



World  
Council  
of Credit  
Unions, Inc.

# A Technical Guide to Increasing Citizen Participation

*How Credit Unions Strengthen Democracy*



# WOCCU Builds Long-Term Capacity Around the World

World Council of Credit Unions, Inc. (WOCCU) serves as a development agency and trade association for credit unions and similar member-owned cooperative financial institutions worldwide. On a global scale, 43,000 credit unions provide financial services, including microfinance, to more than 136 million members in 91 countries. The majority of credit union members in developing and transitioning economies are people traditionally excluded from the formal financial

sector. These members are engaged in diverse economic activities: they are self-employed entrepreneurs, farmers, teachers and salaried workers. Homemakers, students and pensioners also access financial services at credit unions.

WOCCU has delivered technical assistance through more than 250 capacity building programs over the past 35 years. As of March 2006, WOCCU implements 14 multi-year training programs geared toward



local ownership, financial sustainability and good governance. Country-level WOCCU programs strengthen participating member-owned local institutions so they can expand membership and provide access to safe and sound financial services long after the development assistance has ended.

## WOCCU'S TECHNICAL ASSISTANCE OUTREACH 2005

- Providing access to 3.7 million people
- Serving 55% women
- Mobilizing \$2.4 billion in savings and shares to finance a loan portfolio of \$1.8 billion
- Working in Afghanistan, Bolivia, Colombia, Ecuador, Kenya, Macedonia, Mexico, Nicaragua, Philippines, Rwanda, Sri Lanka and Uzbekistan

## Grounded in Democratic Roots

Credit unions, or financial cooperatives, trace their origins to the informal savings and loan associations created by people for centuries to help each other through difficult times. They are continuations of an age-old impulse to band together for the common good and individual advancement. Since the mid-1800s, credit unions have established themselves around the world in communities struggling with social dislocation, political unrest and economic depression as a means to promote economic growth and democratic practices at the local level.

Credit unions are founded upon cooperative principles and shaped by local circumstances and cultural practices. The International Credit Union Operating Principles offer guiding tenets grounded in the philosophy of cooperation and its central values of equality, equity and mutual self-help.

### INTERNATIONAL CREDIT UNION OPERATING PRINCIPLES

#### Democratic Structure

Open and Voluntary Membership  
Democratic Control  
Non-Discrimination

#### Service to Members

Building Financial Stability  
Member Service  
Distribution to Members

#### Social Goals

On-Going Education  
Cooperation Among Cooperatives  
Social Responsibility

# Fostering Democratic Participation

## Member-Owned Democratic Institutions

As member-owned institutions, credit unions educate members on values that allow them to embrace democratic principles. They teach members about democratic practices such as volunteering for the good of the whole, holding elected office and exercising the power of the individual vote to ensure responsive and accountable leadership. Members then apply this learning to the broader political processes at local and national levels.

Credit unions engage their members in democratic activities on a regular basis. Members assemble to elect new directors to the board and supervisory committee at the annual general meeting (AGM), the highest governing body of a credit union. Each member is an equal owner entitled to one vote, regardless of how much money she or he has deposited in the credit union. If at any time a majority of members are dissatisfied with the perform-



ance of directors, then they have the power to call an extraordinary vote to replace them.

Members also vote on changes to bylaws and policies at the AGM. The bylaws of a credit union establish prudential standards, control for potential conflicts of interest and set out clear roles and responsibili-

ties for the board of directors and executive management. Knowledge of bylaws and policies at the credit union empowers members to prevent corruption and conflicts of interest. This knowledge can then be applied to the same end in other civil society organizations.

### CREDIT UNIONS EMBODY GRASSROOTS DEMOCRACY

- Empowering members with a sense that their lives can be improved as a result of combining self-reliance together with collective action at the community level.
- Providing many members with their first direct experience with democratic decisionmaking and election processes.
- Presenting a local example of institutional responsiveness, accountability and transparency which can be used as a model for good governance on a broader scale.
- Investing in human capital by training directors, managers, staff and members to help them develop the skills required to be effective participants in institutional decisionmaking.
- Building trust among members of diverse income levels, political perspectives, religions and ethnic backgrounds to achieve social cohesion.

*“...In a country with no democratic traditions, the best way to build an understanding of democracy is to do it first at the local level.”*

—Andrew S. Natsios  
Former USAID Administrator  
citing Robert Dahl of  
Yale University

# Economic Growth Inspires Democratic Development



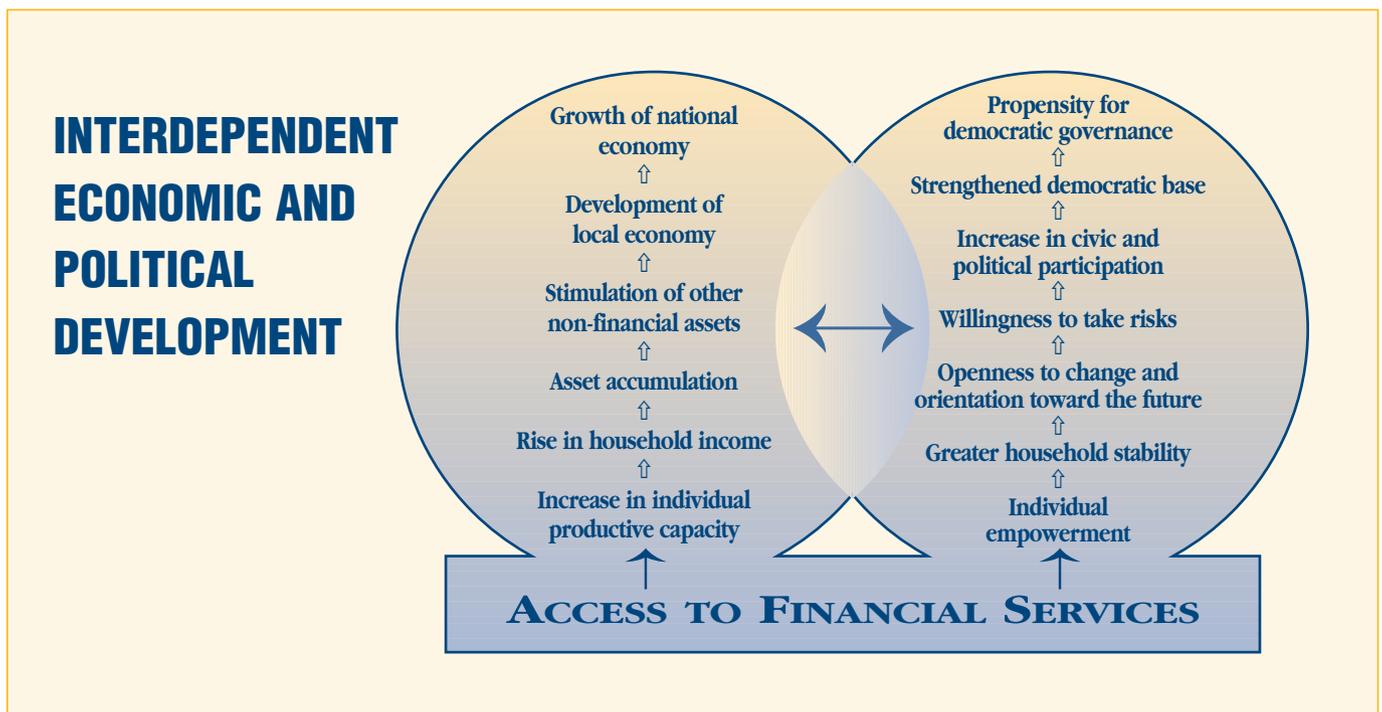
Credit unions provide financial services to people who in many cases would otherwise not have access to them. Widespread access to financial services promotes economic growth by expanding the productive capacity and income generating opportunities which enable greater numbers of people to accumulate personal assets. This

local economic growth contributes to democratic strengthening at all levels.

At the *individual level*, the higher income generation and asset accumulation made possible by access to financial services not only improve economic well-being, but also have important sociological

and psychological effects. Asset accumulation leads to individual empowerment, greater household stability, an orientation toward the future and a willingness to take new risks, resulting in increased political participation and a strengthened democratic base.

At the *local and national levels*, economic growth improves social conditions necessary for democracy to take root, creating a populace better positioned to demand and take part in democratic governance. Researchers agree that improvements in average per capita incomes and personal wealth increase the probability of democratic survival. In countries with no or weak democratic roots, evidence suggests that higher living standards and economic growth increase the chances for a transition to democracy and decrease the likelihood of backsliding to non-democratic regimes once democracy has taken root.



# WOCCU Encourages Democratic Participation in Afghanistan

WOCCU began working in Afghanistan in 2004 with initial funding from the Microfinance Support Facility for Afghanistan (MISFA) and has since established the first two credit unions in Afghanistan. The credit unions provide more than



2,900 banked Afghans with the opportunity to participate in and take responsibility for democratic processes.

By observing local customs, WOCCU credit unions are able to provide men and women the opportunity to join, staff and participate in credit union affairs. In just one example, a female teller is always available to verify the identity of women members dressed in burkas when they conduct transactions.

After decades of being denied civic participation, Afghan credit union members are embracing democratic processes. In March 2005, 60% of the membership participated in the first AGMs to elect the volunteer directors who would govern their institutions. Two women were elected to the board of each credit union.

***“In July 2004, we conducted a credit union orientation session with a group of farmers. To our surprise, the farmers pulled money from their pockets and insisted that we accept the money as their initial contribution to the credit union. It was a moment like I had never experienced in my 30 years of organizing work—people believing so strongly in the idea that they can have an organization they own, control and patronize.”***

—Edgar Comeros, WOCCU Afghanistan Project Director

# WOCCU Promotes Economic Freedom in Uzbekistan

With funding from the Asian Development Bank (1998-2002), WOCCU worked in Uzbekistan to strengthen the rule of law by drafting and supporting passage of a law to authorize credit unions in 2002. While the law was in development, WOCCU advised the Central Bank of Uzbekistan to develop a supervisory unit and examination process for credit unions, increasing the state's governance capacity with respect to accessible financial services.

WOCCU Uzbekistan (U.S. Agency for International Development [USAID]/CAR, 2002-07) has since collaborated with local groups to

establish 20 licensed credit unions offering 54 points of service in nine regions of the country. Uzbek credit unions tailor products and services to meet the needs of their diverse members, including those in mining regions, agriculture-dependent areas and industrial urban centers. These credit unions promote economic freedom by empowering poor and low-income members to build a more stable economic future with loans for microenterprise and agriculture.

This newfound economic freedom drives democratic participation. Given the financing tools to



improve their economic well-being, Uzbek members have become more engaged in civil society—voter turnout to elect leadership exceeded 70% in the 2005 AGMs.

# Promoting Effective Governance and Accountability

## Three Levels of Governance

The foundations of democracy are reinforced in the three levels of credit union governance: external, internal and individual. While external governance responds to the demands of regulatory frameworks and government supervisors, internal and individual governance both respond directly to the credit union members. Credit union codes of ethics guide directors and managers to uphold effective governance.

### INTERNATIONAL CREDIT UNION GOVERNANCE PRINCIPLES

<b>External Governance:</b>	Transparency, Compliance and Public Accountability
<b>Internal Governance:</b>	Structure, Continuity, Balance and Accountability
<b>Individual Governance:</b>	Integrity, Competence and Commitment

## Investment in Human Capital

On-going education and capacity-building is a critical pillar in the democratic structure of credit unions. For a credit union to function properly, it needs to be accountable to its members. It can only be accountable if all those involved in its governance and operation understand and are capable of fulfilling their roles and responsibilities.

Training at each level serves to upgrade operations, increase transparency, reduce corruption and improve governance in a credit union. Training for the elected directors focuses on improving their oversight capabilities so that fraud or favoritism can be prevented. Training for staff is targeted at strengthening their financial management skills so that operations can run safely and soundly. Training for members emphasizes cooperative principles so that they are motivated to ensure the sound operation of their credit union.

At all levels, this capacity building has at its core the intent to make directors, staff and members care and know enough about their institution to want it to be operated and governed effectively. This experi-

ence serves as an incubator for people to carry the same commitment and skills to decisionmaking in other civil society institutions.



## WOCCU and Its Partners Educate Members

Credit unions around the world actively promote the education of their members in economic, democratic and mutual self-help principles.

### Cooperative Philosophy Training in Mexico

WOCCU member credit union Caja Popular Mexicana (CPM) offers a weekly, multi-level member education program known as *Programa de Formación Cooperativa* (PROFORCOOP, Cooperative Training Program). The program covers topics ranging from democratic participation and the use of financial products, to the broader concepts of the role of credit unions in development and the member as an agent of change. Upon completion of each level, members carry out a social work project that benefits marginalized communities. Over 20,000 members have taken advantage of this educational opportunity since 2003.

WOCCU is working with CPM (USAID/MD 2001-05 and USAID/Mexico 2005-07) to increase the institution's viability, efficiency, range of services and outreach.

# WOCCU Creates Training Programs to Improve Institutional Governance

Training programs in Africa and Bolivia demonstrate WOCCU's ability to partner with local institutions to develop localized curricula that encourage transparency and accountability in credit unions. These models of good governance and the skills developed by the individual participants can also be applied on a broader scale to improve the governance capacity of other civic and public institutions.

## Africa Regional Training Institute



The Strathmore WOCCU African Management Institute (SWAMI) is an intensive three-tiered accreditation program designed to provide credit union board members and managers with the necessary tools, training and understanding of policies and governance procedures to safely oversee, manage and operate credit unions. The program,

initiated in 2004, is based in Nairobi, Kenya. SWAMI has drawn participants from eight countries: Botswana, Ghana, Kenya, Malawi, Seychelles, South Africa, Swaziland and Uganda.

The program is split into two student tracks: the Certified SACCO Professional Manager Program and

the Board Leadership Program. Each track focuses on skill building according to what will best equip the students to fulfill their roles at their own credit unions. Both board members and managers concentrate on topics related to oversight and representation such as advocacy, ethics, governance, budgeting and planning, policy setting and communication.

Program support comes from USAID/PVC's Cooperative Development Program, CUNA Mutual Group Foundation, the Louisiana Credit Union League and the African-American Credit Union Coalition.

## Bolivia's Ongoing Training Program



Building on previous technical assistance programs, WOCCU Bolivia (USAID/Bolivia, 2002-06) works to strengthen credit unions' abilities to provide financial services to Bolivia's rural poor. In response to a requirement by the Bolivian Superintendency of Banks that

credit union directors receive accredited training in oversight, WOCCU created a standardized training program which it has distributed to 21 credit unions serving 372,000 members. As of December 2005, 625 Bolivian board members have been trained on good governance through WOCCU's *Sistema de Capacitación Permanente* (SICAP, Permanent Training Program).

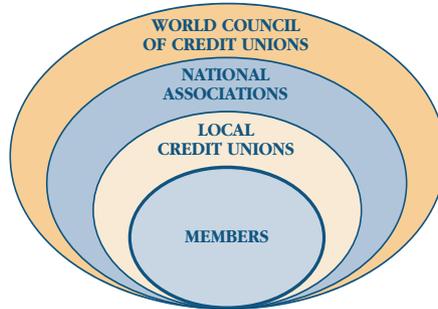
Through a training of trainers approach, WOCCU reaches current and potential directors helping to institutionalize the training in their credit unions. WOCCU provides the

credit unions with written text, presentation slides, worksheet materials, feedback forms and a suggested work plan. The training materials consist of nine modules designed to strengthen oversight capacity on topics including cooperative principles, ethics, leadership, financial management and roles and responsibilities of elected directors. The materials are designed to reach students of all education levels and socio-economic backgrounds so that no member is excluded from the possibility of becoming a board director.

## Advocacy at Multiple Levels

Advocacy at the local, national and international levels enables credit unions to form positions, present a credit union voice and demand more effective governance from national and international bodies. Directors, managers and members all participate in advocacy.

Local credit unions join together to form national associations. Owned by member credit unions, these second-tier federations help them to negotiate positions among themselves so they can create one voice which has a greater chance of being heard at the national level, particularly in the areas of regulation and supervision. They also



advocate on their behalf to represent credit union perspectives in policymaking and to demand responsive governance from local and state entities.

National associations come together to make up the international credit union system, collaborating

through WOCCU. By joining at the international level, the national associations create a voice to represent the interests of credit unions and financial cooperatives worldwide. This voice is particularly important in the setting of international financial standards (such as capital requirements, anti-money laundering, accounting, governance and supervision) to ensure that credit unions, with their not-for-profit member-owned status and their unique abilities to reach marginalized populations, are taken into account. The international linkages also provide platforms for the exchange of best practices across countries.

## WOCCU Champions Effective Governance at the National Level

For more than 15 years, WOCCU has dialogued with national lawmakers and government decisionmakers to seek conducive legislation and prudential regulation of the credit union sector in countries as diverse as Ecuador, Kenya and Russia. To this end, WOCCU has arranged for policymakers to

visit the National Credit Union Administration to study how it supervises federally chartered credit unions in the United States.

Another way that WOCCU effects change in the enabling environment and promotes accountable governance is by training local

credit union participants to advocate for change in their home countries. To support this goal, WOCCU has provided grassroots advocacy training to credit union leaders from countries such as Bulgaria, El Salvador and Trinidad and Tobago.

## Strengthening State Capacity in Kenya

With funding from the U.K. Department for International Development (DFID, 2005) and additional support from USAID's Cooperative Development Program, WOCCU has been working to improve oversight of the credit union sector that serves more than 1.5 million Kenyans. WOCCU has assisted the Ministry of Cooperative Develop-

ment and Marketing to draft legislation for savings and credit cooperatives (SACCOs) expected to become law in 2006. WOCCU has also convinced the government to adopt its PEARLS financial performance monitoring system and recommended minimum standards for SACCO



performance. In addition, WOCCU carried out an assessment of 147 SACCOs to examine their financial condition and identify steps they need to take to meet the prudential standards within five years.

# Developing Tools for Improved Government Supervision

WOCCU is developing tools to assess best practices in credit union supervision in Colombia, Ecuador and the Philippines with funding from the Consultative Group to Assist the Poor (CGAP, 2005-07). Collaborating with the financial sector regulators in these countries,

WOCCU is developing a toolkit to be used by any supervisory entity engaged in the monitoring and supervision of credit unions. The toolkit will include a methodology for the evaluation of cooperative governance, a prudential standards manual, a supervision manual and

a ranking and classification methodology for assigning risk ratings to credit unions. These tools will help regulatory entities to implement effective credit union supervision.

## WOCCU Advocates for Improved Governance at the International Level

WOCCU leverages its unique position as the international credit union trade association to bring countries together to advocate for greater governance capacity in credit unions, their associations and national governments.

### Training Credit Unions and Their National Associations

WOCCU's regional technical congresses provide credit unions and their associations platforms to build their technical and advocacy skills. Since their inception in the year 2000, more than 3,000 representatives from 65 countries have participated in WOCCU's regional technical congresses in Africa, Asia, Europe and Latin America. Not only do participants learn about topics including good governance and financial management from international experts, but they also share their own experiences and ideas for promoting progress.

### Promoting Advocacy Through Cross-Border Partnerships

WOCCU's international partnership program matches an overseas associations or large credit union with a state-level association in the United States. The partnerships provide vehicles for technical exchanges and international advocacy support. Representatives from 17 countries participate in 19 WOCCU-sponsored international partnerships as of December 2005.

### Engaging National Governments

Through its annual workshop for regulators, WOCCU helps to strengthen the capacity of financial sector regulators by providing them a forum to exchange lessons learned in key areas for credit unions such as governance, capital requirements, risk management, deposit insurance and the local-level impacts of major international standards.



# Building Stable Local Institutions in Fragile Environments

Credit unions are robust community institutions that can help rebuild social capital in a post-conflict situation or provide stability in conditions of fragility. In these conditions, a credit union may be the only institution that people trust based on its ability to meet their basic needs for access to finance. Where democracy is at

risk on the national level, this trust in a local institution can serve as a democratic foundation for broader rebuilding.

Credit unions require a minimum level of trust among directors, managers, staff and members in order to intermediate the saving and borrowing needs of members.

If people do not trust a credit union, then they will not deposit their savings in that institution nor be involved in its governance. If they do trust the credit union, they will take interest in ensuring its continued operation and engage in greater civic participation.

## WOCCU Credit Unions Provide Local Stability



plemented a program (USAID/Rwanda, 2000-05) to expand credit union services in rural areas. Given that many pre-war members, staff and directors were deceased or displaced during the genocide, WOCCU Rwanda focused much of its efforts on rebuilding social capital.

The credit unions serve the mixed communities in which they operate, with membership drawn from both Hutu and Tutsi tribes. The community-based nature of the 149 *banques populaires*, located in rural villages as well as in the capital city of Kigali, has had a tremendous appeal for Rwandans. These credit unions provide citizens a venue to express themselves and participate in democratic decisionmaking

regardless of ethnicity. Total membership grew by 84% from 228,846 in 2000 to 421,965 in 2005.

Through in-depth surveys of 350 credit union members, WOCCU learned that members trust their credit unions as much as their family members, and more so than their government, the media or commercial banks. WOCCU contributed to the increased level of member trust by training the national association, Union des Banques Populaires du Rwanda (UBPR), to effectively supervise the credit unions to ensure financial soundness. This training has improved governance at the national level since the Rwandan Central Bank has delegated supervision of credit unions to the UBPR.

As the experiences in Rwanda, Colombia and Macedonia illustrate, where there is heightened ethnic tension or active conflict, the credit union that continues to offer access to financial services provides a modicum of stability for members.

### Post-Genocide Rwanda

After the credit union system of Rwanda was destroyed during the 1994 genocide, WOCCU im-

MEMBER LEVEL OF TRUST IN VARIOUS ENTITIES		
Group	1999	2004
Credit Unions	72%	86%
Extended Family	70%	86%
Local Government	66%	78%
Neighbors	64%	76%
Public Radio/TV/Newspapers	60%	66%
Commercial Banks	50%	64%
Foreigners	52%	64%
Private Radio/TV/Newspapers	56%	50%

Source: Impact Assessment of the 2000-2005 WOCCU Project in Rwanda.

## On the Front Lines in Colombia

Credit unions operate on the front lines of Colombia's long-running insurgency. With offices and branches in areas not served by other financial institutions, credit unions provide critical financial services and a stable presence for Colombians caught in the conflict.

WOCCU jointly implements a program with ACCION International (USAID/MD, 2003-06), to develop microlending capacity in five credit unions and microsavings products in a microfinance institution. WOCCU's partner credit unions serve more than 290,000 members,

including many internally displaced people. Four of the five credit unions have 30 branches operating in conflict zones.

## Stability and Progress in Macedonia

WOCCU began work to establish credit unions in Macedonia in 1995. After several years of battling to overcome legislative obstacles, the FULM Savings House (FSH) was launched. This member-owned financial institution helps to weave the country's diverse ethnic fabric by assisting members to gain greater control over their personal economies.

FSH was the only financial institution that continued to lend during the civil conflict in Macedonia in

2000-01. While commercial banks stopped lending, FSH continued to offer a full range of services, even keeping its branch open within the conflict area of Tetovo.

Today, WOCCU (USAID/Macedonia, 2003-06) is assisting FSH to serve vulnerable populations by providing access to financial services in Albanian and Roma communities. Targeted marketing material is available in multilingual brochures, pamphlets and local television advertisements.



FSH also offers a university loan product to help youth members advance their education.

## Engaging Marginalized Groups



For all citizens to participate in democratization, society must be inclusive of groups that traditionally have been excluded from the mainstream. The principles of non-discrimination, social responsibility and voluntary membership position credit unions well to serve marginalized people including women, indigenous and youth. For these

individuals, electing the leaders of the credit union may be their first opportunity to cast a vote in which their voice is heard. This democratic engagement often generates interest in participating in other areas of civil society.

Credit unions provide a gathering space for interaction among citizens of diverse income levels, political perspectives, religions and ethnic backgrounds. Member interaction at the institution through transacting business, discussions at AGMs and member education workshops provides opportunities for communication among the different groups leading to, at minimum, a common respect grounded in access to financial services from the institution that they own.



This direct contact among diverse groups at the community level—steps removed from national policy frameworks—can have a stabilizing influence on people that would otherwise manifest their discontent with violence or destabilizing activities.

# WOCCU Empowers Vulnerable Populations

WOCCU partner credit unions in Sri Lanka, the Philippines and Ecuador reach out to marginalized populations to help them become more integrated into the local economy and active in the local community.

## Serving the Disadvantaged in Sri Lanka

More than 8,400 credit unions affiliated to the Federation of Thrift and Credit Cooperative Societies of Sri Lanka (SANASA) serve 850,000 member households throughout the country, primarily in rural areas.

WOCCU is providing tsunami credit union reconstruction assistance funded by private donations from the international credit union system and delivering targeted technical assistance to improve credit union performance (U.S. Department of Agriculture, 2005-08). WOCCU's current efforts build on its prior work to extend microfinance services to poor Sri Lankans (USAID/Sri Lanka, 1998-2001).

The Sri Lankan credit unions provide a stabilizing community force to the mixed ethnicity and mixed faith memberships that they serve. WOCCU increases this influence through activities such as rebuilding credit unions in Trincomalee in the northeast (Tamil dominant) and in Kalmunai in the southeast (Muslim dominant)—two areas devastated by the tsunami.

The credit unions offer microfinance to extremely poor people. In 2000, the average deposit size per accounts was \$58, only 7% of GNP per capita. Similarly, the average loan size outstanding was \$162, only 20% of GNP per capita.



The SANASA system also provides youth under the age of 18 with access to voluntary savings accounts. Youth savings made up 23% of voluntary deposits in 2004, illustrating the extensive outreach to disadvantaged minors.

Women figure prominently in Sri Lankan credit unions, making up 58% of the membership in 2004. Notably, women held 41% of elected leadership positions in the credit unions, a significant increase from 10% of leadership posts in 1992.

## Engaging Poor Women to Lead in the Philippines and Ecuador

WOCCU first introduced the Savings and Credit with Education (SCWE) village banking methodology to credit unions in the Philippines in the late 1990s, collaborating with Freedom from Hunger (USAID/MD, 1996-2002 and USAID/Manila, 2002-06). With funding from CGAP, WOCCU, again collaborating with Freedom from Hunger, adapted the methodology for Ecuador (2002-05).

The SCWE model combines access to savings and loans with informal education to reach poor women capable of engaging in microenterprise. WOCCU has found that the SCWE product offers participants much more than financial services: it provides them with a vehicle to practice democratic processes, improve social status and engage in collective action to benefit the local area.

The groups are run by the women. A credit union representative introduces the methodology, delivers the education session and oversees the group. Following general guidelines, the participants in each group create the bylaws, defining the rules for participation as well as the fines for late payments or non-attendance. They also elect an executive board made up of a President, Secretary and Treasurer. The board is entrusted with leading the meetings, resolving problems, collecting payments and recording all activity. Board elections and bylaw reviews are carried out every 16 to 24 weeks. The members vote to approve all loan requests.

In the Philippines, more than 46,000 women are SCWE clients of 16 credit unions, as of December 2005. Thirteen of these credit unions operate in conflict areas of



Mindanao. The credit unions have carried out more than 265,000 participatory education sessions. Loan sizes range from \$29 to \$288, and average savings are \$15.

In Ecuador, the SCWE methodology was introduced in four credit unions. By the time the WOCCU program closed in August 2005, 12,633 women had participated. The program continues to expand without ongoing development assistance.

## Promoting Sustainable Democracy

It is the unique combination of the cooperative model grounded in democratic principles and the creation of economic opportunities for members that make credit unions essential to democracy building. Credit unions provide members on every rung of the poverty-to-wealth ladder access to the financial services needed to manage their personal, household and community economies in a way that enables them to create opportunities for the future. Once individuals experience the benefits of membership, they have a vested interest and take an active part in seeing that the credit union continues to provide quality financial services.

Multiple levels of participation ensure that these member-owned democratic institutions are sustainable over the long term. The members oversee the credit union by exercising their right to vote and electing to use the quality services provided. The board and management of the credit union have the responsibility to ensure that the institution evolves along with the needs of its members and provides continuity to the local community. They are supported in this effort by their national associations and the international credit union system.

***“Very strong ties exist between the members and the credit union staff. People have the feeling that they come to their place, the institution which belongs to them, which is owned by them, which depends on their will—and that gives the members a lot of satisfaction.”***

—Rafal Matusiak  
NACSCU Field Agent, Poland

# WOCCU Programs Develop Ownership



The continued growth of credit unions in Poland, years after the WOCCU technical assistance program ended, demonstrates the long-term benefits of foreign assistance investments in credit union development for democratic strengthening. Credit unions and their members become powerful democratic forces in their countries.

*“As soon as we regained independence in 1989, and became a self-reliant country again, we wanted to create a financial system which would be our own.”*

– Adam Byzdra, Wesola Coal Mine Credit Union, Poland

## Mass Scale Participation in Poland

The development of the Polish credit union system is an impressive testimony to the appeal of ownership and democratic control to citizens in transition economies. As of year-end 2005, the Polish system holds \$1.6 billion in assets and provides 1.4 million members with a sophisticated variety of products and services including short-term instant loans, medium-term credits, long-term housing loans, share deposits, withdrawable savings deposits, fixed-term deposits, automated teller machines (ATMs), electronic bill payment, credit cards and life insurance through 1,553 service points nationwide.

The system that exists today in this new European Union member country evolved from a Polish request in 1989 for WOCCU to help set up credit unions. USAID provided WOCCU with funding to

work with Polish counterparts to launch and develop credit unions (1992-99). During that time, credit union advocates succeeded in passing a credit union specific law. The Credit Union Act, which entered into force in 1996, opened the gates for community credit unions throughout Poland.

Since the completion of the WOCCU program in 1999, the leadership of the National Association of Cooperative Savings and Credit Unions (NACSCU) has shepherded this member-owned cooperative financial alternative to become the largest financial network in Poland.

### GROWTH OF POLISH CREDIT UNION SYSTEM

<i>Amounts in millions of US\$</i>	1992	1998	2005
<b>CU Points of Service</b>	13	290	1,553
<b>Member-Clients</b>	14,137	258,739	1,394,433
<b>Total Assets</b>	\$3	\$168	\$1,631
<b>Total Deposits</b>	\$2	\$151	\$1,530
<b>Total Loans Outstanding</b>	\$2	\$118	\$1,074

Source: NACSCU

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***"Founded on the principles of private initiative, entrepreneurship and self-employment, underpinned by the values of democracy, equality and solidarity, the co-operative movement can help pave the way to a more just and inclusive economic order."***

—Kofi Annan  
United Nations Secretary-General





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