



Testimony for the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs

**United States Agency for International Development
Title III
Bilateral Economic Assistance
&
Title VII
General Provisions**

**Doug O'Brien, President and CEO
NCBA CLUSA
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Chairwoman Lowey, Ranking Member Rogers, Members of the Subcommittee:

My name is Doug O'Brien, I am President and CEO of the National Cooperative Business Association CLUSA International. NCBA CLUSA is the apex trade association for cooperative business in the United States and an international development organization. On behalf of NCBA CLUSA, we request \$17 million for USAID's Cooperative Development Program (CDP) for Fiscal Year 2021 and urge the committee to appropriate no less than \$60 billion for International Affairs and related activities.

With nearly 65,000 cooperative establishments and over 130 million members, cooperatives and credit unions are found in every corner of the United States. Approximately one in three Americans is a member of at least one cooperative. These cooperatives range from small, neighborhood businesses to multibillion-dollar business trading in international markets on behalf of their members.

As an international development organization, NCBA CLUSA uses the seven cooperative principles to provide technical assistance, education, and business development training that empowers people at the grassroots level by creating economic opportunity, promoting trade and building more stable economies. NCBA CLUSA's programs are also designed to impact broader societal issues such as hunger, gender equity, health and poverty—issues that have economic and national security implications. NCBA CLUSA's approach establishes effective, democratically-controlled grassroots institutions that tackle pressing issues that would be impossible for a single individual or even a single segment of the population to address effectively.

For the fourth year in a row, NCBA CLUSA was disappointed to see the Administration propose deep cuts to the international affairs budget. We reject the Administration's request to cut nearly

one quarter of the budget for the Department of State and USAID and ask that you support a funding level at no less than \$60 billion for the FY20 State-Foreign Operations bill.

This Subcommittee is intimately aware of the challenges America faces abroad and has demonstrated bipartisan consensus on the value of investments in international development and humanitarian assistance. The United States' work abroad demonstrates our leadership on the world stage, grows the global economy and advances our national security interests. Strategic investments addressing the challenges of nutrition, health, depressed economies and terrorism directly impact the safety and prosperity of Americans.

In particular, NCBA CLUSA strongly urges the Subcommittee to maintain funding for the Cooperative Development Program (CDP) at \$17 million in FY21. CDP is a competitive grant program awarded to U.S.-based cooperative organizations to start and grow cooperative businesses to promote economic independence.

CDP projects have been immensely successful and by their very nature, these cooperatives stay in business long after the CDP project concludes. The extensive history of successful projects and businesses has resulted in increased interest both on the parts of U.S.-based cooperatives as well as foreign governments requesting assistance.

NCBA CLUSA was a critical partner to USAID in founding the Cooperative Development Program and remains an enthusiastic implementer of the program. Our organization provides legal and regulatory technical assistance, business support, and governance strategies to cooperative businesses. CDP projects apply cooperative principles – such as democratic governance, member inclusion, self-reliance, and community mindedness – to address food insecurity, access to savings and credit, nutrition and health, and telecommunications and electrification, to millions of people.

For example, over five years, through 2023, NCBA CLUSA will work with local governments, cooperative development organizations, private-sector partners and other stakeholders to identify ways to strengthen cooperatives and the enabling environment for cooperatives in Peru, Kenya, Tanzania and Madagascar.

A recent NCBA CLUSA's Cooperative Development Program project in Guatemala increased small producers' business capacity through cooperative governance, increased education and awareness of nutrition and health, and increased rural household incomes through agriculture production and consumption. This program targeted communities that had chronic nutrition problems, particularly among children, where rates reached as many as 7 in 10 malnourished children.

The story of Tania in Quiché, Guatemala demonstrates the importance of CDP projects. She was nominated by her village to be trained in chicken coop care, bringing nutrition training and income to 19 families in her town. Tania learned about protein and other nutrition needs, and she promoted and trained families to raise chickens and use the eggs as a source of protein. As her neighbors and families outside the original group learn about the benefits of protein, the demand in eggs rises. She has not only built a sustainable business, but also is building a more

sustainable environment. She also trains people on how to use the chicken fertilizer to keep their garden soil healthy. Although NCBA CLUSA's CDP project in Guatemala ended in December 2018, Tania's business continues to thrive and has a ripple effect in her community. She's now more self-sufficient in supporting herself and her family, has a greater understanding of the importance of nutrition for her and her new baby, and her community will be stronger for years to come as a result.

The Cooperative Development Program has a strong history of helping countries graduate from international development assistance. According to research conducted by one of our partner organizations, the Overseas Cooperative Development Council (OCDC), on the impact of cooperatives in the Philippines, cooperative membership has resulted in a higher income levels, a greater sense of financial security than non-cooperative members, and an improved capacity to support their families during a financial emergency. Moreover, cooperatives demonstrate greater gender inclusion and are more inclusive of all members' voices in business activities and decision-making.¹

With the support of the Cooperative Development Program, cooperative businesses continue to thrive long after the project ends and collectively continues to improve the economic mobility of millions of people across the world.

Thank you for the opportunity to testify. NCBA CLUSA looks forward to continuing to work with the Subcommittee on State, Foreign Operations and Related Programs appropriations for Fiscal Year 2021.

¹ International Cooperative Research Group. "Initial Findings: What Difference do Cooperatives Make? Philippines Country Study." 30 July 2019.