

**Testimony prepared for the
Subcommittee National Security, Department of State and Related Programs; State
Department; Agency for International Development in Support of USAID's Cooperative
Development Program (CDP) in the FY2026 in the House Committee on Appropriations
Subcommittee on National Security, Department of State and Related Programs.**

Witness organization: U.S. Overseas Cooperative Development Council

Witness name: Paul Hazen, Executive Director

Program: State Department; Agency for International Development in Support of USAID's Cooperative Development Program

The U.S. Overseas Cooperative Development Council (OCDC) is requesting \$50 million for the FY2026 Cooperative Development Program (CDP) of the Development Assistance account in the FY2026 State-Foreign Operations and Related Programs Appropriations bill. For more than five decades, USAID has supported the development of cooperatives as part of its foreign aid program, mainly through the Cooperative Development Program (CDP) which is designed to bring U.S. leadership to the mission of capacity building for the development and growth of cooperative businesses and cooperative systems around the world. This request for \$50 million is the same as was requested in FY2025.

Since 1982, the U.S. Overseas Cooperative Development Council has advanced the cooperative business model as a powerful, cost-effective international development approach based on its success in the United States. Cooperative businesses, which are privately owned on a share basis by individual members and governed through elected representatives, have measurable positive local economic development and social stability impact and a widespread U.S.-based constituency. Some cooperative businesses, such as Land O' Lakes and Ocean Spray, are household names, and an impressive 1 in 3 US citizens are currently members of some type of cooperative.

Cooperatives have been important instruments in the development of our own country, and it was for this reason that cooperative development is enshrined in the U.S. Foreign Assistance Act and that there is a bi-partisan Congressionally mandated earmark for cooperative development. The calculation about the effectiveness cooperatives in US assistance programs is borne out by countless examples, ranging from the rural electrification of Philippines to the establishment of one of the first organic coffee value chain tapped by US companies to meet rapidly expanding US demand. In these activities and many more, cooperatives have demonstrably benefited U.S. allies and the U.S. OCDC and its members have proved to be trustworthy international development partner for the USG, delivering results that belie the level of U.S. investments.

Bearing out this claim, the U.S. Congress on a bipartisan basis has recognized the importance of cooperatives within international development for decades and has directed funds to support the Cooperative Development Program. Despite the successes, the alignment with President Trump's foreign policy objectives, and strong domestic support, the programs of the Cooperative Development Program were terminated on February 26, 2025. We understand that there may have been circumstances that caused the project reviews to be rushed and therefore we are asking respectfully for a reconsideration of each of the activities under this program, one of which is implemented by OCDC.

OCDC's work has quantified the measurable positive local economic development and social stability impact of cooperatives across four continents through our independent research center, using an agile, rigorous distinctive methodology, which has the advantage of yielding timely and reliable results to support decision making by the USG and foreign policymakers. In 2023, OCDC received a Cooperative Agreement (\$6.4 million over 5 years) under CDP for its CIIRCLE activity to carry out an R&D function on behalf of the USG to increase the uptake and impact of cooperative development. Specifically, the evidence generated provides policymakers with the data and understanding to adopt and/or adjust policies and programs with confidence as well as to make program investments transparently in support of US foreign policy objectives and countries in which the US has a strategic interest.

The CIIRCLE studies are linkages to major foreign policy challenges facing the U.S., such as migration. OCDC's data shows that effective cooperative development reduces economic migration. In all countries OCDC quantified differences between those who belong to cooperatives and those who do not and the data reveals a 10% - 50% measurable advantage for the cooperative member. Across the board, the cooperative member is generally better off financially and less likely to be poor or very poor and therefore less likely to migrate for economic reasons. Cooperative members also have greater social capital, indicating strong ties to their countries, which also reduces likelihood. OCDC's Central America study, completed last year, the yielded evidence that those who belong to cooperatives are 10-11% less likely to migrate to the U.S. than those who are not members. Based on these outcomes OCDC has recommended that the USG adopt a strategy of strengthening cooperative development in the region to disincentivize out-migration.

The CIIRCLE award funded under the bi-partisan CDP directed programs provides the knowledge and assurance that the programmatic investment of U.S. resources under CDP will achieve the overarching objectives of a stronger, safer and more prosperous United States of America by linking overseas and U.S. markets as it also strengthens local self-sufficiency and economic well-being in places where the U.S. has important strategic interests. CIIRCLE enables the Administration to work intelligently within the cooperative development space and provides transparency and accountability to the American people. CIIRCLE fully aligns with the criteria of President Trump's foreign policy of a safer, stronger and more prosperous United States of America and provides an excellent deal for the American people.

We look forward to discussing CDP and our CIIRCLE award and collaborating with the Department of State to make modifications to the scope and work program to meet current priorities. In the meantime, we would be pleased to provide any additional information that you might require. I thank you in advance for the reconsideration of the termination of OCDC's CIIRCLE Cooperative Agreement and those of the other CDP implementing partners.