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CITIZEN GROUPS

AND THE

ALLIANCE FOR PROGRESS

A simple procedural manual

By
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INTRODUCTION

Our observation of the course of the Alliance for Progress has impressed us with the inadequacy of communication between private and public sectors of national interest in fields of education, training and scientific and cultural development. We have been impressed especially by the feeling in much of the private sector that the Alliance is a matter between governments and therefore is concerned only with public administration. Private organizations and concerned citizens, who are intensely aware of the needs of their own countries and completely dedicated to the solution of urgent educational and social problems, have not even asked for assistance from the Alliance for Progress because they have not understood that their work is a vital part of the Alliance. The Institute for Human Progress, Incorporated has special interest in rendering guidance and assistance to these citizens and organizations.

In the light of our findings, it appeared that a most important contribution to the educational and cultural aims of the Alliance for Progress could be achieved by publishing this brief procedure manual. The object is to inform elements of the private sector about Alliance goals in the private sector and the methods and procedures to be followed by participating organizations. Mr. Dewey R. Heising, Program Consultant to the Institute, and an experienced worker in this field, has prepared this document with the advice and assistance of his knowledgeable and experienced colleagues. The Institute gratefully acknowledges the assistance of many who have contributed to its preparation and editing and hopes that its publication will contribute significantly to participation of the private sector in the Alliance for Progress.

Thomas A. Lane
Major General, U.S. Army, Retired
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Chapter I

Alliance for Progress Grants and Loans to the Private Sector

The program of the Alliance for Progress makes provision for grants and loans to Latin American organizations of the so-called private sector. This means that in addition to grants and loans made to Latin American governments for governmental programs, grants and loans are likewise obtainable by citizen organizations in the various Latin American countries.

U.S. Aid and I.A.D.B.— the principal financing sources

The two major sources of project financing for the private sector are the United States Agency for International Development (AID) and the Inter-American Development Bank (I.A.D.B.). In this brochure we shall give first attention to the procedure for obtaining financial assistance from AID. The procedure as regard I.A.D.B. will later be given separate consideration.

Present position of private sector activities

During the first period of operation of the Alliance for Progress into the summer of 1963, many of its projects represented government-to-government activities; nevertheless one-sixth of all loans to Latin America in Fiscal Year 1963 went to the private sector. The details regarding the functioning of the Alliance as concerns projects requested by the private sector are well developed and known to AID missions through the region.

This fact is important. The method of operation of this phase of the Alliance for Progress is still not well known to the general public, either in the various Latin American countries or in the United States. The theory of this operation is clear to those fully acquainted with Alliance techniques, the practice is simple and a visit to AID offices in Washington or abroad will elicit required information and assistance in preparation and proper submission of applications.

In view of the lack of popular knowledge of the opportunities touching the private sector, citizen groups interested in formulating projects and in presenting them to the proper authorities in their respective countries should seek to inform themselves with special care and should proceed with great consideration in treating with the local officials both among their own nationals and among the AID staff.

The legal rights of the private sector

The key passages in the law authorizing grants and loans to the private sector read as follows:

Public Law 87-195

(Foreign Assistance Act of 1961)

"Section 601—Encouragement of Free Enterprise and Private Participation.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of Section 201 to any individual, corporation, or other body of persons."

Section 635—General Authorities.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with or enter into other transactions with any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid."

The over-all structure of the U.S. AID operation

The organization of U.S.AID in Washington and in the respective countries of Latin America is established as follows:

AID in Washington. The organizational structure of the Agency for International Development closely parallels that of the Department of State, with the Secretary of State at the head of both organizations. Actually, the Secretary of State approves AID program policies which guide the AID Administrator in directing the over-all AID program.

The AID Administrator is assisted by several expert staffs such as General Counsel (Legal), Program Coordination, Congressional Liai-

son, etc Also, several citizens' advisory committees to U. S. AID have been named by the President and the Administrator in the fields of housing, cooperatives, and private voluntary foreign aid.

Under the direction of the Administrator, four regional bureaus, Far East, Near East and South Asia, Latin America, and Africa and Europe, together with the country AID Missions, plan, program, and implement development projects. Each bureau is headed by an Assistant Administrator. The United States is deeply concerned about all four of these regional bureaus. In the case of Latin America, however, special circumstances have prompted the U. S. government, at the personal urging of the President (in 1961) to create a special apparatus for Latin America known as the Alliance for Progress. This will be explained presently.

For program implementation, the regional bureaus can count upon the collaboration of several technical and resource offices, among which the following have frequent contact with project proposals:

1. The Office of Development Finance and Private Enterprise reviews requests for loans and investment guarantees.

2. The Office of Material Resources administers programs for food sales, food donations, and school lunches. Material Resources also rehabilitates and approves requests for military and governmental equipment which has been declared excess.

3. The Office of Engineering reviews feasibility studies and engineering surveys of capital projects, including industrial, agriculture and irrigation, electric power, school or hospital, etc.

4. The Office of Human Resources and Social Development collaborates in the fields of education, vocational training, housing, health, agriculture, cooperatives, etc., by providing experts and planning programs.

Within the regional bureaus, as in the Bureau for Latin America, which represents the main U.S. effort in the support of the Alliance for Progress, there are staff offices and geographic area offices. The several areas are Brazil, East Coast, West Coast, Central America and Panama, and Mexico and Caribbean. In the case of the West Coast, for example, there are "desk" offices for Chile, Bolivia, Ecuador, Peru and Colombia with one, two, or three officers attending each. These officers maintain direct communication with the country Mission Director. Staff offices include the Office of Capital Development, Office of Development Planning and Programs, and the Office of Institutional Development.

Aid at the Country Level. In this instance, our concern is exclusively the Alliance for Progress. Therefore, the information which follows relates specifically to Latin American countries.

Although the country level U.S. establishments, or AID Missions, have a Director, the U.S. Ambassador, as head of the American "Country Team", establishes general policy, and at times approves individual project proposals. The principal officers of AID Missions and their responsibilities are as follows:

1. The Mission Director formulates a program of operations which fits within the framework of the country's development needs. He and his staff review and present to AID Washington projects which implement the program. While the Mission Director enjoys the maximum flexibility, his budget is set by AID Washington, and generally, his program and projects must be approved by AID Washington.

2. The Program Officer of the AID Mission assists the Mission Director in planning his over-all program and in reviewing individual projects for presentation to Washington.

3. The Mission Controller reviews projects contracts and budgets for accuracy and feasibility. He also audits both private and governmental agencies employing U.S. funds disbursed for approved projects. Finally, he checks the project during operation to assure contract fulfillment.

4. Technicians. The AID Mission employs or contacts technicians to advise governmental agencies and private organizations in specialized matters. The technicians sometimes engage directly in undertaking projects. A few fields of operation in which technicians are frequently engaged are agriculture, labor, public health, education, public administration, communications, housing, and industry.

Funds available and purposes for which intended

Allocations proposed to the United States Congress for Alliance for Progress programs during fiscal year 1964 (1 July 1963 to 30 June 1964) with comparable amounts for previous years are as follows:¹

¹ "Proposed Mutual Defense and Assistance Programs FY 1964," Government Printing Office, April, 1963, p. 44

**Alliance for Progress Programs
Fiscal Years 1962, 1963, 1964**

(in millions of dollars)

	1962 <i>(actual)</i>	1963 <i>(estimated)</i>	1964 <i>(proposed)</i>
Development loans	\$190	\$400	\$602
Development grants	22	90	105
*Supporting assistance	107	57	18
**Inter-American Program for Social Progress:			
—Social Progress Trust Fund	224	170	196
—Chile Reconstruction	100	—	—
—IAPSP Grants	64	34	4
	<hr/>	<hr/>	<hr/>
TOTALS	\$707	\$751	\$925

*Supporting assistance is that part of the aid program directed toward meeting immediate political and security objectives such as assisting a country to maintain economic stability.

**Inter-American Program for Social Progress supports the principle that social progress must move forward with economic development. The Social Progress Trust Fund administered by the Inter-American Development Bank, mentioned earlier, is the primary instrument for implementing the contributions of the U. S. government to this program

U.S. AID Development Loans. Most development leading is directed towards those countries where significant self-help efforts are being made. It provides needed financing for investment or imports designed to hasten the country's economic growth.

The use of loans (rather than grants) is encouraged by AID principally because this procedure stimulates self-reliance and initiative within the country itself. AID policy seeks, through loans, to increase the amount of local financing for development, to attract private sources of investment, and to help assure the best use of local resources. Sometimes development loans are used together with development grants on the same project, when loan repayment possibilities are sufficient.

1. AID loan terms. Terms of loans vary but most call for a maximum period of 40 years with a credit fee of three-fourths of one percent.

2. The role of private effort. The AID policy of lending to intermediate credit institutions for relending to the private sector will be stepped up.² Such loans amounted to one-sixth of all loans by AID to Latin America in 1963. These intermediate credit institutions, which include agriculture credit banks, cooperatives, savings and loan asso-

² Ibid , p 46

ciations and industrial development banks, strengthen the private sector. Through them, loans reach the small business man, the farmer, and the home owner.

AID Development Grants and Technical Cooperation. Technical assistance helps build the wide variety of institutions needed for people to contribute more effectively to their own welfare and to their country's development: schools and universities, agricultural extension services, public health systems, saving and loan associations, trade associations, labor unions, cooperatives, and community service organizations.

AID technical assistance activities are financed by development grants and technical cooperation funds. Out of these funds come the salaries and support costs of U.S. technicians working overseas; the costs of sending key host country personnel to the United States or other countries for advanced training; the costs of the supplies and equipment technicians need to carry out their jobs; and, to a limited degree, the costs of construction connected with technical assistance, such as demonstration schools and rural clinics.

As a matter of policy AID is decreasing the number of technicians hired directly and much greater use is being made of contracts with private U.S. institutions and organizations qualified to help build and strengthen institutions in Latin America. For example, AID programs designed to spur the growth of cooperatives for housing, savings, agriculture credit and marketing are carried out by private contractors, including the Credit Union National Association, the Cooperative League of the U.S.A., the Farmers' Union, and the American Institute for Free Labor Development. Also, more than 70 American colleges and universities carry out for AID technical assistance in education, agriculture and agriculture extension, public health and industrial development.

Goals of the Alliance and how the funds will serve these goals

"It is the purpose of the Alliance for Progress to enlist the full energies of the peoples and governments of the American republics in a great cooperative effort to accelerate the economic and social development of the participating countries of Latin America, so that they may achieve maximum levels of well-being, with equal opportunities for all, in democratic societies adapted to their own needs and desires."³

³ "Alliance for Progress," OAS Official Records, OEA/Ser. H/XII, 1, p. 10

National Development Plans. The participating countries have agreed to prepare national plans outlining their long-term economic and social development programs. When requested by governments, the plans will be reviewed by an ad hoc committee drawn from a panel of nine high-level experts. The Panel of Experts, which includes one Englishman, one American and seven Latin Americans, is attached to the Inter-American Economic and Social Council of the Organization of American States. The committee will report its conclusions to U.S. AID, the Inter-American Development Bank, and other governments and institutions that may extend financial and technical assistance to the programs.

Targets for Development Planning. Programs should incorporate the following self-help efforts:⁴

1. Improve human resources.
2. More efficient use of natural resources.
3. Strengthen the agricultural base.
4. Reform tax structures.
5. Promote foreign investment.
6. Improve internal distribution and sales systems.

Parts of this program, such as tax reform, foreign investment, and natural resources are fairly reserved to government and business. The remainder are a challenge to the private sector as a whole. At times, however, program objectives may require the participation of both government and the private sector on a separate, though related, approach.

Categories of Operation. Listed below are two especially important categories of operations in which the private sector has shown significant capabilities. These efforts should be extended and their general standards increased. Government may be operational in some fields and in those cases relationships are necessary to permit maximum use of resources and avoid duplications.

1. Human Resources. In developing human resources, the private sector has special capabilities in the fields of, to name a few, education, health, housing, vocational training universities, and establishing or improving systems of labor relations.

2. Agriculture. To strengthen the agricultural base, the private sec-

⁴ Ibid , p 12, 13.

tor may, among other things, support the sale of lands to new farm owners and establish or improve the following services: extension, credit, technical assistance, health and education, storage and distribution, cooperatives and farmers' associations, and community development.

**Examples of grants and loans
already made to the private sector**

Loan for Housing. U.S. AID made a \$400,000 loan to SITRATERCO, a railroad worker's union in Honduras, for a housing project organized by the American Institute for Free Labor Development (AIFLD). The loan, which was guaranteed by the Honduran government, was extended to the workers in 25 year mortgages at 4% interest plus project service costs of 3%. Construction on the 200 houses which cost \$2,100 each, began on April 27, 1963.

The AIFLD is a foundation supported by both business and labor in the United States. Its Social Project Division provides assistance to Latin American free labor unions in the formation and development of social projects principally in the field of cooperative housing and credit institutions.

Grant for Agricultural Training. Under an agreement signed in Chile by the Institute of Rural Education and the Ministry of Finance with AID, a grant to the IRE to enlarge its physical facilities and acquire needed equipment and materials was made by AID for \$575,000. Disbursements were made during 1962 principally for the construction of 5 new training centers at \$90,000 each.

The IRE is a private foundation established in 1955 to improve the educational level and living standards of farm worker families. Prior to the grant, the IRE had 12 training centers in operation giving concentrated 3-month courses to young people from rural areas. Using the training center as a base, IRE extension workers organize groups of rural families and encourage cooperative self-help efforts to solve their problems.

Grant for University programs. Catholic University of Quito, Ecuador, received in 1962 a grant from AID of \$400,000 for laboratory facilities and the improvement of programs in basic sciences and engineering. St. Louis University in the United States will implement the program on behalf of AID by supplying to the Ecuadorian university professors and scholarships for training professors among other project requirements.

This type of arrangement between a U.S. university specialized in

certain fields, especially sciences, engineering, or administration, and a Latin American university is frequently supported by AID.

Grant for Credit Unions. A contract with the Credit Union National Association in the United States for \$187,000 in fiscal year 1963 was made to assist the development of existing credit unions and to organize many new ones in the following countries of Latin America: Argentina, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Peru, Uruguay, and Venezuela. CUNA provides a full range of assistance including training materials and kits, advisory services on legislation, by-laws and related matters, assistance in the formation of federations and confederations, assistance in the formation of supplemental banking facilities, and the establishment of local credit union institutions and schools.

In addition, the contract provides for the establishment of a credit union training center in Peru to train credit union directors, officers and personnel from all of Latin America.

Chapter II

The Function of the Citizen Organization

The ideal citizen organization to apply for an Alliance for Progress grant or loan is one that has a proven record of successful operation over a period of years in some field of accomplishment which has provided its membership with a tradition of administrative know-how. Where such an organization is not at hand, the requisite factors can often be provided by careful selection of persons of ability and experience who will create an *ad hoc* operating entity.

Steps involved in developing a citizen organization

The steps involved in launching a citizen organization aimed at securing a grant or loan from the Alliance for Progress for a betterment project may be listed as follows:

1. Selection of an organizing committee;
2. Preliminary study of the Alliance program, determining involvement of the national government, and contacting of the appropriate AID Mission personnel in the host country;
3. Selection of an organization name;
4. Enlistment of the organization members;
5. Selection of the project,
6. Choosing the administrative committee and engagement of an administrative director,
7. Planning the financing (local contribution and eventual Alliance grant or loan),
8. Possible federation with other organizations in the nation having similar goals,
9. Preparation of the application;
10. Negotiations at the country level—U.S. AID officers;
12. Negotiations in Washington.

Organizing and preliminary study

(Step 1)

Selection of an organizing committee. It is the intention of this brochure to encourage the employment of the private sector as a means of increasing the effectiveness of the Alliance for Progress as an instrument of service for Latin America. At the same time any injudicious

attempts in this direction can have quite the contrary effect. Hence, in the interest of securing the most successful possible performance, considerable importance is attached to the securing of a competent organizing committee and to obtaining promptly the advice of appropriate personnel in the host country AID Mission.

The organizing committee is conceived as consisting of three to five persons of highest standing in the community, all public-minded in their outlook, experienced in the life of their region and possibly of the nation. They might belong variously to business or agricultural spheres, may occupy a place of importance in academic circles, in professional or religious life.

(Step 2)

Preliminary study of the Alliance program. Duties of the organizing committee would be the following:

1. to make a preliminary study of the Alliance for Progress in order to determine what it offers in possibilities for the betterment of the nation in general and of their region in particular;

2. to determine by inquiry in the capital the current involvement in the Alliance of the national government and the general disposition of government officers toward a petition from the private sector for a project beneficial to the local area which would coordinate with the national program,

3. to determine by similar inquiry the preparedness of the U.S. AID staff at the U.S. embassy to assist in advancing the project once the national government has approved it;

4. to proceed, once the previous ground has been covered, with the enlistment of an already established organization or the creation of a new organization capable of representing the project and supplying the backing for its prosecution,

5. in the event that obstacles present themselves at the local or national levels, to request in Washington (possibly through the Institute for Human Progress, address as on this brochure) answer to the questions that have arisen locally.

Organization name and structure of the citizen committee

(Step 3)

Selection of an organization name. A new citizen committee should take a name which will reflect the prestige and responsibility of the persons and groups supporting it. Existing community organizations

such as barrio improvement committee, parent-teacher groups, business organizations, campesino and agricultural associations, etc. are potential resources for Alliance programs. They may already have functioning the organizational set-up necessary to undertake projects. If not, they may be sources for members and financing to the new citizen committee. Associations with economic functions such as cooperatives and labor unions may be capable of understaking projects, or supporting them with members, organization and financing.

(Step 4)

Enlistment of the organization members. Membership of the citizen committee should include experienced business and professional men whose respective fields of expertise will be assets to the undertaking of the particular project. They should also lend to the committee the image of sound responsibility. If a loan is sought there must be the equivalent of collateral to justify the capacity to repay. Because of the non-sectarian character of the Alliance, confessional representation on the committee should be limited. This does not exclude the participation of members of a religious body, but rather recommends against official representation.

(Step 5)

Selection of the project. Selecting an Alliance project by the citizen committee is discussed in Chapter III.

Administration and financing plans

(Step 6)

Choosing the administrative committee and engagement of an administrative director. The administrative committee is selected from the whole committee and consists of three to five persons. The criterion for selection should be based primarily on the ability to "get things done"; persons who are successful, who have done things, will inspire confidence in the project. The administrative committee's duties are principally the following:

- a. assist the whole committee in selecting a final project;
- b. develop the project proposal and prepare it for presentation;
- c. prepare a budget of estimated financial requirements;
- d. organize support for the project at national and local levels and within the AID Mission;
- e. supervise project implementation and operations;
- f. present to the whole committee reports on progress. Call special meetings when necessary;

g. collaborate with the treasurer on financial plans and operations.

The administrative committee will undertake the above with the assistance of a professional manager. Part-time, unskilled volunteers participating in the project should be kept to a minimum, especially at the administrative level. Non-project demands on the volunteer's time will not permit him to give adequate attention to project administration. A full-time administrator can be depended upon for consistency and persistence as well as attention to necessary details.

(Step 7)

Planning the financing (local contribution and eventual Alliance grant or loan). The treasurer of the citizen organization will be charged with financial arrangements. He should receive the full support of the administrative committee in financial planning and operations. He is responsible for financial reports and disbursements.

In order to obtain from the Alliance maximum consideration when requesting support, citizen committees must encourage substantial local contributions to the project. Even the poorest community can contribute something, if only land, labor and some construction materials. Moreover, the major part of the financing for most undertakings should come from within the country itself.

Without planning for promotional activity, local contributions will be minimal. What groups will benefit most from the project? Organizations, businesses, and individuals falling into this category should be approached and asked to participate in the project. Regular yearly or monthly contributions over the lifetime of the project are more practical in many ways. The smaller amount requested regularly is easier to obtain than a large contribution at one time. Among the ways interested parties can contribute to the project financing are the following:

a. everyone can purchase membership in a movement to support the project.

b. a family may buy symbolically a bag of cement for a school, community center, etc.

c. persons benefiting directly or indirectly may pay some appropriate service charge.

d. scholarships may be donated as a source of income.

e. purchasers of items produced through the project can be interested in giving loans for production costs and equipment companies may provide easy credit terms for items sold to the project.

In order to attract financial support from the local government,

as well as assistance on the national level, the project should be presented to officials as an operation which will benefit the region and the country. It should be shown how the project will eliminate or substitute for governmental expenditure to some degree. Governmental assistance toward capital expenses are generally preferable to governmental grants for operation expenses which are difficult to renew each year.

Dividing the project costs into annual stages. The citizen committee should consider dividing the project costs into several stages. The committee would plan the project as a whole, and then determine what can be accomplished each year with resources at hand. This should be accompanied by a calculation of what more would be done each year with outside assistance.

Few government agencies finance large capital projects expecting completion within a year. Therefore, it is useful to phase a project over a period of several years. Finally, planning ahead, especially for financing, is necessary to a good sound program.

Coordination and negotiation

(Step 8)

Possible federation with other organizations. Similar types of citizen committees and organizations located in various parts of the country should form national federations among themselves. The advantages to member groups of this type of association are numerous; for example, the exchange of technicians, printed materials and experiences. The groups also become known through the national federation to the government, to AID, the Inter-American Development Bank, and other international lending institutions.

In a practical manner, a national federation facilitates development of projects of national importance by combining requests of several groups.

Finally, the formation of national federations among cooperatives, and among organizations engaged in rural training and extension programs, labor leader training, housing, community development, etc., is necessary for recognition and assistance from similar counterpart organizations in the United States and Europe.

Step 9, *Preparation of the application*, receives detailed attention in Chapter IV. Steps 10, *Negotiations at the country level—national government officers*, 11, *Negotiations at the country level—AID Officers*, and 12, *Negotiations in Washington*, are detailed in Chapter V.

Chapter III

Selection of the Project

The major concern of the citizen organization which plans an approach to AID is the project that it should propose and the benefit which its locality will secure through this project. In approaching this subject it is important for such citizen groups to keep in mind the conditions under which the private sector may apply for Alliance funds.

The key to private aid— mutual gain for the public and private sectors

It goes without saying that in promoting an Alliance for Progress project the citizen organization is prompted primarily by self-interest; its own particular locality must benefit from the project.

At the same time the directors of the national program are similarly prompted by self-interest; their national program must benefit by every grant or loan made from the funds that the Alliance has allocated to their nation.

Hence, the guiding philosophy of the grant or loan to the citizen organization is mutual benefit for both the public and private sectors. In the case of every grant or loan for a private sector project two conditions must be clearly present:

1. The nation must feel that by this private sector project it will be served better than if the government had operated the project;
2. The private sector must feel that its locality will benefit more from the project than if it left the project to others.

Three general bodies of criteria for selecting a project

In undertaking the selection of a project the members of the administrative committee of the citizen organization should acquaint themselves with the following three general bodies of criteria:

1. The categories of projects which are embodied in the National Development Plan drawn up by their particular government;
2. The gamut of categories of projects for which the Alliance for Progress will grant assistance,
3. The number of these categories of projects which represent felt needs in the particular local area of the citizen organization and which therefore represent possible categories from among which the selection can profitably be made.

Categories of projects assisted by AID

Some important categories of projects within the National Development Plan for which AID has granted assistance are as follows:¹

Education and vocational training. Because skilled and educated people are the building blocks for development, education is a priority item in U.S. assistance programs.

1. More schools and teachers. Besides increasing the number of primary schoolrooms in one country, AID established a new College of Education and department of textbook publication. In another country, AID undertook a ten-year vocational education program upgrading agricultural and vocation trade and industrial schools with technicians, materials and participant training.

2. Self-help school construction. AID assists in school construction but increasing emphasis is being placed on "self-help" school projects, in which the community volunteers the labor and AID and the host government provide only technical help and construction materials. In one country, it is expected that local communities might supply about one-third of the cash, labor, and materials of a program designed to provide 2,200 additional classrooms in a two year period.

Agriculture. AID assists a wide range of development projects covering agricultural extension and research, land reform, improved credit and marketing opportunities for the farmers, increased use of fertilizer, introduction of new crops, irrigation and land reclamation, forestry, livestock development, and fisheries.

1. Extension. A South American country, through an extension service developed with U.S. assistance obtained the following benefits among many others; per-acre production of seed-cotton doubled, use of vaccine to protect livestock against diseases initiated, widespread use of home-gardens for family food, and sanitary outdoor toilets installed.

2. Using modern techniques—fertilizer. One way of raising farm output is greater use of fertilizer, but it must be available, the farmer must want to use it, and it must be right for the soil involved. A successful fertilizer project covered development of production, soil-testing, demonstrations, rural-use and effectiveness.

Credit. Agricultural development cannot take place if the farmers lack funds to try new seed, new tools, new methods. A major area of

¹ "Proposed Mutual Defense and Assistance Programs FY1964" Government Printing Office, April 1963 see pp 126-146

AID assistance in agriculture has been the establishment of agricultural credit facilities and the organizing of credit cooperatives for small farmers.

Housing. Self-help is one of the two fields to which AID housing funds have been committed during the past two years. The other is the establishment of housing credit facilities such as savings and loan associations.

1. Self-help housing. Aided self-help housing uses the volunteer labor of the future home owner to bring the cost of a modest home within reach of many who have no choice but shacks in urban slums. The new house may be a "shell" and the owner finishes it himself, or the owner may actually build the house with the land, urbanization, utilities, building materials, and direction provided. Housing cooperatives have frequently found this system efficacious.

2. Credit facilities. With AID technical and financial assistance, savings and loan associations and similar thrift institutions have begun operating in Latin America. Thousands of mortgage loans have been made from their own savings and resources. Enabling legislation recommended by AID housing experts for central housing banks, and for savings and loan associations and housing cooperatives to which the banks would lend has been a key factor in several countries. (See also "Investment Guarantees for Low Cost Housing" in appendix.)

Community Development. The goal is to help villages participate effectively in shaping the future of their own community and of their nation. This is achieved by greater participation in local government by the village people through councils or other forms of self-government institutions. AID assistance is directed to self-help village projects undertaken by the council, such as water systems, community centers, schools, health centers, improved agricultural seed, poultry and swine improvement, and leadership training.

Health. AID assisted one South American country in the development of basic public health services consisting of health centers, sub-centers, hospitals, and schools for nursing and health education workers. In several other Latin American countries good results are being obtained from a mobile health program which brings medical services to the villages. In this combined health-community development program, the villagers construct small clinics where visiting doctors can receive patients.

The above categories of assistance are not a complete list, nor can they all apply equally to the situation in each country. They are given here to show what AID has considered important in some countries. The list may be refined or amplified by interviewing the country AID mission director.

Most of the above projects were undertaken at the initiative of the local governments. There have been instances of Alliance loans and grants going directly to private organizations, but these have been few. Greater private sector participation in these Alliance operations is needed to realize national potentials.

Chapter IV

The Project Description to be Embodied in the Application

The following will already have been gathered from previous explanations:

1. That the organizing committee should be properly informed on the general procedure for the submission of a loan application before undertaking to enlist an already existing citizen organization or the creation of a new such organization for the presentation of a private sector project to the AID Mission.

2. That the citizen organization should place in the hands of a competent administrative committee the task of selecting the project to be promoted and the study of the technical and financial factors involved in this project.

Assuming these preliminaries have been carefully fulfilled, the moment has arrived for step number nine, according to the enumeration in Chapter II, namely, the preparation of the application.

The administrative committee will by now be keenly aware that the goals to be achieved by the application are multiple. They may be summed up as follows:

1. The project as outlined should appeal to the local community represented by the citizen organization as highly desirable and hence fully meriting the efforts and sacrifices required locally as its part in the project;

2. The tentative commitments of the local community as its part on the project should be recorded not merely informally by word of mouth promises but by more formal statements in writing as becomes a serious undertaking of this nature;

3. The mind of the government authorities at the country level should have been investigated and their position known;

4. The mind of the AID officials should likewise have been investigated and their attitude known;

5. From the preceding, it has undoubtedly been established that in addition to the strictly logical and technical presentation of the practical phases of the project in the application, it is necessary for the administrative committee to convey through the application the more in-

tangible phases involved, such as the spirit and the capacity of the citizen organization as regards the execution of the project, and the comprehension by the citizen organization of the objectives represented by the Alliance program as indicated by the AID officials.

With this stage reached, the administrative committee is prepared to draw up its application. For this purpose the following outline of the contents is offered.

Content outline for the project application

- A. Basic and essential project information to be supplied by the applicant:
1. Include name and address of the organization and name of person in charge of the project.
 2. Include a general description of the project.
 - a) Give general description of social and economic development needs of the country and/or area.
 - b) Give precise location of project including name of district or province and corresponding capitals as well as the possible means of communication (by land, air or sea).
 - c) Give full explanation of the project and the need it is designed to meet within the framework of 2a above.
 3. Explain results expected from implementation of project including number of people who will benefit from its success.
 4. List work already accomplished, if any, towards achieving project goals.
 5. Indicate assistance requested. Give estimated cost of project with itemized breakdown where possible.
 - a) Give amount and source of funds to be supplied by applicant.
 - b) Give amount and possible sources of additional project funds.
 - c) Give amount of financing requested with this project.
 - d) If loan is requested, list repayment schedule.
 6. List institutions or agencies, both governmental and private, with which the project is being or will be coordinated.
- B. Additional project information.
- Although not required from the applicant, the following information will greatly enhance chances for consideration:

1. **Responsible Agency.**

A short description of the principal purpose of the implementing agency with an insight into operating procedures together with a table of organization is more important than general recommendations.

2. **Fulfilling Alliance for Progress Objectives.**

Showing how the project is consistent with the objectives of the Alliance for Progress and it falls within the policies of the OAS, AID, the National Planning Board, and appropriate agency or ministry of the national government is often a deciding factor.

3. **Confirming Project Feasibility.**

If an applicable report or survey is available, whether prepared especially for the project or for some other reason, refer to it. If possible, attach a copy of it to the application. If another similar project has been successful, describe how this was accomplished. These surveys and reports help substantiate the need for and the feasibility of the project.

4. **Importance of Listing Local Contributions.** The sources and amounts of all funds presently committed should be listed. Besides actual contributions to the project in terms of cash, fixed assets in the form of land and buildings should be included. Less definable assets such as the voluntary assistance of technicians, clerical help, etc., should be listed. Even if concrete financial figures can not be given, an approximate figure will be helpful. The organization of a local group which undertakes a project is of a value not easily described. But successful community improvement depends upon this organization. The citizen committee resources in terms of a united effort, in awakening a community to its needs, and undertaking a community activity, any activity, is many times more valuable than any money or material resources employed.

Besides the more tangible financial cooperation previously referred to, list all other cooperation which the national government may give such as deferment of taxes or import duties, granting of necessary legal permissions, technical advice and the loan of technical personnel.

5. **Technical Advice.**

In preparing the project, take advantage of all technical assistance available, both from governmental and private sources. These

experts will have the know-how to strengthen the technical aspects of the project; such ability is not usually found in a general administrator. After employing their advice, these experts should be cited as consultants in the project presentation.

6. Single Requests.

A one-time grant or loan to get a project underway is much more acceptable to a resource organization than a request for operating expenses. Operating expenses should be supplied locally whenever possible; this is especially true if the project is expected to continue for an indefinite number of years. The local resource organization handling these expenses should be described.

7. Filling a Need.

As was specified in the project outline, the tangible results for the community, the region, and for the country should be listed. The project's over-all impact can not be overemphasized. The need for the project (i.e., wide unemployment, insufficient teachers, etc.) is obvious to the resource organization. The degree to which this particular project fills the need determines the project acceptability.

8. Availability of Technicians.

Without the necessary technical personnel, a project can not accomplish its goals. List the technical skills currently available within the project area. If necessary skills are not presently available, show how they can be obtained. Good will is not enough; ability and skill are necessary so that time and resources are not wasted.

9. Translation

Until a project administrator receives a specific request for a translation of his project, he should not try to supply it. Most governmental and international bank agencies have translating facilities, and this could be a needless expense.

In conclusion, the project applicant should be constantly aware of the staff competition for funds which he faces. His principal asset will be an imaginative and well-planned presentation which will convince the resource organization that his project is worthwhile and feasible. The added effort demanded by a well-prepared presentation is not wasted.

For additional references see

—“Feasibility Studies, Economic and Technical Soundness Analysis, Capital Projects”,
Department of State Agency for International Development, June 1, 1962.

—See appendix “Economic and Technical Soundness Analysis, School or Hospital Projects”.

Chapter V

The Negotiations Necessary to Secure Approval of a Project

The administrative committee is reminded that the completion of the draft of the application does not complete its task as regards the presentation of the project to the authorities. It is rare that a documentary application offered for consideration by mail can be regarded as normal and satisfactory procedure in Alliance business. In addition to the document, properly credited and qualified individuals must appear personally to answer questions and to augment the text with word-of-mouth explanations. This call for personal negotiation touches three areas: 1—the government authorities at the country level; 2—the AID representatives at the country level; 3—under some circumstances, representatives of the country of the Organization of American States, and of AID at the Washington level.

The government authorities at the country level

The support of the national government is necessary to a citizen committee negotiating assistance from AID or the Inter-American Development Bank.

1. *Organizing the approach to government.* The citizen committee should organize a broad interest in the project by approaching individuals, associations, businesses, labor unions and any others who might benefit directly or indirectly from the project activity. These groups should be asked to make known their interest to representatives and friends in the government.

The citizen committee—as well as supporting groups—may consider approaching government representatives through interviews, letters, and telegrams. Also, it is frequently desirable to contact the area's parliamentary delegate in order that he may bring the program to the attention of the proper officials.

2. *National Development Planning Board.* As mentioned in Chapter I, the Latin American countries are preparing integrated long-term development plans.¹ For this purpose, national planning entities have been established or have been provided for by law in most of the countries.² It is important that the citizen committee request a hearing with

the planning organization to discuss the project. When it is known that the project reflects the objectives of the national development plan, it becomes acceptable for consideration by government and financing organizations as a program within the plan.

3. *Presenting the Project.* When formally presenting the project to the national government, the citizen committee may select the most likely official, or department, to receive the request, such as the Ministry of Development, etc. At the same time, information copies of the project should be given to the following (with a view to enlisting their support): the President of the country, the cabinet ministers in each field of project activity; important officials of pertinent ministries, and prominent citizens such as ex-ministers and business and professional men whose viewpoints are respected by government officials.

Successful contacts and interviews supporting the project must be followed up with constant reminders in order to keep the project present in the minds of helpful groups and government officials.

Negotiations with U.S. AID at the country level

1. *Establishing relationships with AID.* Formal relationships between citizens of the host country and AID are conducted through the government. However, informal interviews and contacts are frequently helpful. The following persons, among others, can facilitate these contacts:

a. government officials Many government officials (especially some members of the ministries of agriculture, education and development) maintain working relationships with the AID mission. An introduction to the AID director by one of these officials will be helpful.

b. the U.S. ambassador. The ambassador is frequently accessible to host country citizens. While extremely busy, he is vitally interested in the well-being of his host country.

c. voluntary agency representatives. Private agencies engaged in social welfare programs, such as Catholic Relief Services—N.C.W.C., Church World Services, and CARE have offices in most Latin American countries. Enjoying an established relationship with AID officials, the voluntary agency representative could introduce and possibly accompany citizen committee representatives during their initial project discussions.

d. United States citizens. Some of the U.S. citizens residing in Latin America maintain excellent relations with the ambassador or the U.S. AID director, and could bring the proposal of the Citizens' Com-

mittee to the attention of these officials. This group includes business and professional men.

2. *Presenting the Project.* The formal presentation of the project to AID should be made through the appropriate governmental agency. Sometimes, however, it is necessary to discuss the project informally with the AID mission.

If the citizen committee accomplished its earlier investigation properly, AID will be interested in the goals of the project and will not ordinarily be considering at the moment another project with the same objective for the same region. If officials say that a lack of funds precludes their consideration of the project, the citizen committee should not be discouraged. Rather, this is the time to suggest that the project be considered for the following fiscal year. If there is a distinct lack of interest, even after a comprehensive presentation, the officials can be asked to express their criteria for consideration. The answer should be taken up for discussion with national government officials with a view to having the criteria reconsidered to reflect more accurately the needs of the country and the region taking into account the priority needs of the country and the limited resources available for development needs.

Negotiations at the Washington level

The official representatives. The government representatives in Washington of each country are able, though not encouraged, to make presentations to the U.S. Coordinator for the Alliance for Progress, but only after consultations with the mission at the country level. Coming through official channels in this manner, these presentations are given every possible consideration by AID officials. After the project has been presented to AID at the country level, the citizen committee should ask the government, especially the appropriate Ministry or the planning entity, to follow through with the country mission on the progress of the project request. If necessary and as appropriate, the government may contact one of the following officials for this purpose:

1. *The ambassador to the United States.* As the highest ranking representative of the country, a recommendation from the ambassador will receive every consideration.

2. *The ambassador to the Organization of American States.* Sometimes the ambassador to the U.S. fills this position as well. The OAS was made principally responsible (through the Charter of Punta del

Este) for implementing the Alliance for Progress as an essentially Latin American effort. Consequently, one of its ambassadors is a proper and desirable person to inquire about an Alliance for Progress project proposal.

3. *Special governmental missions.* Many countries send to Washington—among other capitals—special missions from time to time to negotiate trade, fishing, military aid and other matters. Members of these missions may have the opportunity of contacting high officials on behalf of a project.

4. *Others.* Other officials from Latin American countries located in Washington are directors and officers of the Inter-American Development Bank, and delegations to the Inter-American Defense Board. Members of delegations to the United Nations in New York have occasion to visit Washington. These persons would not ordinarily make official inquiries, but their positions are such as might permit them to be helpful in special situations.

Through the initiative of a group of United States citizens, the Institute for Human Progress was organized in Washington, D.C. on 2 October 1962. This Institute is a non-sectarian, non-profit organization which sponsors projects in developing countries that will benefit the people in those lands.

The concept behind the formation of this Institute derived from the fact that there has not been sufficient involvement of the private sector in social and economic development programs in most countries. Therefore, a group of business and professional men decided that a private organization is necessary to help meet these deficiencies and thus give added impetus to the Alliance for Progress.

This manual was prepared by IHP for the purpose of assisting citizens who, through their own initiative, wish to participate in the Alliance for Progress. The IHP is prepared to receive requests for information on the preparation and presentation of projects and to render executive assistance at the Washington level. However, citizen committees are advised to first exhaust every local resource for information and assistance, especially governmental and other agencies outlined in this handbook.

REFERENCES:

¹ "The Latin American Economy and the Alliance for Progress," Organization of American States, UP/Ser.G/II.1, Feb. 1962, see pp. 14-18 for additional information on development programs

² "Second Annual Report, 1962," Social Progress Trust Fund, Inter-American Development Bank, see pp 430-433 for a list of national development organizations and programs.

Chapter VI

The Role of the Social Progress Trust Fund—IADB

By agreement of June 19, 1961 between the United States government and the Inter-American Development Bank, the Bank was entrusted with the administration of \$394 million, known as the Social Progress Trust Fund. The Social Progress Trust Fund Agreement provides in Article I that:

"The purpose of the Fund shall be to provide capital resources and technical assistance on flexible terms and conditions, including repayment in local currency and the relending of repaid funds and interest, in accordance with appropriate and selective criteria in the light of the resources available, to support the efforts of the Latin American countries that are prepared to initiate or expand effective institutional improvements and to adopt measures to employ efficiently their own resources with a view to achieving greater social progress and more balanced economic growth."

Loans may be made to national governments, government institutions and agencies, to local and municipal governments and to private borrowers within an eligible country, including cooperatives and organizations affiliated with or sponsored by labor unions.¹

Purposes for which the Social Progress Trust Fund Is Intended

The fields for which financial and technical assistance may be made available are the following:²

1. *Land settlement and improved land use.* The general objective is to improve the institutional structure within which the farmers live and work, and through certain reforms raise their income and productivity. Eligible projects will be of three major types:

- a. Changes in the agrarian structure (land tenure reforms) and accompanying programs in favor of the beneficiaries.
- b. Land settlement (or colonization).
- c. Rural development in areas of small farms or established communities where land tenure rights are already equitably distributed.

The above projects may include the following elements:

- a. Surveys and appraisals of resources

- b. Cadastral surveys
- c. Land preparation and development
- d. Farm production credit (especially supervised credit)
- e. Capital investment in the farms (including improvements in rural housing)
- f. Capital investments in central productive facilities affecting a number of farmers; for example, farm mechanization services.
- g. Development of the infra-structure (for instance, access and feeder roads and bridges)
- h. Technical assistance and research
- i. Development of cooperatives and farmers' associations
- j. Community development and communal services.

2. *Housing for Low Income Families.* In recognition of the incapacity of ordinary local and external resources to satisfy even a small part of the housing need, programs will be encouraged which will mobilize domestic resources for private home ownership and which embody appropriate elements of self-help in order to reduce the initial capital outlay. To accomplish these purposes, adequate national housing policies and programs are required; national and private housing and home financing institutions must increase the efficiency of their operations; and home-building and home financing industries must be created or expanded. For these reasons, the principal considerations are intended to discourage projects, governmental and private, which merely add a fixed number of houses to the existing inventory. Eligible projects shall consist of housing for low-income groups through:

- a. self-help housing and b. institutions providing long-term financing and engaged in mobilizing domestic resources for this purpose.

Self-help. A project should embody a maximum contribution by the borrower. Contributions would include such features as: a) substantial participation in financing the cost of the project; b) actual family participation in the construction of the homes; c) the development of regular savings and thrift habits; d) the organization of authentic housing cooperatives.

Mobilization of domestic resources. The mobilization of domestic resources is one of the most important requirements. Voluntary savings for housing solicited through institutions which serve this function exclusively constitute one of the most meaningful sources. Other acceptable

sources would include the assignment of governmental revenues, compulsory savings through social security or other programs, and the investment of private capital on a long-term basis.

3. *Community water supply and sanitation facilities.* The general approach to the selection of projects should be the provision of potable water and adequate sewerage in urban and rural areas where health conditions are substandard, and lack of facilities create social tension and present an obstacle to development. The projects eligible will be of the following types:

- a. Installation of new, or improvement or expansion of existing, potable water facilities for urban and rural communities.
- b. Installation of new, or the improvement of existing, sewerage facilities (or facilities appropriate for rural areas).

Loans should be made only for water supply or sanitation facilities which will be maintained by an entity, public or private, which has adequate authority to insure continuous, efficient operation and maintenance (including the imposition and collection of charges) by qualified personnel. Such an entity may be local, state, provincial or national.

4. *Advanced education and training.* The field of education differs from the above three fields in that the role of the Bank here is supplementary, applicable only to advanced education and training of a specific nature, and subject to the agreement of the United States, as to projects or types of projects. The following are examples of fields in which projects for advanced training and education may qualify for financial assistance from the Social Progress Trust Fund.

- a. Agriculture, including agriculture extension, marketing, supervised credit, and improved land use, registration and transfer
- b. Engineering and architecture
- c. Regional and area resource analysis
- d. Urban and rural development
- e. Economics, finance and taxation, public administration, development institution administration
- f. Basic sciences
- g. Public health practice and research

The financing of building construction should be minimized. Lack of advanced training is evidenced rather by the shortage of adequate educational material and equipment and properly trained teaching staffs.

Priority should be given to financing these needs. The project must also be of such a nature that it can be financed with a loan. Then, the institutions or the local or national governments concerned should assure continuity for the project through such resources as are, or may become available.

5. *Technical assistance.* Technical assistance will be provided on a loan, grant or reimbursable basis with respect to the preparation, financing, and execution of programs and projects which implement the provisions of the above-mentioned four fields of activity. It will also be provided when related to the mobilization of financial resources and the strengthening of financial institutions, including selected training contributing to better preparation and orientation of key personnel of or for such institutions.

Examples of private sector participation in loan programs

1. *Urban housing for low-income families in Chile.* The borrower is the Caja Central de Ahorros y Prestamos, guaranteed by the government of Chile:

Amount of loan—\$U.S.: \$5,000,000 (65%)
Local contribution—equivalent of \$U.S.: \$2,697,000 (35%)
Term—27 years; interest: 1%; service charge: $\frac{3}{4}$ %;
disbursement period: 2 years; approved May 17, 1962;
contract signed June 13, 1962.

This loan is intended to strengthen Chile's mutual savings and loan association system and to increase the flow of private savings into housing. Financing will be made available for approximately 2300 housing units for families of members of housing cooperatives affiliated with savings and loan associations. The 35% local contribution is to be made up of 25% from the Caja Central and 10% from the cooperatives.

Although the homes to be built will help relieve Chile's housing shortage, the project's chief importance is its stimulus to the creation of new savings and loan associations and the generation of additional savings for housing construction. This housing program is part of Chile's Ten-Year National Economic Development Plan which calls for construction of 538,000 homes during the 1960's.

The program, being assisted through the Social Progress Trust Fund, is directed toward families earning less than the equivalent of U.S. \$180 per month. Total monthly payments on their homes will amount to approximately 25% of these incomes.

The Caja Central de Ahorros y Prestamos is an autonomous institution established in 1960 to advise the private savings and loan associations which grant mortgage credits to private individuals and housing cooperatives.

2. *Agricultural credit cooperative in Peru.* The borrower is the Cooperativo de Credito Central del Peru:

amount of loan: U.S. \$1,000,000 (37%)
local contribution: U.S. \$1,700,000 (63%)
term—21 years; interest: 1½%; service charge: ¼%;
disbursement period: 1 year; approved October 19, 1961.

This loan strengthens 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 six years, these local cooperatives have mobilized, through savings of members, \$1,700,000 capital and have extended small credits totalling U.S.\$5,400,000 on short terms to small borrowers with limited resources. The loan proceeds would increase the loanable assets of the Central Union (from which the locals borrows) for making such small credits for agriculture housing, water and sewerage. The re-lending rate of the local credit cooperatives to the small borrower would not exceed 12% per annum on outstanding balances.

Project preparation and negotiation.

In applying to the Bank for a loan, the citizen committee may find it convenient to follow the steps on project preparation and negotiation outlined in Chapter II and further described in other Chapters. Because the Bank has no permanent representatives in the member countries, as does AID, the citizen committee desiring additional information may communicate with the Bank at the following address:

Inter-American Development Bank
Washington, D. C.

REFERENCES:

- ¹"First Annual Report, 1961," Social Progress Trust Fund, Inter-American Development Bank, March, 1962, p 4
²"Second Annual Report, 1962," Social Progress Trust Fund, Inter-American Development Bank, February, 1963, pp 410 to 422, Annex No 2. Basic Considerations for the Evaluation and Selection of Projects in the Field of Land Settlement and Improved Land Use, Housing, Sanitation, and Education Under the Social Progress Trust Fund.

Appendices

APPENDIX NO. 1

Food for Peace Program and Its Relation to the Private Sector

One of the largest and best-known private programs operating within the Alliance for Progress is the Food for Peace Program. Food, authorized by Public Law 480 of the U.S. Congress, is provided through voluntary agencies and their counterparts for relief and emergencies, school lunches, and economic development. Private voluntary agencies such as Catholic Relief Services - NCWC; Church World Services; and CARE work in host countries with similar organizations, and citizen committees to organize the receipt, inland transport, warehousing and distribution of the food. In most cases it is the national organization with the cooperation of local citizen committees which handles the food from time of arrival to point of consumption. The staff of the U.S. voluntary agency is generally small and limits its activity to liaison and advising the counterpart.

Title III donations. Title II of Public Law 480 authorizes the donation of foods for school lunches and as supplementary rations for needy persons. The foodstuffs generally include cornmeal, wheat flour, powdered milk and vegetable oils which have been purchased and kept off the commercial market by the United States government to maintain a minimum price level for the farmers. Close to \$250 million in food products were distributed in 1962 by the U.S. voluntary agencies and their counterparts in host countries.

Title II economic development. Title II of Public Law 480 provides for grants of food for economic development purposes. One of the most frequent operations within this program is to exchange food for work. During times of unemployment, the beneficiaries may undertake some desirable community improvement project and receive wages in food for themselves and their families.

Another operation within the Title provides for the sale of feed grains to small farmers—generally at a subsidized price, to increase animal production. Proceeds from the sale are employed locally for rural development purposes.

Further information may be obtained from the country representatives of voluntary agencies, or from the Food for Peace officer of the U.S. AID Mission

APPENDIX NO. 2

Model Project Application

1. APPLICANT

- a. A national, regional or local organization. A local entity sponsored by a national organization.
- b. Name and address of the person in charge of the organization, or filing the application on behalf of the organization.
- c. Organization.
 - Who will direct the project . . .
 - Who will supervise the project . . .
 - Who will administrate the project . . .
 - Method of instruction or management of the project . . .
- d. What authority sponsors and supports the project of the applicant (include endorsement by the same).

2. PROJECT DESCRIPTION

- a. **General socio-economic need.** Refer to and summarize census, studies, surveys, reports, etc., on the need to be assisted by the project. Cite all informational sources.
- b. **Location of the project.** Location by district, province and region. Means of communication by land, sea and air to the capitals of the district, province, and nation.
- c. **Socio-economic conditions which require the project.**
Example: A census was made of the community and a large number of youths between the ages of 14 and 18 were noted as being without schools or educational possibilities.
Example: Another census noted a large number of people living in shacks or other undesirable lodgings paying a rent approximating monthly payments on a new home
It is important to describe with statistics the number and percentage of the population requiring the assistance outlined by the project. (Statistical charts.)
- d. **Description of undertaking.** For example, organizing a community to undertake construction of homes, schools, hospital, roads, etc.

3. RESULTS EXPECTED FROM THE PROJECT

Number of houses constructed, kilometers of road repaired, amount of loans made, increase in production and income, number of persons affected, benefit to the community, new employment, etc.

4. WORK ACCOMPLISHED TO DATE

One-half, one-third, two-thirds completed. Amount of money, time, work invested Benefits attained to date.

5. ASSISTANCE REQUIRED

a. Assets

- 1) Capital on hand in land, building, . . .
- 2) Capital on hand in cash.
- 3) Capital on hand in equipment, furniture, . . .
- 4) Approximate capital available from voluntary lenders.

- 5) Estimated capital supplied by state and municipal subsidy, or from a private institution.
- 6) Estimated capital from individual and collective donations.
- 7) Capital expected from the project's operation.

b. Liabilities

- 1) Estimate of costs during preparation of the project.
- 2) Expected cost of executing the project.
- 3) Estimated cost of material.
- 4) Estimated cost in administration.

c. Amount requested Why.

- 1) Because a small fund or a significant donation has been acquired.
- 2) Because given the number of beneficiaries, the volume of the physical undertaking, or the equipment and the method, or the manner of work, or the instruction which will be used, the endeavour must be proportional in physical space, or functional, as required by the assisted community. (Plans and sketches of the undertaking.)

**6. INSTITUTIONS WITH WHICH THE PROJECT
WILL BE COORDINATED**

APPENDIX NO. 3

Economic and Technical Soundness Analysis of School or Hospital Projects¹

(Construction, reconstruction or enlargement of a school, college, university, hospital or medical center, and auxiliary buildings and facilities in connection therewith.)

I. SUMMARY

Location, nature and size of proposed school or hospital project.
Relation to the existing school system or present medical facilities in the community.

Description of major features of design.

Estimates of major features of design.

Estimates of benefits and costs.

Reference to any applicable reports, particularly reports on community school programs and requirements, and reports on existing medical facilities and general hospital planning, (attached or readily available elsewhere).

II. ECONOMIC ASPECTS AND BENEFITS

A. Description of the Community

Description of climate, average rainfall and temperature and elevation above sea level.

Population and principal occupations.

School enrollment in relation to total population and general level of literacy.

General level of health and sanitation.

B. Present School System

Types of schools in the community (primary, elementary, secondary, etc)

Number of pupils in each grade.

Type and age of building in each case, and capacity, safety and present condition

Location of schools with reference to centers of residential areas, accessibility and environment.

Availability of recreation areas.

Availability of land for construction of new buildings or additions to existing buildings

C. Present Hospital Facilities

Existing public hospitals and medical, nursing and treatment facilities.

Total number of beds in relation to community population.

Existing private facilities for diagnosis, hospitalization and treatment.

Availability of land for construction of new buildings or additions to existing buildings

D. Position of Project in Overall Progress

Extent to which inadequacies of community schools and hospitals are retarding economic growth of the community.

National, regional or community program for development of schools and hospitals and priority of the project within this program.

E. Anticipated Benefits

- Increase in the education and health of the local population.
- General economic effect of improved or expanded school and hospital facilities.
- Direct benefit to local population through local expenditures of the project funds themselves for labor, materials, food, rents, etc. (temporary benefit)

III. ARCHITECTURAL-ENGINEERING ASPECTS AND TECHNICAL SOUNDNESS

A. Factors Creating Demand for Schools and Hospitals

- Size, description and economic activities of the population.
- Forecast of population growth, giving basis of prediction.

B. Basic Data for School Project

- Results of any surveys that have been made to determine program needs, school enrollments, and needed additional school plant.
- Coverage of the surveys and by whom made.
- School-age population data—past trends and future forecast, by age levels and by percentage of adults of child bearing age.
- School enrollments in past years in public and non-public schools, trends by grade levels, effects of community industrial activity, influence of transportation facilities and traffic barriers, and effects of new housing developments.
- Forecast of future enrollments by areas and by grade levels.
- Requirements of new school or school addition:
 - Grade levels covered and size of classes.
 - Special facilities for vocational training or teaching of handicapped children.
- List of classrooms and special rooms
- List of other spaces and services
- Facilities for community use for summer classes or recreation, adult classes, adult recreation, community meetings and community libraries
- Special plant facilities for lunchroom service, health clinic service, libraries, etc
- Types of equipment and furnishings to be provided.

C. Basic Data for Hospital Project

- Need for additional hospital facilities.
- Number of beds to be provided
- Types of services to be offered.
- Extent of out-patient service.
- Community welfare activities to be accommodated.
- Special requirements as to power, lighting, heating and air conditioning.
- Site to have suitable surroundings.
- Building to be oriented to take best advantage of sunlight and prevailing wind
- Types of equipment and furnishings to be provided.

D. Design Criteria

- Space requirements per pupil or per hospital bed.
- Degree of lighting, heating and ventilation required.
- Reliability of water and power supplies.
- Noise limitations.
- Structural safety.

E. Preliminary Studies and Plans

Location map showing boundaries of the community and location of existing and proposed schools and hospital facilities.

Project site studies, including:

Topography and present use

Access roads or streets.

Results of soils and subsurface investigations for determination of character of foundations.

Location of all existing utilities.

Availability of potable water and water for fire suppression and other uses.

Suitability from standpoint of accessibility, noise, smoke, odors and proximity of breeding grounds for flies and mosquitos

Comparison with possible alternate sites.

Preliminary plans for buildings and structures in sufficient detail, to permit the calculation of quantities of materials and work.

Schedules showing space provided for various types of rooms (classrooms, laboratories, libraries, wards, surgeries, nurses accommodations, administrative offices, etc) and comparison of such quantities with corresponding quantities provided in similar installations elsewhere.

Plans for site grading, access and interior roads, landscaping and vehicle parking

Preliminary plans for all utilities, including sewers and sewage disposal facilities

List and location of all major built-in equipment, including water treatment, heating and ventilating, electrical transformers, kitchen, toilet and wash-room, lighting fixtures, etc.

List of movable furniture and equipment, including essential hospital equipment.

Approximate list of supplies needed for initial operation.

Anticipated use of consultants on specialized phases of final design.

F. Construction Standards

Outline specifications for equipment and construction defining particularly those standards of quality which will have a significant effect on the cost of construction, with specific justification for any unusual standards adopted to conform with local conditions.

G. Construction Labor, Materials and Equipment

Manpower requirements and availability, including skilled and unskilled labor, and technical and supervisory personnel.

Local availability of cement, steel, aggregates, water for concrete, building stone, lumber and other construction materials.

Types of construction equipment required for the work, indicating what is available locally and what must be imported.

H. Special Construction Problems Foreseen

Climatic conditions, especially time and length of wet and dry seasons as they affect construction schedule and equipment use.

Necessity of keeping an existing school or hospital in service during construction.

Time required to obtain delivery of imported materials and equipment.

I. Plan for Execution of Project

General construction plan.

Proposed methods of contracting for engineering, construction and construction supervision (see Chapter I).

Tests to be performed on installed equipment.

Equipment guarantees to be required

Engineering and construction schedule (attached).

J. Maintenance and Operating Organizations

Applicant's present and proposed teaching and hospital staffs and ability to finance additional personnel needed.

Applicant's present and proposed maintenance organization.

Applicant's ability to provide and finance the necessary level of maintenance of the new facilities when completed.

Availability of trained teaching, hospital and administrative personnel.

Plans for recruiting and training.

IV. FINANCIAL ASPECTS

A. Estimated Capital Cost

Estimates of cost of land, architecture, engineering and construction, prepared in accordance with Annex A so far as applicable.

Total estimated capital cost in U.S. dollars and local currency:

To be financed by applicant.

To be financed by loan/grant.

B. Maintenance and Operating Cost

Estimate of annual cost of maintenance including labor, supplies, power, spare parts and supervision, broken down between local currency and foreign currency costs.

Comparison with the maintenance and operation costs of present community facilities or similar facilities elsewhere.

V. COMPARISON OF BENEFITS AND COST

Tangible and intangible benefits as described in Section II above, with estimate of monetary value so far as practicable, compared with annual cost, including interest and amortization of investment and operating and maintenance charges.

¹ Extract from "Feasibility Studies, Economic and Technical Soundness Analysis Capital Projects," Department of State, Agency for International Development, June 1, 1962, Chapter XIII.

APPENDIX NO. 4

Cost Estimate Form¹

A. Land and Right-of-Way

Cost in local currency (paid or to be paid by Applicant).

B. Engineering Costs—broken down into local currency and U.S. dollars.

Preliminary engineering up to time of application.

Additional surveying and test borings.

Final design, preparation of contract documents, construction contract supervision and inspection.

C. Construction Costs—broken down into local currency and U.S. dollars.

1. Estimate of direct cost of each principal work item, showing labor, materials and installed equipment costs, based on the following factors, which are to be described or defined in sufficient detail to permit independent evaluation of the results:

Work item quantities and breakdown as required, where equipment methods, or production factors result in significantly different unit costs within a single work item.

Materials requirements and prices at jobsite.

Construction methods and construction schedule.

Phased manpower requirements.

Phased equipment requirements.

Assumed production rates for labor and equipment.

Wage and salary scales (including local and imported).

Hourly or daily rates and all fringe benefits, such as social security, vacation pay, medical, family and displacement allowances, etc

Construction equipment costs.

Cost delivered to work-site

Unamortized remaining value at end of job,

(to be specifically shown).

Cost charged to the job and prorated to work items.

Derived unit costs of principal work items.

2. Indirect Costs (Prorated to work items).

Contractors' plant, construction camps, local transportation of personnel and supplies, access and service roads, property safeguards, shops, etc.

3. Contingencies.

4. Contractors' home office overhead and U.S. procurement expense.

5. Contractors' profit.

¹Extract from "Feasibility Studies, Economic and Technical Soundness Analysis Capital Projects," Department of State, Agency for International Development, June 1, 1962, Annex A.

D. Summary of Estimated Cost

Item	Fund requirements		Total, expressed in	
	Local Currency	+ U.S. Dollars	Local Currency	U.S. Dollars
Land and Right-of-Way				
Engineering Costs				
Direct Cost of Work				
Indirect Costs				
Contingencies				
Contractors' Overhead				
Contractors' Profit				
Totals				
Portion to be Financed by Applicant				
Remaining Cost to be Covered by Loan/Grant				

APPENDIX NO. 5

Punta del Este Declaration to the Peoples of America Establishing an Alliance for Progress¹

Assembled in Punta del Este, inspired by the principles consecrated in the Charter of the Organization of American States, in Operation Pan America and in the Act of Bogota, the representatives of the American Republics hereby agree to establish an Alliance for Progress; a vast effort to bring a better life to all the peoples of the Continent.

This Alliance is established on the basic principles that free men working through the institution of representative democracy can best satisfy man's aspirations, including those for work, home and land, health and schools. No system can guarantee true progress unless it affirms the dignity of the individual which is the foundation of our civilization.

Therefore the countries signing this declaration in the exercise of their sovereignty have agreed to work toward the following goals during the coming years:

To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

To accelerate economic and social development, thus rapidly bringing about a substantial and steady increase in the average income in order to narrow the gap between the standard of living in Latin American countries and that enjoyed in the industrialized countries.

To carry out urban and rural housing programs to provide decent homes for all our people.

To encourage, in accordance with the characteristics of each country, programs of comprehensive agrarian reform, leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing latifundis and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare, and the guarantee of his freedom and dignity.

To assure fair wages and satisfactory working conditions to all our workers; to establish effective systems of labor-management relations and procedures for consultation and cooperation among government authorities, employer's associations, and trade unions in the interests of social and economic development.

To wipe out illiteracy; to extend, as quickly as possible, the benefits of primary education to all Latin Americans, and to provide broader facilities on a vast scale, for secondary and technical training and for higher education.

To press forward with programs of health and sanitation in order to

¹ Extract from "Alliance for Progress," The OAS Official Records, OSA/Ser. H/XII 1, 1961, Page 3

prevent sickness, combat contagious disease, and strengthen our human potential.

To reform tax laws, demanding more from those who have most, to punish tax evasion severely, and to redistribute the national income in order to benefit those who are most in need, while, at the same time, promoting savings and investment and reinvestment of capital.

To maintain monetary and fiscal policies which, while avoiding the disastrous effects of inflation or deflation, will protect the purchasing power of the many, guarantee the greatest possible price stability, and form an adequate basis for economic development.

To stimulate private enterprise in order to encourage the development of Latin American countries at a rate which will help them to provide jobs for their growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.

To find a quick and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries on which their prosperity so heavily depends.

To accelerate the integration of Latin America so as to stimulate the economic and social development of the Continent. This process has already begun through the General Treaty of Economic Integration of Central America and, in other countries, through the Latin American Free Trade Association

This declaration expresses the conviction of the nations of Latin America that these profound economic, social, and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve the goals which have been established with the necessary speed, domestic efforts must be reinforced by essential contributions of external assistance.

The United States, for its part, pledges its efforts to supply financial and technical cooperation in order to achieve the aims of the Alliance for Progress. To this end, the United States will provide a major part of the minimum of twenty billion dollars, principally in public funds, which Latin America will require over the next ten years from all external sources in order to supplement its own efforts.

The United States will provide from public funds, as an immediate contribution to the economic and social progress of Latin America, more than one billion dollars during the twelve months which began on March 13, 1961, when the Alliance for Progress was announced.

The United States intends to furnish development loans on a long-term basis, where appropriate running up to fifty years and in general at very low or zero rates of interest.

For their part, the countries of Latin America agree to devote a steadily increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress.

Further, as a contribution to the Alliance for Progress, each of the countries of Latin America will formulate a comprehensive and well-conceived national program for the development of its own economy.

Independent and highly qualified experts will be made available to

Latin American countries in order to assist in formulating and examining national development plans.

Conscious of the overriding importance of this declaration, the signatory countries declare that the inter-American community is now beginning a new era when it will supplement its institutional, legal, cultural and social accomplishments with immediate and concrete actions to secure a better life, under freedom and democracy, for the present and future generations.

Country Signatories

Venezuela	Honduras
Guatemala	Panama
Bolivia	Haiti
Mexico	Costa Rica
Dominican Republic	United States of America
Colombia	Uruguay
Argentina	El Salvador
Peru	Chile
Ecuador	Nicaragua
Paraguay	Brazil

APPENDIX NO. 6

The Major Lending Institutions Serving Latin America And Their Relation to the Private Sector

Inter-American Development Bank

The Social Progress Trust Fund, which is administered by the Inter-American Development Bank (IADB-BID) was discussed. The Bank was created by 19 Latin American countries in conjunction with the United States for the purpose of promoting economic and social development in Latin America. (All powers of the Bank are vested in a Board of Governors, which consists of one Governor and one Alternate appointed by each member country.) Also, funds are available on reasonable terms to supplement private investment when private capital is not available. The Bank provides technical assistance for the preparation, financing, and implementation of development plans and projects

Export-Import Bank

The Export-Import Bank is one of the principal agencies of the United States Government engaged in international finance. The Bank supports the overseas trade of United States by extending exporter credits. For example, the Bank will extend credit to a buyer of American products in a foreign country which consequently facilitates the sale of that product. Also, the Bank will finance imports of a United States importer.

World Bank

The International Bank for Reconstruction and Development (World Bank) is another international lending institution. Its objective is to facilitate the economic development of its member countries by lending to governments and to private businesses when a member government guarantees the loan. Loans are made primarily for large capital projects. The Bank's loans fall under the "hard" type category

International Finance Corporation

The International Finance Corporation is an affiliate of the World Bank. Most World Bank members are also members of IFC. It was created in order to permit direct investment, without the World Bank requirement of government guarantees, in productive private enterprises.

International Development Association

The International Development Association (IDA) is another entity which is affiliated with the World Bank. The IDA was created to provide supplementary credits to countries with unusually large debt loads and weak financial structures. Most IDA credits have been extended for projects of a type which are traditionally financed by the World Bank. However, the IDA may also finance projects in the field of social investment such as municipal water supply projects and technical training programs. IDA's financial terms fall under the "soft" type category.

United Nations Special Fund

The United Nations Special Fund has allocated substantial sums for assistance to economic development projects in Africa, Asia and Latin America. The majority of these projects include surveys with some grants for research, teacher training and economic development planning. They

will be executed by the following agencies among others: Food and Agriculture Organization; International Bank for Reconstruction and Development; UNESCO; International Civil Aviation Organization; International Telecommunications Union; World Health Organization; World Meteorological Organization and the United Nations itself. The local government contributes an equal or larger part of the total project's financing.

International Monetary Fund

The International Monetary Fund was established in 1945 to hold gold and currency reserves for its 83 member nations to draw on in times of serious deficits in balance of payments. The impact on a country's balance-of-payments by seasonal declines in agricultural production, unfavorable world market prices for exports, domestic inflation and speculative movement of capital are alleviated by the Fund with short-term financing. The main objective is to promote a freer system of world trade and payments. The International Monetary Fund is located in Washington.

APPENDIX NO. 7

Investment Guaranties for Low-cost Housing In Latin America¹

HOUSING GUARANTIES

The Foreign Assistance Act of 1961 authorized the Agency for International Development (A.I.D.) to guarantee private United States investments in self-liquidating demonstration housing projects in Latin America. The program is intended to stimulate private home ownership for middle and lower-middle income families by means of guaranties of housing projects, suitable for conditions in Latin America, and similar to those provided in the United States by the Federal Housing Administration. Guaranties may not be granted for investment in rental housing projects. As the housing guaranty program is designed to stimulate the development of demonstration housing projects which would not have been undertaken without a guaranty, only applications for the construction of new housing projects will be considered.

The guaranty authorized by Section 221 (b) (2) and Section 224 of the Foreign Assistance Act of 1961, as amended, provides full protection in U.S. dollars against loss, for any reason, of the guaranteed portion of the investment. Of course, losses due to fraud or misconduct for which the investor is responsible are not covered.

Guaranties for Latin American housing projects are limited to U.S. capital investment made by U.S. citizens or U.S. business entities which are substantially beneficially owned by U.S. citizens. While A.I.D. may not fully guarantee an investment, it is permissible for an investor to obtain from other sources security for all or any part of the portion of the investment not guaranteed by A.I.D. The guaranty may include actual earnings or profits on the investment. Any single investment guaranty cannot exceed \$10,000,000. While legislation permits a guaranty of up to 100 per cent of investment, A.I.D. is unlikely to consider exceeding 90 per cent.

Provision should be made for both downpayments and regular amortization payments to include principal, interest, servicing, the A.I.D. guaranty fee, any other fees authorized by A.I.D., taxes, and hazard insurance. In addition, the sponsor should be responsible for providing construction financing. The A.I.D. guaranty would attach to the long-term mortgage-type financing.

Mortgages may not be held directly by U.S. investors under the guaranty program. An appropriate fiduciary in the host country should hold and service the individual mortgages for the benefit of the U.S. investor.

In order to avoid disruption of regular loan amortization payments to the investor, it is necessary to make suitable arrangements to anticipate defaults by individual home purchasers and fluctuations in the rate of exchange.

A fee, based upon the amount of the investment guaranteed, will be charged by A.I.D. for the guaranty. Such fee would not exceed 2 per cent of the amount of that portion of the investment guaranteed. If other repayment guaranties, satisfactory to A.I.D., are obtained for the investment by the investor, the fee may be reduced.

For information concerning the program, the Housing Guaranties Division, Bureau for Latin America, Agency for International Development, should be contacted.

¹ Extract from an A.I.D. publication

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