foundation for Cooperative Housing.....	19
Fund for International Cooperative Development.....	22
International Cooperative Development Association.....	24
International Cooperative Training Center.....	25
National League of Insured Savings Associations.....	26
National Rural Electric Cooperative Association.....	27
AID mission expenditures for technical assistance, fiscal year 1966:	
Latin America:	
Argentina.....	29
Bolivia.....	30
Brazil.....	31
Chile.....	33
Colombia.....	35
Dominican Republic.....	36
Ecuador.....	37
Guyana.....	39
Jamaica.....	40
Mexico.....	40
Paraguay.....	41
Peru.....	42
Uruguay.....	43
Venezuela.....	43
Central American and Panama:	
Costa Rica.....	45
El Salvador.....	46
Guatemala.....	47
Honduras.....	48
Nicaragua.....	49
Panama.....	50
Africa:	
Congo-Kinshasa (Léopoldville).....	51
Dahomey.....	51
Ethiopia.....	52
Ghana.....	53
Guinea.....	53
Kenya.....	54
Liberia.....	55
Malagasy Republic.....	55
Mauritania.....	56
Morocco.....	56
Niger.....	57
Nigeria.....	58

AID mission expenditures for technical assistance—Continued	
Africa—Continued	
	Page
Senegal.....	59
Sierre Leone.....	59
Somali.....	60
Sudan.....	60
Tanzania.....	61
Togo.....	62
Tunisia.....	62
Uganda.....	65
Upper Volta.....	68
Near East-south Asia:	
India.....	69
Iran.....	69
Jordan.....	71
Nepal.....	71
Pakistan.....	72
Turkey.....	73
Egypt.....	74
Far East:	
Korea.....	76
Philippines.....	78
Thailand.....	79
Vietnam.....	80
Organization and function of cooperative services in AID.....	83
Inter-American Development Bank loans for cooperative-type projects, outstanding and requested, fiscal years 1964-66.....	85
AID cooperative directory.....	91

AID ASSISTANCE TO COOPERATIVE ENTERPRISES, FISCAL YEAR 1966

One of the major achievements of the expanded assistance for cooperative-type programs by the Agency for International Development (AID) in fiscal year 1966 was the widespread involvement of a growing number of people in successful self-help ventures. This kind of assistance is continuing to grow. It is directed at involving as many people as possible in programs to build economic and political democracy. These cooperative-type efforts, thus, are consistent with the broad purpose of the U.S. foreign aid: to help other countries to grow on their own, to improve the living of the people, and to strengthen their freedom and independence.

The thrust of most cooperative programs also continues to be in the direction of rural development; this is consistent with the President's directive to assist the emerging countries to increase their food and agricultural production as part of a global war on hunger.

By coordination and improved use of resources, AID and non-government organizations were able to develop economies in the area of cooperative development that made it possible to broaden the base of cooperative assistance without increasing the size of staff. Fewer people were used than in the preceding year, when \$7.6 million was spent for cooperative development carried on by 400 AID-financed technicians. The expenditures for fiscal year 1966 were \$9.5 million and the work was done by 357 AID-financed technicians. Of that amount \$6.5 million was done by contracts with cooperative enterprises.

The cooperative assistance continues to be most heavily concentrated in Latin America, where the program got off to a flying start in 1962 under the banner of the Alliance for Progress. The main developments are in savings and loan associations; farm credit, credit unions, and housing; handicraft production and sales; and rural electric cooperatives. Special attention has been given to working with local labor and farm organizations to establish and strengthen democratic institutions around which the people can start to build their own economic enterprises.

Over a 5-year period, from the time when cooperative-type enterprises were beginning to be seriously recognized for the contributions they could make to foreign aid, AID has been involved in one way or another with 40,000 cooperatives in 54 countries. These cooperatives have 16 million family members. During fiscal year 1966, AID assistance affected in one way or another 30,000 cooperatives, credit unions, agricultural credit societies, and savings and loan association in 46 countries. They have 9.8 million members. Of this number, 6.2 million belong to government organized or controlled organizations. Most of the remaining 3.6 million members belong to voluntary, independent associations. During the year 2,500 new cooperatives with 500,000 members were organized. A majority of the cooperatives are agricultural.

U.S. cooperatives share AID's awareness that a major challenge to the effectiveness of this Nation's foreign aid rests on how successfully we can wage the war on hunger; increase agriculture's production; and improve the education and health of millions of people who now live in hunger, ignorance, and disease. The organizations which are participating in AID's cooperative program took an inventory of their available resources early in 1966. They recognized that what is done to improve health and education is directly related to how much food is going to be available. On the other hand, no country can embark on an expanded health program if it cannot fight hunger and overcome malnutrition nor improve education, if children do not have healthy bodies in which sound minds can develop. Until a country begins to move toward these objectives, there is little hope for building a firm and lasting foundation for democratic institutions.

The kinds of help which AID's cooperative technicians were able to provide in fiscal year 1966 ranged from simple projects such as directing community resources to such purposes as building roads, irrigation ditches, wells, classrooms and community centers, and providing other needed local services; organizing precooperative groups among primitive and isolated groups; establishing credit unions and simple savings societies; and coordinating mobile health units, savings societies, and similar common efforts into a single service, to more ambitious ventures such as developing savings and loan societies; organizing cooperative homes and apartment buildings; creating national cooperative banks; providing supervised agricultural credit and training for improved farming practices; establishing rural electric, small manufacturing, handicraft, consumer and marketing cooperatives; federating local farmers' associations into regional cooperatives to provide multiple services such as furnishing credit, supplying fertilizer, chemicals, and other farm supplies; receiving, storing, processing, and marketing the farmers' products; and supervising ambitious town planning, in which permanent cooperative institutions are part of the total effort at community cooperation.

Examples of this kind of assistance, which are important to the social evolution that the United States is encouraging, are described in the country reports for the past year, beginning on page 29. The changes that are being brought about make this a revolution of rising expectations. The changes are not only material and economic, but are based on the social, political, and intellectual life of the country as well. The paradox is that while most developing countries still need much outside assistance, self-help is the single most important factor in a successful development partnership.

Cooperative development started in a systematic and planned way after Congress passed section 601 of the Foreign Assistance Act of 1961, better known as the Humphrey cooperative amendment. This amendment provides in relevant part that: "* * * it is declared to be the policy of the United States * * * to encourage the development and use of cooperatives, credit unions, and savings and loan associations. * * *"

This amendment became a directive which encouraged a positive cooperative program, creation of a division in AID to look after cooperative projects, the use of cooperative specialists in AID's regional offices in Washington and its missions abroad, and the direct participation of U.S. cooperatives in foreign aid. In 1962 the

37 cooperative technicians then employed were all hired directly by AID. The sum of \$2,794,000 was made available for cooperative projects. Now nongovernment organizations conduct well over half of all of AID's cooperative projects through contracts with AID. In fiscal year 1966 expenditures for cooperative projects had increased to \$9.8 million. Each year, the budgeting has become more realistic, reflecting a more experienced estimate of actual year-to-year needs. There were 357 technicians, and consultants and AID personnel in cooperative projects in 49 countries, of which 263 were under contract by nongovernment organizations. Most of the contract people have had many years of practical experience in cooperatives or related educational and credit fields. This number includes approximately 100 persons employed for 3 months or less on special assignments.

The organizations which had major cooperative contracts with AID in fiscal year 1966, including 10 major organizations with worldwide agreements, are listed in the attached table No. 1. (See page 9.)

In addition to the major cooperative projects which are carried out under contract, there are a variety of projects which are funded by each AID country mission. There also are cooperative projects which are a part of, but incidental to, the overall contracts. The attached table No. 2 compares the mission funded assistance for cooperative purposes by countries in fiscal years 1965 and 1966. (See page 10.)

The United States, however, is not alone in providing cooperative assistance. Seventeen other countries, including some of the developing nations which are themselves receiving assistance, assist through United Nations agencies. Nearly all European countries are providing some kind of technical and training assistance on a country-to-country basis. The U.S. Government and 75 other nations, representing all ideologies and stages of development, recently gave a dramatic demonstration of support for what cooperatives are doing in the developing countries at the International Labor Organization Conference of the United Nations in Geneva. The nations supported a resolution to expand the role of cooperatives in the economic and social development of the developing countries.

Of this effort, the Honorable Mr. Morse, U.S.-born Director General of the ILO, said in part:

Cooperatives have helped rationalize distribution patterns, increase purchasing power, promote consumer protection, narrow the housing gap. They have contributed to the modernization of production in agriculture, and fisheries, handicrafts, and industry. They have made for improved quality and greater volume of production and have led to more efficient marketing of the increased output. They have stimulated productive capital formation among large numbers of individuals. In a wider sense, cooperative growth has thus become an effective stimulant to economic growth. * * *

Cooperation is also an adult education movement giving people an opportunity not only to improve their skills but also to learn how to take an active and enlightened part in the economic and social life of their countries. Seen from this angle, cooperatives are a school for democracy.

The mission reports of AID's cooperative achievements for fiscal year 1966 bear out the Director General's conclusions. This report endeavors to evaluate the extent to which the cooperative assistance has encouraged economic development and democratic processes.

The Foreign Assistance Act of 1966 incorporates under a new title IX, the Foreign Affairs Committee's recommendation that new

attention and emphasis be given to attaining the largest measure of popular participation in foreign aid. Failure to do so, the committee's report states, not only acts as a brake on economic growth, but neglects the basic causes of social and political instability which pose a constant threat to the gains being achieved on the economic front. The committee enumerates some of the ways by which it believes AID could most effectively engage all of the available human resources for local programs of self-help and mutual cooperation, such as: loans to small farmers, encouragement of cooperatives, labor unions and savings and loan-type institutions, utilization of voluntary agencies, and support of integrated programs of community development designed to promote stable and responsible governmental institutions at the local level. These congressional recommendations strengthen the action program which was submitted to the AID administrator by a cooperative advisory committee 5 years earlier, shortly before passage of the Foreign Assistance Act of 1961.

The contribution that cooperatives and nonprofit organizations can make, because of their unique ability to involve large numbers of people and to enlist their support and services, was also recognized in the report of the Advisory Committee on Private Enterprise in Foreign Aid. The report states:

We strongly urge AID, in reviewing and responding to a country's development strategy to place major emphasis upon the planning, host country commitments to, and the execution of educational programs. In such programs we urge AID to use every means to tap the rich resources in U.S. universities, labor unions, cooperatives, business enterprises, professional societies, and other nongovernment entities which have something to offer to the educational process.

The report also places high priority on the export value of technical and professional services, of the kind provided by U.S. cooperatives, holding that they should be made eligible for this same financing and guarantee facilities from AID and the Export-Import Bank that exporters of tangible goods now receive.

There are many examples of the widespread support and enthusiasm that a successful cooperative effort can inspire, especially when the people feel strongly enough to become deeply involved in the planning, organization, and direction of such communitywide enterprises.

One such instance occurred in a small settlement in Colombia. A U.S. rural electric cooperative technician who was on the scene tells, in a few words, what the building of an electric cooperative meant to the people of that village.

"We had a nice trip to Tibu," the technician begins. "We arrived in time to see the small town of Tres Bocas energized. It was a wonderful sight. The people were extremely happy to have lights. Grown men, ragged, barefooted and dirty, danced in the dirt streets and yelled, 'Luz, Luz, Luz.' When you see a sight like this, it makes all seem worthwhile."

In every part of the world there are similar instances when, for a moment at least, the community, almost to a person, shares in a final triumph, after having gone through all doubts, worries, and reverses together. For the local people these efforts may represent a triumph that transcends economic success alone. When the man on the land and his family are involved with the community in a self-help or cooperative program, new and often neglected human talents are discovered and put to work. Each individual, moreover, comes to identify himself with the total effort of the group, and this gives to

each individual, not yet too confident in his own, new-found ability, the added strength that comes from this identification with the whole group. This is the power that comes from working together. Many of these achievements are made possible with the help of AID and U.S. cooperatives.

The idea of mutual aid in economic and social matters has, of course, existed since the dawn of history. These associations were often bound by religious, social, and tribal ties. The customs of many of these earliest mutual aid societies are still preserved today in many rural regions of the world. The main task in cooperative development is to recognize the long-time existence of this purposeful union of individual forces and efforts in a common action for common cause, and to get as many local people as possible to help adapt their traditional mutual aid methods and structure to changing economic and social conditions.

The 357 AID-financed, experienced American cooperative technicians are at work on such assignments in the less-developed countries. Most of them went from jobs with U.S. cooperatives to their foreign posts, others went from universities and colleges, and government agencies.

These are some of the things they are doing:

In Korea, 18,000 cooperatives, which AID helped to reorganize and financed, are the main source of credit to the country's 2.6 million farm families. They are the farmers' only source of fertilizer, which is distributed at cost, and exert a growing influence in marketing commodities and furnishing farm supplies. They encourage land reform, improve farming methods and democratic practices through its own agents.

In Latin America, where savings and loan associations were almost nonexistent 5 years ago, there are now 94 associations in 11 countries. There are a half-million members, who have accumulated \$150 million in deposits for investment in housing and other ventures. Both the National League of Insured Savings Associations and the U.S. Savings and Loan League have played an important part in assisting with their development.

In Nepal, squeezed in between China and India, Farmer Ram Krishna's family now gets enough to eat from the 4-acre farm, tilled by a bullock-pulled wooden plow. But AID cooperative and rural credit specialists are trying to step up food production, so that Ram Krishna's family, along with some 9.7 million other Nepalese will not go hungry in a few years. They expect 2 million farm families in Nepal will all eventually benefit from an AID developed farm credit program, so the farmers will be able to get credit from rural cooperatives, and buy better tools, seed, fertilizer, and chemicals from cooperatives, too. Cooperatives now store and market some farm products. Many of the 114 new cooperatives are already providing members with improved farm tools.

In Latin America studies were made in Brazil and other countries by the Foundation for Cooperative Housing on new ways to transform slums into livable communities. AID's revised guaranty program, which would provide help for home mortgage organizations such as savings and loan institutions, would strengthen housing cooperatives and free trade union apartments. During fiscal year 1966 guaranties were made on 16 projects representing 17,000 units and a U.S. invest-

ment of \$96 million, and authorized for 16 other projects, representing 15,000 units and an investment of \$83 million. Eighteen other applications were being processed for projects involving 11,000 units and \$61 million.

In nine Latin American countries, 13 farm credit banks made 80,000 subloans to farmers and farmer associations and cooperatives to finance land improvements, fertilizers, seeds, and new equipment. In the meantime, 14 Latin American countries have instituted land reform programs, frequently with the assistance of AID technicians, and the pace at which farmers are actually getting land titles is increasing steadily.

In Mexico, a major breakthrough has been made in supervised agricultural credit. The peso equivalent of \$100 million was made available so farmers and their cooperatives through a program supported jointly by AID with a \$40 million loan, World Bank with a \$25 million loan, and the Mexican Government with a \$35 million loan. The program will operate through the country's private banks.

AID moved out of Taiwan in 1965, but the AID-established farmers' associations continue to flourish. They provide credit for 700,000 farmer owners. Members' deposits now provide 70 percent of the loan capital with AID's original financing setting up the Taiwan Government's revolving fund for the balance. The cooperatives now market most of the island's exportable crops.

Credit unions in Latin America now have nearly 600,000 members. In 5 years since AID's assistance speeded the organizing of the extremely poor families, over 2,000 local credit unions have been organized, 325 of them new societies within the year. They have accumulated over \$36 million in savings. These societies not only teach thrift, but through 27,000 volunteer leaders are bringing to many thousands of people their first experiences with voluntary, democratic institutions. A training center in Lima, Peru, provides excellent training in the fundamentals of leadership as well as book keeping. AID has also helped to organize 153 credit unions in East Africa. CUNA International has done much of this work under a contract with AID. It has also used its own funds to help organize credit unions in many other countries.

The AFL-CIO, as part of its social development program, is active in all Latin American countries except Cuba, Haiti, and Paraguay under the banner of the American Institute for Free Labor Development. It has helped to develop worker-owned housing, savings and loan banks, cooperatives, and Brazilian campesino service centers. It has also provided direct assistance to impact projects from the special AFL-CIO grant. The \$100,000 grant has helped 49 local projects in Latin American countries. The money has been used for such things as loans to a sewing cooperative in Lima, Peru, to buy equipment; to workers in Santos, Brazil, to start a consumers' cooperative; for a bakery cooperative to get working capital; for machinery for a clothing cooperative in La Paz, Bolivia; to a workers' laundry cooperative in

Georgetown, Guyana; to a kerosene cooperative in Lima, Peru; and grants for six hand looms for a handicraft cooperative in Peru; for sewing machines for rural union service centers in northeast Brazil; for purchase of land for a housing cooperative in Quito, Ecuador; and to complete construction of 25 latrines for workers' families in La Concepcion, Nicaragua.

In Colombia, Peru, Bolivia, and Ecuador, 60,000 persons are involved in an artisan handicraft project. Ten cooperative centers have been established to furnish supplies at cost and market the wares of the Andeans. National cooperative companies are being developed in each of the countries and are encouraged to do their own research and marketing. Sales for the year are estimated to be \$1.5 million. The social impact of this self-help program has already been felt in many of the communities.

In Uganda, AID's team of cooperative technicians has worked closely with the Government for 4 years to streamline operations, establish uniform accounting and business procedures, and create a well-informed membership among the 450,000 family patrons of agricultural cooperatives. These producers marketed cotton and coffee valued at \$67,428,000 through 1,827 local cooperatives in fiscal year 1966. Their consumers' cooperative had sales of \$1,409,000 for the year. Approximately 42,000 members attended training and information courses of from 1 to 3 days' duration. In addition, 886 took advanced training, and 207 graduated from Bukalasa Cooperative College. There were 42 students studying in other countries under AID sponsorship.

Each year between 50 and 85 campesinos, from Venezuela, Bolivia, Peru, Chile, and Colombia study agriculture, cooperatives, local government, and rural living with U.S. farm families. These young Latin American rural leaders are the guests of these farm people. On-farm experience is coupled with training at the International Cooperative Training Center at the University of Wisconsin, under AID contract. Some of these farmers from previous years have already started to make their mark in their communities. They have organized three national campesino associations in order to share experiences and ideas and to stimulate a much wider involvement of people in building cooperatives in their countries. Some have gone into government extension and cooperative work among the poorer farmers. Others have helped to organize cooperatives, to develop projects for better education and social life, and to demonstrate improved farming methods in their own communities. Several have bought American farming equipment for themselves or for their communities, introduced new farming methods and new crops. One has organized and led a resettlement project in Bolivia.

Widespread use of electricity in rural America has helped to set the pace for lighting up the rural areas of the rest of the world. AID, under a contract with National Rural Electric Cooperative Association, has sponsored 33 surveys and studies, and assisted in the develop-

ment of rural electric services in Vietnam, Colombia, Chile, Peru, Nicaragua, Costa Rica, Uruguay, Bolivia, and Brazil.

The success of each of these projects can be measured by how many local people were involved in these self-help projects, and to what extent the benefits become evident and acted as a catalyst to stimulate other enterprises in the surrounding communities. The opportunities for private initiative are frequently encouraged by self-help examples and joint ventures developed which combine the resources of cooperative and commercial enterprises.

Under the various methods provided for by Public Law 480, food for peace has also been used to organize cooperatives, to grubstake settlers in new farming areas, to increase agricultural production, and in the Vietnam corn pig program, in increasing pork production, to provide an inducement to continue farming, and to assist local cooperatives in strategic areas.

These selected examples from a wide range of projects demonstrate how important cooperation can be to the process of social development. There is more to cooperation than the immediate advantages which accrue to members.

Among the 120 countries where cooperatives exist, the most promising opportunities are in the developing countries. In these countries, where agricultural and small industry predominate, the problem is to build a new production apparatus for the country as a whole, in agriculture and commerce as well as in industry. In such a situation, the existence of a system of cooperative and similar institutions at all levels offers immediate possibilities of making credit available at reasonable terms, by organizing primary producers in a rational way, by spreading new techniques, by distributing consumer goods, by regulating and facilitating the marketing of produce, by providing services in such essential areas as housing, health, education, and recreation.

AID shares with the developing countries this concern for trying to determine what are the most efficient and acceptable methods for increasing production, stimulating initiative, and encouraging enterprise. Cooperatives are being called on to play a much larger role in fostering economic and social development in these countries, especially in the rural areas where the call is for improved marketing, new agricultural facilities, and more credit and services, and trained and experienced people. It is in this critical agricultural area that cooperatives can help AID make its most important contribution.

The intrinsic value of cooperative-type organizations arises from the fact that when people are permitted to join their energies to a process of learning and discovery, the increased efficiency of their productive efforts is phenomenal.

Thus, by encouraging the widest popular participation by the people, by tapping the country's often-neglected human resources, by involving organizations which can provide the training ground for democratic leadership and democratic processes, and by doing all of these things well, the cooperatives can be a positive force for building democratic private and public institutions, and thus assure private enterprise a deserved and larger role in the national development of their countries.

TABLE 1.—*Cooperative projects under AID contract, fiscal years 1964–66*

[Dollar amounts in thousands]

Name of contractor	Number of contracts			Number of country projects			Number of persons employed under co-op contracts			Total dollar expenditure in fiscal year 1966 by cooperative contractors		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
American Institute for Free Labor Development (AIFLD).....	3	5	24	20	22	20	45	45	47	\$1,050	\$628	\$833
Cooperative League of the U.S.A. (CLUSA).....	11	8	8	51	50	50	28	50	46	403	1,158	1,913
CUNA International, Inc.....	8	11	16	30	25	15	23	21	27	430	644	797
Farmers Union International Assistance Corporation (FUIAC).....	8	10	11	16	26	16	18	25	24	348	451	578
Foundation for Cooperative Housing (FCH).....	11	17	19	29	35	19	25	39	38	276	419	512
Fund for International Cooperative Development (FICD).....	2	1	3	21	11	11	5	14	11	10	120	146
International Cooperative Development Association (ICDA).....	2	2	2	1	0	3	---	3	6	5	28	90
International Cooperative Training Center (ICTC).....	2	2	5	1	0	2	23	23	21	132	163	240
National League of Insured Savings Associations (NLISA).....	7	4	6	25	8	6	19	17	10	65	66	80
National Rural Electric Cooperative Association (NRECA).....	23	23	16	38	28	23	32	52	33	281	365	388
American Savings & Loan Institute (ASLI).....			1						1			50
Checchi & Co. (Sierra Leone).....	2	2	4	1	1	1	2	2	3		248	320
Fellman Associates.....	2	0		10	1					31		
First Federal Savings & Loan Association.....			1						1			10
Golberg Milton Associates.....	2	0		8	0					50		
Joint Commission, Rural Reconstruction in China (Vietnam).....	2	1	1	1	1	1				300	286	561
Washington Federal Savings & Loan Association.....			1						1			15
Total.....	95	88	114	278	223	199	253	286	255	3,381	4,576	6,535

TABLE 2.—AID mission expenditures for technical assistance to cooperative development, fiscal years 1965-66

[Mission funded assistance for cooperative purposes, by countries. (Sums do not include global or regional funding, or food for peace, Public Law 480 assistance)]

[In thousands of dollars]

	Fiscal year 1965	Fiscal year 1966
Latin America:		
Argentina.....	9	37
Bolivia.....	1 60	70
Brazil:		
Rio De Janeiro.....	197	260
Recife.....		(2)
Chile.....	580	437
Colombia.....	113	1 100
Costa Rica.....	21	47
Dominican Republic.....		20
Ecuador.....	494	268
El Salvador.....	45	50
Guatemala.....	6	60
Guyana.....		20
Haiti.....		
Honduras.....	21	1 50
Jamaica.....		10
Mexico.....		1 5
Nicaragua.....		200
Panama.....	5	30
Paraguay.....	3	22
Peru.....	15	1 25
Tobago, Trinidad, and West Indies.....		
Uruguay.....	20	17
Venezuela.....	64	121
ROCAP (Republics of Central America and Panama).....	82	175
Total Latin America mission funds.....	1, 735	2, 024
Total regional and global funds.....	3, 348	4, 030
Total.....	5, 083	6, 054
Africa:		
Algeria.....		S
Cameroon.....		
Chad.....	6	
Congo:		
Brazzaville.....		
Kinshasa (Leopoldville).....		3
Dahomey.....	15	20
Ethiopia.....	20	20
Gabon.....		
Ghana.....	20	29
Guinea.....	149	320
Ivory Coast.....		
Kenya.....	1 150	25
Liberia.....	61	88
Malagasy Republic.....		
Mali, Republic of.....		
Malawi.....	18	
Mauritania.....		12
Morocco.....	53	132
Niger.....		24
Nigeria.....	345	70
Senegal.....		19
Sierra Leone.....		
Somali Republic.....		
Sudan.....	10	8
Tanzania.....	88	1 25
Togo.....		23
Tunisia.....	46	254
Uganda.....	145	381
Uppr Volta.....		
Zambia.....	15	
Total African mission funds.....	1, 141	1, 453
Total African regional and global funds.....	403	230
Total.....	1, 544	1, 683

Footnotes at end of table, p. 11.

TABLE 2.—*AID mission expenditures for technical assistance to cooperative development, fiscal years 1965-66—Continued*

[Mission funded assistance for cooperative purposes, by countries. (Sums do not include global or regional funding, or food for peace, Public Law 480 assistance)]

[In thousands of dollars]

	Fiscal year 1965	Fiscal year 1966
Near East-south Asia:		
Afghanistan.....		
Cyprus.....		
Ceylon.....		
India.....		
Iran.....	20	64
Jordan.....	177	182
Israel.....		
Nepal.....	58	166
Pakistan.....	20	50
Turkey.....	10	47
United Arab Republic (Egypt).....	20	20
Yemen.....		
Total Near East-south Asia mission funds.....	305	529
Total Near East-south Asia regional and global funds.....	194	180
Grand total.....	499	709
Far East:		
Burma.....		
China, Republic of (Taiwan).....		
Indonesia.....		
Korea.....	50	120
Laos.....		
Philippines.....	10	140
Thailand.....		210
Vietnam.....	100	473
Total Far East mission funds.....	160	943
Total Far East regional and global funds.....	168	180
Total.....	328	1,123
Total all mission funds.....	3,340	4,949
Total all regional and global funds.....	4,113	4,620
Grand total.....	7,453	9,569
Food for peace, Public Law 480, dollar equivalent:		
Latin America.....	1,263	12,113
Africa.....	190	
Far East.....	350	1,362
Near East-south Asia.....	170	
Total.....	1,973	13,475

¹ Estimated. Mission information not available.² Not available.

TABLE 3.—*Manpower employed on AID cooperative projects, fiscal year 1966*

Region	Contract employees	Direct hire and PASA ¹ employees	Man-months of time (estimated)	Cooperative training	
				Number of participants ²	Number of trainees ³
Worldwide.....	51	12	575		
Latin America.....	161	39	725	⁴ 241	100,000
Africa.....	31	20	175	98	⁵ 75,000
Near East-south Asia.....	9	14	100	19	3,000
Far East.....	11	9	100	60	⁶ 8,000
					⁷ 4,500
					⁸ 310,000
Total.....	263	94	1,675	418	500,000

¹ Participating agency service agreement (PASA) with other U.S. Government agencies.

² Participants are assisted by AID in receiving training and instruction in the United States or a third country.

³ Trainees are assisted by AID in receiving training in their home country.

⁴ Does not include 500 Latin Americans who received training at the International Credit Union Training Center at Lima, Peru, supported by AID.

⁵ Approximate number of cooperative members who attended local meetings assisted by AID technicians in Uganda, Kenya, Tanzania, and Tunisia. Special classes were conducted for cooperative officers, directors, and employees by AID technicians at AID-supported centers.

⁶ Including special training at Cooperative Research Training Center in Saigon, Vietnam, partially financed by AID.

⁷ Korean National Agricultural Cooperative Federation project, assisted by AID, provides weekly instructions for fieldmen and seminars for leaders in Seoul.

⁸ Korean membership training by fieldmen and local cooperative officials, through Cooperative Federation, and assisted by AID.

TABLE 4.—*AID dollar loans for cooperative-type enterprises and agricultural credit, fiscal years 1964-66* ¹

[In thousands]

Region	Loans approved, fiscal year 1964	Loans approved, fiscal year 1965	Loans approved, fiscal year 1966
Latin America.....	\$32,000	\$37,100	\$80,400
Africa.....		7,400	1,900
Near East-south Asia.....	7,000	12,000	600
Far East.....	14,800		2,000
Total.....	53,800	57,500	84,900
Approved loans, fiscal year 1966.....			84,900
Loans approved, fiscal years 1962-65.....			264,300
Total AID approved dollar loans to cooperative-type projects.....			² 349,200

¹ Totals do not include \$11,000,000 in AID controlled local currency loans in fiscal year 1965 and \$28,900,000 in fiscal year 1966.

² AID has also approved investment guarantees of over \$76,000,000 in private loans to cooperative projects.

COOPERATIVE CONTRACTS WITH AID

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD) ¹

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Ecuador (SPD)---	\$50,000.00	\$50,000.00	-----	-----	AID/LA-162---	-----
Brazil, rural (SPD).	280,000.00	121,308.02	-----	-----	AID/LA-162---	-----
Nicaragua (SPD)---	17,000.00	14,666.53	March, 1965-----	January, 1966---	AID/LA-259---	5
Colombia (SPD)---	94,700.00	68,550.01	January, 1965-----	June, 1966-----	AID/LA-259---	7
Guyana (SPD)---	165,000.00	64,144.23	June 1965-----	November, 1966--	AID/LA-259---	10
Brazil, urban (SPD).	95,000.00	58,977.60	July 1965-----	December 1966--	AID/LA-259---	14
ROCAP (SPD)---	138,000.00	95,112.97	January 1965-----	April 1967-----	AID/LA-259---	18
Chile (SPD)-----	50,000.00	45,790.96	April 1965-----	September 1966--	AID/LA-259---	19
Peru (SPD)-----	197,000.00	76,014.23	January 1965-----	June 1967-----	AID/LA-259---	22
Panama (SPD)---	21,000.00	0	January 1966-----	December 1967--	AID/LA-259---	26
Honduras (SPD)---	37,000.00	0	July 1966-----	June 1967-----	AID/LA-259---	31
Dominican Republic (SPD).	600,000.00	237,902.07	July 1965-----	Open-----	AID/LA-311---	-----
Total-----	1,744,700.00	833,000.00				

¹ The projects listed above represent the social projects portions of larger contracts that AIFLD has with AID.

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

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

AIFLD has two main fields of activity: trade union education and social projects such as housing, workers' bank, campesino service centers, small "impact" projects, and community services. These programs now reach every country of Latin America and the English-speaking Caribbean except Cuba, Haiti, and Paraguay, where free trade unionism is totally suppressed by dictators.

The AIFLD's training program which has established schools from the Argentine to Mexico, has reached more than 40,000 persons from 1962 to 1966. The AIFLD now operates resident institutes for advanced study courses of up to 3 months duration in 11 countries. In addition, its schooling activity in the form of lectures and seminars, ranging from a few days to a few weeks, extend to most regions, urban and rural, of the individual countries. AIFLD mobile teams travel to union communities in outlying areas by many modes of transportation ranging from horseback, oxcart, and "shanks mare" to modern "audiovisual mobile unit." The training program continues to give more emphasis to campesinos and cooperatives each year. Those

who have attended resident course number approximately 4,000, not including 455 who have gone on to advanced study at the AIFLD's Washington school.

Projects in the cooperative field and the area of "impact projects" and "small projects" usually go through the following progression: request from local labor union; feasibility study by AIFLD; submission of funding request to AID, IDB, AFL-CIO, etc.; provision of technical assistance in implementing the project. The AFL-CIO has approved \$100,000 from its funds for impact projects, and to date assisted 49 union-sponsored ventures in 14 Latin American countries. Assistance has ranged from \$100 to \$5,000 for such projects as repairing school buildings and community centers, purchase of playground equipment, furnishing equipment for cooperative sewing, clothing, carpenters, kerosene, weavers cooperatives, and for purchase of books, and creation of libraries and classrooms. About one-half the amount is in interest-free loans and one-half in outright grants.

During the past year the various social projects by AIFLD have been undertaken in Brazilian cities which contain nearly an eighth of the country's 82 million people and nearly one-fourth of the industrial workers of all Latin America. The housing project of over \$2 million, involving 40 unions joined together in a housing cooperative, CO-OPESP, in Sao Paulo, is in open bidding stage, while the large multi-million project in Rio de Janeiro is under final review. The northeast of Brazil, where three campesinos service centers have just established, is regarded as one of the most critical regions in the hemisphere. The ambitious program underway in these centers includes providing legal and medical services, youth and education activities, and such economic services as credit unions, land purchase and improvement cooperatives, and other needed cooperative services, as well as space for union administration, membership assembly meetings, and social events.

In Colombia, funds have been allotted for a rural service center. Studies have been completed for similar programs in other countries. The largest housing project of its type will soon be built in Georgetown, Guyana. This project is sponsored by AIFLD and financed by approximately \$2 million from the AFL-CIO pension funds. Housing projects have been completed in Honduras and Mexico, and are near completion in the Dominican Republic. An Inter-American Development Bank loan is helping to finance a workers' housing project in Bogotá, Colombia. The workers' housing bank in Peru, ASINCOOP, the first one in Latin America, is making long-term, low-interest loans to members of workers' housing cooperatives. A portion of a \$6 million cooperative AID loan is available through ASINCOOP for workers' housing projects in the provinces of Peru. One such project of 128 units is now under construction in Arequipa.

Guarantees earmarked for AIFLD by AID for use of AFL-CIO affiliated unions' pension and welfare funds is \$67 million. The AIFLD works with cooperative organizations in carrying out its democratic labor development program in Latin America.

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

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Worldwide agreement.....	Open	Open	1963.....	Open.....	csd-267	-----
Project director and staff.....	\$168,000	\$80,702	July 1963.....	October 1965.....	csd-267	1
LA individual and resource recruitment.	88,000	28,920	-----do-----	-----do-----	csd-267	2
5 area field technicians, 1 editor for LA socioeconomic survey program and assisting Organization of the Cooperative of America (OCA).	343,000	134,406	June 1963.....	March 1966.....	csd-267	3
Chile cooperative education adviser.	49,000	4,285	March 1964.....	September 1965..	csd-267	-----
Handicraft development and marketing: Peru, Ecuador, Bolivia, Colombia.	2,708,000	1,574,663	February 1964...	July 1966.....	csd 267	7
Creation of cooperative insurance institutions—LA.	66,000	31,683	June 1964.....	October 1965....	csd-267	8
Colombia wholesale grocery consultant.	7,000	2,336	July 1964.....	August 1965.....	csd-267	9
Agricultural cooperative adviser, Nigeria.	82,000	30,010	July 1965.....	-----	csd-267	11
Agricultural cooperative adviser, Ecuador.	30,000	18,707	November 1965..	-----	csd-267	12
Adviser on administration—Cooperative Education Institution.	22,000	-----	December 1965..	-----	csd-267	13
Adviser to INPROA.....	30,000	4,232	March 1966.....	-----	csd-267	14
Capital development specialist, Korea.	12,000	3,108	June 1966.....	-----	csd-267	15
Oilseeds production and processing specialist, India.	55,000	-----	-----do-----	-----	csd-267	16
Fertilizer survey, India.....	19,000	-----	-----do-----	-----	csd-267	17
Total.....	3,674,000	1,913,052	-----	-----	-----	-----

COOPERATIVE LEAGUE OF THE U.S.A.

The Cooperative League of the U.S.A. and its members, which have conducted their own overseas cooperative programs for 15 years, have broadened this assistance through contract with AID, and are now providing services in Latin America, Africa, Asia, Far East, and the Near East.

Although the Cooperative League is increasing its programs in other regions, its main activities continue to be centered in Latin America, both as to its own programs and those under AID contract. Its two most ambitious undertakings are to organize the cooperatives of the Western Hemisphere into a single Organization of the Cooperatives of America, and to create a domestic and international market for handicraft products which it is encouraging the Indian artisans of Colombia, Peru, Ecuador, and Bolivia to manufacture.

The league is helping to develop the Organization of the Cooperatives of America to self-sustaining size. The major Latin American countries are now represented in membership. Its field staff works with groups forming cooperatives and gives technical assistance to existing cooperatives. Its magazine, *Cooperative America*, is published in Spanish and English, and has a monthly circulation of 4,000.

The artisan project, which seeks to increase the earnings of members by putting the handicraft production on a cooperative, cottage-industry basis, has a \$2.7 million budget extending over several years. The goal is to create a viable cooperative handicraft industry in a

5-year period. Assistance consists of teams of resident advisers, controllers, production and design specialists, and cooperative organizers and advisers, as well as a merchandising firm and management consultants for sales promotion in the United States.

Other projects during fiscal year 1966 include: Developing a coffee marketing cooperative and a coffee processing plant for growers in Ecuador, which has been allocated 9 percent of the national export quota, and expected to earn \$300,000 in its first year; establishing a fishermen's cooperative in Ecuador, which is ready to expand from offshore fishing to deep sea trawling and has a cold storage plant at the port city of Esmeraldes; assisting in organizing a consumer cooperative to serve an area of 150,000 people in Lima, Peru; establishing mobile cooperative libraries in southern Brazil, and encouraging Sao Paulo, Brazil, cooperatives to finance mobile units in northern and northeastern Brazil; and helping to establish a federation of agricultural and consumer cooperatives in Panama.

The league also is conducting a pilot project in Nigeria to improve two existing marketing unions consisting of 81 primary cooperatives by providing new management and accounting procedures, supervision of credit, and purchasing and marketing of more products; surveys on the feasibility of Bolivian credit unions; establishing a national cooperative insurance company, with similar developments in Peru, Ecuador, and Colombia; study to determine how Korea's credit unions and insurance cooperatives can be of help to the national savings plan; recruiting an oilseeds production and processing specialist for India and three specialists to make a fertilizer feasibility survey in India; assignment of an agricultural credit adviser to Guatemala and an adviser to the Institute of Cooperative Education in Chile; overall agricultural credit and cooperative surveys in Ghana, Nigeria, Cameroon, and Ivory Coast.

The cooperative organizations which belong to the league have more than 15 million members.

CREDIT UNION NATIONAL ASSOCIATION (CUNA)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Latin American organization	\$429,835	\$11,314	May 1962	February 1966	LA-11	-----
Worldwide agreement	Open	-----	January 1963	Open	Open	-----
Domestic operations	190,666	44,081	do	September 1966	csd-236	1
Central American organization	545,000	161,581	June 1963	October 1966	csd-236	4
Ecuador organization	201,900	64,598	March 1963	do	csd-236	5
Ecuador production credit specification	61,120	29,058	September 1964	September 1966	csd-236	8
Los Angeles regional office	383,700	276,814	January 1965	January 1967	csd-236	11
Venezuela	31,700	22,459	do	May 1966	csd-236	12
Bolivia	42,000	32,466	do	June 1966	csd-236	13
Colombia	34,600	30,906	do	December 1965	csd-236	14
East African organization	131,000	45,080	do	September 1967	csd-236	15
CUNA program evaluation team	8,500	4,806	August 1965	November 1965	-----	16
El Salvador	37,000	16,124	November 1965	October 1966	csd-236	17
Costa Rica	25,000	14,164	do	do	csd-236	18
Guatemala	35,000	15,806	do	do	csd-236	19
Honduras	53,900	23,817	do	do	csd-236	20
Brazil	20,000	4,880	January 1965	July 1968	csd-236	21
Total	2,230,921	797,954	-----	-----	-----	-----

CREDIT UNION NATIONAL ASSOCIATION

The Credit Union National Association, which formally became CUNA International, Inc. in 1966, is prepared, under its contract with AID, to furnish technical assistance within the terms of the agreement to any country in the free world which is interested in starting a credit union program. Operations under this program prior to fiscal year 1966 have been confined to Latin America. The first project was started in 1962. During fiscal year 1966, a regional program was started in East Africa.

The general objectives of this program are to promote the organizing and establishing of new credit unions, and provide through counseling, training, and education, improved methods and techniques of credit union operations. To assist in the establishment of central organizations of credit unions in the various countries and help them plan their programs to attain self-sufficiency in the shortest possible time, through self-sustaining, dues supported systems of credit unions.

In carrying out these objectives AID has provided assistance in the organization of credit unions in Venezuela, Colombia, Brazil, Bolivia, Ecuador, Peru, Guatemala, Honduras, Costa Rica, Panama, Nicaragua, El Salvador, Tanzania, Kenya, and Uganda. Credit union federations have been formed in Venezuela, Colombia, Brazil, Bolivia, Ecuador, Peru, Guatemala, Honduras, Costa Rica, Panama, Nicaragua, and Tanzania. These countries are in varying stages of self-support and it is estimated that self-sufficiency will be reached within each of these countries in an average of 5 years.

During the fiscal year 1966, in Latin America, the number of credit unions increased from 1,730 to 2,044; savings from \$24,585,093 to \$36,173,855 and total loans outstanding from \$24,924,742 to \$34,492,253. Loans for the year exceed \$30 million.

In Latin America 27,296 volunteer credit union leaders actively participated in the management and operational activities of 2,044 credit unions in 1966. These elected officials, through educational courses, field technical assistance and on-the-job training, provided over 600,000 heads of households in Latin America with needed credit union services.

In July 1965, the East African regional program was established. There are now 159 credit unions in the three countries of Tanzania, Kenya, and Uganda, with total savings of \$352,387, and loans outstanding of \$152,307.

Under the program of CUNA World Extension Department, which was set up in 1954, to help other countries start credit unions, there are now credit unions in 70 countries. The emphasis on training and education has spread the influence of these mutual thrift organizations beyond that of thrift and accumulating indigenous capital to encouraging organization of other cooperatives.

Individual participation in the building of credit unions is also helping greatly in developing democratic local leadership at community level within countries where credit unions have been developed.

FARMERS UNION INTERNATIONAL ASSISTANCE CORPORATION (FUIAC)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect, fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Cooperative training and supervision: Paris and Dahomey.	0	\$8,000	May 1962-----	October 1965----	afr-7-----	-----
Worldwide agreement-----			Open-----	-----	csd-255--	-----
Domestic operations-----	198,000	84,000	April 1963-----	August 1966-----	csd-255--	1
Tunisia, cooperative consultant.	26,000	11,000	July 1964-----	October 1966-----	csd-255--	2
Afro-Asian rural development, India.	0	27,000	June 1964-----	August 1966-----	csd-255--	5
Uganda, agricultural cooperative leadership training.	440,000	120,000	January 1964----	September 1968--	csd-255--	6
Kenya, agricultural and cooperative leadership training.	180,000	43,000	-----do-----	November 1967--	csd-255--	7
Philippines, agricultural cooperative leadership.	178,000	62,000	February 1965---	Open-----	csd-255--	9
African coordinator-----	55,000	12,000	June 1965-----	June 1967-----	csd-255--	10
Liberia, agricultural cooperative leadership.	169,000	8,000	April 1966-----	Open-----	csd-255--	11
French Africa, cooperative leadership.	85,000	30,000	May 1966-----	September 1966--	csd-255--	12
Latin American agricultural and cooperative leadership training: Chile, Peru, and Venezuela.	180,000	171,896	June 1962-----	December 1966--	la-23-----	-----
Total-----	994,000	577,970	-----	-----	-----	-----

FARMERS UNION INTERNATIONAL ASSISTANCE CORP.

The Farmers Union International Assistance Corp. was created by the National Farmers Union to mobilize the resources of the Farmers Union and its independent cooperative affiliates to assist agricultural cooperative development in developing countries.

An open end agreement was signed with AID in 1964 to enable the U.S. member organizations of the International Federation of Agricultural Producers (the National Grange, the National Council of Farmer Cooperatives and the National Farmers Union) to provide cooperative experts in marketing, supply, and farm credit to needy countries.

Regional and country projects are being carried on:

1. In Latin America (Chile, Peru, and Venezuela) to train farm leaders for cooperative organization and management, and for general rural leadership responsibilities. Two hundred and eighty-one rural farm leaders have had training in basic agricultural cooperative credit, marketing, farm supplies; and, farmer organization since 1962.

2. In Africa, cooperative specialists are assisting the expanding cooperative functions in Uganda (credit, marketing, and supply); in Kenya (financial management accounting, information); in Tunisia (member education in farm credit via cooperative societies), and in Liberia (management, credit and production under cooperative stimulus).

Additionally, training of cooperative officials has been conducted in the United States for seven French-speaking African

countries: Senegal, Mauritania, Dahomey, Malagasy Republic, Upper Volta, Togo, and Niger.

3. In the Far East, assistance is being given to the farmer cooperatives and to farm credit in the Philippines, and programs for technical assistance to the organization of farmer associations in Thailand have just been contracted. Similar assistance is being considered for South Vietnam.

4. In south Asia, a program of assistance to cooperative marketing and supply has been contracted for Nepal.

Projects have been completed in Africa, in Dahomey, in Latin America, in Ecuador, and with the Afro-Asia Rural Reconstruction Organization which draws its membership from more than 20 countries in those two continents.

FOUNDATION FOR COOPERATIVE HOUSING (FCH)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect, fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Worldwide housing-----	Open		June 1962-----	Open-----	csd-22	-----
Latin America regional housing study.	\$52,650	\$14,056	May 1963-----	November 1966--	csd-22	9
Latin America coordinator and staff.	296,723	81,851	-----do-----	July 1967-----	csd-22	10
Worldwide coordinator and staff.	160,000	70,451	June 1963-----	August 1966-----	csd-22	11
Latin America regional training.	381,000	87,547	-----do-----	November 1966--	csd-22	12
Central America and Panama.	62,000	9,315	August 1963-----	June 1966-----	csd-22	13
Peru-----	46,300	16,065	September 1963--	December 1966--	csd-22	14
Honduras-----	89,790	38,878	-----do-----	May 1967-----	csd-22	16
Jamaica-----	19,500	8,750	March 1964-----	June 1967-----	csd-22	17
Colombia-----	28,000	2,526	-----do-----	November 1965--	csd-22	18
Argentina-----	51,500	30,694	July 1964-----	December 1966--	csd-22	20
Colombia-----	80,000	34,685	January 1965-----	February 1967--	csd-22	24
Panama-----	82,500	32,758	April 1965-----	April 1967-----	csd-22	25
Nicaragua-----	23,300	20,121	July 1964-----	August 1966-----	csd-22	26
Central America and Panama.	60,000	21,286	June 1965-----	June 1967-----	csd-22	27
Brazil-----	140,000	36,344	-----do-----	December 1967--	csd-22	28
Ethiopia-----	7,000	6,959	July 1965-----	August 1966-----	csd-22	29
Venezuela-----	20,566	0	June 1966-----	July 1967-----	csd-22	30
Colombia-----	70,000	0	-----do-----	March 1968-----	csd-22	31
Latin American investment guarantee-----	40,000	0	-----do-----	June 1967-----	csd-22	32
Total-----	1,710,824	512,286				

FOUNDATION FOR COOPERATIVE HOUSING

The Foundation for Cooperative Housing, established to promote the development of cooperative housing, supplies technical services overseas through its affiliates, the FCH Company and FCH International, for research, program planning and program development of cooperative housing.

Emphasis is placed on forming in-country facilities so that the peoples of aided nations can use their own resources to obtain housing on the large scale and on the continuing basis that is required to meet their needs. Strong cooperative systems can produce homes for masses of people with middle and lower incomes, groups for the most part not now able to obtain homes.

The technical services have already resulted in programs which are moving ahead rapidly with in-country action. In the State of Minas Gerais, Brazil, where initial guidance for the program was given by FCH 2 years ago, a cooperative housing program has 18 projects with housing for 1,400 families in construction stages, and 95 other cooperatives organized for housing 6,000 families. During the fiscal year FCH has reviewed the program and assisted in its further development.

In Honduras, a federation of housing cooperatives, FEHCOVIL, has been formed to continue the development of housing cooperatives throughout the nation. It will be financed during its first 5 years by a 1-percent contribution by the pilot cooperative housing projects in Honduras and has a board of directors and an administrative director. It may act as a board of trustees for a low-cost housing cooperative being considered in the new AID investment guarantee program, and in such functions will serve as sponsor for cooperative housing in Honduras, the role of FCH in organizing housing cooperatives in the United States.

The Panamanian Federation of Housing Cooperatives is being formed to serve as a continuing private, nonprofit and in-country resource for cooperative housing in Panama. The formation of these federations is an important step for in-country action in cooperative housing, and is essential for the continuation and strengthening of cooperative housing efforts begun under assistance programs.

The basic agreement with AID under which FCH operates is the worldwide housing task order. Under it, general guidelines have been developed to assist housing programs in the different countries.

Country contracts in force during the fiscal year, excluding those in which tasks had been concluded earlier, were Honduras, Jamaica, Colombia, Argentina, Panama, Nicaragua, Brazil, and Ethiopia. Major contracts were in force covering work in a number of countries: task orders for Latin American coordinator and staff, a Latin American regional housing study, and supplementary task orders for Central America and Panama.

Among the major activities of the fiscal year were:

1. Final preparation and publication of the report, "A Program—Ingredients for a Successful Self Sustaining Cooperative Housing Program," a study of the requirements for establishing a firm program capable of producing 5,000 cooperative units of housing a year in any one country. The report was printed in English and Spanish, the latter in collaboration with OAS and CINVA. It has had large distribution, is used by the Latin American AID missions, and is being used in African program development.

2. A 3-month course in cooperative housing was presented at CINVA. FCH provided a course director, course plans and instructors. Students were professional members of various leadership occupations used by housing cooperatives and represented 18 Latin American nations. The course was the first project under an OAS/FCH 2-year contract for mutual work on cooperative housing and urban and regional planning.

3. A project agreement was developed in Colombia which establishes a Cooperative Housing Trust Fund of 15 million pesos, proceeds of USAID program loans to Colombia. Three

cooperative housing projects, including 350 families, will be financed initially out of the fund, and by a loan in land, services and cash from the Colombian housing authority, plus down payment contributions from the member co-ops of the Colombian Federation of Housing Cooperatives. The program places the trust fund in operation on a permanent and revolving basis to finance the continued development of single mortgage cooperative housing projects.

4. In rural Panama, a self-help, pre-cooperative housing demonstration project of 10 homes was completed, and another rural project of the same kind was begun. Good homes with average loans of \$236 were built with family contributions of labor, native materials and \$30 down payments. Repayments are made into a revolving fund to supply credit for more rural housing. The program's importance is twofold: it points a direction for meeting some of the great housing problems in rural areas of developing nations, and it demonstrates a way to build improvements into the rural life of these nations to deter part of the heavy migratory tides into the cities.

5. In Panama, a joint program was begun for AID with the Panamanian National Housing Institute to establish a first Cooperative Housing Production Center. The center will consist of a cooperative to produce prefabricated homebuilding components; a sales warehouse to purchase and resell standard building materials for use in low-cost housing; and vocational and apprentice training in home construction and allied fields. The first center is cooperating in a Panamanian Government program for relocation of squatter families, and is employing former squatters and assisting them to develop suitable materials for new homes.

Also in Panama assistance was provided in securing approval of an AID loan of \$3 million matched by \$1,500,000 from the Government of Panama for clearing urban slum areas and for providing homes, schools, and health centers for 4,000 families.

6. In Panama, a detailed investigation and cost analysis was made for conversion to cooperative ownership of two high-rise apartment buildings in an urban renewal area in Maranon.

7. In Honduras, three housing cooperatives, including 268 families, in active stages of development and formation of the countrywide federation of housing co-ops mark the progress of a program funded with an AID loan shortly before the beginning of the fiscal year.

8. Studies were made of feasibility and need for cooperative housing programs in Ethiopia, Nicaragua, Jamaica, and Brazil, and recommendations made to the country governments and to AID. In Nicaragua, a detailed analysis was also made leading to the development of specific projects. A million dollar AID loan for cooperative housing has been approved as a seed capital loan through the savings and loan institutions. The study in Brazil was concerned with favela rehabilitation in the Rio de Janeiro area.

Assistance was provided to the housing commission of the city of Buenos Aires in carrying out a socioeconomic study of four "villas miserias" and in the preparation of a loan application to

the Inter-American Development Bank. A "first-phase" loan of \$19,200,000 was approved for relocation of 3,000 families and for the infrastructure investment in Parque Almirante Brown housing project for 20,000 families.

9. An FCH cooperative housing specialist was assigned to Brazil to provide continuing technical assistance on the rapidly developing housing activities.

10. A management cooperative was formed at a Colombian Government housing project in Bogota, Ciudad Kennedy, and training was provided in Colombia and in the United States for country personnel associated with the program. Short-term assistance was given the Colombian Government on implementation of a loan establishing a savings and loan system.

Studies were also made during the year leading to development of cooperative housing programs in various countries of Latin America under AID investment guaranties. FCH participated in The Fourth Inter-American Savings and Loan Conference in Caracas to help these institutions realize investment opportunities in housing cooperatives. Slide films and various publications were prepared to gain understanding of cooperative housing methods. Work was done on a 20-minute motion picture on cooperative housing. Training of professional personnel for housing cooperatives was conducted through various workshops and study visits by some of the personnel to large cooperative housing projects in the United States.

FUND FOR INTERNATIONAL COOPERATIVE DEVELOPMENT (FICD)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Strengthening of the Latin America cooperative financing system (total)-----	\$491, 200	\$146, 000	May 1964-----	June 1967-----	AID/la-188--	-----

FUND FOR INTERNATIONAL COOPERATIVE DEVELOPMENT

The Fund for International Cooperative Development has undertaken to assist the Latin American cooperative movement to build a strong, viable cooperative financing system in Latin America. This objective is being approached by the simultaneous pursuit of two related targets:

1. Assistance in the organization, rationalization, and operation of banks for cooperatives to be located within countries of Latin America requesting assistance from the program, which are designed to fill the needs of all qualified cooperatives; and

2. Assistance in the organization and operation of a central finance institution called the Inter-American Cooperative Finance Development Society, known to the Latin Americans by the first letters of the Spanish name, SIDEFCOOP. SIDEFCOOP will

be owned by the cooperatives and cooperative finance institutions in Latin America. The functions of SIDEFCOOP will be, in addition to a broad range of financial functions (other than loans), the provision of supervision, the setting of standards, and the dispensing of technical assistance to the member banks.

I. Bank development program

A. Ecuador: The Banco Cooperatives Del Ecuador was formally opened in December 1964, first accepted loan applications on April 1, 1965, and made its first loan in early May 1965. A former business analyst with the St. Louis Bank for Cooperatives is in Ecuador as adviser to the bank. He will remain until December 1967.

B. Argentina: The Banco Cooperation Agrario Argentino opened early in June of 1965. FICD assisted this bank by sending two men from the Farm Credit Administration to advise the bank officials on the administration and organization of the bank. In March 1966, two consultants reviewed the operations of the bank, recommending an expansion of its loan activities.

C. Uruguay: FICD has withdrawn its consultant from Banco de Produccion y Consumo—a project not organized by the FICD program. The bank is now closed, and the AID loan of \$2.4 million has been canceled.

D. Chile: The AID loan to the Instituto de Finciamiento Cooperativo was approved by AID in early June 1965, and signed in August thereafter, on the basis of information submitted by the bank's organization committee. Disbursement of funds was not authorized, however, until the enactment of legislation permitting the Chilean Government to guarantee the AID loan and the appointment of a U.S. employed technician to the staff of the bank. A former executive president of the Puerto Rico Bank for Cooperatives was designated by FICD to serve as adviser to the Instituto during the initial 2 years of operations. The bank began operations in late 1965.

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

F. Dominican Republic: FICD provided, at the request of the AID mission and a group of cooperative leaders in the Dominican Republic, a team of two cooperative banking experts. Due to the sudden suspension of their feasibility study caused by the outbreak of hostilities in April 1965, they were unable to return and complete the assignment until January 1966. Their final report recommends the establishment of a cooperative bank in that country when the political situation is stabilized.

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

FICD has also had contact with, and is awaiting formal proposals from, Costa Rica and Venezuela.

H. Bolivia: Antonio Grillo Ramirez, general manager of the Puerto Rico Branch of the Baltimore Bank for Cooperatives, performed a preliminary survey of the cooperative movement in April of 1966. His report recommends that a more detailed feasibility study be conducted after the July 1966 national election.

I. Peru: The AID mission has requested that a member of the FICD staff visit Peru to assist the central credit union in converting into a central bank for cooperatives of all types through amendment of its bylaws, constitution, and organization.

J. Brazil: FICD has maintained correspondence with AID/Rio de Janeiro, which has invited a member of the staff to discuss the overall situation with respect to cooperative financing in that country.

II. Central Finance Institution (IIFCOOP)

The decision has been made to incorporate IIFCOOP in the State of Delaware as a supervisory, technical assistance, and promotion body, leaving outside of its charter for the present any financial functions. This was accomplished in February 1966 by incorporating the Inter-American Cooperative Finance Development Society (SIDEFCOOP). A meeting of the SIDEFCOOP board of directors and shareholders was held in April of 1966 at which the directors and officers for the coming year were elected and its activities and services were defined. Future board meetings will be held quarterly and annual shareholders meetings before June 30 of each year.

Membership in SIDEFCOOP is open to cooperative finance institutes (cooperative banks), cooperative associations, and private nonprofit organizations promoting cooperativism.

It is expected that SIDEFCOOP, by including as one of its objectives the concession of loans to its member cooperative finance institutes and cooperative associations, will be transformed into a central finance institution known as IIFCOOP.

INTERNATIONAL COOPERATIVE DEVELOPMENT ASSOCIATION (ICDA)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect, fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Development of U.S. cooperative resources for assistance abroad..	Open	-----	Open-----	Open-----	cds-683	-----
Development of U.S. cooperative resources for assistance abroad.	\$202, 183	\$83, 064	June 1964-----	August 1967-----	csd-683	1
Survey of food product marketing and chainstores.	7, 680	7, 522	April 1966-----	July 1966-----	csd-683	2
Total-----	209, 863	90, 586	-----	-----	-----	-----

INTERNATIONAL COOPERATIVE DEVELOPMENT ASSOCIATION

The International Cooperative Development Association was incorporated by a group of U.S. cooperatives in July 1963, signed a global contract with AID in June 1964, and commenced operations

on January 15, 1965. Its first assignment was to develop a "bank" of manpower and material resources for AID and its missions to use in the organization and development of cooperatives in the developing countries. ICDA mobilizes the resources of U.S. cooperatives for providing technical assistance, equipment, personnel, and advice on matters of management and capitalization for developing cooperatives abroad. ICDA is also developing ways for encouraging partnership arrangements between U.S. cooperatives and those in developing countries. As of July 1, 1966, ICDA has completed feasibility studies and reports as follows:

Uruguay: Fertilizer in the Uruguayan economy.

Jamaica: Organization and operation of a dairy cooperative. On the basis of ICDA's report, a proposal for a contract is now in process.

Honduras: Potential for cooperative development. On the basis of IDCA's report, an order for the services of ICDA is now in process.

Chile: Survey of INSUCOOP (Federation of Cooperatives) and suggested area of activity. On the basis of ICDA's report, an exchange of correspondence continues.

Colombia: Following a series of contacts, USAID/Colombia has issued an order for a contract wherein ICDA would provide technicians to help with the organization and operation of a dairy cooperative in Medellin and a fruit and vegetable cooperative in Barranquilla.

INTERNATIONAL COOPERATIVE TRAINING CENTER (ICTC)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures, fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Worldwide Training Center for AID participants sent to the United States from abroad.	{ \$680,000	\$54,311.00	June 1962-----	October 1965----	csd-7	(1)
		167,408.95	{ October 1965-----	March 1966-----	csd-469	2 1
			{ April 1966-----	August 1966-----	csd-469	3 1
Worldwide research and development program for cooperatives.	{ 9,380 13,600	9,143.63	November 1965--	May 1966-----	csd-469	4 1
		8,248.31	do-----	June 1966-----	csd-469	3
		921.96	January 1965----	July 1965-----	csd-469	2
Total-----	702,980	240,033.85				

¹ Grant.

² Amendment 2.

³ Amendment 3.

⁴ Amendment.

INTERNATIONAL COOPERATIVE TRAINING CENTER

International Cooperative Training Center at the University of Wisconsin was created under cooperative sponsorship in 1962. It is a part of the university, assisted with AID funds, although counsel is still provided by a 25-member cooperative advisory committee. The Center provides specialized and advanced cooperative training for participants sent to the United States from foreign countries. During fiscal year 1966, 392 foreign students from 46 countries attended classes as part of their training in the United States. AID personnel, Peace Corps volunteers, and U.S. people preparing for

work abroad also received training. It also arranges inservice training with U.S. cooperatives for foreign students.

Among other duties under the agreement, the Center's staff has prepared a bibliography of cooperative material and periodicals, published and distributed the International Cooperative Training Journal as a quarterly periodical, prepared and distributed a newsletter to former students, furnished material to former students and cooperative leaders and educators in the developing countries, and has established a cooperative library which already numbers several thousand volumes. Under its research and development program, the Center has conducted research on cooperative training in Tunisia, on agricultural cooperatives in Argentina, on cooperative education in India, and on agricultural cooperatives in Korea. It is prepared to evaluate cooperative training in developing countries and to assist developing countries in establishing new training centers and to strengthen existing centers.

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS (NLISA)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Worldwide agreement-----	Open	-----	June 1963-----	Open-----	csd-292	-----
Domestic-----	\$116,700	\$36,441	do-----	August 1966-----	csd-292	1
Peru-----	31,000	30,721	January 1964-----	April 1966-----	csd-292	6
Nicaragua-----	3,292	1,715	October 1965-----	November 1966-----	csd-292	17
Thailand-----	4,496	4,332	do-----	January 1966-----	csd-292	18
Panama-----	3,941	2,503	April 1966-----	June 1966-----	csd-292	19
Jordan-----	4,500	4,090	May 1966-----	do-----	csd-292	20
Brazil-----	5,000	-----	do-----	September 1966-----	csd-292	22
Total-----	168,919	79,802	-----	-----	-----	-----

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS

The National League of Insured Savings Associations representing the savings and loan industry of the United States has provided technical assistance in this field to a large number of foreign countries. As a result of this technical assistance savings and loan systems are now operating in Venezuela, Peru, Panama, Guatemala, El Salvador, Ecuador, Dominican Republic, Bolivia, Chile, Nigeria, and Ethiopia. These 11 countries have established 94 individual associations during the past 5 years. Approximately 500,000 individuals have opened savings accounts which have accumulated deposits to the extent of a \$150 million. These savings, together with seed capital loans from AID, have resulted in the provision of long-term mortgage financing for over 50,000 homes. Thus, we have an outstanding example of private enterprise and government working together to establish habits of thrift and home ownership in areas of the world where such methods of home financing were unknown prior to 1960.

As an outgrowth of this technical assistance effort there was evidenced a need for a Latin American association similar to the national league and so was born the Inter-American Savings and Loan Union.

Many North American savings and loan associations participate with this Latin American group and its membership embraces practically all of the Latin American associations.

The second outgrowth of the national league's technical assistance effort has been the holding of annual conferences in Latin America each year since 1963 so that problems common to the Latin American savings and loan movement may be discussed in open forum with assistance provided by industry panelists who face similar problems on a day-to-day basis in the United States. The 1966 conference was held in Caracas, Venezuela where 500 delegates from North and South America met to foster the savings and loan movement. A similar conference is now scheduled to be held in March 1967 in Buenos Aires, Argentina.

Although not as far advanced as in Latin America, the savings and loan movement has progressed sufficiently in Africa that a savings and loan conference embracing many nations in Africa is scheduled for October 1966.

Of perhaps greater significance than the progress accomplished to date is the ground work which has been laid by national league consultants for the future. On the horizon are a number of countries whose interest is growing and who have received technical assistance from the national league. In this category are such countries as: Jordan, Iran, Turkey, Pakistan, Tunisia, Thailand, Philippines, Nicaragua, Honduras, Costa Rica, Colombia, Argentina, and Brazil. Thus, it would appear that the years ahead offer the possibility of an explosive savings and loan movement worldwide which may well dwarf the significant progress of the past 5 years.

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)

Contracted projects operative during fiscal year 1966

Type of project	Total dollars obligated for contracts in effect fiscal year 1966	Actual expenditures fiscal year 1966	Duration of contract		Contract No.	T.O. No.
			Beginning date	Termination date		
Worldwide agreement.....			November 1962..	Open.....	csd-225	-----
Project director and staff.....	\$235,995	\$79,042	do.....	August 1966.....	csd-225	1
Latin American administration and staff.....	239,911	56,940	May 1963.....	June 1967.....	csd-225	9
Nicaragua, phase IV.....	79,540	25,201	June 1963.....	April 1967.....	csd-225	13
Ecuador, phase IV.....	67,000	30,441	March 1964.....	June 1966.....	csd-225	21
Research study of Latin America socioeconomic impact in Colombia, Nicaragua, and Ecuador.....	36,000	17,631	April 1964.....	April 1966.....	csd-225	26
Brazil supervisions of organization electric cooperative.....	108,940	18,735	July 1964.....	July 1968.....	csd-225	28
Vietnam, phases I, II, and III.....	128,000	55,090	April 1965.....	December 1965.....	csd-225	40
Thailand, phase I.....	7,500	2,311	May 1965.....	July 1965.....	csd-225	41
Peru, phase III.....	5,930	5,567	June 1965.....	September 1965.....	csd-225	42
Laos, phase I.....	8,000	4,038	July 1965.....	August 1965.....	csd-225	43
Thailand, phases II and III.....	23,049	19,848	October 1965.....	do.....	csd-225	44
Vietnam, phase IV.....	506,000	45,943	January 1966.....	June 1968.....	csd-225	46
Honduras, phase I.....	6,000	3,992	November 1965.....	January 1966.....	csd-225	47
Brazil training of participants.....	1,700	1,697	December 1965.....	do.....	csd-225	48
Paraguay, phases II and III.....	29,547	18,690	February 1966.....	June 1966.....	csd-225	49
Peru, phase III.....	4,500	3,795	do.....	April 1966.....	csd-225	50
Peru, advisory.....	2,800		do.....	August 1966.....	csd-225	51
Management training course.....	4,000		May 1966.....	do.....	csd-225	52
India, phase I.....	16,000		June 1966.....	December 1966.....	csd-225	53
Total.....	1,510,412	388,961				

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

The National Rural Electric Cooperative Association's pilot projects are demonstrating that cooperative rural electrification can be a catalyst to rural development. During fiscal year 1966, electric distribution cooperatives were energized in Colombia, Chile, Nicaragua, and Ecuador. Evidence of increased community development in the areas already has taken place.

Under its agreement with AID, the National Rural Electric Cooperative Association has helped to organize and develop cooperative rural electrification in 22 countries. U.S. AID missions which have contracted for assistance under the AID/NRECA global agreement include Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Korea, Laos, Mexico, Nicaragua, Panama, Paraguay, Peru, Philippines, Sierra Leone, Thailand, Uruguay, Venezuela, and Vietnam.

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

During the year NRECA has continued to provide a global coordinator and a Latin American administrator to coordinate the cooperative rural electrification assistance requested by AID in Washington and in host countries. Its Washington staff of approximately 150 employees helps to provide backstopping for the technical assistance.

From November 1, 1962, until the end of fiscal year 1966, AID and NRECA has signed 51 task orders under the basic contract. During fiscal year 1966, full-time specialists for development and construction of rural electric cooperatives began work in Vietnam, Colombia, and Costa Rica. Other full-time specialists were already at work in Brazil, Nicaragua, and Ecuador.

The fourth annual training program on "Organization and Operation of Rural Electric Cooperatives" was conducted in the United States. The fiscal year 1966 course, lasting 16½ weeks, had the largest group of foreign participants of any previous training program on rural electrification. Thirty-four participants representing 10 developing countries graduated from the special course.

A study of the first five pilot rural electric cooperatives in Colombia, Ecuador, and Nicaragua was completed. Among significant findings of the study was that if intended uses of electricity and changes in production plans are carried out by the potential rural electric consumers, farm income in the commercial agricultural areas will increase approximately 11 percent. Implications from the study are that returns to the national economy from cooperative rural electrification will be greater than the investment by a factor of 4.4 to 1.

During fiscal year 1966, AID authorized a \$1.6 million loan for development of a rural electric cooperative in Peru. A \$5 million grant for construction of three rural electric cooperatives was made to Vietnam. The Government of Vietnam in turn will lend the funds to the cooperatives. AID has previously loaned \$8.75 million to Chile, Colombia, Costa Rica, Ecuador, and Nicaragua for construction of pilot projects.

AID MISSION EXPENDITURES FOR TECHNICAL ASSIST- ANCE, FISCAL YEAR 1966

LATIN AMERICA

Disbursements for technical aid to cooperatives, fiscal year 1966

Missions.....	\$2, 024, 000
Regional (including worldwide contracts).....	4, 030, 000
Total.....	6, 054, 000

(For summary of cooperative loans by Inter-American Development Bank, see p. 85).

ARGENTINA

(AID expenditures for fiscal year 1966, \$37,000 mission, plus regional funded projects. Assistance related to 572 cooperatives with 500,000 family members.)

Although the mission did not undertake a program of development for Argentina's well-organized cooperative movement, it was able to assist in the fields of housing and agricultural credit. Excellent progress was being made until the military seized power leaving the cooperatives along with the rest of the economy to weather a period of uncertainty.

There are 2,775 cooperatives in Argentina with 2.5 million members. Of that number, 1,372 are agricultural, and have 500,000 family members.

The most significant recent developments were the establishment in 1965 of the Banco Cooperative Agrario by the Argentina National Federation of Farmer Cooperatives and the Institution for the Distribution of Cooperative Funds. By 1966 more than one-third of the agricultural cooperatives, with most of the members had invested in the Agricultural Cooperative Bank.

The bank's purpose was to furnish credit to cooperative members. The bank's situation has become serious through progressive decapitalization caused by inflation. Its role will be seriously limited unless it is permitted to increase the original \$4 million subscribed capital. In addition, more capital is needed in order to supply long-term credits.

The housing cooperatives are designed to stimulate savings for housing-purchase credits. Alleviating the present housing shortage is one of the main goals of the Argentine development plan. AID's housing technicians, however, assisted the city of Buenos Aires not individual cooperatives. They helped to develop cooperative sales procedures for the public housing program and studied feasibility of investment guarantees for housing cooperatives especially those of military personnel and railroad workers. The Inter-American Development Bank's \$15 million loan for cooperative housing is still available.

Agricultural cooperatives, especially those for marketing and processing and credit societies have the greatest opportunity for

development. More than 80 percent of the farmers already belong to agricultural cooperatives, which require only a more intensive development to become a powerful factor in the agricultural sector. The success of the cooperative movement has been due mainly to private efforts.

The cooperatives in general have had continual endorsement as an important part of the development process by public officials. The two large credit federations, however, have been criticized for their opposition to norms set up by the Central Bank, which has been trying to control credit cooperatives. The ministry Hacienda controls insurance and savings and loan cooperatives through the same superintendencies that regulate private companies.

The Cooperative League of U.S.A., through Worldwide Co-op Partners, helped to finance the first national seminar for teachers on classroom education in cooperative development, at La Falda, Cordoba, in 1965. A decree issued in 1965, backed up a law passed in 1964, provides for education in cooperative principles in the public schools.

There are active federations for housing, insurance, credit, pharmacists, and credit cooperatives as well as agricultural commodity groups.

BOLIVIA

(AID expenditures for fiscal year 1966, \$70,000 mission, plus regional funded projects. Assistance related to 30 cooperatives with 56,000 members.)

Cooperative development has been most active and successful in mobilizing capital and stimulating agrarian reform. AID assisted the reorganized Ministry of Agriculture in assuming wider functions in rural development, and in establishing and expanding essential agricultural institutions such as cooperatives, supervised credit, extension services, and demonstration centers. The basic need is for trained and experienced people for management positions.

Expenditures for agricultural assistance, in which cooperatives are to play an increasingly important role, were approximately \$600,000 for fiscal year 1966. AID's subprojects included assistance to improve marketing and cooperative organizations, primarily in fruits, wool, cereals, and coffee in established agricultural areas, and to encourage resettlement on new land through colonization and agricultural credit loans.

Active cooperative groups include the Federation of Rice Cooperatives, and associations of fruit, coffee, and wool producers. Loans for \$218,000 have been made to these groups, and the artisan handicraft projects.

While the Bolivian Government strongly supports cooperatives, and the President and various cabinet ministers have publicly expressed their support, cooperatives, unfortunately, have an unsavory legacy to correct among farmers. The cooperative idea is widely discredited in rural areas because the people believe that previous governments used them for purely political purposes. The charge is frequently made that during periods of inflation cooperatives were given special facilities to purchase foreign exchange, so that certain people were able to make huge profits.

The best answer to such beliefs is to show what can be accomplished by operating a business under true cooperative principles.

This is happening in rural electrification, savings and loan and to a degree in the marketing of farm commodities.

Agricultural cooperatives still limited in number and size, nevertheless, are able to provide producers with opportunities for orderly marketing and better prices. They have also had a favorable impact on the balance-of-payments situation by increasing agricultural exports. The success of the rural electric cooperatives in Ecuador and Peru has encouraged the establishment of an electric cooperative in the Santa Cruz district of Bolivia.

AID mission assistance has been supplemented by region-funded projects. The agricultural program is sustained by AID's \$3.7 million agricultural credit loan and agricultural credit loans by the Inter-American Development Bank both made in fiscal year 1965.

The Artesanias Bolivian's project is organizing local cooperative centers to assist in manufacture and sale of articles made by artisans. This project is being carried out in four countries. Local groups are to be federated into a national cooperative, which will be owned by the artisans.

AID assisted 21 farm cooperatives, including five new co-ops which almost doubled membership. One savings and loan association was organized during the year.

The incorporation of 66 small cooperative housing associations into 15 active groups with a membership of 1,573 families in 1965, has encouraged, a wider participation in savings associations. The tremendous growth in the savings and loan bank and in credit unions has been encouraged by the government. Legislation was passed during the year which strengthened the structure of savings societies and, in turn, stimulated deposits.

Other assistance included the development of gold mining through a special United Nations Fund, coffee marketing and processing by Great Britain, and the United Nations International Labor Organization's Accion Andina technical assistance supervision of the \$1.1 million Inter-American Development Bank loan for credits to agricultural cooperatives, in which disbursements have only been \$100,000 in 3 years. Estimated dollar value of all of the assistance was \$775,000.

BRAZIL

(AID expenditures for fiscal year 1966, \$260,000 Rio de Janeiro mission, plus regional funded projects. Assistance related to 180 cooperatives with 100,000 members, and resettlement and development. Program report not available from northeast Brazil.)

AID was involved in one way or another in nearly every major cooperative activity in Brazil. The mission in Rio de Janeiro is responsible for all of the country except the northeast region, which is administered from the city of Recife. The Rio mission directly assisted 90 agricultural and 110 credit union cooperatives, with 95,000 families. Assistance in policy and legislative matters provided at the ministry level, however, affected most of the country's 6,000 cooperatives, of which 2,000 are agricultural.

Agrarian reform programs in which cooperatives are subprojects reached many more thousands of families. Approximately \$885,000 was allocated for these programs, in addition to food-for-peace donations and funds generated from sale of U.S. commodities under Public Law 480 assistance.

Of all cooperative-type programs, the credit unions are perhaps the easiest to form and to manage. They mobilize the resource of working classes for small, low-cost, productive loans. By enabling the vast majority of members to pay in cash instead of installments, the credit unions free them from paying excessive interest rates. This, in turn, helps to lower general interest rates. In this way credit unions assist in the fight against inflation.

The most significant cooperative development during the year was the volume of production credit made available to agricultural cooperatives through the National Bank for Cooperatives and the Bank of Brazil. The equivalent of \$60 million was loaned to agricultural cooperatives. USAID provided the equivalent of \$26 million for agricultural production credit from the counterpart generated from the 1965 program loan and the local currency generated from the sale of fertilizer imports under a \$15 million fertilizer loan.

Another important development was the strengthening of Federal and State institutions that serve cooperatives. An agreement was concluded for establishment of training programs for agricultural cooperatives. Specialists continued to work with the Ministry of Agriculture to provide technical assistance to channel rural credit to producers and cooperatives, and to improve marketing, colonization, and supervised credit programs.

Food-for-peace commodities were used extensively for the institution development of agricultural cooperatives sponsored under the feed programs, and for promoting agricultural production, demonstration, marketing, and advisory services.

AID continued to assist in the project designed to settle approximately 2 million landless families on family sized farms by 1975. Food-for-peace commodities were furnished to seven resettlement colonies. In most instances the food was distributed to settlers and the collections made through cooperatives. The year's estimated cost for that program was \$185,000.

The results of the 1965 effort at reorganizing the National Bank for Cooperatives, and the financing of the national rural credit system with \$16 million in counterpart funds, showed good results. In 1966, the \$740,000 equivalent of Public Law 480 104(g) funds was available as loans to cooperative marketing organizations. This help sought to improve all types of agricultural storage, processing and marketing facilities, but particularly cooperatives. The Brazilian Government's ambitious goal is to have the equivalent of \$800 million available by 1967 to meet the credit needs of four out of every 10 farm families in the country.

Agreements were signed with four farmers cooperatives to build farm service centers. Training of farm center managers and operators was arranged for at the Rural University of the State of Minas Gerais. The goal is to turn out 200 graduates each year.

In northeast Brazil the plans were advanced on a three-step program to cooperatively electrify 450 rural communities remote from sources of hydroelectric energy by diesel electric generators. Plans call for establishing model rural electric cooperatives in up to five Brazilian States and to have 72 communities in service by fiscal year 1967. Cost for 1967 is estimated at \$158,000.

In the urban field, \$180,000 was earmarked to strengthen local institutions, especially housing. Help was provided for the new Na-

tional Housing Bank, savings and loan-type institutions, credit system, as well as for self-help, low-cost municipal housing programs. AID approved a Cr\$5 billion Public Law 480 loan to finance 450 homes for a labor union cooperative project in São Paulo. The AFL-CIO provided financial assistance to several union-sponsored consumer cooperatives through the American Institute for Free Labor Development. In northeast Brazil, capital and technical assistance was provided for the National Housing Bank (BNH) and for housing and savings and loan-type institutions, as well as low cost municipal housing. Equivalent of \$17 million was committed to 17 housing agencies to finance 40,000 low-cost structures.

In 1965 the National Housing Bank allocated 60 percent of its resources from tax revenues to savings and loan operations through Caixas Economicas (Federal and State savings banks). This equivalent of \$30 million, and with National Housing Bank financing 50 percent of costs, permitted 25,000 units of middle income houses to be built in 1966.

Pilot urban community facilities in the favelas of Rio de Janeiro resulted in establishment of two technical training schools.

The views of public officials on the role of agricultural cooperatives have been positive and favorable. Two resolutions of the central bank, published in fiscal year 1965 modified certain requirements relative to credit cooperatives in general. Fairly complete Federal legislation covering agricultural cooperatives is in the process of promulgation. There is a widespread and growing interest in cooperatives, but the lack of trained and experienced personnel and of credit and capital among people who need cooperatives the most continue to be serious obstacles which must be overcome by greater self-help involvement of more people.

CHILE

(AID expenditures for fiscal year 1966, \$437,000 mission, plus regional funded projects. Assistance related to 55 cooperatives with membership of 200,000 persons.)

The AID mission working closely with the Chilean Government regards cooperatives as an important focal point for organizing large numbers of small businessmen, workers, farmers and consumers in order to promote the growth of the private enterprise sector and to stimulate changes in the country's economy in line with the objectives of the Alliance for Progress. Cooperatives can place these groups in a better position to promote their interests, influence official policy, compete with other enterprises, and strengthen democratic institutions.

An active information and education program is encouraged by the mission. The major information center for cooperatives is the Institute of Cooperative Education, founded and financed with AID support in 1964. The training of directors and employees of cooperatives, member education programs, preparation of cooperative training materials are carried on by the institute.

Year-round training during fiscal year 1966 reached 1,350 members in 27 courses, 900 leaders in 18 courses, and 600 technical people in 12 courses. In addition the Institute conducted fifty-eight 1-week courses for local cooperatives, each attended by 25 to 200 persons. General cooperative training was furnished for 43 university graduates. In addition, 22 persons studied agricultural, consumer and marketing cooperatives in the United States.

The mission is interested in utilizing food-for-peace projects to encourage democratic participation of people through cooperatives. Its proposal to use title II feed grain with an INPROA project in 1966 was turned down by AID/W for technical reasons. The mission is now developing other proposals. Problems encountered under title II are being reviewed by AID/W and the mission.

The agricultural development program, with an expenditure of \$235,000, is assisting the Government in its effort to achieve a 5.5-percent annual increase in agricultural production by 1970, through improved use of land, better marketing and development of cooperatives.

Farm leaders from lower and middle income producers with a promise of leadership were selected for the fourth year to participate with other Latin American agricultural workers in cooperative and community development training in the United States.

Directly assisted by AID were marketing, processing, rural electric, banking, credit and housing cooperatives. This work reached 55 cooperative associations with nearly 200,000 members.

The status of the major continuing projects started before 1966 follows: \$8,700,000 savings and loan bank loan authorized in fiscal year 1963, \$2,592,000 disbursed; \$3,650,000 cooperative development bank loan authorized in fiscal year 1965, no disbursements; \$3,300,000 rural electric cooperatives loan authorized in fiscal year 1964, \$306,000 disbursed. The Inter-American Development Bank has made substantial loans for savings and loan associations, housings and marketing cooperatives and rural colonization.

The administration of President Frei envisages a social, political, and economic transformation in the situation of the lower-income population. The low-income sector, particularly in rural areas, have no community organizations, and little opportunity to participate in local government and community affairs. Whatever ultimate success cooperatives have in filling this vacuum and in influencing official policy and in obtaining increased social and economic benefits will depend on their effectiveness in meeting the needs of members and in the general strengthening of their position in the political and economic framework of the country. The mission believes that providing trained and experienced leadership is the first task in cooperative development.

In December 1965 a National Cooperatives Coordination Commission was created by Presidential decree to help fulfill this objective. In general, this Commission is charged with advising the executive branch on all matters pertaining to the cooperative movement in the country, formulating a national policy for cooperatives, coordinating the activities of cooperatives and relating the development of the cooperative movement to the national development plan.

The following statements by President Frei and Domingo Santa Maria, Minister of Economy, at the signing of the decree establishing the Cooperative Commission, signify the importance placed by the Government on this area.

President Frei said:

I am convinced that cooperativism is fundamental to development in the construction of housing, in agriculture, in production, and in marketing.

If there is a movement that expresses the sense of our "Revolution in Liberty," that is cooperativism . . . We are all aware of the progress shown by some countries, in liberty and peace, through cooperatives. For that reason, it is necessary to encourage this movement.

Minister Santa Maria said:

The Government wishes to emphasize its firm decision to promote the expansion of the cooperative system in order that, in a way similar to that of other countries, it can be converted into one of the pillars of social and economic progress.

The cooperative system presents the advantage, for an economy in development like ours, of stimulating individual efforts and channeling them in a voluntary manner for collective action. In effect, the people that spontaneously group themselves in cooperative institutions are incorporating themselves in a conscious and deliberate way into the economic and social development process.

Belgium, Germany, Israel, and the United Nations also have provided cooperative assistance. The Belgian program is the most ambitious, involving a dollar equivalent contribution of \$520,000 to develop urban handicraft cooperatives, the Work Promotion Institute: INPROA, a private land reform and cooperative agency, and a fishing cooperative at the town of Valdivia. These agreements were included in a new agreement on technical assistance signed early in 1965. In addition, up to 20 advisers will come for these and related programs.

The West German Government providing 13 volunteers from the German Voluntary Services for a program of agrarian reform, and three fellowships for a 1-month seminar in Germany; Israel provided three experts to lead a 1-month seminar on agriculture and cooperatives in which 36 Chileans participated. The United Nations provided one expert to advise the Servicio de Cooperacion Tecnica, consisting of small-industry cooperatives.

COLOMBIA

(Report not available from USAID/Bogotá. Information based on program and project data. Estimated expenditures for fiscal year 1966, \$100,000 mission, plus regional funded projects.)

The basic purpose of the AID agricultural program in Colombia is aimed at the reorientation of the traditional and presently outdated agricultural patterns toward changing needs of a developing and urbanizing economy by expanding food production. The AID mission has provided technical advice, training, limited demonstration commodities, loan financing in these four major areas: export promotion of new agricultural products to reduce present dependence on coffee; increase livestock production for domestic and export through supervised loans by Banco Ganadero; supervised agricultural credit through INCORA (Colombia Agrarian Reform Institute) to small farmers; establishment of rural cooperatives as a tool of economic betterment and as institutions to change the pattern and methods of agricultural production. Budget for this 10-year agricultural diversification project is \$2,113,000, of which \$286,000 was to be used for fiscal year 1966. As a major subproject, cooperative development included organizing 25 supply and marketing cooperatives, training 150 local technicians in cooperative development; furnishing 8,000 farmers with supervised agricultural credit loans; offering special training for 300 agrarian reform institute technicians. Approximately \$145,000 was available to encourage housing, with the specific goals being to improve coordination between the National Housing Institute and other Colombian and local government agencies, develop housing cooperatives including those formed by labor unions, and assist in the development of private savings and loan institutes, and a central savings and loan bank. External financial assistance of AID and the

Inter-American Development Bank has built 57,000 housing units since 1962. Labor housing is further encouraged by the American Institute for Free Labor Development under contract with AID, which sponsored the Alliance of Democratic Unionism for Housing. Its purpose is to plan and administer cooperative labor housing projects. Another \$145,000 was available for the trade unions' social projects section to strengthen a free trade union movement in Colombia.

The mission director's fund of \$55,000 was used to finance 59 projects. The average dollar contribution of \$1,500 including assistance in cost and U.S. excess property supplies and equipment was used to provision cooperatives and other community service organizations.

DOMINICAN REPUBLIC

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects. Complete report not available.)

The major focus in AID's overall planning, of which cooperatives are an important part, is on developing and supporting efforts to increase agricultural production and in the process to develop human resources fully. This means having producers share in the benefits.

Although a sense of urgency has stepped up the timetable, AID's present course of action is largely unchanged from earlier plans. The special planning and new effort is to strengthen its original purpose "to support the efforts of the Dominican Government to lay the foundations for a healthy democratic system that can produce a stable and orderly political evolution."

Unofficial cooperatives, associations which have not been formally legalized, have already contributed to strengthening the agricultural sector under the guidance of the Office of Community Development. Prior to the April coup, a survey was underway to determine the potential for a cooperative bank. A report on the value of an active marketing cooperative movement, under study since last fall by advisers from Texas A. & M. is expected early in fiscal year 1967.

It is anticipated that \$5,000 will be utilized for a cooperative loan revolving fund and for educational-training assistance. These funds plus the two new USAID cooperative advisers are expected to significantly strengthen and rationalize the various organizations working in the cooperative field. They will endeavor to help provide an integrated institutional approach to how cooperatives can fit into the country's production, marketing, and consumption needs. The American Institute for Free Labor Development has been assisting workers' groups to develop cooperatives and credit societies and to carry on educational work. Expenditures were \$238,000 for the year.

A \$5 million loan to the National Housing Bank for the purchase of home mortgages of member savings and loan associations is being revitalized.

Cooperatives which have the greatest opportunity for development are grain and vegetable, marketing, retail food store, and housing cooperatives. There are few trained and experienced people to operate cooperatives.

Though not cooperative in the strict sense of the word, Public Law 480, food for peace, commodities have been used to support pilot food-for-work projects through the Office of Community Development

and the Agrarian Reform Institute. Public Law 480, title IV local currencies have also been used to support these programs. Future use will depend on results of a comprehensive cooperative survey now underway.

Public officials have generally looked with favor on cooperatives. The newly installed President publicly declared that "cooperatives will not be omitted in development plans. The IDECOOP, responsible for promotion and credit, competes with two semi-autonomous groups, which is causing a fragmented cooperative movement.

ECUADOR

(AID expenditure for fiscal year 1966, \$260,000 mission, plus regional funded projects. Assistance directed to 242 cooperatives with 32,000 members, and related activities.)

Cooperatives are an important part in the national development of Ecuador, especially at the local level. AID has worked closely with both the Government and with nongovernment agencies to encourage cooperative development on as wide and democratic a basis as possible.

The assistance touches on many phases of economic and social life, but the major effort has been to encourage the pooling of the private sector's local resources and to direct them toward social and economic development through agricultural and housing cooperatives, credit unions, and savings and loan associations. Emphasis has been given to leadership development, technical training, institutional regulations, and increasing cooperative membership. The estimated expenditure for this project was \$420,000 for fiscal year 1966.

The country's cooperative laws have been strengthened, training programs to develop qualified managers and leaders started, and a structure established which includes regional and national cooperative institutions. This is the base on which it is expected that the Government will be able to encourage a wider participation of people in the building of democratic-based, economic enterprises.

The goals for fiscal year 1967 are: to improve the existing cooperatives, to upgrade management of local and regional credit unions, cooperatives, and national institutions, and to train 1,200 new credit union and cooperative leaders; to increase to 200 the number of credit unions, and to add 11,000 members to bring the total to 36,000 families; to organize 7 new agricultural credit unions and to increase supervised agricultural credit loans to farmers; to increase membership in the Cooperative Bank to 300 cooperatives and volume of loans to \$1 million annually; to develop eastern and central artisans' cooperatives, and to expand rural electric services to 20,000 families.

The dramatic impact of the self-organized and self-help programs is illustrated by the growth of credit unions whose 180 local societies made over 25 million sucres (\$1,250,000) in loans to low-income rural and urban groups for consumer and productive purposes during fiscal year 1966. These funds, accumulated in small dribbles from hidden sources, became productive capital, thereby helping to fill a short-term credit gap which affects 80 percent of the population. The credit union movement is now mobilizing savings at the rate of 1 million sucres (\$50,000) a month. There are 25,000 members.

Six rural credit unions initiated a new program to provide small farmers with supervised credit. They use local capital and loans from

the national cooperative banks. This program is now being tried out in rural credit unions throughout Ecuador.

Agricultural cooperatives are the principal mechanism by which the Ecuadoran Land Reform Institute is carrying out its land parceling programs.

AID's assistance has been available to just about every kind of cooperative development, including regional and national federations. There is as yet no consumer cooperative movement of significance. Active federations are the National Federation of Credit Unions, National Federation of Banana Cooperatives, the Federation of Housing Cooperatives, the Federation of Coffee Cooperatives, and OCEPA, a production and marketing cooperative for artisan products.

The continued development of credit unions was helped by the joint efforts of AID's financing 80 percent of the Credit Union Federation's budget of \$60,000, loans from the cooperative bank to individual credit unions, and the membership building and training assistance of Peace Corps volunteers.

Agricultural cooperatives have the greatest opportunities for development. They have been neglected, mainly because an adviser in this field of cooperative development was not available until late in the year. Agricultural marketing cooperatives presently are at a lower stage of development than other types, but the need for them is apparent as a means for orderly marketing, improved farming practices, development of sales, storage and processing, and for better prices.

The credit unions can make a contribution to this development by providing supervised agricultural credit.

The credit unions are also a means of carrying on education and training, as well as building savings. The Federation of Credit Unions gave 83 courses to 2,500 credit union leaders and members during the year. This represents a 50-percent increase in the number of students from the previous year. The increase in cooperatives with full-time managers led AID, the Cooperative Bank, and the Federation of Credit Unions to offer the first managers' preparation course, which was attended by 45 managers of agricultural credit unions and banana marketing cooperatives. One-day meetings have been attended by 10,000 members.

Food for peace title IV funds have been used to support the cooperatives by (1) 1.5 million sucres (\$85,000) made available to the Cooperative Bank of Ecuador for relending to local cooperative associations and credit unions, (2) 500,000 sucres (\$25,000) Public Law 480 title IV funds made available to the Cooperative Bank to employ four fieldmen to promote cooperative activities, and (3) title IV funds available for training courses for cooperative organizers, staff people, and officers.

No additional Public Law 480 funds are expected for the cooperative bank. Expanded use, however, could be made of these funds for training, as well as for resettlement and land reform purposes.

Expansion of the electric cooperatives in Santo Domingo and Daule is running slightly behind schedule. The demand for increased capacity by the users reflects the importance that local people place on owning their own electric powerplants.

Among projects in which subprojects included cooperative development were: The rural development program to increase agricultural production, institutions, and provide training in the United States for agricultural participants at an estimated cost of \$435,000 for the

year; the development of responsible, democratically oriented labor organizations, and through the American Institute for Free Labor assistance in urban cooperative development, housing, and small community projects; and training workers to carry out such self-help social projects; and the 6-year town plans project terminating in 1969 to provide multitype assistance; including the establishment of a carpenters' cooperative, a fisheries' cooperative, cold storage facilities, a sewing center, a cooperative market center; and the building of roads, irrigation ditches, schools, hospitals, and medical facilities to improve health, education, and economic opportunities in the towns of Esmeraldas, Duran, Rioamba, Quevedo, Balzar, Loja, the communities of Santa Elena Peninsula, and the Provinces of Manabai and El Oro at an estimated cost for the year of \$210,000. This project has lagged, and may need more long-range planning, but the overall concept has strong support when a large number of local people and organizations can be involved.

Ecuador's public officials have a very favorable attitude toward cooperatives and have given it all the support possible.

Other sources of assistance are from Germany, Israel, OEA, and the United States, and U.S. non-Government organizations and voluntary agencies. West Germany provided educational support for agricultural and marketing cooperatives, \$5,000 equivalent; Israel provided agricultural assistance, \$8,000 equivalent; the OEA and the United States provided agricultural assistance, \$20,000 equivalent; and the U.S. Government agencies provided agricultural and consumer help, including donation of equipment by Georgia and Kentucky rural electric cooperatives, \$290,000 equivalent.

GUYANA

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects. Assistance related to encouraging self-help cooperative development.)

The new Republic of Guyana is giving increased emphasis to the role of cooperatives and community development in its recently prepared 7-year development plan. The cooperative housing program begun by the American Institute for Free Labor Development (AIFLD) is helping to overcome the country's acute housing problem. It is also expected that this program will increase the number of skilled workers in the construction industry and the establishment of a more organized and efficient construction materials industry based primarily on local products.

AID-financed assistance included two technicians assigned by AIFLD to assist in cooperative development, and the Cooperative Training Institute, the educational arm of the Guyanese cooperatives.

The most significant development during the year was the organization of the Trade Unions Council (TUC) Housing Cooperative Society and approval of a \$2 million U.S. loan by the AFL-CIO, guaranteed by AID, for the construction of 568 low-cost houses for trade union members.

Two cooperative housing groups were organized during the year. They are the Berbice unit, with 198 members and \$62,598 in shares, and the Demerara unit, with 677 members and \$379,648 in shares. Both units were organized through the Trade Union Council. AID, the United Nations, and Canadian cooperatives are jointly assisting these ventures.

A 600-member National Consumer Cooperative Society has been registered. Ten thousand dollars has been raised without an organizational campaign. United States and Canadian technical assistance has been provided. Similar assistance and local self-help established the Cooperative Training Institute.

The Canadian assistance, Government and cooperative consists of a general adviser and staff who work closely with the U.S. team in consumer development at the Cooperative Training Institute, and in providing membership and leader training. AIFLD gave three managers a 20-week business training course.

The difficulties in Guyana are the same as those of other developing countries: lack of trained personnel, followed by lack of actual job experiences for those trained, and lack of capital.

Public Law 480, food-for-peace commodities have been issued through the Community Development Foundation to persons who have worked without pay on community projects. One group of young farmers has developed a new farming area on such a self-help basis.

JAMAICA

(AID expenditures for fiscal year 1966, \$10,000 mission, plus regional funded projects.)

AID is interested in helping the Government of Jamaica to encourage low-cost housing and redevelopment on a self-help and cooperative basis, and to establish and operate a multipurpose dairy cooperative for lease to or ownership by the operators of a number of new dairy farms which the Government has developed to increase milk production on the island. AID may undertake supervision of the farms, with attention to developing commercially successful family type dairy farms. Peace Corps volunteers have been assisting in the development of cooperatives.

MEXICO

(Estimated AID expenditures for fiscal year 1966, \$5,000 mission, plus regional funded projects.)

The total cooperative movement in Mexico is limited and not too effective. There has been little opportunity for AID to work directly with any of the cooperatives. Cooperative development can be strongly assisted by the technical backstopping provided by AID for a number of ongoing programs in agricultural credit and rural development, higher education, and housing and the home loan bank. AID's loans have included \$41.5 million for supervised agricultural credit, and \$20 million of a \$30 million consortium for low-cost housing. Estimated cost of the technical backstopping was \$150,000. AID will continue to monitor the development loan programs in the coming year, and support the Mexican Government's efforts to develop its rural areas through training programs for rural youth which emphasize cooperative development. A training program is scheduled for 65 local farm leaders in cooperative and rural development and other subjects designed to improve practices among small farmers under Mexico's agrarian program.

PARAGUAY

(AID expenditures for fiscal year 1966, \$22,000 mission, plus regional funded projects. Assistance related to 132 cooperatives with 10,000 members.)

Cooperative development has thus far been almost negligible in Paraguay, but there are indications that the government is now ready to provide more assistance. The United States has assisted in such ways as were possible with agricultural productivity and development program beginning in 1942. Approximately \$7 million was allocated to assist the country in attaining sustainable annual growth rates of 10 percent in agriculture and 4 percent in livestock.

At present, AID's main assistance is helping in the reorganization of the Ministry of Agriculture to strengthen credit and land tenure institutions. Both the Government and AID have placed emphasis on developing cooperatives in order to improve marketing and processing of agricultural products, as well as modernization of processing plants, better agricultural credit, and support of rural colonization and resettlement through the Government's Rural Welfare Institute.

Most of the successful cooperatives were established by colonizing emigrants from Germany, Japan, Netherlands, and North America. They have been assisted by their countrymen. Assistance also comes from church organizations with which some are affiliated. One of the most successful cooperative communities is a thriving Mennonite colony which came from North America. There has been no parallel success on the part of Paraguayans.

The growing importance of cooperatives in rural development and the opening up of new lands led the mission to add a cooperative adviser to its staff in this fiscal year. Public Law 480, food for peace, title III foodstuffs was used to grubstake 9,800 settlers in a government resettlement program. Their cooperatives were given technical assistance by AID.

The Inter-American Development Bank has loaned in previous years, for cooperative purposes, including \$3.4 million for new housing, and \$2.9 million for low-income farmers and their cooperatives.

The mission explains that "successful cooperatives fit into the national economy just as any other enterprise does that is rendering an economic service. Cooperative projects financed by AID usually are directed at helping promote a healthy economic and social climate where cooperatives can develop and succeed. Through the process of returning patronage dividends to members, cooperatives are able to spread economic savings to relatively larger number of beneficiaries than is done ordinarily in private corporations where the stock is closely held and dividends are paid on the basis of invested capital."

AID's cooperative technician has held cooperative meetings at the university in Asuncion, extension meetings with rural leaders in the country, group meetings with people wanting to establish cooperatives, and has had three cooperative bulletins published.

Plans are being made to add in the coming year five long-term advisers in cooperative, marketing, colonization and forestry development, and to use short-term consultants for development of fertilizer, rural electrification, cooperative marketing and processing facilities. Training is planned to prepare people for cooperative management and leadership.

PERU

(Report not available from USAID/Lima. Information based on program and project data. Estimated expenditures for fiscal year 1966, \$25,000 mission, plus regional funded projects.)

Agricultural development and agrarian reform have been given the highest priority in the Peruvian Government's development program. AID technical and financial assistance has supported Peruvian efforts to expand its agricultural extension, irrigation, colonization, research and planning work. In addition, AID has financed a pioneering supervised agricultural credit program which is making credit on reasonable terms available to small farmers for the first time. Over 20,000 small farmers had benefited from such loans by 1966.

Cooperation Popular, a self-help community development program launched in 1963 and supported by AID technical assistance, has finished 2,000 projects, schools, roads, reservoirs, and cooperative-type facilities. Work has begun on 4,000 other projects, with requests for still another 11,000 projects to review as Peru receives a \$20 million loan from the Inter-American Development Bank.

In the area of labor, the first worker-owned savings and loan association in Latin America which began operating on July 4, 1964, has financed 11 cooperatives which have built 90 homes and started on 560 more homes. Financing is from ASINCOOP, a central cooperative institution and the \$6 million AID cooperative housing loan. Although there are 86 housing cooperatives in Peru, no loans for cooperative housing had been made by the associations. The Central Home Loan Bank has been legally barred from accepting the type of mortgage desired by cooperatives. The labor assistance in creation of ASINCOOP has made cooperative housing projects within the reach of lower income groups. In 2 years, the workers in Lima whose average pay is \$2 a day have deposited \$1.5 million in savings.

AID has extended its support for the social projects program, as well as the Labor Education Center for 2 more years.

There are presently about 1,000 cooperatives with over 300,000 members in Peru, of which 650 are officially recognized. The rural electric cooperative organized in 1965 with AID assistance now has more than 3,000 members. Technical assistance was initiated in 1965 by U.S. advisers under contract from NRECA. The cooperatives and Cooperation Popular have worked closely together.

Eighty-seven "special projects" ranging from the purchase of pumps for small, local irrigation works to provision of breeding stock to newly formed cooperatives have been undertaken since 1963.

A \$6.6 million loan was made in 1964 to develop a costal program for supervised credit, technical assistance, and construction of extension and research units, plant and seed production and processing units and animal breeding centers. All aim at assisting 21,000 small- and medium-sized farms, providing supervised credit programs for over 8,000 in the agrarian reform and colonization areas of the highlands and eastern valleys, and starting a forestry redevelopment and forest products utilization program that will employ 2,000 people.

Peru's Institute of Agrarian Reform has an ambitious \$25 million program to settle 5,250 families on 212,000 acres in the semitropical eastern slope of the Andean Highlands. Inter-American Development Bank which approved a \$15 million loan for the planned colonization,

had earlier authorized \$15 million for the development of seven Indian communities which could affect 1 million people.

URUGUAY

(AID expenditures for fiscal year 1966, \$17,000 mission, plus regional funded projects. Assistance related to four cooperatives with 500 members and encouraging new development.)

The cooperative movement is not sufficiently active to influence national development in Uruguay. The agricultural community is still suffering from the collapse of the Federacion Nacional de Cooperativas Agropecuarias, Ltda. (FENACOA), which represented 90 percent of the agricultural cooperatives. The failure was probable due to lack of adherence to basic cooperative principles.

There is, however, a genuine need for a vigorous cooperative movement, especially in the marketing of agricultural products. The most encouraging development has been in rural electrification. The first electric cooperative, serving 85 farms, was dedicated in December 1965. The second project, involving 120 farms, is in the advance stage of development. A loan application to finance four more projects to serve 3,000 farms is under consideration by the Inter-American Development Bank.

Forthcoming support for rural electrification development will be for providing technical assistance to staff the State Electric and Telephone Administration. One phase will be to train key engineering personnel in the United States under an AID/National Rural Electric Cooperative Association contract.

The American Institute for Free Labor Development, while directed toward organizing labor unions, has through its social development division organized two consumer and two industrial cooperatives with 600 members. Its training program in cooperatives has been effective. This help at a crucial time should prove helpful to cooperative development in urban communities.

Revision of existing cooperative laws is under consideration by the Parliament. The main feature would be to eliminate tax incentives over a 3-year period and to place collected taxes in an agricultural cooperative credit fund.

Three technicians of the Uruguay State Electric and Telephone Administration were trained in operation of rural electric cooperatives in the United States.

VENEZUELA

(AID expenditures for fiscal year 1966, \$121,000 mission, plus regional funded projects. Assistance related to 125 cooperatives with 50,000 members.)

The "Ley de Cooperatives" became national law on July 11, 1966, and created a national Superintendency of Cooperatives which gave cooperatives a long-needed legality as a national institution. The Government had not in the past made any official declaration recognizing cooperatives as a national institution. This law, therefore, will give cooperatives a solid basis, more stability, and better financial support.

Legislation also established the savings and loan system as an independent entity, with the system functioning under the provisions of a Presidential decree. It is an integral part of the President's national

housing plan. Thus, the savings and loan system, together with the private mortgage banks, is expected to satisfy the demand of the private market in all areas not served by the public housing entity of the Government. The Government's billion dollar housing effort is linked to its overall effort to mobilize local capital for housing construction and urban renewal.

In housing, the condominium-type cooperative is preferred to the "pure" cooperative by the average buyer in Venezuela. This is even true in public housing. The management of the condominium, after construction and initial sale, of course, follows a quasi-cooperative process.

The savings and loan system was established with AID assistance. In 3 years 21 associations have been chartered with 31,000 members, who have \$25 million in savings. Loans outstanding are \$55 million. The National League of Insured Savings Associations helped establish the Venezuelan Federation of Savings and Loans, and USAID helped to provide the principal speakers for the Inter-American Union of Savings and Loan Conference in Caracas, as well as for a symposium on how to attract new savings.

AID's assistance to the National Federation of Savings and Credit Cooperatives led to the development of industrial credit unions. Among the 30 industries approached, 10 gave an immediate favorable response.

The rural electric cooperative program that got off to a fine start in the preceding year was forced to an unfortunate standstill in fiscal year 1966 by the failure of the Venezuelan Government to provide loan funds for necessary commodities.

Public Law 480, title III, commodities have been increasingly directed toward self-help community development operations. For fiscal year 1967, 200,000 of the 245,000 total persons receiving assistance under title III will be engaged in some kind of self-help program. These programs are being gradually phased out. All but a few of the recipients are engaged in some kind of cooperative development activities.

AID brought 32 participants to the United States for training in credit union personnel, agricultural cooperatives, rural electric cooperative management, community farm machinery cooperatives, and a study of marketing and cooperative institutions.

Other groups providing cooperative assistance were the Government of Israel in the area of agricultural production and marketing, \$15,000 dollar equivalent; United Nations, in the area of agricultural credit and marketing, \$10,000 dollar equivalent; and Peace Corps Volunteers, in the area of rural and urban cooperatives, \$50,000 equivalent.

REGIONAL OFFICE OF CENTRAL AMERICA AND PANAMA (ROCAP)

(Report not available from ROCAP. Information based on program and project data. Estimated expenditures for fiscal year 1966, \$175,000.)

The basic aim of the United States in Central America is to accelerate the economic integration of the region and thus improve the political, economic, and social prospects of the individual countries. Technical assistance to develop within the Central American Bank for Economic Integration a regional center for mortgage rediscounting

has the interest of savings and loan associations and cooperative housing groups, which see it as part of a long-range plan to facilitate financing of housing construction in each of the five countries. CUNA International, Inc., has been operative in Central America since 1963, and has been successful in developing credit unions among the rural workers. By 1966, CUNA had more than doubled the number of credit unions in the area to 368, tripled membership to 41,750, and increased total savings to \$2,263,657. ROCAP assisted the Organization of Central American States in 1965 to organize the Council of Labor and Social Welfare. The American Institute for Free Labor Development carries on a number of social projects, apart from its labor leadership training program.

COSTA RICA

(AID expenditures for fiscal year 1966, \$47,000 mission, plus regional funded projects. Assistance related to 166 cooperatives with 16,000 members)

Cooperatives and related self-help projects play an increasingly significant part in Costa Rica's agricultural development and agrarian reform programs. They are an important subproject of AID's project to assist the Ministry of Agriculture, the University of Costa Rica's School of Agriculture and the Institute of Lands Colonization to diversify and to increase agricultural production by 5 percent a year.

Credit unions are flourishing in rural areas. There are 70 credit unions, the number nearly doubling in a year under an AID/CUNA International organizing program. There are 12,000 members. A continued growth is expected.

The Bank of Costa Rica's 42 rural credit boards have made more than 25,000 supervised farm subloans with the \$10 million AID loans made in previous years. Up to 20 percent is available for cooperatives and newly settled farmers' colonies which are organized as cooperatives. Caritas is investigating how food for peace may be used to assist the colonies being established by the Agrarian Reform Institute.

Cooperatives will be one of several definite subprojects in the 5-year area development program in Icoya Peninsula and Limon Province on which \$226,000 was spent during the year. AID, through a contract with the Inter-American Technical Assistance Foundation, is assisting the local development association to involve its 600 members of their local institutions in an integrated and orderly development and utilization of the area's human and natural resources. The local group will pay 60 percent of all costs. This has not been organized.

Local development assistance is also provided from the 1966 technical support fund of \$331,000 to the American Institute for Free Labor Development and CUNA International.

Costa Rica's three new rural electric projects to which AID loaned \$3.3 million in fiscal year 1965 have stimulated widespread enthusiasm among people in the 860-square-mile region that will be served by 502 miles of primary lines. The electrification of the rural area is part of AID's overall integrated program for farm-to-market roads, a potable water supply, supervised agricultural credit and rural health. The electric system belongs to three privately owned cooperatives and the Costa Rican Institute of Electricity.

The rural electric cooperatives are one of the special efforts being made toward more development in rural areas outside of the Central

Plateau. The rural credit unions are also part of the effort to develop the more remote areas.

The year's most significant developments were the start of physical construction on the electric cooperatives and the establishment of 32 new credit unions.

Also being built as a joint venture in public health, consumer service and better farmer marketing, is a municipal wholesale produce marketing in San Jose, the capital. A \$650,000 loan was made by AID in 1965 for that purpose. The center can be operated as a farmers' cooperative. With modern refrigeration and packing rooms, the market may reduce food spoilage costs as much as \$360,000 annually.

AID has helped 26 agricultural cooperatives, four new, with 8,000 members; 70 credit unions, 32 new, with 12,000 members; three industrial cooperatives with 150 members, and the Credit Union National with 70 local cooperatives as members.

The infant cooperative movement has shown considerable vitality after a long lapse. Public acceptance is reflected by President Trejos' statements in his recent successful presidential campaign, when he praised credit unions and indicated an interest in modernizing the country's cooperative laws.

Other assistance to cooperatives was provided by the Government of Israel, the Pan American Union, Organization of American States, and Food and Agriculture Organization of the United Nations. Assistance was at the national level—mainly training courses for cooperative personnel. Estimated contribution was \$32,000 equivalent. The Israel Government provides eight scholarships for study in Israel.

EL SALVADOR

(Report not available from USAID/San Salvador. Information based on program and project data. Estimated expenditures for fiscal year 1966, \$50,000 mission, plus regional funded projects.)

Despite the remarkable economic and political progress in El Salvador since 1962, the country still faces serious obstacles to its development including an alarming rate of population growth, limited natural resources, excessive dependence on coffee, sugar, and cotton exports, maldistribution of wealth, and a relatively low rate of investment.

The U.S. strategy is to make the most of the opportunity inherent in the present administration's commitment to democratic government. It has endeavored to provide appropriate assistance to El Salvador to increase the momentum of economic and social development as the keystone of democratic stability. This calls for a popular involvement by the people in as many of the development projects as possible.

Since the immediate problem is rural, AID's assistance is directed at rural development. Sixty percent of the fast-growing population lives in the rural areas, where unused, arable land is extremely limited. The result is rural poverty and large-scale unemployment and underemployment.

A number of steps have been devised to increase food production and community action. Health and education also have high priority.

Cooperatives are a neglected area, but should fit into human resources development. The major emphasis on the campesino problem will be building and staffing new schools.

Grants and loans are being utilized to assist small and medium farmers to achieve and sustain a 5-percent annual increase in agricultural production during the 1965-69 period. Supervised agricultural credit loans were made to 3,407 farm families in 1964, over 10,000 in 1966, and the goal of 16,000 families set for by 1970. Two thousand farm families have been colonized on government land. The Institute of Rural Colonization has the ultimate objective of settling 4,000 campesino families on 50,000 acres, and developing assured markets, stable prices for basic food crops and cooperative-type services to furnish farm supplies and to sell farm products. AID and USDA technicians are assisting.

AID has consolidated such activities as rural health and education, mobile rural health units, CUNA credit union organizing and civic action into a new community development project beginning in fiscal year 1967. The goal will be to organize village development committees in at least 200 towns by 1969, establish a Public Law 480 food for work program for village improvements, and create local training for community development.

GUATEMALA

(AID expenditures for fiscal year 1966, \$60,000 mission, plus regional funded projects. Assistance related to 176 cooperatives with 150,000 members.)

USAID finds that cooperatives are an effective method for helping farmers establish services essential to the country's rural development. Credit and technical assistance are the greatest needs of the 300,000 small-farm operators.

The need for cooperatives and the response of the people, once they understand the function of these self-help enterprises, is reflected in the 77 percent increase in the number of credit unions and the 58 percent increase in agricultural cooperatives during the year. The value of training is shown by these accomplishments, because the increase is largely a result of the educational work provided by the AID/CUNA International program.

A survey of the agricultural cooperatives in Guatemala showed that 71 percent provided their members with credit either as loans or through credit sales of farm supplies. Credit unions are being organized to furnish farmers and low income urban families with small, low interest production loans.

Credit is available to agricultural cooperatives through the supervised credit agency of the Ministry of Agriculture.

At the moment the greatest opportunity for development is with agricultural cooperatives which provide purchasing and marketing services, totally inadequate in most of Guatemala at present.

AID provided special training in cooperative institutional development for three persons, to improve the technical capacity of the section of cooperatives, and to offer better training for local cooperative leaders. Basic training programs by local credit unions reached more than 500 persons who attended 1 of 15 courses, averaging 5-days duration. Thirty cooperative leaders attended the 5-week course on

agricultural cooperatives conducted by the Ministry of Agriculture's Section of Cooperatives.

The mission is reviewing the feasibility of developing self-help projects such as farm-to-market roads, line construction for rural electric cooperatives, through use of Public Law 480 food-for-peace commodities.

The Ministry of Agriculture, Section of Cooperatives, with a limited budget of \$19,000, and little money for travel by agents, has nevertheless been an effective catalyst in encouraging cooperative development.

Most difficult problems in cooperative development, even at the pre-cooperative level, is the low level of literacy of most of the people, followed by lack of credit and lack of trained and experienced people.

AID assistance was provided for nearly every type of cooperative, including book publishers. The credit union federation and a regional marketing cooperative for 13 producer cooperatives have helped in establishing a reasonable uniformity in accounting, in providing a clearinghouse for advice and assistance, and in starting a training program.

The year's record shows 87 agricultural cooperatives, 27 new, with 5,066 members; 77 consumer cooperatives, 34 new, with 8,000 members; 9 industrial cooperatives, 2 new, with 1,454 members; 2 commercial cooperatives with 215 members. The two federations claim 39 affiliated local groups, 33 new.

A sum of \$345,000 was earmarked for the development of agricultural programs and institutions. A cooperative subproject in this area covered a wholesale farmers' market in Guatemala City, a joint Government-private enterprise committee for food processing, supervised agricultural credits, and the establishment of new production and credit cooperatives.

HONDURAS

(Report not available from USAID Tegucigalpa. Information based on program and project data. Estimated expenditures for fiscal year 1966, \$50,000 mission, plus regional funded projects.)

AID is endeavoring to provide essential technical assistance to the Government of Honduras in the development of a strong and permanent program of cooperative education, organization, audit, and regulation. To achieve this, the U.S. support has aimed at encouraging broad, popular participation in cooperatives in areas of major economic and social importance, namely: credit unions, urban and industrial cooperatives, housing cooperatives, and agricultural and rural cooperatives.

The Government's Cooperative Development Department has received assistance in the administration of cooperative law in such functions as audit, inspection, regulation, and services. Specialized cooperative technicians under contract with AID are to provide guidance and train local technicians in each major area as these programs develop. Plans call for the establishment of national cooperative federations, some of which are already functioning, to be responsible for the continuing program of cooperative education and organization. They will be encouraged to work with other cooperative federations in the Central American area.

The credit unions have had a healthy growth. The number of local organizations has increased from 25 to 45, and membership from

2,500 to 6,500 families. Many of the unions are in rural areas. A 5-year projection of credit union growth anticipates a 3.2-percent increase in real income to the people as the credit unions make more credit available at lower rates of interest. The educational work carried on at credit union meetings, as well as extensive on-the-job training, is helping to meet the serious shortage of trained and experienced people.

Honduras has had earlier success in a cooperative housing project for banana plantation workers. The Foundation for Cooperative Housing, under a contract with AID, has been providing technical assistance in a housing development and monitoring an AID loan for 500 homes to be constructed by three housing cooperatives.

The Inter-American Development Bank's \$2.5 million loan for rural development made in 1965 is being disbursed. AID's part in helping the Government to increase agricultural productivity through a national 5-year rural development program got underway in fiscal year 1964. The estimated total cost for the year of this project was \$475,000, of which the important cooperative subproject was aimed at assisting the National Development Bank implement a farm credit program with the \$2.5 million bank loan and encourage supervised farm credit, cooperative-credit union development and marketing and storage improvement.

NICARAGUA

(AID expenditures for fiscal year 1966, \$200,000 mission, plus regional funded projects. Assistance related to 105 cooperatives with 11,000 families as members.)

After getting off to a slow start, the Nicaraguan cooperative movement has finally moved to the national scene in a big way. The opening of the first rural electric cooperative has created new interest in rural development. The electric cooperative quickly demonstrated how electric power can bring new enterprises to the countryside. In its area, a cotton gin, refrigeration and cold storage facilities were set up, and improved dairy equipment and irrigation pumps were introduced.

In a vigorous effort to provide trained people to manage their own enterprises, special courses have been offered to persons seeking employment with cooperatives. Eight persons were given training abroad in cooperative administration, accounting, and leadership, and 1,000 persons took one of 31 1-week courses in basic cooperative accounting, administration, education, and management.

Cooperatives are a major subproject of AID's 4-year community action and cooperative development program which was started in fiscal year 1966. The first year's allocation was \$200,000 to assist the Nicaraguan Government to use community self-help and cooperative action projects to strengthen the rural community. Resources of the Nicaraguan Mobile Rural Health Agency, long assisted by AID, and the new Agrarian Reform Institute were used. The technical assistance was directed at teaching cooperative organization and group concepts action, and the organizing and assisting of cooperatives and credit unions and providing rural health services.

Assistance was also provided to agricultural marketing, farm supply, rural electric, irrigation, housing cooperatives, and credit unions.

Sixteen AID employees, four AID contract employees, and 10 Nicaraguans have devoted full or part time to cooperatives, credit unions, and community-type development.

They assisted seven agricultural cooperatives with 1,500 families, 56 consumer cooperatives, 18 new, which doubled membership to 5,000 families, a rural electric cooperative serving 300 families, and 41 credit unions.

The Nicaragua Credit Union Federation now has 41 affiliated local credit groups. There is achievement not only in the organization of additional credit unions, but also in the increase in members, savings and loans. The total impact of the community is growing. The leadership is developing and assuming more responsibility for broadening the cooperative structure into other fields.

Many members are aware of some of the socioeconomic development needs in their communities and possibilities of using cooperatives to meet them. Cooperatives, they feel, can be the start of better distribution of resources in rural areas. There are a number of instances of how rural cooperatives increased local participation in community development and encouraged self-help as a means of achieving better conditions. The Yali Agricultural Cooperative in the northern and isolated part of the country is an example of expanding services made possible through self-help. Organized only a few years ago as a supply and marketing cooperative, the members have concerned themselves with better health and sanitation, have raised funds for a health clinic building and raised and pledged \$6,000 to build farm-to-market and penetration roads connecting several communities.

PANAMA

(Estimated expenditures for fiscal year 1966, \$30,000 mission, plus regional funded projects.)

The country's low agricultural productivity reflects the prevalence of subsistence farming, inadequate agricultural credit for low-income farmers, and lack of distribution and marketing facilities.

Significant reform measures passed by the national assembly have brought some relief. The agrarian reform seeks to provide a basis for land titling and taxation, better rural schools and health centers, low-cost public and cooperative housing, and development of agricultural cooperatives, credit unions, and savings and loan institutions.

Cooperatives are just now beginning to assist in development objectives, and the leading public officials regard them as an essential factor in the socio economic growth of the country. There are 120 registered cooperatives, with applications for 25 more pending.

AID helped supervise development of agricultural credit to small farmers and livestock producers. It assisted in organizing 33 new credit unions and adding 1,500 members during the year. There are now 49 credit unions with 9,000 members and \$680,000 in savings. A careful survey has been completed and a start made on low-cost rural cooperative housing.

Cooperatives are an important subproject of agricultural development for which AID earmarked \$230,000. The Ministry of Agriculture, supported by an AID loan, continues to coordinate the total rural program. AID has provided special training for 10 cooperative leaders.

AFRICA

Disbursements for technical aid to cooperatives, fiscal year 1966

Missions-----	\$1, 453, 000
Regional (including worldwide contracts)-----	230, 000
Total-----	1, 683, 000

CONGO—KINSHASA (LÉOPOLDVILLE)

(AID expenditures for fiscal year 1966, \$4,000 mission obligation, plus regional funded projects. Assistance related to revitalizing marketing and fisheries cooperatives.)

Direct U.S. technical assistance to the Congo is minimized in favor of continued voluntary support of the United Nations program, financed from funds appropriated for "contributions to international organizations." During fiscal year 1966 the United States did, however, provide \$35,000 in local currencies to assist small but worthwhile social and economic projects being undertaken by the local people. Examples include assistance for repair of facilities in reestablishing cooperatives and in rehabilitating services in liberated areas. While their number is small, USAID believes that cooperatives will help to reestablish economic equilibrium in the rebellion-devastated eastern Congo. The Uvira fishing cooperative is relaunching the fishing industry on the northern shore of Lake Tanganyika to provide a much-needed high protein food supply. The Birambiao cooperative is a civic impact project designed to relaunch production in former rebel areas. The COPIL fishery on Lake Edouard is a 100 percent Congolese cooperative that owns its fleet of 20 fishing boats and a freezing and packing plant. A large number of cooperatives existed under the direction of missionaries and European agronomies prior to independence. Since 1960 most of them have deteriorated due to the absence of competent and reliable managerial personnel. There is a growing demand for their restoration or for the establishment of new cooperatives.

Food-for-work projects have sustained integrated rural development projects in former rebel areas until the latter could take root and restore local production. Food for peace assistance could be further extended in the eastern Congo to help revitalize villages hit by the rebellion.

DAHOMY

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects.)

Five participants from Dahomey were selected to attend a 16-week general training program in cooperative development in the United States under an AID, AFR/RUA contract with the National Farmers' Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the International Cooperative Training Center at the University of Wisconsin. The

program was initiated at the close of fiscal year 1966. The National Farmers' Union phased out its education and training program in 1965. Cooperative development since then has been limited to helping a fisheries cooperative, and reviewing plans for the establishment of two pilot cooperative villages for joint use of equipment and methods which Dahomean farmers could not use on an individual basis to increase production. The U.S. labor movement is exploring the feasibility of establishing a cooperative training center to service Dahomey and neighboring countries.

ETHIOPIA

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects. Assistance related to three cooperatives with 600 members.)

While cooperatives are presently a negligible part of Ethiopia's economy, those who support the building of people's enterprises are encouraged by the Government's decision to include cooperatives in its second year plan. This action followed the Emperor's speech at the opening of Parliament in 1965, in which he urged speedy passage of the Cooperative Societies Proclamation. A law governing the establishment, registration, and operation of cooperatives was passed by Parliament in 1966.

AID has for a number of years provided small but significant assistance in training directors and employees and in building cooperatives as a part of its developing the Alemaya College of Agriculture in the southeast. The staff of Alemaya College established an irrigation cooperative, and marketing cooperatives for vegetables, and poultry and eggs. They have had a significant impact on tribesmen. For them, this was a beginning lesson in how free people discuss their problems and make their own decisions.

The second 5-year plan proposes to establish 25 new cooperatives. Thus far, a dozen cooperatives have been established, mostly marketing cooperatives in the coffee and grain areas. Their general acceptance and subsequent establishment by the small coffee growers is an extremely important development. While the Alemaya vegetable cooperative was the victim of retaliatory action by competition, and the irrigation cooperative had setbacks after the loss of an important leader, both are now recovering nicely.

Nearly all cooperatives were organized and supervised by the Ministry of National Community Development. Management rests exclusively with the members. The degree of success has varied, but seven of the coffee cooperatives have been successful in increasing individual members' earnings. More than 30 cooperatives are to be in operation by the end of the second 5-year plan.

The Government's Grain Storage Corporation may become involved in cooperative development since its large, little-used modern grain elevator in Addis Ababa could provide storage and a natural market for farmers' grain.

Food for peace has been used to build roads in Eritrea. Since roads are a critical factor in local and national leadership, Public Law 480 resources might well be directed to road construction through local cooperative self-help effort.

GHANA

(AID expenditures for fiscal year 1966, \$29,000 mission, plus regional funded projects. Assistance related to 577 cooperatives with 50,000 members.)

A complete and happy turnabout in attitude and support toward AID in general and cooperatives in particular occurred in Ghana in fiscal year 1966, when the new Government came to power.

AID's staff, which had been operating on practically a standby basis for several years, was made available to help in such ways as it could to restore and revitalize the country's once flourishing cooperative movement. The new Government welcomed the assistance to help put the cooperatives on a sound economic basis. The United Ghana Farmers' Council Cooperative, in which complete authority has been vested, was abolished. Members under this old Government-controlled setup had no vote, no financial responsibility, and did not share in the savings of their cooperatives.

Since the abolition of the Farmers Council, steps are being taken to reorganize cooperatives on voluntary, democratic principles. Immediate needs, recognized by all, include adequate financing and credit, and competent and trained management and staff people.

The cooperative movement has been strongest in the cocoa producing areas, and in fiscal year 1966 there were 1,277 Government-operated farmer cooperatives.

AID assisted in the development of project nurseries which have provided rubber seedlings and stumps now maturing on 9,000 acres belonging to individual farmers and cooperatives. Present trends indicate the total planting by 1970 will be 27,000 acres which will eventually yield 15,000 tons of rubber annually.

GUINEA

(AID expenditures for fiscal year 1966, \$320,000 mission, plus regional funded projects. Assistance related to cooperatives in palm oil development.)

AID assistance was given to one cooperative in connection with a rice pure seed multiplication project, as well as to the organization of 13 cooperatives with about 375 members, as part of a palm oil project. The formation of palm fruit growers-consumers cooperatives was attempted over a 3-year period under a highly skilled contract technician. The early success in organizing the cooperatives and in securing a dependable source of supplies for the oil production center was frustrated when the palm fruit collection became the responsibility of political committees which were not organized geographically or economically for this function. The actual cooperative development costs were small and incidental to the total cost of trying to develop a commercial supply of palm oil. The Government of Guinea terminated the contract at the end of fiscal year 1966. On the basis of this experience USAID's plans to include cooperative activity in its agriculture technical assistance program was abandoned as premature. While theoretically the government encourages cooperatives, all of them are closely linked to the political party organization. The Ministry of Rural Economy and Handicraft lacks trained cadres and a basic understanding of agricultural production and cooperative methods as commonly defined. There have been new dyers' coopera-

tives organized, and the establishment of local cooperatives which have formed a Union of Cooperatives in Labe. These receive no assistance from AID. There is need for Guinea to increase both its edible palm fruit and own rice production to reduce the volume of imports. Rice has been imported from the United States in recent years under the Public Law 480 program.

KENYA

(AID expenditures for fiscal year 1966, \$25,000 mission, plus regional funded projects.)

In the 3 years since independence, Kenya has emerged as a relatively stable, multiracial nation. However during the next few years she will be faced with difficulties stemming from tribal rivalries, lack of trained manpower and development capital, as well as from increasing demands for more social services, particularly schools and health facilities, and for broader opportunities. The new nation's efforts have been focused on expanding educational opportunities, settling Africans on lands of high potential, encouraging increased agricultural output, developing cooperatives, and building on the small industrial basis.

Cooperatives are the only organized marketing facilities for cash crops in most rural areas. Cooperative societies and unions are the major contributors to many community projects. The payout periods by the various marketing cooperatives are geared to due dates for school fees and taxes, thus making it possible to carry out school and municipal activities in an orderly manner. Many public officials also regard cooperatives as the best solution to the Africanization of consumer business and breaking the near monopoly control presently held by Asian traders.

Technical assistance has been directed toward improvement of the agricultural extension service to bring more advanced "know-how" to Kenya's farmers and livestock raisers, to expand agricultural secondary and higher education, and support of the Kenyan manpower training program. Twenty-nine Peace Corps volunteers assisted with a cooperative membership education program at the district level which provided visual information to more than 50,000 people. AID's agricultural cooperative and credit program had \$142,000 available in fiscal year 1966 to help strengthen Kenya's cooperative movement as part of the major effort to increase cash marketings of farm products. Actual expenditures, however, were reported at less than \$25,000. Part of the problem was that the Cooperative Department of the Kenya Government has been in a state of reorganization for over a year, and in addition, Kenya is receiving technical assistance in this field from the United Kingdom, the Scandinavian countries and Israel.

The importance of expanding and streamlining the administration of the cooperative system is shown by the fact that nearly all of the 1,260 active local and federated cooperatives with a total of about 390,000 members need guidance and assistance. Of this number, 180 cooperatives with 33,000 members were formed last year. These cooperatives handle most of the produce in the cash market. Annual sales are valued at over \$85 million. The AID program, except for participant training, has been held in an inactive status until the Government reorganization is completed. In the meantime the project has been extended until 1969.

LIBERIA

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects. Assistance related to developing agricultural cooperatives.)

Liberia is basically a primitive agricultural country, yet over 30,000 tons of its staple food, rice, in addition to large quantities of other foodstuffs, is imported annually. This makes it imperative for the Liberian Government to find ways to increase the agricultural productivity of the country. The production problem, however, is compounded by the lack of facilities to transport, to market, to store, and to process farm products, or to procure farm supplies and equipment as well as credit.

The Liberian Government and USAID believe that the successful introduction of cooperative institutions is one method by which to introduce these necessary facilities in order to increase agricultural production. The difficulties that confront such undertaking and the narrow margin for success are recognized. The incorporation of cooperatives into the country's 5-year agricultural development program, however, gives government support to this approach to some of the more difficult problems that will arise in connection with agricultural development.

There is a serious need for technical assistance to prime the educational and training program in order to involve as many African nationals as possible in the self-help projects around which cooperative-type institutions can be built. The Liberian Department of Agriculture has to all purposes been put on a "standby" basis until the new 5-year agricultural development plan is put into operation. So has the AID/Farmers' Union Cooperative team.

MALAGASY REPUBLIC

(AID expenditures for fiscal year 1966, \$88,000 mission, plus regional funded projects. Assistance primarily for agricultural marketing cooperatives and training in U.S.)

Five participants from the Republic of Malagasy were selected to attend a 16-week general training program in cooperative development in the United States, under an AID/AFR/RUA contract with the National Farmers' Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the international cooperative training center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

The AID mission assisted marketing and processing cooperatives, particularly nine agricultural groups to improve the processing, storage, and marketing of commercial quantities of major food crops. While Malagasy public officials have declared that cooperatives represent the best vehicle for bringing about agricultural development in their country, the present cooperative law has control so tightly vested in the hands of the Government, that it can veto any action by members which it does not approve. AID assistance is directed at improving agricultural marketing and agricultural cooperatives. The French Government provides cooperative assistance, including training at L'Ecole National de Promotion Sociale, \$250,000 value. United Nations organizations provide assistance, \$250,000 value.

MAURITANIA

(AID expenditures for fiscal year 1966, \$12,000 mission, plus regional funded projects.)

Two participants from Mauritania were selected to attend a 16-week general training program in cooperative development in the United States, under an AID/AFR/RUA contract with the National Farmers' Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the International Cooperative Training Center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

MOROCCO

(AID assistance for fiscal year 1966, \$132,000 mission, plus regional funded projects. Assistance related to Government agricultural cooperatives with one million members.)

USAID assistance to cooperatives over the past 4 years was directed largely to agricultural credit agencies, particularly in terms of providing technical assistance in planning for an eventual national system of 60 farmer-controlled community banks and in conducting training of personnel for more effective management of agricultural credit.

Assistance during fiscal year 1966 included \$85,000 for 16 participants who were studying cooperatives and agricultural credit in the United States, \$31,000 for an agricultural cooperative credit and marketing project, \$10,500 for self-help projects such as construction of facilities for the Ksar el Kwbir tanning cooperative, a contribution toward a building for the Maaziz Weaving Cooperative, loans, yarn, thread, and fabric for 11 women's weaving, knitting, and sewing cooperatives in Kenitra Province, turkeys as the basis for establishing a turkey raising cooperative, and a tractor and plow harrow for rent to a farmers' cooperative in Tetouan; and \$5,500 for a rural electric feasibility survey.

Significant progress has been made on the National Agricultural Credit Bank's plan to establish 60 farmer-controlled cooperative regional credit banks to handle local farm credit. A USAID technician provided planning assistance and also conducted a training course on agricultural credit and administration for 33 national and 37 regional bank personnel.

One of the significant failures, however, was also in the field of banking, the rejection by regional bank loan committees of 50 percent of all loan applications because of poor administration, lack of training and understanding of farm problems.

Sixteen persons were being training in the United States on cooperative-related subjects, mostly supervised agricultural credit.

Cooperatives are an important subproject of the artisanal industries program for which \$205,000 was allocated this fiscal year. Assistance is for the purpose of helping to expand the export market. Total handicraft exports now amount to only \$7 million. One million Moroccans derive their livelihood from artisanal industries.

An AID technician assists a permanent center and two pilot cooperative production centers to train teachers in tanning. Assistance has already increased production 300 percent, and net profit 200 percent in individual tanneries over 1960, when the project began.

A center also has been established to train workers in precious and semiprecious stones.

Cooperatives have indirectly benefited by the title I, 104g funds (almost \$15 million in 1962-63) used to expand and equip agricultural work centers and agricultural production in dry land areas. Title II, food for wages (\$25 million) was used to restore agricultural land through conservation and reforestation. Title II grains (\$620,000) were incentives for developing a forage and livestock program.

USAID believes, however, that recent trends toward the nationalization of many trade activities have cast a certain haze over the prospects for development of the conventional "free" cooperatives. The policy seems to favor Government agencies to fulfill the role of cooperatives. This may be a natural effort to provide desperately-needed services to farmers who lack the education, experience and capital strength to organize and operate their own associations.

In some irrigated lands distributed under a lotissement program, farmer cooperatives are Government organized and membership is compulsory. Although called cooperatives, they are more akin to collectives. As explained by a Government official, these organizations are intended to give the farmers experience in belonging to a cooperative association.

After some training and leadership has been demonstrated, the farmers are to have the opportunity to operate and manage their own cooperatives. Thus, these Government-controlled cooperatives, in principle, are only transitional. True farmer cooperatives may also eventually take over the functions of the Government-run work centers, which currently supply the farmers with machine work, seeds, fertilizers, and some marketing services.

Several agencies carrying the word "cooperative" in their title convey the impression that the agricultural sector is well represented with cooperatives. In reality, these organizations remain Government operated and controlled. The farmers have little, if any, voice in their organization and management. Thirteen of these exist with the principal function of marketing cereals. Any farmer may be a member. Their role is to provide farmers with agricultural credit, to distribute seeds and fertilizers, and to help market farm products.

Some cooperatives exist among the vegetable farmers. There are also several dairy cooperatives. In total, however, there is a lack of accurate information on the number and types of cooperatives that are functioning in Morocco. AID assisted the Moroccan Union of Agriculture, a bargaining and trade cooperative. It has influenced Government policy toward increasing agricultural production and improving social conditions of the fellah, and was instrumental in suppressing the "terti," an agricultural tax on production, improving prices of farm products, making farm credit more readily available, and promoting rural modernization and agrarian reform.

NIGER

(AID expenditures for fiscal year 1966, \$24,000 mission, plus regional funded projects. Assistance primarily to 32 agricultural and 542 credit cooperatives.)

Three participants from Niger were selected to attend a 16-week general training program in cooperative development in the United States, under an AID/AFR/RUA contract with the National Farmers'

Union. A total of 25 participants were selected for the program, which included on-farm training center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

The AID mission assistance in the area of agricultural credit and cooperatives was directed to 32 farm supply purchasing and 542 credit cooperatives. The National Union of Credit and Cooperatives has an important role in rural development. It has set up cooperative stores and supplies farmers with farm tools and equipment, fertilizers, insecticides, and so forth. It also markets the principal agricultural crops. For the 3-year period 1963-65 loans of \$3,349,192 were made, mostly to finance the purchase of peanuts and to finance short-term farm production costs.

NIGERIA

(AID expenditures for fiscal year 1966, \$70,000 mission, plus regional funded projects. Assistance related to marketing and credit cooperatives.)

Cooperatives can play a much larger part in the economic development of agriculture in Nigeria, especially in marketing and credit. A good start has been made in improving cooperatives and in making them more useful economic units. AID's assistance is directed mostly at helping the Government overcome the shortage of trained manpower.

There are nearly 5,000 cooperatives in the country with 387,000 members. The approximate breakdown is 2,500 agricultural with 260,000 families, 2,300 urban with 95,000 members and several hundred credit union and savings and loan with 20,000 members, and less than 50 industrial-type cooperatives with 2,000 members.

AID's direct assistance was to 44 agricultural cooperatives with 2,340 members, and 41 multipurpose cooperatives with 1,300 members, and one commercial cooperative with 25 members. AID's educational assistance, through training of directors and employees, member education programs, and preparation of cooperative educational and training material, reached many more organizations and many more thousands of cooperative members.

USAID's agricultural cooperative project, budgeted at \$70,000 for the year was to advise regional agricultural ministries of ways to strengthen agricultural cooperatives through staff training and membership education. The goal of the 3-year project was to develop cooperatives to increase the availability, and lower the cost of agricultural supplies to farmers to improve marketing of nonexport crops, and to provide credit to small farmers. Nineteen participants were to be selected for training in the United States, 17 of them at the International Cooperative Training Center at the University of Wisconsin. Those selected represented responsible positions in one of the cooperative ministries. Cooperatives also were a subproject within the agricultural credit program, for which \$194,000 was budgeted for the year to advise agricultural credit institutions and to train top personnel in operating a supervised agricultural credit program.

The cooperative divisions of the Nigerian Government have been concerned about improving the educational programs at the three cooperative colleges. AID has assisted in the selection of teaching materials for the college. AID made pilot studies in cooperative business management.

The principal difficulties in developing cooperatives in Nigeria stem from the lack of economic analysis and business management, followed by a lack of trained and experienced cooperative management and staff. Cooperatives also have been slow to meet the challenge to provide better marketing facilities for nonexport agricultural products.

The Nigerian Government's Cooperative Divisions have 700 staff workers in cooperative educational training and service work. They are assisted by the cooperative college training centers at Ibadan, Enugu, and Zaria. The colleges have made a good start in organization, staff, and training facilities. There is still a need to upgrade the training centers' teaching programs to strengthen the cooperatives to make them more viable economic units able to provide expanded services to agriculture on an economic basis, and to improve member education programs.

While there is serious concern as to the fate of a united Nigeria as internal forces continue their struggles, all the regional opinions continue to be sympathetic to cooperative development and welcome the partnership of AID in such efforts.

SENEGAL

(AID expenditures for fiscal year 1966, \$8,000 (revised) mission, plus regional funded projects.)

Two participants from Senegal were selected to attend a 16-week general training program in cooperative development in the United States, under an AID, AFR/RUA contract with the National Farmers' Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the International Cooperative Training Center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

SIERRA LEONE

(AID expenditures for fiscal year 1966, \$5,000 mission, plus regional funded projects.)

The Government of Sierra Leone continues to place strong reliance on cooperatives as major force in rural development. Most of the present cooperative-type rural institutions have a small credit system attached. They are an important, and often the only, source of credit to help carry farmers from planting to harvest.

Primitiveness of the country, however, has handicapped the Government's efforts to develop a rural electric cooperative system, to expand on an agricultural marketing and processing cooperative system, and to establish supervised agricultural credit.

The Prime Minister has urged farmers to organize their own cooperatives. He has pledged them his personal support. This do-it-yourself appeal has stimulated enthusiasm at the local level. The dangers of such unplanned organizing can be costly, especially without trained personnel, adequate capital, and market outlets.

The Government wishes to establish agricultural marketing cooperatives first. It is seeking to secure two AID agricultural cooperative technicians to advise on the soundness of two proposed cooperative mechanization schemes for land reclamation and increased production.

SOMALI

(No expenditures in fiscal year 1966 for Cooperative Development.)

The Government of Somali wishes to develop ways to use cooperative framework to encourage its agricultural production. It has been using cooperatives as a means of upgrading the quality of its livestock by feedlot operations in the marketplaces, and of establishing slaughterhouses to increase beef exports to the Arab countries.

The concept for the country's Agricultural Development Agency is a product based on the conclusions of a study by AID, in which it was observed that many of the villages in the Baidoa and interriver areas have social organizations which include many characteristics of cooperatives. Aid has been asked to provide a team to study the possible types of assistance that it could offer the Agricultural Development Agency.

In some parts of the country the term "cooperatives" is being loosely applied to activities which are not in the true sense cooperatives. For example, a number of plantations along the Scebelli River are being developed on the basis of a loose association between relatively well-to-do businessmen in Mogadiscio who supply the capital, and individuals in villages who supply the labor. Although not true cooperatives, these associations may provide a useful framework for agricultural development. It might be worthwhile to evaluate such developments to determine to what extent they can stimulate more production by incorporating certain cooperative principles.

SUDAN

(AID expenditures for fiscal year 1966, \$8,000 mission, plus regional funded projects. Assistance primarily related to credit and irrigation.)

The mission in Sudan has no direct hire or contract cooperative advisers. It has given no direct financial support to cooperatives within fiscal year 1966. Cooperative activities, however, have been aided indirectly by AID's agricultural extension adviser, especially in the Khashm El Girba settlement. AID assisted that settlement in the early stages of cooperative organization and advised the cooperatives on the procurement of machinery, improved seeds, and other supplies. AID's agricultural economist lectured on cooperatives to 70 persons at the settlement's extension services.

The four participants sent to the United States to study economics had one or more courses in cooperatives. They were from the Sudan Agricultural Bank which makes loans to cooperatives, and has been assisted by AID.

Newspaper articles show that there is considerable agitation to abolish all private operation and ownership of farms and substitute cooperative or government operation and ownership.

Although Sudan has vast land areas, agricultural development in the northern two-fifths of the country depends on irrigation. Agricultural credit has been a late development in Sudan. Consequently irrigation has to be financed by the Government or through cooperative pooling funds. At present the Government finances the larger irrigation schemes and the cooperatives finance and operate a large

portion of the pump schemes. Cooperative ownership of the irrigation facilities is now evolving into cooperative buying and selling of agricultural supplies and products.

Most of the expansion of agricultural and consumer cooperatives is largely generated by the Government. Their efficiency is handicapped by a lack of initial planning and trained management.

The Government's Department of Cooperatives is in the Ministry of Commerce, whose representatives are informed on principles and bookkeeping procedures. They lack the technical information necessary for assisting in planning and operation. Unfortunately, the agriculturists who should have a larger role in the education and training of managers of agricultural cooperatives have had little contact with the cooperative department.

The United Nations, International Labor Organization provides an education adviser in the cooperative department, \$20,000. It was agreed that this assistance to cooperatives would continue to be provided by the U.N., and the agricultural and industrial banks were providing for the credit needs for cooperatives.

TANZANIA

(Mission report not available. Information from program and project data. Estimated expenditures fiscal year 1966, \$100,000 (revised) mission, plus funded regional projects.)

Tanzania has an impressive record of mobilizing its own resources for development. It ranks high among African nations with respect to systematically planning its own development. Cooperatives have a high priority in the country's program of social and economic development but AID's assistance in this area is limited.

Previously AID activities were planned to complement aid from the British, who until a break in diplomatic relations between the United Kingdom and Tanzania in 1965 had provided the major external development assistance to Tanzania, with obligations averaging \$30 million annually. The United States also seeks to stimulate cooperation of other Western donors within the framework of a World Bank-led consultative group which is being established. The U.S. part of this shared effort centers on the establishment and growth of basic institutions in the key development sectors of agriculture, education, public administration, and community development.

AID has been assisting the Tanzanian Government to increase incomes and to improve living standards in the agricultural sector. Two AID contract technicians have been assigned to the Ministry of Cooperatives and Credit to improve its extension services and revise its agricultural credit development policies. Credit unions are being organized among the villages and in the rural areas. AID is also providing participant training to cooperative and credit society staffs.

AID assisted building an organization to bring rural peoples into the total development efforts of the country through community self-help activities. More than 20,000 projects have been completed by participants in 7,500 organized village groups. Other help has also come from specialists from Canada, the United Kingdom, Switzerland, and the United Nations.

TOGO

(AID expenditures for fiscal year 1966, \$23,000 mission, plus regional funded projects.)

Five participants from Togo were selected to attend a 16-week general training program in cooperative development in the United States, under an AID, AFR/RUA contract with the National Farmers Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the International Cooperative Training Center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

TUNISIA

(AID expenditures for fiscal year 1966, \$254,000, mission, plus regional funded projects. Assistance primarily related to assisting 254 credit and marketing cooperatives with 67,000 members.)

The establishment and use of cooperatives is part of Tunisia's national policy to organize its backward rural population, its natural resources, and available financial assistance to develop a modern agricultural industry operated by Tunisians trained for the purpose.

This program is a major effort to replace the French colonial system of agriculture with a modern but small farm agricultural economy. The Government has used cooperatives to extend its administrative, technical and financial assistance. They facilitate the gradual transferring of the Government's nationalized holdings of former French citizens to private ownership by Tunisian citizens.

AID assistance went to the 13 regional cooperatives. These were 17 fisheries cooperatives with 2,600 members, 129 handicraft and small industries cooperatives with 10,000 members, 77 consumer cooperatives with 50,000 members, and 10 wholesale vegetable and eight wood products cooperatives with 4,000 members. The regional assistance may indirectly have benefited many of the members of local cooperatives.

The year's most significant cooperative development was the development of service cooperatives. This was caused by the development of water resources for irrigation in the Cap Bon area, which made possible the establishment of small, profitable private farms. These farms created needs for the services and economic possibilities for service cooperatives.

Service and credit cooperatives continue to present the greatest opportunity for development. The unit of capital investment and management required are less than in production cooperatives. This type of organization and service also suits the needs for a large segment of the agricultural economy made up of small, owner-operated farms. Government policy and the will of the people are both in the direction of private ownership of land. The ostensible ultimate aim of Government-subsidized-cooperative farms is to make them self-supporting and independent federations of local cooperatives.

Many of the projects which AID is sponsoring will ultimately serve to develop cooperatives because of the Government's policy. The several millions of dollars being spent in conservation projects and development of facilities for improved agricultural production will inevitably affect cooperatives.

AID spent \$173,000 this year to drill 50 wells, and will spend \$2 million on the total program. Each well will irrigate 185 to 250 acres of land which will support 30 to 45 farm families. Cooperatives are being formed among the farmers to utilize the water and to operate and maintain the wells and irrigation system.

The agricultural production unit cooperatives of the north are cooperative groupings of individual landholdings and pooling of the owner's labor for cooperative management of production and marketing of products. This is an effort to provide an adequate scale of resources to make modern farming possible in the Tunisian situation of today. There are now 213 production units with 13,836 families in the north of Tunisia farming 250,000 acres of former French colon lands in the most productive part of Tunisia. The government has been creating about 80 new production cooperatives per year. It plans to extend the units of production in the north to comprise about 180,000 hectares of land, primarily for grain-growing and animal production.

These units have not yet proved themselves. The government is reluctant to cut off assistance to cooperatives when they are unproductive. While the government's support has prevented outright failures, it has not helped to correct the inability of most cooperative production units to reach a stage of financial self-support, due primarily to a lack of management. This also is the principal cause of weakness in credit and other cooperatives.

The World Bank is considering a \$10 to \$12 million loan as part of a major program of technical and financial assistance in cooperation with AID to make these production cooperatives productive.

It would place a team of cooperative and farm management experts recruited from foreign sources to supervise the cooperatives and the use of the funds.

AID is considering providing local currency for short-term operating loans which the World Bank cannot supply, and additional assistance to the Banque Nationale Agricole to improve and to expand its handling of loans to cooperatives and to individual farmers. This would call for developing possibly 51 additional local credit cooperatives and strengthening the existing 24, to serve a membership of 150,000 farm families cultivating 2,250,000 acres.

AID had a major role in organizing and bringing the 24 existing credit cooperatives to their present membership of 27,000 farmers who cultivate 300,000 acres. AID's adviser, provided through a contract with the National Farmers' Union, was transferred from the Ministry of Plan and National Economy during the year to the National Agricultural Bank to work on the cooperative credit plan.

The production cooperatives in the center and south embrace different problems because of different crops, climates, and social culture. The potential for increasing production is less than in the north. Only 46 cooperatives with 10,000 families have been created.

The government's agency, the Office de Terre Dominiale, continues to operate 2,150 former French colon farms on 1,250,000 acres of land.

The Public Law 480, title II, food for peace, assistance has been a continuing source of indirect financial assistance to cooperative development. Within the year, 73,000 tons of wheat valued at \$2,228,000 fed most of the population of the drought and poverty-stricken

southern area of Tunisia. Employment amounted to 25 million man-days of work devoted to construction of roads, flood control, and water conservation facilities, and construction of houses on cooperative lands and on government land destined for cooperative use.

The world food program under title II used 16,000 tons of corn valued at \$1,368,000 mostly for poultry feed in cooperative projects. The program called for 21,000 tons of corn in 3 years, but 16 million tons were delivered during the year.

Title I, Public Law 480, was an important source to AID for local currency to finance projects which provided direct or indirect assistance to cooperatives. Approximately \$3 million purchases of equipment under a DLF loan of 1961 (\$6.8 million) were made for the development of government-owned land destined for private and cooperative use. Approximately \$357,000 in local currency was loaned to support this program during the year.

In another equipment project under another DLF loan (1961 for \$5 million) equipment valued at more than \$3 million was purchased for cooperative production units. An estimated \$300,000 in local currency from Public Law 480, title I, section 104, proceeds were also provided as loans through the National Agricultural Bank. As a counterpart to another DLF loan (\$5 million 1961) for developing industry, approximately \$200,000 in local currency was loaned by the Societe Tunisiene de Banque to processing (food) and small industrial cooperatives (fishing equipment manufacturer), and others. From this same DLF loan, \$169,000 in currency was loaned directly to such cooperatives.

Since gaining its independence, Tunisia has organized 930 local cooperative associations and federations with 440,000 members. The federations claim 766 affiliated cooperatives with 200,000 members. There are 365 agricultural service cooperatives with 127,000 members, and 456 multipurpose, cooperative production units with 38,000 members. The growth during the year has been remarkable. A total of 553 new cooperatives were organized and 136,000 new members were added.

One-third of all productive land, including state-owned farms formerly held by Europeans, and tribal lands, is destined to be incorporated into farm-producer cooperative structure. The responsibilities of servicing, crediting, marketing, supplying, and transporting small industry and crafts has been gradually turned over to service and labor union cooperatives. The Government feels that the cooperatives have fulfilled two purposes: They have helped to develop rational units for production, and have been of social and educational value to their members. Its views are inclined to be overly optimistic as to the rate of possible cooperative development. Basic legislation provides cooperatives with a local, regional, and national structure. A national school for cooperative training and member education has been established.

Assistance provided by other governments includes: Sweden, 10 trainees per year in consumer cooperatives, \$30,000 equivalent; Czechoslovakia Central Council of Cooperatives, 26 trainees in agricultural production and processing, \$13,000 equivalent; West German Federal Republic, 15 trainees in consumer cooperatives, \$22,000 equivalent; France two trainees in production cooperatives, \$10,000 equivalent; United Nations International Labor Organization, instruc-

tor in cooperative school, \$15,000 equivalent. The United States provided training in communication media for cooperatives for one participant at the University of India, \$5,000.

UGANDA

(AID expenditures for fiscal year 1966, \$381,000 mission, plus regional funded projects. Assistance related to 1,827 primary societies and 111 district cooperatives with 450,000 family members.)

Cooperatives are making a unique contribution to the social and political life of this basically agricultural nation by slowly helping to overcome tribal barriers and by creating a unified, national marketing structure reaching to all parts of the country.

The ingredients of this peaceful economic revolution in Uganda are an educational program to inform as many members as possible of the meaning of cooperation and what their cooperatives are doing, a well-developed supervisory system to provide uniform accounting and improved business practices, and the employment of the same skills and resources that competing commercial enterprises use.

The present cash-crop marketing structure is largely a product of the British colonial period, but has been thoroughly overhauled to fit the need of its new owners. Each year more Africans take an active part in the operations of their cooperative enterprises. Thus far, the cooperatives have weathered the regional, tribal and political disputes.

The marketing cooperatives continued to grow, more in the volume of business transacted, than in membership. Nevertheless, an increase of 96 new cooperatives and 57,000 new members was in itself an achievement.

The present cooperative structure in Uganda consists of 1,827 primary agricultural societies, mostly coffee and cotton marketing, of which 78 were organized during the year, with a membership of 450,000 families, of which 53,000 were added during the year; seven primary consumer societies, of which four were organized during the year, with membership doubled to 1,800 families during the year; six forestry societies all organized during the year, with 90 members; three cooperative taxi societies with 59 members, and 32 thrift societies with 2,052 members. The 34 district producer unions include 1,704 primary societies, and the four federations include 705 primary societies.

The year's most significant development was the creation of a minor-crop marketing program by the Uganda Cooperative Central Union. Although growth will be slow until sufficient storage and warehousing space can be provided, the decision to step into this field and to help stabilize prices has received popular support. The minor crop marketing scheme was presented at two countrywide meetings, and at a number of local gatherings before being established.

The scheme should show continued progress in the year ahead. Coupled with a sound marketing and pricing scheme, it can help Uganda become self-sufficient in minor crop needs within 3 years. The development of an export market for minor crops could add \$20 million a year to agricultural income. Present plans for a well-rounded minor crop marketing scheme include a seed-processing plant, a livestock feed mill, and food processing units.

AID funded \$75,000 for eight steel buildings to be used as production, storage, processing and marketing demonstration and training centers.

During the year, the cooperatives added nine ginneries for a total of 50, which ginned 80 percent of the year's cotton crop compared with 60 percent for the last season. The membership of the 1,877 societies, which are federated into 31 district cooperative societies, is 450,000 farm families and represent 25 percent of the country's farm population. Crops marketed through the district unions were valued at \$67,428,000.

The Uganda Cooperative Central Union, the apex cooperative, had a record total business turnover of \$1,409,524, nearly double the volume of the year before, but smaller earnings due to poor management. Reforms were made on recommendation of AID/FC.

A dependable source of agricultural credit is of major importance to the country's agricultural economy. A pilot cooperative credit scheme, similar to production credit in the United States, was started in 1962. Four years of experience has proved that cooperative marketing societies properly supervised can successfully manage the credit needs of members.

In the first year 100 societies loaned \$124,000 to 7,000 members. In fiscal year 1966, 348 societies loaned over \$1 million to 35,000 members. Loan repayments were good, with society repayments to the bank averaging 98 percent, and member repayments to the societies averaging 95 percent.

Plans call for expanding this credit program to 1,100 marketing societies by 1972, and making \$6 million available for loans to 155,000 farmers. The World Bank has been asked to help finance this program.

The rural thrift scheme, on the other hand, was introduced in three of the 18 districts to encourage savings among members of marketing societies. Three years' results have been sufficiently encouraging to recommend expanding to all districts. The thrift and loan societies, of which there are 32, have a membership mostly made up of wage and salary earners.

The organization of the Cooperative Bank has lagged. Necessary share capital has not been raised. Such a bank, however, to protect the financial resources of cooperatives is still recognized. Plans for its eventual establishment have not been abandoned.

Milk-deficient Uganda imports 75 percent of its dairy products from Kenya. In order to encourage enough milk production to at least provide needed volume for a modern dairy plant, the Government has been urged to establish a cooperative dairy marketing association and to assume responsibility for expanding the dairy industry and for starting a modern cooperative dairy plant.

The poultry industry has had a remarkable growth in 5 years. Over 70 percent of the producers are supporting the organization of a poultry marketing association in the capital area.

A handicraft society has had difficulty in establishing uniformity, quality, and sufficient quantities of goods to supply exporters who are the principal market. The society has been encouraged to work more closely with the National Handicraft Corporation, which is supported by the Government.

Several hides and skins societies have been organized in the livestock area. They have been helpful in teaching members how to prepare hides and skins for market in order to get better prices.

Two district cooperative tobacco unions are filling a real marketing need, but farmers need more training in order to produce a better quality tobacco leaf and to properly cure it. A major tobacco company is assisting the cooperatives.

As a result of the tobacco cooperatives, a number of timber cooperatives were organized to do reforestation. They were established because the tobacco cooperatives needed certain kinds of wood for flue-curing tobacco leaves. A shortage of the desirable kinds of wood was threatened before the trees were planted.

A cooperative carpenters' society in Jinja has been buying materials for cabinets and furniture in wholesale volume and helps to sell the finished products.

Uganda's first cooperative effort started in 1913, when a group of farmers joined together to market their produce. There was no cooperative legislation until 1946 which was replaced by the Cooperative Societies Act in 1963. A Cooperative Development Department was set up in 1946.

The Uganda Government has declared that its agricultural policy is to give the grower the predominant part in the processing and handling of his crop. This requires cooperative development, but the Government is aware that if cooperatives are to be independent business organizations they must develop a systematic program of cooperative education to be understood at the local level, and a program of management training to be efficiently operated.

Shortage of trained manpower, however, continues to plague the Cooperative Development Department, with 99 out of 302 positions still unfilled.

To help overcome the critical shortage of trained and qualified people, AID has provided a staff of cooperative specialists starting in 1963 under contract with the Farmers' Union International Assistance Corporation. The basic objectives of the staff have been to help the Uganda Cooperative Development Department develop agricultural cooperative leadership, training centers, and programs; create and develop agricultural cooperatives; improve the functional operations of existing farm cooperatives; and establish coordinated efforts among cooperative organizations serving agriculture.

The staff has consisted of two cooperative education specialists, two cooperative credit specialists, one cooperative livestock specialist, one cooperative management specialist, complemented by the AID staff in the Uganda mission and counterpart workers from the Cooperative Development.

AID has established 13 district cooperative training centers and this year the Government furnished 10,000 student-days of residential course work. It also has been associated with the Cooperative College.

Thirteen thousand society members were given training at 240 1-day courses in the country.

Work assistance was also given by the Cooperative Department's supervisors in the course of their regular auditing and supervisory duties with primary societies. In addition nine bookkeeping courses

of 1 week or more and twenty-nine 1- and 2-day courses provided 3,090 student-days of training.

During a 5-day demonstration tour of local societies, courses conducted without motion pictures drew an attendance average of 90 per day. When the mobile film van was used, the attendance average at 13 meetings was 330, or a total of over 4,000 persons. The effectiveness of the mobile units was so convincing that the Cooperative Department is sharing the use of 12 mobile units from the Ministry of Visual Aid Center.

During the year, AID funded \$12,000 for films, books, projectors, audiovisual aids, and teaching equipment for the Cooperative College and the 13 training wings, and an additional \$12,000 for office equipment and training material for the Cooperative Department as well as the college and training wings. AID also funded \$75,000 for eight steel buildings to be used as demonstration and training centers for the producing, storing, processing, and marketing of minor crops.

To supplement the cooperative educational and training program in Uganda, AID provided scholarships for 35 people for specialized cooperative training in the United States and in other countries. So far, 92 scholarships have been offered. Other countries which have provided scholarships for cooperative training are Israel, Canada, the United Kingdom, Denmark, Sweden, and India.

The cooperatives have been assisted under the joint efforts of AID, the United Nations Food and Agriculture Organization, the United Kingdom and Israel, which work closely with the people and Government of Uganda. The United Kingdom provides two advisers at Bukalasa Cooperative College and two cooperative ginnery advisers, \$48,000 value; Israel has provided three consumer cooperative advisers, \$30,000 value; and FAO has provided one adviser for cooperative vegetable growers, \$11,000 value.

UPPER VOLTA

(AID expenditures for fiscal year 1966, \$12,000 mission, plus regional funded projects).

Two participants from Upper Volta were selected to attend a 16-week general training program in cooperative development in the United States, under an AID, AFR/RUA contract with the National Farmers' Union. A total of 25 participants were selected for the program, which included on-farm training as well as study at the International Cooperative Training Center at the University of Wisconsin. The program was initiated at the close of fiscal year 1966.

NEAR EAST—SOUTH ASIA

Disbursements for technical aid to cooperatives, fiscal year 1966

Missions.....	\$529, 000
Regional (including worldwide contracts).....	180, 000
Total.....	709, 000

INDIA

(AID expenditures for fiscal year 1966 were limited to staff assistance provided in the line of normal duties.)

While the mission has had no activities to assist the Indian cooperative movement since the phasing out of its cooperative membership education project in 1961, it has continued to explore the possibilities of future technical assistance in this area. The mission considered eight project proposals developed by the Cooperative League of the U.S.A. (CLUSA) and incorporated three of them into its technical assistance program for implementation in fiscal year 1967. They are projects covering the development of rural electric cooperatives, cooperative oilseeds processing cooperatives, and a feasibility study for a cooperative fertilizer plant. All of these activities have been requested by the Government of India.

IRAN

(AID expenditures for fiscal year 1966, \$64,000 mission, plus regional funded projects. Assistance related to 6,067 agricultural credit cooperatives with 790,000 members.)

Rural cooperatives are being developed by the Government of Iran as institutional support to the peasants who are being given their own land. Only by joining the village cooperatives can farmers receive land. The cooperative societies are expected to fill the void created by the disappearance of the landlords who formerly made the production and market decisions.

The objective of these cooperatives is to develop democratic societies, full member-owned, and capable of providing the members with the means and incentive to improve their living and to produce more food crops.

The agricultural credit and cooperative program continues to be a joint endeavor of USAID and the Government of Iran to integrate human resources with capital requirements under subprojects addressing the major economic and social objective of the third 5-year plan.

The major programs which involve the cooperatives include (1) the \$23 million equivalent in loans extended during fiscal year 1966, (2) the furnishing of essential production inputs such as credit in kind, 4,577 tons of improved seed, 7,914 tons of fertilizer, 73,361 kilograms of insecticide, and 76,721,898 liters of kerosene; (3) the marketing of such staple farm products as 4,097.47 tons of rice, 4,494.24 tons of cereals, and 390 tons of sesame, (4) the tending of 3- to 5-year term credit to farmers for land and water development.

There are over 6,000 agricultural cooperatives with 792,000 members. This is an increase of 1,775 local organizations and 123,000 families. There are many kinds of consumer cooperatives, of which no accurate record is kept. They are organized to serve such groups as the military, labor, oil workers, and so forth. Some of these organizations are cooperative in name only. There are 25 cooperative federations representing 878 local associations, of which 15 with 520 local associations were organized during the year.

The agricultural cooperative movement in Iran has four categories: (1) the rural cooperatives crown land distribution cooperatives; (2) the first and second phase land reform cooperatives; (3) the supply and marketing cooperatives, which being multipurpose, often complement the activities of the first two categories; and (4) consumer cooperatives.

A significant development was the entrance of the Central Organization of Rural Cooperatives into the field of marketing rice, wheat, pulses, and onions. This action provided alternative marketing opportunities to members and contributed to improving prices and demand. Cooperative marketing techniques were first introduced by a USAID adviser in 1964, and this assistance was extended in fiscal years 1965 and 1966. All types of rural commercial service cooperatives can help to improve farm income, many by becoming a source of "forced savings or investment." The federation type of cooperative can be beneficial as a means of integrating and regionalizing production, finance and marketing, including livestock feeding and marketing, rural savings and loan and rural electrification associations. The urban areas need a variety of consumer cooperatives such as a cooperative association of independent grocers to improve the distributive services. A survey was made of the feasibility of establishing a cooperative supermarket.

A \$2,850,000 Public Law 480, 104(g) loan in fiscal year 1965, for supervised agricultural credit was being disbursed by the Central Organization of Rural Cooperatives and \$330,000 was used to start a pilot project of extending agricultural credit through village cooperatives.

Government agencies which have a major function in the development and assistance of cooperatives are the: (1) Central Organization of Rural Cooperatives, engaged in educational work and agricultural credit, short on manpower and budget; (2) the Bank of Omran, engaged in guidance and financing, reasonably active but handicapped by manpower and budget limitations, and by conceptual difficulties; and (3) the Central Bank, concerned with legislation and development of home loan banks. The Parliament is now considering savings and home loan bank legislation.

Three participants received grants to study in the United States. Two will, on return to Iran, begin training cooperative bankers and supervisors at the national and provincial levels, while the third will be concerned with legislation, administration, and regulation of savings and loan societies. AID also helped to train local leaders among 228 agricultural credit associations and cooperatives on policies, programs, and rules of supervised agricultural credit and land resettlement.

Modern cooperative legislation is badly needed to effectively carry out the land reform and resettlement programs, integrate the coopera-

tives into these programs, and provide the basic essentials of technical help and credit. The cooperatives have been organized much faster than they can be properly staffed or financed. The Government, however, hopes to overcome some of the shortcomings by involving more people at the local level in cooperative and village activities through training programs.

JORDAN

(AID cooperative expenditures for fiscal year 1966, \$182,000 mission, plus funded regional projects. Assistance related to 719 cooperatives with 60,000 members.)

Cooperative development shows a sustained healthy growth, reaching out to serve all areas of Jordanian society. It is making significant contribution to expanding the agricultural economy. There are now 719 local associations, an increase of 27. The largest and strongest group is the agricultural cooperative, with 16,000 members in 337 local associations. There were 429 cooperatives, mostly small and unfederated, when the AID program began in 1962.

The cooperative development has been closely associated with Public Law 480 funds. Projects have included cooperative incentive payments to stimulate farmers to improve cultural practices and use new crops, cooperative work wages on new land development, and irrigated farming divisions. The Government's 7-year plan will expand cooperative activity to assist in economic and social development of both rural and urban areas.

A significant accomplishment has been the extension of education and training programs by the Cooperative Institute to the farmer-member level. The first pilot project was exclusively for cooperative members. AID assisted in planning, evaluating, and implementing the program, and steps are being taken to expand cooperative educational work through the institute to train village-level workers.

The cooperative and thrift training have been successfully extended to the school level. There are now 251 school savings societies with 20,000 student members.

The two national cooperative associations, the Jordan Central Cooperative Union and the Cooperative Institute, have a membership of 40,000 persons through affiliated associations.

AID assistance has been directed to all types of agricultural rural electric, and wholesale consumer cooperatives. A survey was made to determine the feasibility of developing savings and loan associations.

Cooperatives with the greatest promise for development are agricultural credit, marketing, and supplies.

Four Jordanian participants studied credit accounting and principles of cooperation in the United States.

NEPAL

(AID expenditures for fiscal year 1966, \$166,000 mission, plus regional funded projects. Assistance related to 1,265 credit and rural multipurpose cooperatives with 40,000 members.)

The development of cooperatives is an important part of the Government of Nepal's recently initiated land reform. The Government is endeavoring to make cooperatives the primary channel through which technical assistance and agricultural inputs will be provided for farmers, and responsible for the administration of the national savings program.

A system of coordinating committees has been established at the village, district, and central levels. These committees are to synchronize the activities of cooperatives with extension service, the Cooperative Bank of Nepal, and local government officials in order to make the agricultural development program operate more effectively. AID-controlled Indian rupees in 1965 provided \$622,000 of the \$723,000 used by the bank as loan capital.

AID assisted the Government to establish 114 multipurpose cooperatives during the year. Many of them have consumer stores to channel inputs to farmers. AID's assistance also helped to improve operations in the 1,265 cooperatives already established. Present cooperative membership is 38,000 families, of which 7,000 were added during the year. Most of the cooperatives are multipurpose, of which there are now 910,132 being organized during the year. The second largest, with 258 local associations, are purely agricultural.

The cooperatives with the most opportunities for development are the multipurpose marketing, credit, and consumer stores. The need for more cooperative organizers and training people is growing. AID assisted the Department of Cooperatives in expanding its training institute to offer schooling in cooperative practices to more government and cooperative employees. The supply, however, is not keeping up with the demand.

The King of Nepal declared in his annual message to the National Panchayat that "... the cooperative movement would be further encouraged ... to achieve rural development." The King's declaration is actively supported by public officials.

PAKISTAN

(AID expenditures for fiscal year 1966, \$50,000 mission, plus regional funded projects. Assistance primarily related to helping to revitalize village unions with 300,000 family members, in which cooperatives are being developed.)

AID has been able to provide only limited direct assistance to cooperatives in Pakistan. It has, however, given encouragement to the growth of two dynamic movements in East Pakistan, which will ultimately affect most of the region's 60 million people.

One movement is the Comilla plan, a laboratory of trained and talented people, who have created an actual institutional framework of cooperatives to reach the villages, in the belief that cooperatives are the institutional approach to rural development. The other movement is the union council structure, an action program, consisting of informal committees of local people, reaching into 64,000 villages through 4,000 township councils. The people decide what is needed and what work should be done about it. In the process they have built 75,000 miles of irrigation and drainage ditches, and are in the process of establishing cooperative-type marketing and purchasing societies. More than 1,500 councils have agricultural committees. AID technicians assisted in organizing and developing many of these councils.

East Pakistan has 334 fishermen's societies or cooperatives with a membership of over 60,000. Eleven of them, which furnish a large part of the supply both for home consumption and export were disabled by a storm in December 1965. AID has provided a 3 million rupee loan for these societies to rehabilitate their fishing fleets.

AID trained 11 managers for cooperatives in East Pakistan, and assisted in expanding a supply and marketing cooperative with 1,600 members into a multipurpose enterprise. Guidance was provided for 11 commercial cooperatives, as well as for five agricultural cooperatives, mainly in increasing services and activating and adding members. Three new farm cooperatives were established.

East Pakistan has succeeded in developing cooperative insurance companies and commercial cooperatives, such as spinning mills. These commercial institutions have the greatest opportunity for development if they are able to afford good management. The problem of management also affects local societies. Poor management and lack of support by the membership have contributed to failure and this in turn, to greater distrust by people.

There is a feeling that the climate is more favorable for cooperatives in East Pakistan than in West Pakistan. While the west has 25,000 registered cooperatives, only 10 percent are listed as being active. There is widespread lack of confidence in cooperatives by people in rural areas, probably because there is little if any member-participation, the experiences have been erratic, and there is very little educational work carried on.

The cooperative law in West Pakistan was revised to give the registrar final authority over all loans to cooperatives. The registrar's action on any loan request made by any cooperative must be honored by the cooperative bank.

AID provided technical assistance, based on a preliminary survey and staff training provided by a Danish cooperative team to help establish a farmer-controlled multipurpose cooperative in the west to furnish farm supplies, credit, repairs for farm and tubewell equipment, and a market for farmers products.

Most West Pakistan cooperative sugar mills and machinery repair shops have done well for farmer members. Cooperatives now distribute more than 75 percent of the fertilizer available for farmers.

Cooperative development has the full support of the Government of East Pakistan. The West Pakistan Council of Ministers authorized a budget to organize 360 cooperatives, declaring cooperatives are essential to the country's agricultural development.

TURKEY

(AID expenditures for fiscal year 1966, \$47,000 mission, plus regional funded projects. Assistance related to 1,655 credit cooperatives with 42,000 family members.)

AID's assistance to cooperative development was largely restricted to the field of agricultural credit and banking. Although its involvement in Turkey's cooperative efforts are limited, the first 5-year plan (1963-67), under which Turkey is now operating, and the second 5-year plan, both give high priority to cooperative projects as a means of accomplishing total agricultural development. This policy of public and legislative support reaches into every area where cooperative projects are feasible.

Through the assistance it has provided the Agricultural Bank of Turkey, AID is concerned with the 166 agricultural credit cooperatives with a membership of 42,000 farming families which function under the bank.

AID's agricultural credit adviser assisted the bank's personnel with general cooperative educational policies, such as preparation of material and talks for the teachers of the managers of the credit cooperatives.

Most public officials support cooperatives. The problem is one of divergence by many differing views in lack of action. Nevertheless, nearly all Government agencies are promoting cooperatives in just about every conceivable area. The favorable attitude of legislators was reflected by the enactment in July, 1965, of a law allowing larger tax benefits to cooperatives.

Six participants studied cooperatives and agricultural credit in the United States. This is part of AID's continuing program of training agricultural bank employees in U.S. agricultural credit and cooperative methods.

EGYPT

(AID expenditures for fiscal year 1966, \$20,000 mission, plus regional funded projects. Assistance primarily to supervisors of 4,300 government cooperatives with 2,050,000 family members.)

AID has no project directly identified with cooperatives, but has one in agricultural extension and education development. Because the United Arab Republic is a socialistic country, however, almost all of the Government's agricultural activities operate through cooperatives. There are 4,200 agricultural activities with a membership of 2 million families or 15 million people. There was an increase of 50,000 families in the membership in 1966.

All agricultural services—fertilizers, insecticides, breeding sires, certified seeds, mechanization, purchasing, and marketing facilities—are supplied to the farmers exclusively through these cooperatives. Farmers must join them in order to receive these services at low, Government-controlled prices.

Each of these village oriented all-purpose cooperatives has an educational supervisor appointed by the Ministry of Agriculture. His principal duties are to provide information on better agricultural methods.

Unfortunately, most of the extension-type field workers have had no training in extension methods. AID is beginning to correct this lack through instruction in extension methods at the college level for further extension-type workers, and through inservice training program for Ministry of Agriculture and cooperative workers. This

training has been mostly provided by the AID agricultural information adviser and his counterpart, or through ministry personnel trained by them.

This training has three distinct phases. AID (1) directly assisted in the training of 108 students at the University of Alexandria College of Agriculture, and 58 at other colleges, in the area of educational assistance to the cooperatives; (2) provided train-the-trainer-type of assistance for 450 Ministry of Agriculture county extension advisers each month; (3) and help cooperative training programs at all provincial capitals for 500 cooperative extension supervisors every week. During the past 2 years extension field workers in the nine principal corn-producing provinces received intensive 3-day training in methods to increase corn production, and, in turn, held 2-day training programs for village cooperatives and established demonstration corn plots. Similar training was provided for six provinces where rice is the principal crop. The program for control of cotton leaf worm was handled exclusively through village cooperatives, with support from USAID-trained Ministry of Agriculture extension workers. The 1965 corn yield was increased 20 percent. The estimated cotton crop loss of up to 20 percent was held to 5 percent.

While existing cooperatives do not compare with similar organizations in the United States or north Europe, they are slowly moving in this direction. Government representatives continue to direct planning and operational procedures from central directives, with rubberstamp approval given at the village level. The elected farmer members of local groups, however, are taking an increasing interest in local direction of the program. They are becoming more vocal and more insistent on the priority of their own needs. Member-training programs can help to develop local leadership. The USAID is keeping this progress in review and in the future may recommend greater direct assistance as the cooperative system proves more deserving of assistance.

The general budget from Public Law 480 funds, which goes for school lunch programs at the village level, is usually operated through local cooperatives. These funds also partially finance the University of Alexandria and Ministry of Agriculture education programs.

Assistance to rural cooperatives is also provided by the U.N. through the Food and Agriculture Organization and UNESCO, which have training programs primarily in community development-type approaches to village problems.

FAR EAST

Disbursements for technical aid to cooperatives, fiscal year 1966

Missions.....	\$943, 000
Regional (including worldwide contracts).....	180, 000
Total.....	1, 123, 000

KOREA

(AID expenditures for fiscal year 1966, \$120,000 mission, plus regional funded projects. Assistance primarily to Korean administrative personnel in charge of agricultural and fisheries cooperatives with 2.6 million family members.)

The National Agricultural Cooperative Federation (NACF) is truly a unique organization, the largest nonmilitary operation in Korea, touching directly on the lives of nearly half the population and indirectly on almost everyone. Its 18,000 affiliated cooperatives reach nearly all 2.6 million rural households and claim 90 percent of them as members. The NACF is the only source of institutional credit for farmers and holds a monopolistic position as agent of the Government in the handling of all Korea's commercial fertilizer supplies. The services and materials handled by NACF are literally as basic as the people's sustenance.

This vast cooperative federation is AID's creature. It was brought into being 3 years ago through the integration of the Korean Agricultural Bank and the Cooperative Association. Although AID has provided no capital since 1964, the total assistance between 1962 and 1964 represents the dollar equivalent of \$15.5 million from counterpart funds. AID's once large technical cooperative staff has gradually been reduced to one adviser and a number of friendly associates. AID's assistance is now almost at the vanishing point. This is the real measure of its success.

The continued growth of NACF during this tapering off of AID assistance is a testimonial to AID's good judgment and the health and vigor of the federation. It has an expanding role in helping farmers to maintain a strong, independent family type of agriculture. The policy of USOM/Korea is to continue its encouragement of true local cooperation and the slackening of centralized controls. When the farmers succeed in having rural savings mobilized and channeled through cooperatives, the organization will express more forcefully the private dictates of its members, as contrasted with the will of Government as at present. Two intensive studies of the NACF made during the year recommend a progressive divesting of the Government from cooperative participations, as an essential part of the Government plan for undertaking to sponsor cooperatives.

Korea's more successful agricultural production programs thrive in areas where the farms are under control of individual families. These land holdings are generally small, and cooperatives provide a method through which modernization and mechanization can be applied to these small units through group use. The cooperatives

also are a vehicle for education of farm families in the improved production techniques essential to increased productivity.

As an agent of the government, NACF is identified rather intimately with the implementation and execution of a wide variety of activities. These include such items as:

1. Rice-fertilizer barter program.
2. Fertilizer distribution.
3. Promotion of corn production and price support purchase program.
4. Promotion of sweet potato production and price support purchase program.
5. Dairy cow importation.
6. Government grain acquisition program.
7. Government price support-purchase operation.
8. Agricultural research and statistics.
9. Lime use promotion.
10. Agricultural loans to marginal operators.
11. Antiusurious debt financing program.
12. Irrigation loans.
13. Fisheries loans.
14. Financing of water pumps bought from Japan in 1965 as a drought relief measure.

As a business, the NACF provided one-half the credit used in agriculture, making 23,259 million won in loans to 1,180,921 farmers; it handled 100 percent of the fresh eggs purchased in Korea by military forces; its fertilizer sales were 12,000 million won; it had in its loan portfolio 23 percent of all bank loans outstanding in the Republic as of December 31, 1965; it had a total volume of business equivalent to 12 percent of the gross national product; it controlled 53 percent of the public grain warehouse space; it printed more than 3.2 million copies of information publications, administered many special government programs in a membership program costing 211 million won, and spent 35 million won on research. The Central Federation's net savings were 54 million won and the combined net savings of the 139 gun federations amounted to 156 million won in 1965.

Doing an equally competent job for fishermen is the Central Federation of Fisheries Cooperatives with 103,000 fishermen. It provides credit, offers marketing services, and distributes oil to members.

The need for rural electric cooperative services is growing. Many local cooperatives now have or are planning electric services for their members. The development of rural electric services should be on a planned, guided basis. The cooperatives could make an important contribution to this planning. AID may assist in surveying rural needs.

The credit union movement, now in its infancy, has many elements inherent in its philosophy and service program that would help the special and financial institutions of rural Korea. A strong rural credit union organization might help to strengthen NACF and its affiliated organizations, since credit unions have demonstrated a capability to mobilize savings from sources untapped by other financial institutions.

One-third of the nation's farms are in need of more land to be functioning economic units. Many have already benefited by benbh

terracing adjacent uplands. The economic farm unit development program involved 10,000 farms during the year. Expansion of aquaculture projects would help members of the fisheries cooperatives. Labor for this needed work has been paid for with Public Law 480 commodity resources in the past.

Legislation for credit unions and permission for agricultural cooperatives to mortgage farmland is under consideration of the National Assembly.

Three participants studied agricultural and cooperative subjects in the United States. Five persons received training in the fisheries observation program.

PHILIPPINES

(AID expenditures for fiscal year 1966, \$140,000 mission, plus regional funded projects. Assistance related to 3,745 primary cooperatives with 315,000 members.)

A favorable climate for cooperative development helped AID technicians to reactivate 122 inactive agricultural marketing cooperatives and to organize 31 new associations with 3,745 members during fiscal year 1966. Many more dormant cooperatives are expected to be placed on the active rolls in the year ahead. The successful reactivating followed a study made by the Philippine Agricultural Credit Administration (ACA). The cooperatives have been placed under supervision, and a continuous audit system has been coupled with management guidance. As a result it has been possible to provide on-the-job training as a valuable byproduct of supervision.

The Public Law 480, title II, food for peace, livestock feed grain program, begun in 1965, has successfully stimulated cooperative development and the use of private credit resources in a series of pilot projects. In-country production of feedstuffs and ingredients has also been stimulated. In 2 years, 2,400 tons of mixed feeds, valued at nearly a quarter million dollars, were sold to cooperative members for cash or credit. Nearly 2,000 tons were used in 1966. The money paid the costs of program operations and established a revolving fund for loans to cooperative members. These cooperatives also market their members' products. Sufficient experience has been gained from these pilot operations to map a program for a period of up to 5 years. The mission favors an expansion of the NEC/USAID and has requested 25 million tons of title II feedstuffs to expand beef and dairy production and to assist the cooperative livestock marketing project.

Two federations of local cooperatives were organized during the year, the Central Cooperative Exchange, Inc., and the Agricultural Marketing and Supply Federation.

The Government and many farmers have become increasingly aware that a lack of credit is the source not only of the cooperative slump but is basic to the agricultural problem. They have faced up with candor to the problems of agricultural credit and have been anxious to make the necessary reforms, and to intensify education and supervision. A request has been made for an AID loan to enable the Agricultural Credit Administration to provide funds to rural banks.

A growing number of rural people feel that cooperatives help in rural development by providing goods and services that were not previously available. Cooperatives have helped farmers pool their capital in order to finance projects such as small irrigation systems,

processing plants, marketing facilities and outlets. Such projects generally could not have been undertaken and financed by individual farmers. Savings earned by marketing cooperatively are distributed to the members, and thus kept or spent within the community, in either case strengthening the overall economy of the community.

Cooperatives with the greatest opportunities for development are agricultural marketing, farm supply purchasing, processing, and rural electrification. Credit union associations have grown rapidly, especially in urban centers, but AID has not assisted in their organization or development.

THAILAND

(AID assistance for fiscal year 1966, \$210,000 mission, plus regional funded projects. Assistance related to 3,745 primary cooperatives and farmers associations with 315,000 members.)

AID has offered no direct assistance to cooperative projects in Thailand since the cooperative marketing and cooperative credit projects were phased out in fiscal year 1963. In that year AID granted \$5 million to establish credit revolving funds for 1,200 production credit cooperatives which it had helped to establish.

It is, however, supporting a district level federation of farmer groups which have many of the characteristics of cooperatives, as well as a rural electric-cooperative project which will be launched if negotiations for a direct loan are successful.

The new program of village assistance which the Government of Thailand started in fiscal year 1966 is modeled largely on the Taiwan Farmers' Associations, which proved remarkably successful in raising farmers' income in the Republic of China. AID has contributed guidance and equipment to the 14 pilot district federations amounting to \$210,000. Training for community leaders will be provided in Taiwan in fiscal year 1967. A Farmers' Union cooperative specialist will be engaged under an AID agreement to assist in strengthening the cooperative features of these organizations.

There is reason to believe that these district federations have the best opportunity to develop in Thailand since cooperatives, as they are generally thought of, have not proven capable of growing and developing in Thai village society. Moreover the existing village level cooperative societies, for legal and technical reasons, are not yet able to participate in the farmers' federations. AID hopes that the Government will modify the regulations so that cooperatives can participate in district federations along with other types of village farmer groups. The deputy governor of the U.S. Farm Credit Administration has served in an advisory capacity to the Bank of Agriculture and Cooperatives on cooperative legislation now awaiting royal signature.

Cooperative-type institutions are most likely to develop out of AID's rural development assistance. Precooperative activities have been started from an extension of the Thai-initiated "mobile development units" which have brought health services, agricultural advice, roads and fresh water wells and many other community improvements to nearly 2,000 villages.

Much of the rural assistance is now directed to communities in the northern reaches and border areas of the country where serious social and economic problems exist.

VIETNAM

(AID expenditures for fiscal year 1966, \$116,000 mission, plus regional funded projects. Assistance, with help of related counterinsurgency programs, designed to expand and strengthen cooperatives, now serving 300,000 farm families in 438 communities.)

Four-fifths of the population of Vietnam is composed of farmers and fishermen, so AID's cooperative assistance and development has an agricultural base. Counterinsurgency programs not only assist farmers, but also directly support the war effort in rural areas. AID technicians and materials enable farmers, fishermen, and refugees from the Vietcong to educate their children, improve agriculture, enjoy better health facilities, and achieve a reasonable degree of security.

AID's cooperative training, education and technical assistance, and the sales and donations of feed, seed, fertilizer, and food have been planned to assist as many of the country's 2 million farm families as possible. The actual number reached at any one time, however, has not exceeded 5 to 10 percent of the total.

There has been a continuing reexamination and reevaluation of the cooperative-type programs to determine how, in the light of what has been done so far, more people can be involved over wider areas in self-help projects.

Direct dollar assistance in agriculture for fiscal year 1966 was nearly \$6 million for five projects—agricultural services and extension, crop and livestock production, agricultural credit and cooperatives, agricultural resources development and land reform. In addition, an estimated \$23.5 million in fertilizers, pesticides, and agricultural equipment was provided under the commercial import program. Farmers' associations and cooperatives handled much of this material.

The value of all food for peace commodities provided during fiscal year 1966 is estimated at \$99.7 million, of which \$1.8 million was used for the cooperative corn-pig program, and \$7.7 million was donated to nonprofit AID-authorized agencies for distribution to refugees, needy persons, and the school lunch program.

While the main burden of providing economic assistance to the people of Vietnam was borne by the United States, more than 30 other free nations made substantial contributions. Most of the bilateral and multilateral free world assistance, however, does not provide for cooperatives.

These offers of assistance are usually geared to meet emergency situations. Among the significant exceptions are the construction of 51 grain storage silos by the Australian Government, \$30,000 value; participant training provided by the Korean Government, \$11,500 value; participant training by the Government of Taiwan, \$47,000 value; and a technical AID contract with the Government of Taiwan, \$614,000 value.

AID has been working with the Government in order to help the Vietnamese achieve a better balanced diet. In this effort, it has worked with the National Federation of Agricultural Associations and other farmers' and fishermen's associations since 1963 to increase meat production, develop new crops, and expand fishing. Over the past 3 years, hog production has increased from 1,694,000 to 3,600,000 and the average weight has increased from 130 to 220 pounds. This

success is credited in part to the cooperative pig-corn program, in which farmers were furnished with two pigs and the corn on credit. Under the program the farmers were given improved pigs and were obligated to give back two pigs from the first two litters to their cooperative or other sponsoring organizations. The program was stepped up during the year and the dollar equivalent of \$1,234,000 of Public Law 480 title II corn was provided through AID. Intensive cultivation techniques which have proved themselves in Taiwan are being taught in villages and through cooperatives, by 86 Chinese technicians under AID sponsorship. The Chinese have introduced improved crops and agricultural methods.

During the first 8 years of independence, rice production—which uses about 80 percent of the cultivated land—increased 50 percent. It rose another 12 percent between 1962 and 1965. Since then the increasing tempo of war has curtailed production. Between 1962 and 1965 the use of fertilizers increased from 100,000 tons to 276,000 tons. A Government subsidy allows farmers to buy it on an interest-free loan at less than the commercial market. Cooperatives distribute much of this fertilizer to farmers.

With the introduction of nylon fishing nets and motorized junks, AID helped fishermen to increase the commercial fish catch from 165,000 tons in 1959 to 368,000 tons in 1965. Seventy-nine fishing cooperatives with 17,000 members have their own fleets, cold storage facilities, and marketing organizations.

One of the significant cooperative developments during the year was the beginning of merger of cooperatives and the farmers associations and the upgrading of services for the evolving cooperative association. This is closely tied in with a companion activity of the support agency by changing the National Agricultural Credit Office (NACO) to a bank.

Two new federations were also established, the National Rural Electric Federation of Cooperatives and the National Federation of Agricultural Cooperative Associations.

There was also a weeding out and revitalization of cooperatives, with the number reduced from 583 to 224 activated groups in 1966.

Other activities to accelerate rural development included:

1. Distribution through cooperatives of reasonably priced fertilizer to farmers in areas where the commodities had not been available before; this service also taught values, increased crops, and expanded the cooperative image.
2. Preliminary work to establish a modern cooperative tea processing plant helping to revitalize the industry for both export and internal trade.
3. Establishment of three rural electric distribution cooperatives which are "shedding new light" on rural areas socially, as well as adding handicraft industries to the areas.
4. Implementation of warehousing and transportation programs to provide for critically needed storage of farmers' production commodities, and transportation for the same.
5. Establishment of farmers' marketing cooperatives to assist farmers in areas where no adequate marketing system exists and there is no assurance of fair prices.

6. Establishment of consumers' cooperatives to sell goods at cost.

7. Organization of small industrial groups, mainly textile, under government license, to purchase raw materials.

The major types of cooperative societies assisted during the year are: 34 credit and savings, three new, 11,503 members; 56 farmers' associations, 10 new, 172,000 families; 224 agricultural cooperatives, three new, 95,000 families; 28 consumer, 20 new, 23,000 members; 69 handicraft, one new, 9,000 members; eight commercial, five new, 1,000 members; nine housing, five new, 1,000 members; three new, community service, 1,000 members; seven federations with 164 local groups. Members added during the year, 15,000.

Cooperatives will ultimately fit into the planning of the Government's recently inaugurated program of development in the countryside known as rural construction. Rural construction begins with military security. The longer term measures, however, are designed to provide better living conditions through construction of schools, health clinics, cooperatives assistance to farmers, establishment of democratic institutions, and support for effective local government.

Thirteen participants received cooperative training in Taiwan, eight received rural electric training in the United States, \$15,000 cost. Courses were also held for 36 cooperative directors and 300 hamlet leaders.

Attendance and activities of the once active Cooperative Research Training Center in Saigon have been cut back because rural participation was limited, and many students were called up for military service during or after training.

The wartime dislocations have made it difficult to evaluate the effectiveness of cooperative activity. But even under existing conditions the cooperatives and farmers' centers have made it easier for AID to reach rural leaders to use existing institutions to distribute fertilizers and farm commodities, and to carry out a feed grain program to increase agricultural livestock production.

THE ORGANIZATION AND FUNCTION OF COOPERATIVE SERVICES IN AID

The cooperative role

AID already has many achievements, but history's evaluation is likely to be on how successful it is in extending our own liberty and our own security by helping people in other countries to achieve and strengthen theirs. The cooperative idea, backed by active cooperative assistance, is becoming an important export of American democracy. Cooperative types of business have distinct qualities which make them a valuable part of the U.S. assistance program. AID now uses cooperative resources extensively as it expands the role of private enterprise in foreign assistance.

Cooperative services in AID

AID's interregional cooperative services are carried on mainly through the International Cooperative Development Service, established January 18, 1962. It is a division in AID's Office of Private Resources.

Its creation was the result of requests by U.S. cooperatives, followed by a recommendation from the Cooperative Advisory Committee to the Administrator of AID. The cooperative department gave validity to the Humphrey amendment to the Foreign Assistance Act. It made cooperatives, credit unions and savings and loan associations a functioning part of our Nation's private enterprise effort in foreign assistance.

The cooperative service in the Office of Private Resources has made it easier to organize and correlate a purposeful cooperative program in the missions and regions, through a staff of specialists in the areas of cooperative education and training, credit and finance cooperatives, housing and industrial cooperatives, marketing and consumer goods cooperatives, rural electrification cooperatives and general cooperative services.

Review of needs

The cooperative service center is the outgrowth of a memorandum by the Director of the International Cooperation Administration (predecessor to AID) on June 1, 1961, ordering:

1. A review and survey of what cooperative activity the agency was conducting;
2. A survey to draft a directive or policy statement on cooperatives; and
3. A preliminary outline of plans for future expanded activity in this field, if that were to be the agency's policy.

On August 25, 1961, the Special Advisory Committee completed its report "Cooperatives—Democratic Institutions for Economic and Social Development." It set forth certain prerequisites and goals of successful cooperation as one of its recommendations. The report was submitted to the Honorable Fowler Hamilton, then the Administrator of AID.

The cooperative amendment

In the meantime, on September 4, 1961, the Congress passed the Foreign Assistance Act of 1961, which established the agency for

International Development. Included in the act was section 601 of the act, the so-called Humphrey amendment on cooperative development. Sixty days later the act became law.

On January 18, 1962, the Administrator established the International Cooperative Development Service, on the recommendation of the Advisory Committee, and set forth its purpose and functions.

The objectives of ICDS

The objective of ICDS as the central office of cooperative development and assistance in AID is to provide coordinated resources, planning, and programing services for worldwide programs and for regional bureaus and country missions. To accomplish this objective, the ICDS staff—

1. Serves as secretariat for the Cooperative Advisory Committee 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 programs of such organizations in foreign assistance programs.

2. Serves regional bureaus of AID with technical advice and guidance in the areas of cooperative housing, agricultural production and marketing, credit, education and training, purchasing, rural electrification, and other services.

3. Serves regional bureaus as a focal point of liaison and consultation concerning technical services and advice in the aforementioned areas.

4. Recommends to regional bureaus opportunities for cooperative development programs; assists, 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 USAID's 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 programs and staff officers of AID (other than regional bureaus) necessary to facilitate programs of cooperative development.

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

All of AID's missions were made aware of AID's policy on cooperatives and the importance placed on their use. Each year a review of cooperative development is made by the missions, and incorporated in the annual cooperative report.

The goals

Each cooperative project reflects the program planning for that country and is judged by how much it helps the less developed countries to—

1. Improve the social and economic position of the underprivileged;

2. Assist people on land reform and resettlement projects to place greater reliance on their own efforts;

3. Develop programs of cooperative education and democratic procedure;

4. Increase the capital of the country and the savings of individuals by encouraging thrift and releasing hidden savings;

5. Establish producer-owned facilities, especially in agriculture, to handle, store, market and process commodities; and

6. Introduce and expand needed community and social services.

INTER-AMERICAN DEVELOPMENT BANK LOANS, FOR CO- OPERATIVE-TYPE PROJECTS, OUTSTANDING AND RE- QUESTED, FISCAL YEARS 1964-66

Type of loan	Applications			Requests under review (millions)			Loans approved cumulative (millions)		
	1964	1965	1966	1964	1965	1966	1964	1965	1966
Housing cooperatives.....	0	1	1		\$1	\$1			
Do.....	9	15	16				\$68.6	\$84.7	\$85.9
Agricultural cooperatives.....	6	2	21	\$24.6	22	22			
Do.....	13	19	2				43.8	74.9	82.8
Total.....	28	37	40	24.6	23	23	112.4	159.7	168.7

INTER-AMERICAN DEVELOPMENT BANK LOANS OUTSTANDING AND REQUESTED, FISCAL YEAR 1966

Total outstanding loans for cooperative projects: Argentina, \$30 million approved; Bolivia, \$7.7 million approved; Brazil, \$20.5 million requested, \$11.1 million approved; Chile, \$27,443,950 approved, \$1.5 million requested; Colombia, \$17 million approved; Costa Rica, \$2.3 million approved; Dominican Republic, \$1,735,000 approved; Ecuador, \$10.6 million approved; El Salvador, \$2 million approved; Guatemala, \$2.5 million approved; Honduras, \$2.5 million approved; Mexico, \$19.8 million approved; Nicaragua, \$2.5 million approved; Panama, \$2.5 million approved; Paraguay, \$6.3 million approved; Peru, \$11,069,000 approved; Venezuela, \$12.7 million approved. Total approved, \$159,678,950, requested, \$23 million.

HOUSING COOPERATIVES

Argentina

The Inter-American Development Bank (IDB) loan of \$30 million will be matched by an additional \$30 million from Argentina. Of the grand total of \$60 million, \$30 million will be available to finance housing built through authentic housing cooperatives made up of trade union members. Technical assistance will continue to be provided to assure that the cooperative program will achieve its full objective.

Bolivia

The IDB loan of \$4 million will be augmented with a contribution from Bolivian sources of \$1,429,000. Approximately 70 percent of the total proceeds will be utilized for housing cooperatives or the Bolivian variation of housing cooperatives. Technical assistance has been contributed and will be available for at least 1 year to carry out this facet of the program.

Chile

An IDB loan of \$5 million to the Chilean savings and loan system for use by authentic housing cooperatives. The Chilean system is sufficiently sophisticated so that no technical assistance is required.

Another loan for the same amount and purpose as above was signed on August 12, 1964.

Borrower: Sociedad Promotora de Viviendas Economicas Limitada (PROVIEN), guaranteed by the Corporation de Fomento de la Produccion (CORFO). Amount of loan: US\$2 million (26 percent). Local contribution: equivalent of US\$5,642,857 (74 percent). Total cost of project: equivalent of US\$7,642,857. Term, 21 years; interest: 1¼ percent; service charge; three-fourths of 1 percent; disbursement period: 2 years; approved July 26, 1962.

This loan will help build some 1,900 homes in the Province of Valparaiso for families of members of PROVIEN, which has a membership of 6,000 workers.

PROVIEN is a limited partnership, organized in July 1959 to help its worker members build low-cost homes. CORVI is an autonomous national agency established in 1953 to carry out low-cost housing construction programs throughout Chile.

A US\$2 million loan approved on March 11, 1965, to help finance a cooperative housing program for low-income families.

The borrower is the Instituto de Viviendas Populares Caritas (INVICA), Chile.

At the outset the borrower would build about 840 units representing the first stage of a 2,950-unit project.

INVICA would arrange for housing cooperatives, and through them, the beneficiary families, to obtain long-term financing through the Chilean system of savings and loan associations.

Colombia

A loan of US\$7.5 million to the Instituto de Credito Territorial (ICT) was approved on October 8, 1964. It will help finance a plan to build more than 7,000 houses at a total cost of US\$17.7 million. The trust fund will finance 42.5 percent; the Colombian Government, 21.7 percent; priority enterprises, cooperatives, and syndicates, 10.1 percent; and the beneficiaries the remaining 25.7 percent.

Approval of a US\$2.5 million loan was made on December 24, 1964.

The borrower is the Instituto de Credito Territorial de Colombia (ICT), the governmental agency in charge of housing programs throughout the nation.

The 1,120 houses and 280 apartments to be built with this loan will be allocated to members of the Alianza Democratica Sindical Colombiana para Viviendas, a private institution with a basis objective of social development programs especially those related to the organization and establishment of worker housing cooperatives.

Dominican Republic

On April 22, 1965, an IDB loan of US\$1,735,000 was approved to help finance the construction and/or improvement of 960 houses for low-income families.

The borrower is the Instituto Nacional de la Vivienda (INVI) which will in addition obtain a loan from the American Federation of Labor

and the Congress of Industrial Organizations (AFL-CIO) in the amount of US\$865,000. Both credits will cover about 70 percent of the financing requirements of the program. The houses will be allocated among members of the housing cooperative, Cooperativa Provivienda Ingenio Porvenir (COPVIP) of the city of San Pedro de Marcoris. This cooperative was organized and has the technical aid of the American Institute for Free Labor Development (AIFLD). This program will be financed with local contributions as follows: 4.9 percent by INVI; 2.5 percent by the Sugar Corp.; 8.2 percent by the Dominican Government and 14.5 percent by the beneficiaries themselves, through cash payments and labor.

Ecuador

The IDB loan of \$10.6 million will be increased by \$6,404,000 as a local contribution, and will result in the construction of 8,600 homes. Of this total, approximately 2,000 new homes will be for authentic housing cooperatives, which will contribute no less than 20 percent of the total cost of each unit. Technical assistance in connection with the organization and administration of the housing cooperatives will be provided.

Mexico

Borrower: Nacional Financiera S.A., guaranteed by the Government of Mexico. Amount of loan: US\$10 million (16.7 percent). Local contribution: equivalent of US\$60 million. Term, 30 years; interest, 1¼ percent; service charge, three-fourths of 1 percent; disbursement period, 2 years; approved August 27, 1963.

This loan provides partial financing for the first stage of a program to build homes for sale to low-income families through the mortgage of fiduciary guarantee system. This stage, which involves 23,000 units and will cost at least US\$60 million, is also receiving financial assistance from AID in the form of a US\$20 million loan. The Fund for Operations and Bank Discounts for Housing (FOVI) of the Federal Government of Mexico will contribute the equivalent of US\$16 million to financing this stage of the program; and additional US\$14 million, from private banking institutions, industrial firms, cooperatives, employers associations, labor unions, public funds, will complete this financing.

Paraguay

An IDB housing loan was signed on December 1, 1964, of US\$3.4 million to be increased by the equivalent of US\$1,354,000 as local contribution, and will result in the construction of 3,800 homes. Of this total about 320 new homes will be built both in rural and urban areas through housing cooperatives, whose members will contribute the necessary labor and the lots. Families with monthly incomes up to US\$75 are eligible to participate in this plan. Technical assistance in connection with the organization and administration of the housing cooperatives will be provided.

Peru

An IDB loan of \$1 million has been made to the Mutual El Pueblo, a cooperative nonprofit savings and loan association under the direction of an American priest, Father Daniel MacLellan. No technical assistance is being provided for this program.

On August 19, 1965, US\$1,200,000 was provided for housing purposes to the Mutual El Pueblo. This association is entitled to build 400 housing units at a total cost equivalent to \$1,680,000. The members of this association being the beneficiaries.

Borrower: Cooperativa de Creidto Central del Peru. Amount of loan: US\$1 million (37 percent). Local contribution: Equivalent of US\$1,700,000 (63 percent). Terms, 21 years; interest, 1¼ percent; service charge, three-fourths of 1 percent; disbursement period, 1 year; approved October 19, 1961.

This loan would strengthen the lending operations of the 248 non-governmental local credit cooperatives, affiliated with the National Federation of Cooperatives of Peru, which have grown out of the credit cooperative movement started in 1955 among the Peruvian Indians. In 7 years, these local cooperatives have mobilized through savings of members \$1.7 million capital and have extended small credits totaling US\$5.4 million on short terms to small borrowers with limited resources. The loan proceeds would increase the loanable assests of the Central Credit Union (from which the locals borrow) for making such small credits for agriculture, housing, water, and sewerage. The relending rate of the local credit cooperatives to the small borrower would not exceed 12 percent per annum on outstanding balances.

AGRICULTURAL COOPERATIVES

Brazil

Finance rural cooperatives.—The loan to SUDENE (Agency for Development of Northeast Brazil) for \$2.7 million will be used for agricultural credit to low-income farmers and their cooperatives. The purpose of this loan is to establish and finance rural cooperatives which will furnish various types of services needed by low-income rural families in northeast Brazil.

An application from the Banco Central do Brazil for US\$20.5 million to finance low- and medium-income farmers and their cooperatives is being processed. The loan program will be administered by regional and local banks, including the Banco Nacional de Credito Cooperativo that will contribute an additional US\$20 million of loanable funds.

The financing of cooperatives is one of the purposes of a US\$6.4 million loan to Caixa Economica do Estado de Minas Gerais, which will assist an estimated 156,000 low-income rural people.

A loan of US\$2 million to the Banco de Credito Agricola de Espirito Santo will finance an estimated 30,000 low-income rural people and their cooperatives.

The above loans are expected to assist more than 100,000 rural families.

Chile

Supervised agricultural credit.—The \$6.5 million loan for supervised credit in Chile will be used to finance low-income farm families and their cooperatives. Most of the cooperatives will be new organizations and arrangements have been made to furnish technical assistance for their organization and administration.

Colonization.—A provision in the \$6,343,950 loan for colonization in Chile requires that technical assistance be provided in the organization and administration of cooperative service organizations for

settlers. An expert in agricultural cooperatives has been engaged for a minimum of 2 years to train the staff in organizing and developing such cooperatives.

Cooperative marketing.—The \$600,000 loan to the Central Consumer Cooperative in Santiago is designed to demonstrate the possibilities of increasing and improving the marketing facilities for low-income farmers by having cooperative retail consumer outlets purchase directly from farmers' cooperatives. The consumer markets are mostly in the low- and medium-income urban areas.

IDB has made a \$40,000 technical assistance grant to help finance development planning of certain large farms owned by the Catholic Church in Chile. A loan application for \$1.5 million has been approved for the purpose of developing these properties into a colonization project of family-sized units for low-income families. The program will be administered through cooperatives which will furnish various services the settlers will need.

Colombia

One of the purposes of a \$7 million loan is to develop cooperatives to serve the needs of the 8,864 low-income families to be benefited by a comprehensive agrarian reform project.

Costa Rica

Production, processing, and marketing cooperatives.—A loan of \$1 million has been approved to finance new and existing cooperatives which develop the production, processing, or marketing of products of agriculture and fishing. The borrower, Banco Nacional de Costa Rica, through its cooperative development department, is responsible for the organization, supervision and financing of cooperatives.

A loan for \$1.3 million has been approved to finance the settlement of 600 low-income farmers and their service in cooperatives in a colonization project.

El Salvador

Agricultural credit.—The first agricultural loan made by IDB for Social Progress Trust Funds was approved in August 1961 to Federacion de Cajas de Credito Rural de El Salvador, a cooperative system that supervises the finances of 32 cooperative lending institutions. This \$2 million loan was to increase the loanable funds of this cooperative system which at that time had more than 24,000 farmer members. The Federacion is responsible for the organizations of rural cooperatives.

Guatemala

A \$2.5 million loan to benefit 13,800 rural persons through a rural development program.

Honduras

A \$2.5 million loan to benefit 15,000 persons through a rural development project.

Mexico

A loan of \$9.8 million to develop eight small irrigation projects for low-income farmers and their cooperatives.

Nicaragua

A \$2.5 million loan to finance an estimated 30,000 low-income farmers and their cooperatives.

Panama

A loan to \$2.5 million has been approved for the purpose of financing part of the cost of an agrarian development program to benefit 3,150 low-income farmers and their cooperative service organizations.

Paraguay

Agricultural cooperative.—The financing of agricultural cooperatives is authorized by the terms of a loan of \$2.9 million which is to finance the requirements of an estimated 21,500 low-income farmers.

Peru

Agricultural cooperatives.—A loan of \$869,000 was approved on March 4, 1966. The purpose of this loan is to develop cooperatives, financing their equipment, construction of buildings, and a revolving fund to help the cooperatives. The total amount of the IDB loan is \$4,477,000.

Colonization and cooperatives.—Another loan was granted for \$15 million to assist in financing the colonization project in the Tingo Maria area. The sum of \$7 million of this loan has been allocated for the financing of cooperatives.

Venezuela

A \$12.7 million loan to provide part of the financing of a land settlement project for an estimated 48,000 low-income farmers and their service cooperatives.

AID COOPERATIVE DIRECTORY

MEMBERS AND ALTERNATES OF THE ADVISORY COMMITTEE ON COOPERATIVES

- James E. Bent, Hartford, Conn., president, Hartford Federal Savings; with Kenneth G. Heisler, managing director, National League of Insured Savings Association, Washington, D.C., as alternate.
- John B. Clarke, Washington, D.C., treasurer-chief business and financial officer, Howard University; with John Gammon, Jr., Marion, Ark., as alternate.
- Clyde T. Ellis, Washington, D.C., general manager, National Rural Electric Cooperative Association.
- Leon Keyserling, Washington, D.C., economic consultant, former member of President Truman's Council of Economic Advisers.
- Murray D. Lincoln, Columbus, Ohio, former president, Cooperative League of the U.S.A.; with Jerry Voorhis, former executive director of the Cooperative League, Chicago, Ill., as alternate.
- Kenneth J. Marin, Grand Rapids, Mich., former president, Credit Union National Association, Inc.; with J. Orrin Shipe, managing director, CUNA, Madison, Wis., as alternate.
- Kenneth D. Naden, Washington, D.C., executive vice president, National Council of Farmer Cooperatives; with Richard T. O'Connell, secretary, NCFC, Washington, D.C., as alternate.
- Herschel D. Newsom, Washington, D.C., master, National Grange; with Harry B. Caldwell, chairman of the executive committee of the National Grange, Greensboro, N.C., as alternate.
- James G. Patton, Denver, Colo., former president, National Farmers Union; with Dr. John M. Eklund, NFU, Washington, D.C., as alternate.
- Raymond W. Miller, president, Public Relations Research Associates, Inc., Washington, D.C.
- Walter Reuther, Detroit, Mich., president, United Auto Workers; with Victor G. Reuther, administrative assistant to the president, UAW, Washington, D.C., as alternate.
- Charles B. Shuman, Chicago, Ill., president, American Farm Bureau Federation; with John C. Datt, AFBF, Washington, D.C., as alternate.
- Bishop Edward E. Swanstrom, New York, N.Y., honorary chairman of executive committee of the American Council of Voluntary Agencies for Foreign Service.
- M. W. Thatcher, St. Paul, Minn., president, National Federation of Grain Cooperatives; general manager, Farmers Union Grain Terminal Association; with Dwayne O. Andreas, president, Inter-oceanic Commodity Corp.; chairman of board, Interoceanic Industries, St. Paul, Minn., as alternate.

AID COOPERATIVE SERVICES

Worldwide:

Office of Material Resources:

International Cooperative Development Service.

Voluntary Foreign Aid Service.

Food for Peace Division.

Office of Development Finance and Private Enterprise.

Regional:

Bureau of Inter-American Affairs: Bureau for Latin America:

Office of Institutional Development:

Social and Cooperative Development Division.

Rural Development Division.

Labor and Youth Division.

Republics of Central America and Panama (ROCAP).

Bureau for Africa:

Technical Advisory Staff.

Institutional Development and Cooperatives.

Bureau for Near East and South Asia:

Office of Technical Support.

Public Health and Public Services Branch.

Bureau for Far East:

Technical Advisory Staff.

Institutional Development.

Area Development Branch.

Agriculture Branch.









