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WORLD COUNCIL **DELIVERS** More than Food with Wheat from **USDA's Food for Progress**

*by Janette Klaehn
and Jennifer Brink*

World Council of Credit Unions has joined forces with the US Department of Agriculture (USDA) to fight poverty and improve living conditions in two countries facing seemingly insurmountable challenges. With support from the USDA's Food for Progress program, WOCCU has launched two unique efforts to help credit unions in Sri Lanka broaden access to financial services in conflict-affected areas and to strengthen the ability of Kenyan credit unions to mitigate the impact of the HIV/AIDS pandemic on rural communities.



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The Liberty Spirit, the first cargo ship carrying a portion of the US\$6.1 million dollars worth of wheat that will fund WOCCU's USDA Kenya credit union development program, comes into port in Mombasa, Kenya.

In awarding World Council with Food for Progress resources, USDA recognized the critical and sustainable role credit unions play in broadening access to financial services, financing agricultural production, supporting small businesses and fostering integrated community development.

USDA donates millions of metric tons of corn, oils, rice, soybeans, wheat and other agricultural commodities each year. Through the Food for Progress program, USDA grants the commodities to organizations that will implement sustainable agricultural and economic development projects in designated countries using the proceeds from the monetization (or sale) of the commodity.

Prior to soliciting the USDA funding, World Council analyzed the potential economic impact of importing the wheat to ensure that it would not distort the local markets. It studied local distribution channels, identified secure, sanitary storage facilities and lined up potential buyers.

Upon granting the awards, USDA procured the wheat and shipped it to each port of destination. WOCCU

then set fair market prices that would ensure maximum revenue for the programs. The buyers, obligated to sell the commodity in the designated country to prevent regional market distortions, received the wheat and made direct payment to World Council.

Local market analysis and appropriate pricing of the commodities are critical to the programs' success. The findings in Sri Lanka and Kenya revealed a wide disparity between local supply and demand.

In Sri Lanka, a country with no wheat production and an increasing demand for wheat products, WOCCU sold almost US\$2.8 million worth of wheat in early 2006 to the sole milling operation there. The miller was located in Trincomalee, in the northeastern part of the country suffering from the ongoing civil war.

Conflict between the Liberation Tigers of Tamil Eelam (LTTE) and Sri Lankan government recently reignited in the north and eastern parts of the island as a previously negotiated peace accord broke down. As a result, WOCCU was forced to shift its focus to strengthening

KENYA

WOCCU's three-year USDA Kenya project, based on the shores of Lake Victoria in Kisumu, aims to mitigate the debilitating impact of the HIV/AIDS pandemic through:

- Agriculture business development services to increase the economic capacity of vulnerable households through providing access to agricultural loans or grants and training in labor-saving and conservation technologies.
- Credit union modernization techniques to strengthen two credit unions so they can provide an array of safe and sound financial products to members.
- HIV/AIDS education programs to provide preventative education to members with the hope of reducing the prevalence of HIV/AIDS and introduce individual development accounts (IDAs) for education to vulnerable households to finance secondary school education.





The wheat sold by WOCCU to the one milling operation in Trincomalee puts flour and other wheat products on the local Sri Lankan market.

credit unions in areas bordering the conflict. In collaboration with the Federation of Thrift and Credit Cooperative Societies (SANASA) and affiliated credit unions, World Council aims to increase the availability of financial services to members in these areas.

In Kenya, where 58% of the population lives on less than US\$2 per day and wheat is a staple food item, local wheat production meets just 18% of the country's demand. In an effort to decrease this deficit, World Council sold US\$6.1 million of the commodity to a local broker during the first quarter of 2007.

The technical work in Kenyan credit unions is just beginning. The WOCCU program will be based in Kisumu, Kenya's third largest city. Kisumu is located in the agriculturally-based western Lake Victoria region, where the rate of HIV/AIDS infection is the highest in Kenya. World Council will use the money from the sale of wheat to assist credit unions in the region to develop new financial services for members and provide preventative

HIV/AIDS education to communities where the credit unions are located.

The relationship between USDA and WOCCU represents a new path in international credit union development. The commodity monetization program will provide credit unions and their members with the tools they need to effect long-lasting changes in their communities, improving the standards of living and promoting greater civic stability in both Sri Lanka and Kenya. ■

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SRI LANKA

WOCCU's three-year USDA project in Sri Lanka, based in the capital city of Colombo, aims to increase access to financial services in conflict-affected areas by:

- Restructuring local finance facilities so member credit unions meeting prudential standards can gain access to increased liquidity.
- Rehabilitating credit unions by instituting disciplined financial management and innovative products to double membership, savings and outstanding loans.
- Establishing a supervisory framework to ensure safe and sound credit unions into the future.

