

PD ANT-255

FOUNDATION FOR COOPERATIVE HOUSING

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May 17, 1978

Mr. Paul Vitale
Cognizant Officer
Office of Housing
SA-12 Room 625
SER/H AID
U.S. Department of State
Washington, D.C. 20523

DEVELOPMENT PROGRAM GRANT

Report for the Period
1 November through 30 April 1978

Subject: AID/otr-G-1447

Dear Paul:

Attached is the report for the eighth and ninth quarters of the subject grant covering the period of 1 November 1977 through 30 April 1978.

Please advise us if you have any questions regarding the report or if you need any additional information.

Sincerely,

Dick Owens
Community and Cooperative Advisor

cc: D. McVoy, SER/H
G. Dwoskin, Contract Officer
J. Kain, PHA/PVC
C. Dean, FCH

DO:1b

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FOUNDATION FOR COOPERATIVE HOUSING

DEVELOPMENT PROGRAM GRANT

REPORT FOR THE PERIOD
1 NOVEMBER THROUGH 30 APRIL 1978

Purpose

This report describes the activities undertaken by FCH during the reporting period in accordance with the DPG purpose to continue to develop an FCH capacity to plan, program, implement and evaluate shelter projects for low-income urban families.

Demonstration Projects

The FCH DPG states that FCH will identify at least three demonstration projects in LDC's that will receive FCH technical assistance in using a new combination of techniques to produce shelter and community services for poor urban families. The techniques will be in the areas that FCH is concentrating on under the DPG: financing, self-help construction, and community organization. FCH's assistance is provided to the local institutions sponsoring a demonstration project through different funding arrangements.

As of the end of the reporting period, FCH had entered into agreements with local institutions, and in some instances AID, had three OPG's approved and was operating a total of five demonstration projects in five different countries. Detailed descriptions of the progress made under each OPG are prepared quarterly. The descriptions which follow provide a summary of each demonstration project, its purpose, and highlights about the implementation of the projects from the quarterly reports.

1. Botswana Operational Program Grant

Grant No. 690-0092

Approved Budget: \$266,000

Source of Funding: Security Supporting Assistance Funds

Gaborone's growth rate of 15% per annum is probably one of the highest in Africa. This accelerated growth far exceeded the capacity of the national government and municipality to provide serviced land and other basic environmental requisites such as churches, health facilities, lighting, waste removal and, above all, credit for housing construction.

The Ministry of Local Government and Lands (MLGL) of the Government of Botswana plans to develop approximately 4,000 lots in Gaborone for low income families over the next several years in squatter area upgrading and site and services projects. The MLGL will be responsible for the installation of the infrastructure and the Self-Help Housing Agency (SHHA) of the Gaborone Town Council for the other elements of the shelter program.

It is intended that this program will assist some 20,000 of Gaborone's poorest inhabitants, or 40% of the city's estimated population, in improving their living standards and in controlling and developing their own communities.

The SHHA is a new institution with little experience and will need to increase its staff to carry out its part of the program that is being funded by the GOB, the UK, the European Development Fund, CIDA and an AID HG loan. The SHHA requested FCH's technical assistance to strengthen and develop its capacity in project planning, implementation and evaluation.

FCH is providing under the OPG a resident technician for a period of 30 months and short-term technicians for a total of 8 man months. The FCH resident technician assists in determining the type and number of positions required in the SHHA to develop and implement the different shelter programs; will design and conduct a training program for new staff members and assist in structuring the SHHA to maximize its efficiency in its operations in such specific areas as selection of participants, allocation of lots, building materials loan programs, supervision and training of self-help construction and collection of repayments. The FCH short-term technicians will assist in developing accounting procedures and forms, procedures for loan recovery, management techniques, design and implementation of building materials loans, program evaluation, legal aspects and community organization techniques. The OPG also provides limited funds for community development work in the projects.

After three weeks of orientation in international shelter and development programs in Washington, Mr. Jim Upchurch, the FCH Resident Technician, arrived in Gaborone in December. He was accompanied by Mr. Jack Edmondson who introduced him to housing officials en route and in Gaborone. Mr. Upchurch immediately initiated his work with the SHHA. His major initial task is to assist in assembling and training the required staff to implement the programs.



FCH Resident Technician Jim Upchurch and Mr. Gaboutlealea, Housing Officer of the Self-Help Housing Agency of the Gaborone Town Council.

2. Lesotho Operational Program Grant

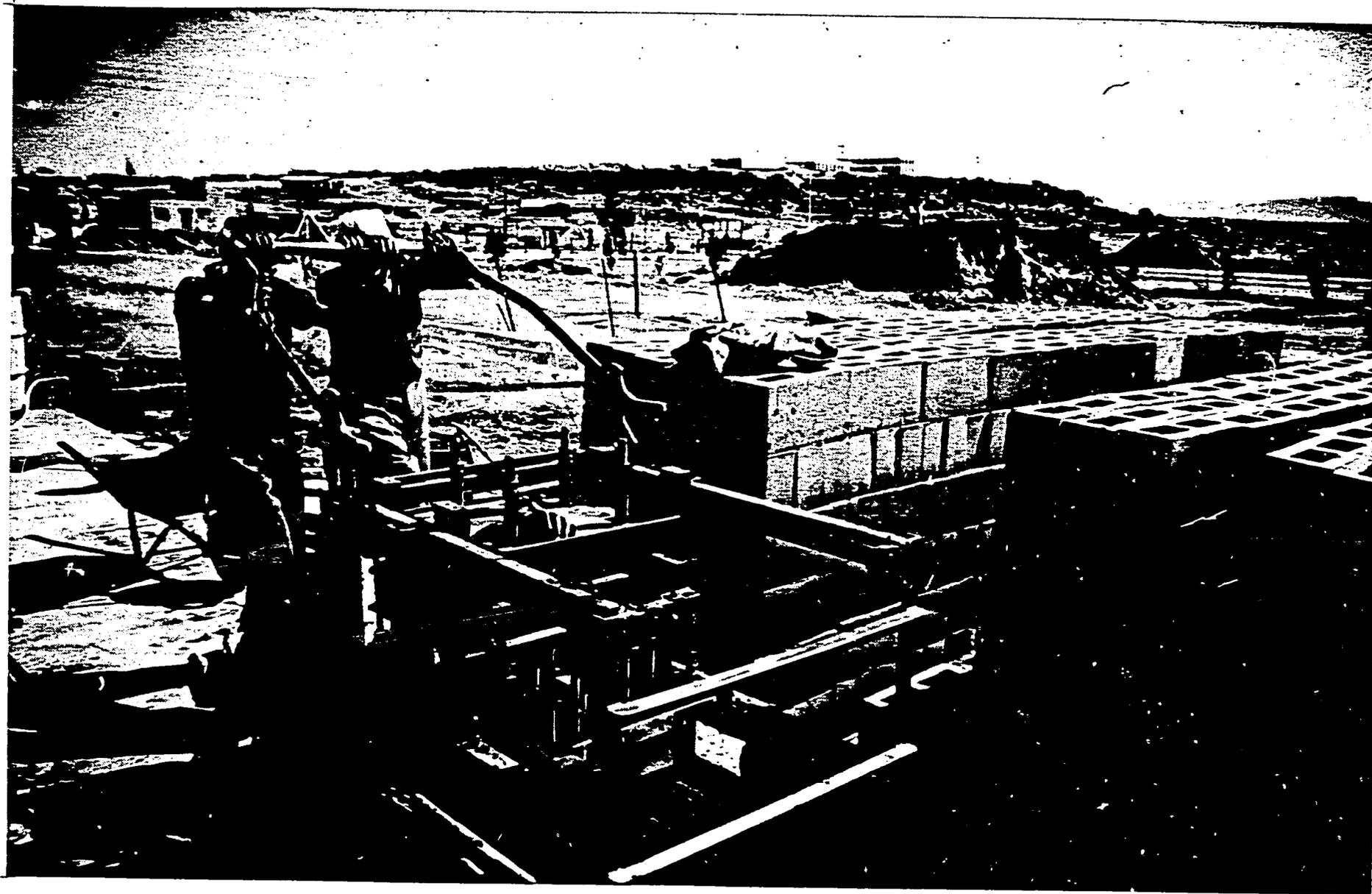
Grant No. 600-0089 Lesotho
Approved Budget: \$325,000*
Source of Funding: African Bureau

The purpose of the project is to stimulate the manufacturing and production of local building components, particularly those that are used in the construction of low cost housing and, accordingly, reduce the dependency in the building and housing sectors on South African imports.

The Low Cost Housing Company (LEHCO-OP), a quasi-public institution established by the Lesotho National Development Corporation to sponsor cooperative housing programs for low income families, has set up a Productions System Division that is now producing building construction components and furniture for shelter programs. LEHCO-OP requested FCH's assistance to strengthen the Production System Division's capacity to produce and distribute manufactured and fabricated building components, including cement blocks and furniture.

The OPG is enabling FCH to provide a resident technician for a period of 30 months and short term advisers for a total of 8 man months to the project. The FCH Resident Technician will provide overall business management advice to LEHCO-OP with special attention to the Production Systems Division; assist in developing, refining and implementing procedures and systems needed for proper management; assist in the development of market investigation for new and revised products; assist in the development and implementation of an equitable profit-sharing

* Budget includes \$75,000 for capital investment for the purchase of power equipment, machine tools, and to expand the physical plant of Production Systems.



LEHCO-OPs Production Systems Division concrete block making operation which will be expanded with the purchase of equipment financed by the OPG.

and incentive program for LEHCO-OP employees; train LEHCO-OP staff in financial and business management and assist LEHCO-OP and GOL in the field of manpower utilization, especially for integrating graduates from local training programs into LEHCO-OP programs. The FCH short term advisers will provide assistance in plant layout and design; production management; the design and development of new products; the investigation of use of replenishable resources for building materials; market research; training in financial and management matters and program evaluation.

The project will assist LEHCO-OP in the development of its shelter program and provide new employment opportunities. The anticipated income from the expanded Productions System Division will be an added resource for LEHCO-OP and will help to expand its efforts in the shelter sector.

Mr. Larry Marchese, the FCH Resident Technician, was hired in January and, after four weeks of orientation, departed for Lesotho on 28 January. En route to Maseru, he visited London, Nairobi and Gaborone to meet with housing officials in those countries. Mr. Marchese was accompanied by Mr. Hank Boldrick who introduced him in the countries visited.

Mr. Marchese's immediate tasks include the introduction of sound business management procedures, including such things as employee compensation, pricing, inventory and financial control systems. They also include the purchase of the equipment for production systems.



LEHCO-OPs Production Systems Division joinery. Funds from the OPG will purchase additional equipment for the joinery.

3. Peru Operational Program Grant

Grant No. AID/otr-G-1583
Global OPG/Project Peru
Approved Budget: \$190,000
Source of Funding: SER/H Allocation

A large number of low income families in Peru resolve their shelter needs by acquiring a plot of land and building their own house. The shelter normally evolves over a number of years from one room built of provisional inexpensive materials to a multi-room structure constructed of permanent materials.

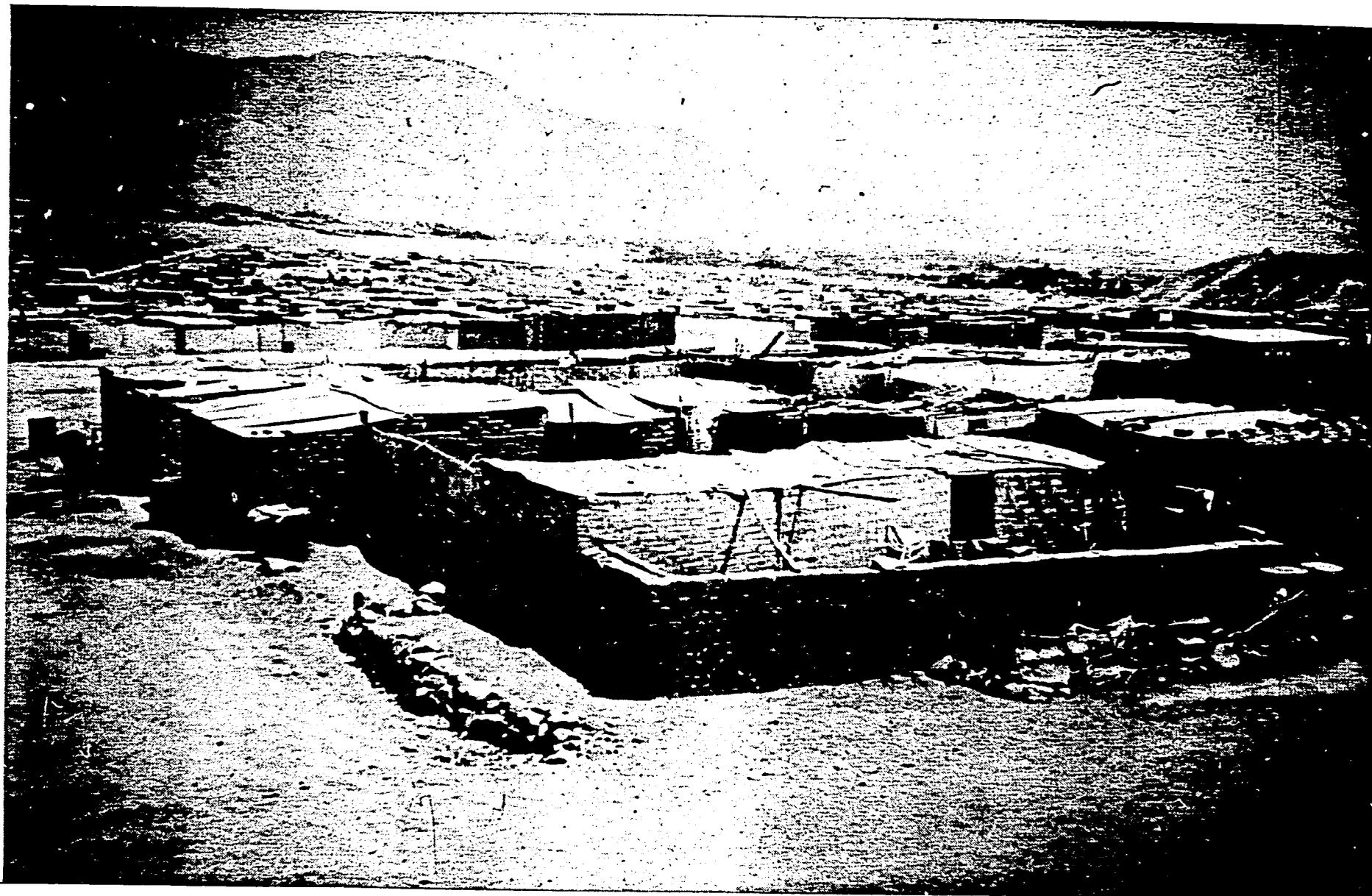
The major reason for the lengthy period of transforming the provisional shelter to a permanent one is because most low income families do not have access to construction credit through the formal financial system, nor do they participate in it with savings accounts, even though they have steady incomes. Money for construction purposes, consequently, must come from the families' own income or from the informal financial system such as local money lenders or pawn shops that charge high rates of interest.

The Housing Bank of Peru (BVP) has AID HG loan funds designated for home improvement loans to low income families in pueblos jovenes. The BVP and the Savings and Loan Associations that it regulates have made only a few such loans, all of which went to middle income families. The BVP has requested FCH's assistance in developing the guidelines and procedures for a home improvement loan program and in selecting at least one savings and loan association to use them in a demonstration project.

The OPG will enable FCH to provide the technical assistance requested by the BVP. FCH will provide a resident technician for a

period of 18 months and short term technicians and consultants for a total of four man months. The FCH technicians and consultants will assist in the development of loan application requirements and forms; criteria for the selection of borrowers; loan priorities, terms and conditions; group organization criteria and procedures; appropriate construction methods; inspection criteria and procedures; loan repayment criteria and procedures and an evaluation system. FCH will also assist the BVP in the presentation of two workshops related to savings and loan associations and home improvement loans.

Mr. Mahlon Barash, the FCH Resident Technician, arrived in Lima on 6 March after an orientation period with FCH in Washington. As of the end of the reporting period, Mr. Barash had been provided office space in the BVP and was busy familiarizing himself with the BVP's lending procedures. He and staff from the BVP were also visiting different Peruvian agencies that have worked in pueblos jovenes to acquire information about their programs and their observations regarding a home improvement loan program in those areas. Work had been initiated to select a savings and loan association in Lima to use the procedures and guidelines developed in a demonstration project.



Qualified families living in pueblos jovenes such as the one pictured will be able to receive loans from the savings and loan system in Peru to improve their shelter.

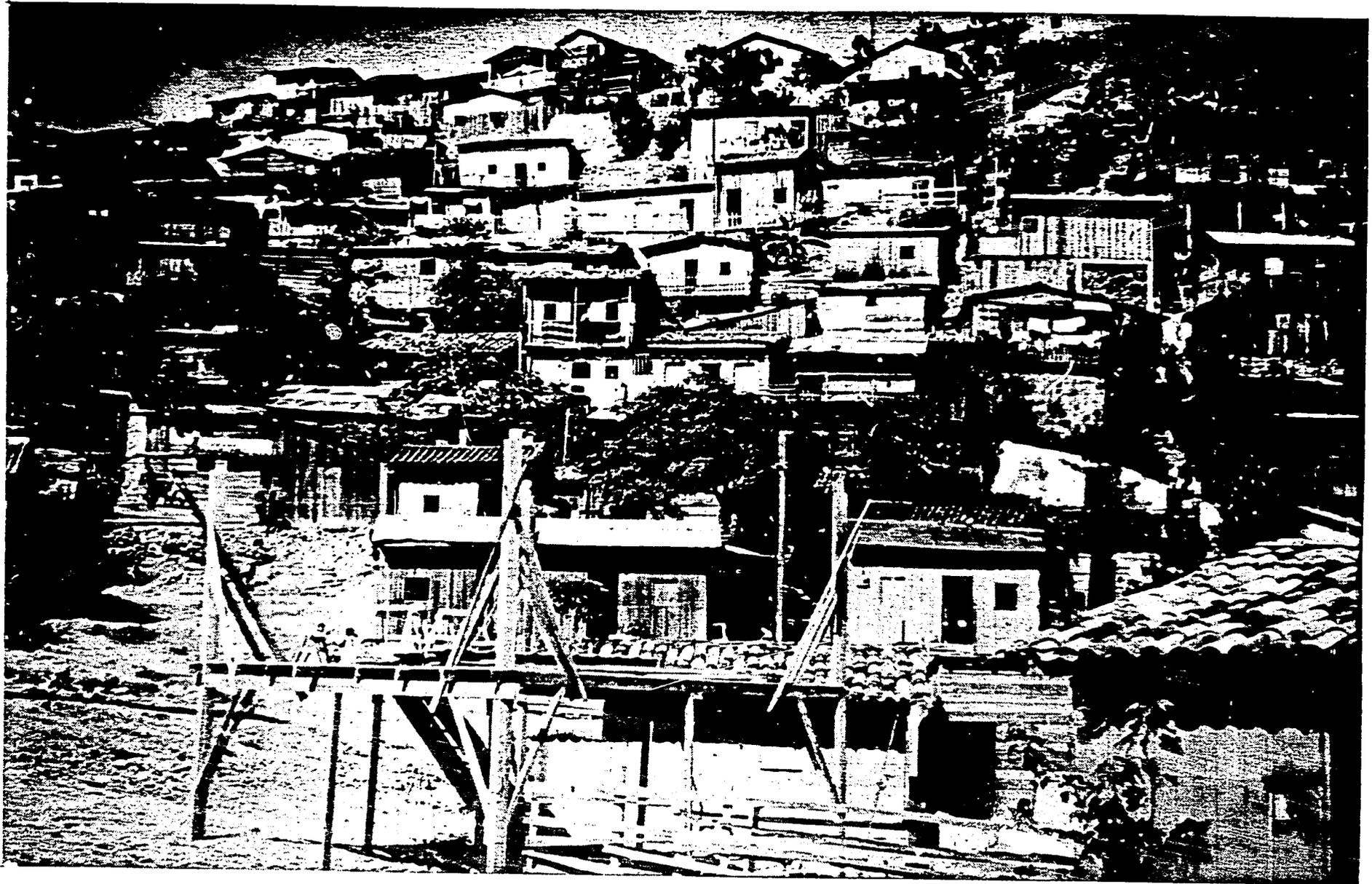
4. Honduras Operational Program Grant

Grant No. AID/otr-G-1583
Global OPG/Project Honduras
Approved Budget: \$204,627
Source of Funds: SER/H

It was estimated in a 1976 study that approximately 30,000 new housing units were needed in metropolitan Tegucigalpa to adequately house the city's population, which has an annual growth rate of 5.8%. The GOH, upon the advice of AID and UN technicians and representatives of the public and private housing institutions, has taken a strong position that shelter for low income families shall have a high national priority.

The National Housing Institute (INVA) and the Honduran Federation of Housing Cooperatives (FEHCOVIL) have presented loan applications, which have been approved, to the Central American Bank for Economic Integration (CABEI) for the funding of site and services projects, one and two projects respectively, that each organization has prepared. The Municipal Council of the Central District of Tegucigalpa (MCCD) is providing the land for the two FEHCOVIL projects, is making the initial selection of possible participants in these projects, and is to assist the participants in their move to the project. INVA, FEHCOVIL and the MCCD have requested FCH's technical assistance in different aspects of the planning, programming and implementing the site and services projects for poor families.

The OPG will enable FCH to provide the requested technical assistance to INVA, FEHCOVIL and MCCD. FCH will provide a resident technician for a period of 22 months and short term technicians for a total of six man months to the project.



Families from unplanned squatter settlements such as the one pictured will have the opportunity to be relocated to one of the demonstration site and service projects in Tegucigalpa.

The FCH Resident Technician will assist INVA in the design of a system to assure efficient coordination among all institutions involved with site and service programs; the development of a system for the recuperation of funds; the development, planning and implementation of a system of direction, administration and control of self-help projects; the development of systems to program, promote and develop community organizations in self-help projects; the planning of social and mutual aid programs to improve the socio-economic conditions of communities formed by the site and service projects; the organization of training sessions for INVA staff in social administrative aspects of site and service programs; and the creation of a land bank system at a national level.

The FCH Resident Technician will assist FEHCOVIL in the development of systems to program, promote and implement activities with low income families; the development of criteria and systems for the design of land subdivision schemes, infrastructure and basic structure; and the development of construction systems and techniques appropriate to low income families.

The FCH Resident Technician will assist MCCD in the development of social programs and mutual help community projects in site and services projects and in the establishment of a land bank system for future site and service projects.

The FCH short term technicians will assist in the development of site selection and purchase criteria and strategies; the development of an evaluation system in INVA; and any other area necessary. FCH will also assist the Honduran institutions in the presentation of one site and service related workshop.

Mr. Lindsay Elmendorf, the FCH Resident Technician, arrived in Tegucigalpa on 26 March to begin his assignment. Mr. Elmendorf has

been assigned office space in both INVA and FEHCOVIL and has been meeting with staff members of these two institutions plus the MCCD to discuss the status of the three demonstration site and services projects.



Shelters constructed by poor urban families on invaded land with no access to urban amenities in Tegucigalpa.

5. Jamaica Operational Program Grant

Grant No. AID/otr-G-1583
Global OPG/Project Jamaica
Approved Budget: \$204,373
Source of Funds: SER/H

The response of the GOJ to the housing problem has traditionally been the construction of new, completed housing units. Although such efforts were directed at low income families, they actually served only a relatively small number because of the cost of the houses. Recently, the GOJ initiated a large scale sites and services and squatter improvement program that offered a series of shelter solution alternatives to low income urban families and a pilot project for the upgrading of inner city slums (yards) in Kingston.

The GOJ now wants to expand the squatter area improvement and the inner city slum upgrading program for urban areas and to develop an extensive rural home improvement loan program. The Jamaica Mortgage Bank (JMB) will receive the proceeds of an AID HG loan to fund this strategy. The Ministry of Local Government (MLG) will be responsible for an inner city tenement upgrading program, the Ministry of Housing (MOH) will be responsible for a squatter area upgrading program and the Jamaica Cooperative Credit Union League, Ltd. (JCCUL) will be responsible for a rural home improvement loan program. The MLG, the MOH and the JCCUL have requested technical assistance from FCH in different aspects of the planning, programming and implementing of their respective programs.

The OPG will enable FCH to provide the technical assistance to the MLG, MOH and JCCUL as requested. FCH will provide a resident technician for a period of 20 months and short term technicians and consultants for a total of 8.5 man months. Principally, the FCH Resident

Technician will assist the Urban Upgrading Unit of the MLG in the development of guidelines for preparing the urban plan for specific areas taking into account the physical, social and economic data of the yard area and the urban center in which it is located, and the development of guidelines for financial management aspects of the program. FCH short term technicians will assist the Urban Upgrading Unit in the development of guidelines for the review and evaluation of socio-economic surveys to identify employment generation, job training programs and income improvement opportunities.

The FCH short term technicians and consultants will assist the Site and Services and Urban Upgrading Unit of the MOH in the development of project management guidelines covering such areas as manpower, equipment and financial inputs, establishment of schedules and targets; evaluation of efforts, and reporting requirements and forms; the development of communication guidelines and techniques for promoting and exploring the program; and the development of training guidelines and materials and the preparation and presentation of a training session to educate the project participants in general managerial and supervisory responsibilities and roles.

The FCH short term technicians will assist the Jamaica Co-op Credit Union League and its affiliated credit unions in the development of parameters for the rural program taking into consideration such matters as size of room, materials, cost and type of construction, and the development of forms that can be used by credit union staff in the review and approval of home loan applications.

The draft agreement that was prepared by Mr. Dick Owens when he was in Jamaica in October/November was finalized, approved and

signed by all parties in December. FCH recruited Mr. Jesse Jones, Jr., for the position of OPG Resident Technician and his candidacy was concurred with by AID in February.

Mr. Jones spent three weeks in Jamaica in February/March to familiarize himself with the local situation and to assist the Jamaican institutions prepare the conditions precedent for the HG loan. After an FCH orientation in Washington, Mr. Jones departed for Jamaica on 27 April to begin his assignment.

Earl Kessler, FCH Self-Help Construction Adviser, was in Jamaica from 3 to 12 April to assist and advise the JMB and the JCCUL on technical aspects of the home improvement loan program for rural areas. Mr. Kessler prepared several "improvement fact sheets" for use by the local credit union manager and the loan applicant in considering types of improvements, some publicity posters and some loan disbursement forms.

Additional Demonstration Projects

FCH and SER/H selected other countries to be investigated as possible additional demonstration projects during the reporting period. Charles Dean visited Panama from 14 to 24 February to meet with different Panamanian institutions to learn of their shelter programs and technical assistance needs and to meet also with the USAID Mission and RHUDO/PSA. As the result of his work, Mr. Dean prepared a preliminary draft of an OPG that would provide FCH's DPG generated low income shelter assistance to different local housing institutions. At the end of the reporting period, another visit to Panama was being scheduled to continue to develop an OPG proposal.

Dick Owens visited Paraguay from 14 to 24 February to meet with officials of Paraguayan Savings and Loan Bank to investigate OPG assistance to that institution and the savings and loan associations in their planning and implementation of a \$4 million AID HG loan. The Bank expressed some interest in the use and participation of cooperative associations in its shelter projects, and it proposed to survey different associations to detect the effective housing demand of their members. As of the end of the reporting period, FCH has not been contacted by the Bank regarding the results of the survey and FCH OPG assistance.

Another country that was identified by FCH as a possible demonstration project is Nicaragua. FCH proposed to SER/H that an OPG be prepared to enable FCH to provide assistance to FUNDE, a private, non-profit development foundation, to implement two low income shelter projects and to develop an AID HG funded program. As of the end of

the reporting period, SER/H and RHIDD/ROCAP were considering the FCH proposal in relation to other FCH OPG commitments. It should be noted that FCH provided short term technical assistance to FUNDE's shelter efforts in August 1977 with funding from PACT.

The tentative three-year DPG Work Plan (Attachment 1) lists the five demonstrations for which OPG's have been prepared plus three alternative projects, e.g., Panama, Paraguay, Nicaragua, etc. The alternative or additional demonstration projects could be financed from the SER/H allocation for FCH OPG's of \$400,000 in FY 78 and \$300,000 in FY 79 from AID Bureau funds or Security Supporting Assistance funds where those are available.

Contact with International Development Agencies and Local Institutions

According to the DPG, FCH will work closely with "such international organizations as the UN, IDB, OAS, World Bank, ICA. . ." During the reporting period, FCH continued to collaborate with the UN's CDF in the planning of the site and service and upgrading projects in Haiti. The CDF asked FCH to provide a team to conduct a pre-feasibility study for shelter in Yemen and a two-man team visited Yemen in April. FCH was also asked by Environment Seven, a consultant firm, to participate in a large urban renewal project in Lagos, Nigeria.

FCH sent an adviser to Ecuador to assist the Fundacion Mariana de Jesus in Quito in the preparation of an application for funds for a pre-feasibility study for a shelter program. This technical assistance was funded by PACT and the Fundacion.

FCH began investigations with the UNDP on the development of a sub-regional training program for Malawai, Botswana, Swaziland and Zambia

in building materials production systems. The program would use the LEHCO-OP Production Systems Division as an example of such activity and would promote the development of similar units or enterprises in other countries. AID/OSARAC has also been contacted about this project.

As the result of FCH's paper presented at the Kisumu, Kenya, Workshop on Housing for Low Income Workers that produced several recommendations, one of which was cooperative housing for low income workers. The Government of Kenya and Central Organization of Trade Unions (COTU) of Kenya urged the African-American Labor Center (AALC) to carry out the recommendation. The AALC has engaged FCH to undertake this work during May and June 1978. Attached is an extract from the FCH paper (Attachment 2).

Preparation and Dissemination of DPG Publications

An FCH DPG originated paper (Attachment 3) was presented at the United Nations Expert Group Meeting on Lower-Income Urban Settlement Types, in New York from 28 November to 2 December 1977. Earl Kessler wrote articles relating to self-help housing and construction that appeared in Ekistics and in the Historic Preservation Quarterly of the National Trust for Historic Preservation. Mr. Kessler also contributed to the Peace Corps manual for Self-Help Construction of 1-Story Buildings. The latest FCH Newsbriefs publication (Attachment 4) includes articles regarding FCH's OPG's and the FCH Resident Technicians.

Comments

The time and effort required to identify demonstration projects, develop agreements between FCH and local institutions requesting FCH's DPG

capabilities, prepare the OPG proposals and get them approved, etc., was not fully appreciated when the DPG Tentative Schedule was initially prepared. Accordingly, the time frame for the preparation of the OPG's has taken considerably longer than anticipated as shown in Attachment 5.

At the end of the reporting period, FCH had identified five demonstration projects instead of the three proposed in the DPG, and all five are operational. Other projects are currently being identified, and it is quite likely that by the end of the first quarter of 1979 (the approximate termination date of the current DPG), FCH will be providing assistance to a total of eight demonstration shelter projects in the Caribbean, Latin America and Africa.

FCH will seek additional General Support Grant Funds to continue and extend its current effort to provide assistance to local institutions working with self-help and cooperative shelter programs for the urban poor; and it will also continue to monitor, evaluate and prepare material describing the combination of new approaches used in the demonstration projects. In the extension of this activity, emphasis will be placed upon more comprehensive and integrated approaches towards urban and rural development through local shelter and cooperative organizations, both private and public. With such new AID funding, FCH would also expand its efforts to work closer with the United Nations family of agencies to further compliment and expand bilateral resources.

Tentative Three Year DPG
Work Plan

<u>No.</u>	<u>Activity Undertaken</u>
0	Starting point
1	AID-FCH sign Grant Agreement for DPG
2	FCH staffs to Human Settlements Division
3	FCH makes contact with international development agencies and local housing and cooperative organizations <ul style="list-style-type: none">- personal contact- information exchange
4	FCH prepares DPG related publication
5	FCH assembles material and information <ul style="list-style-type: none">- finance- self-help construction- community and cooperative organizations
6	FCH submits tentative first year work plan to AID
7	AID approves tentative first year work plan
8	FCH consults SER/H regarding potential demonstration projects
9	FCH conducts country survey to identify demonstration project
10	FCH conducts workshop (in Washington, D.C.)
11	FCH prepares trip report/project assessment paper
12	FCH and SER/H select demonstration project
13	FCH prepares and discusses PID-like document with SER/H
14	FCH remits PID-like document to USAID Mission for comments

<u>No.</u>	<u>Activity Undertaken</u>
15	USAID comments forwarded to AID/W
16	AID/W reviews PID
17	AID/W (SER/H and others) prepare issue paper
18	FCH prepares OPG <ul style="list-style-type: none">- trip to field- preliminary approval of government and local institutions
19	FCH submits OPG to SER/H for review and preliminary approval
20	FCH submits OPG to USAID and RHUDO
21	USAID, RHUDO and local organizations advise AID/W of comment/ concurrence of OPG
22	AID/W reviews OPG and, if necessary, prepares issue paper
23	FCH revises OPG
24	FCH negotiates with local government for support of FCH technician <ul style="list-style-type: none">- trip to field- verification of support
25	AID approves OPG and SER/H prepares grant agreement
26	FCH places on-site advisor(s)
27	FCH's Human Settlements Division assists in planning and programming of demonstration projects
28	FCH conducts workshop in field
29	FCH Human Settlements Division assists in implementation and evaluation of demonstration projects
30	FCH Human Settlements Division assists in continued evaluation of demonstration projects

COOPERATIVE HOUSING AS ONE SOLUTION TO MEETING THE
PROBLEMS OF THE URBAN POOR

Extracted from a Paper Prepared by Jack Edmondson

For .

THE WORKSHOP ON HOUSING FOR LOW INCOME WORKERS
SPONSORED BY
THE CENTRAL ORGANIZATION OF TRADE UNIONS OF KENYA
AND THE
MINISTRY OF COOPERATIVE DEVELOPMENT
NOVEMBER 25, 1977 - KISUMU, KENYA

The Foundation for Cooperative Housing has been working in the developing countries for almost 15 years, and has been actively engaged in various programs in East, West and Southern Africa since 1970. Much of this work has been supported through the Office of Housing of AID, which has long been facilitating and fostering programs which impact upon the urban poor. The United Nations, including the little known United Nations Capital Development Fund, has also supported these efforts. The World Bank is also a major source of funds for such programs.

The urgent plight of the great mass of population living today in the urbanized parts of the world is well known. In 1977 the cities of developing countries contained 800 million or 28% of the total population. The degree of urbanization varies from about 25% in Africa to about 60% in Central and South America. A high percentage of people live in the squatter settlements which fringe most cities, with appallingly high densities and without the most minimum of services such as water and sewage. The demand for services and shelter far outstrips available resources and consequently new solutions for these old and growing problems must be found.

A major problem, common to most all developing countries, is the discrepancy between what lower income workers can really afford for housing and shelter on one hand, and what is available on the other. There are numerous housing shelter schemes either completed, or in development which will in effect reach only those workers in the top 15th to 25th income percentiles.

The percentage of the population unable to afford the cheapest "standard" of housing available in many developing countries ranges up to 70%. Because

poor people can't afford a standard house they continue to expand squatter settlements and slums. The "minimum shelter" approach ^{1/} can offer an alternative where poor families can move to a small "shell" or "core" house which fits their ability to pay and then expand and improve it over a period of years as their income increases.

Housing policy must be based upon what the national economy and what those to be housed can afford. The income of the people is a starting point. Design standards and building codes must all be tailored to this basic fact. Housing subsidies for upper and middle income people must come down, so basic requirements are within reach of lower income workers. The objective of the national housing policy should be to generate a large output of basic shelter services. Actual construction by individuals and community organizations such as housing cooperatives must be increased.

Most of the world's housing is produced by the private sector. The organized private sector consists of profit motivated developers, producing standard housing for upper and middle income families. It also includes public, state or municipal and non-profit programs for moderate to lower income families. However, it is the unorganized self-help efforts that account for most of the world's shelter. Most of the housing is produced through these spontaneous self-help efforts and there are ways in which this initiative can be capitalized; cooperative housing can be used to capture, harness and mobilize this widespread latent energy and ingenuity.

^{1/} FCH first proposed this concept a decade ago, and it is now widely accepted as a sine qua non by most development organizations.

The cooperative and non-profit housing movement which began more than a century ago in Europe has grown to include national cooperative and non-profit housing organizations in nearly all European countries, Canada, the United States and many developing countries. Where the movement is strongest and most effective in supplying shelter services, the individual housing developments or cooperatives are organized into regional and/or national associations for cooperative and non-profit housing.

Cooperative housing organizations are generally considered to be in the private sector, but often have a government component and work very closely with government agencies. Whatever the nature of the national, regional or state level cooperative organization, it has come into existence because of the need 1) to create an institutional force to represent collectively the

cooperatives or individual associations, 2) to provide more efficient development, technical, organizational, management, legal and administrative services to target groups or to individual housing cooperatives, and 3) to provide a means for exchanging information and for building on the experience within the movement.

The functions performed by these regional and national associations were gradually increased as the need for professional services were recognized. as a level of technology, government regulations and social requirements grew, regional and national associations came to play a more and more important role in the operation of the cooperative and non-profit housing movement.

Cooperative and non-profit housing in Western Europe has developed primarily from initiatives of the people themselves. These initiatives have come from various groups. In Sweden, the consumer groups and the building trade unions joined together in their efforts to create employment for the building trades, and to produce housing for the lower and middle income groups. In Finland, the primary emphasis for the cooperative housing movement was through the consumer group Kulutusosuuskuntien Keskusliitto. In most countries, such as the Federal Republic of Germany, where the cooperative and non-profit housing movement started, the government followed quickly by supporting the movement through general tax benefits and subsidies. While the initial efforts to create national associations may have come from single groups such as consumers, or trade unions, the general rule in Europe is that all of these groups have come to work in very close association, both among themselves and with the national and regional governments.

The government's role in the European cooperative and non-profit housing movement has been vitally important even though the government has generally not been the initiator of the movement. Government intervention in this field began through a recognition that cooperative and non-profit housing groups were unique and should not be subject to the same rules and regulations as profit-making housing companies or organizations.

Recognition of the special nature of cooperative and non-profit housing was formalized in national and regional laws and regulations that detailed the special relationship between the government and non-profit and cooperative institutions in this field.

One important aspect of these laws was to provide various types of direct and indirect benefits to cooperative and non-profit housing associations which were not available to profit-making organizations. These benefits include an exemption from certain forms of taxation, long-term financing at below market interest rates, and direct subsidies to the housing associations and/or to the individual homeowners. As expected, this special interest of the government in these groups, particularly where the special benefits were substantial, resulted in a measure of governmental regulation.

The organizational structure of these cooperative and non-profit housing associations varies considerably depending upon the nature of its origin, the functions it must perform, and the government framework within which it must function. Some of these associations are themselves organized as cooperatives while others are unions or limited liability stock corporations.

The form of the organization and the extent of its importance in the cooperative and non-profit housing movement will depend upon the nature and number of functions that it performs for the member organizations within the

movement.

The services provided by the national or regional cooperative and non-profit housing institutions in Europe and the United States can generally be grouped under project development and management. The extent of the services provided, and the size and importance of the technical services organization (TSO) or national associations varies from country to country and organization to organization.

Those services normally performed may include:

Project Development

1. Site selection
2. Land acquisition
3. Physical planning and design
4. General contracting and construction
5. Financial planning
6. Construction inspection and control
7. Legal services
8. Promotion of savings programs among members
9. Education, training and organization

Project Management

1. General management
2. Accounting and bookkeeping
3. Maintenance
4. Auditing
5. Social aspect of community development
6. Education, training and organization
7. Resales of membership

Under most circumstances, the functions listed above are performed in a local level for individual housing projects and associations. National level organizations run training programmes and provide high level reviews of planning, design, etc. for local sponsoring organizations. In some cases they may undertake a more direct role in project development. Housing development itself, however, is usually carried out through the local level

organizations, but it is generally the practice to have audits performed by the national level association or by independent auditors.

The developing countries do not have the privilege nor the time to await a totally spontaneous development of a cooperative housing movement along the lines that evolved in Europe over a period of a hundred years. To rely on an unassisted gradual spread of the cooperative housing movement between the developed and the developing countries through existing social structures would probably mean that it would only begin to be effective within two or three decades. The people and the governments in developing countries cannot afford to wait for only private initiatives in this field, for the shelter needs of the people are critical and must be ameliorated at the earliest possible moment.

The experience gained in both the developing and developed countries can and must be vigorously applied. Where the cooperative movement is strongest and most efficient in supplying shelter there is a national association, often called a Technical Service Organization (TSO), which undertakes to marshal the financial, human and organizational resources.

Shelter programs are by their very nature complex and require the competence to mobilize land, financial and human resources to undertake programs of scale. This almost inevitably requires the participation and support of local government and national organizations. In many developing countries a marriage can and must be made between the cooperative movement and the government to solve problems which neither could solve alone.

For example, in Haiti the Foundation for Cooperative Housing is working with the United Nations in an extensive slum and squatter rehabilitation program and a cooperative sites and services program. A quasi-governmental organization is being created composed of representatives of the concerned government ministries and municipal agencies, combined with representation from the private sector, the cooperative movement and prospective beneficiaries themselves. At the outset this TSO is being funded by the government and the intention is that over a period of time it will develop a self-sustaining capability. It will not only undertake the upgrading of existing "quartiers" through the provision of water and other public services but also will provide the organizational know-how to mobilize the people themselves in the upgrading process, and in the execution of the sites and services programs. As community organization efforts begin to take hold, savings programs will be initiated among the participants who will form themselves into pre-cooperatives.

This pattern of joint government and private involvement has also worked successfully in a pilot project in Lesotho. In Lesotho a quasi-government organization was established under the Lesotho National Development Corporation. Several seats on the Board of Directors in this TSO are reserved for representatives from the housing cooperatives it sponsors, thus assuring adequate representation of the interests of the prospective beneficiaries. A significant throw-off from this project has been a unique employment generation activity in which the TSO has developed a division for the production of building materials employing a significant number of artisans.

Self or mutual help are usually part and parcel of these programs as well as access to small loans for house construction and improvement. The cooperative

itself usually acts as the channel for making loans and recovering them. It would also have responsibility in part or in whole for resale of lots, maintenance of common areas, control over commercial areas, etc. FGH also advocates social and economic mix of families in projects of this kind as well as possible cross subsidies in which more desirable higher cost lots would be used to subsidize the cost of lots for lower income families.

Most importantly a TSO must always be responsive to the needs of the constituency it serves, and they must be represented in the governing council or board of the organization.

A significant element in any cooperative program for low income workers must be the education and training components which long precede any physical construction of a project.

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Expert Group Meeting on Lower-Income
Urban Settlement Types
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LOWER-INCOME URBAN SETTLEMENT TYPES,
PROJECTS AND POLICIES

Lawrence F. Salmen

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LOWER-INCOME URBAN SETTLEMENT TYPES,
PROJECTS AND POLICIES

The statistics on the gap between the need and supply of world housing are as bleak as they were 10 and 20 years ago. In the mid '60's, governments and international institutions began to realize that adequate resources to fill this gap were not going to appear in the foreseeable future. Attention shifted from production of finished houses to lower-cost, semi-finished, "shell" or "core" houses. There was even talk of merely providing serviced land and materials, "sites and services," though this was rarely done in practice. More recently, in the last few years, the public sector has seen that even these minimal solutions have their problems, due the scarcity of conveniently located land and to the difficulty of uprooting pre-existing urban communities and attempting to create instant neighborhoods. Housing alone, in whatever state of completion, does not a viable community make. Finally, then, attention has focused on preserving and upgrading existing lower-income communities, to the extent possible, thereby maintaining the housing stock and respecting the communities which have generally taken years to evolve to their present state.

Having recognized that the most viable way to better the shelter for the poor is to improve what they have, questions are legitimately being raised about the particular characteristics of their existing situation. Implicit in these questions is a recognition that "slum" is a catch-all word which encompasses widely divergent physical and sociological forms of settlement. Anthony Leeds has developed a fairly exhaustive typology of the various settlement forms appearing in Latin America which may well have applicability to other developing areas. The purpose of this paper will be to relate

certain differences between two lower-income settlement types observed in one Latin American city, to draw on the experiences of the Foundation for Cooperative Housing which relate to inner-city slums in another Latin American city (past), and two lower-income settlement types in a Middle Eastern city (proposed), and to discuss certain policy implications which derive from but transcend these particular experiences.

Two Types of Slum in Rio de Janeiro

A study done in the later '60's on the Casas de Comodos, or inner-city tenement slums of Rio de Janeiro, revealed living conditions in this type of housing to be quite different from that reported for the favelas, or squatter settlements of Rio.¹ In this Brazilian city the poor generally live in either one or the other of these two slum types.

Multi-family, single-room occupancy tenements have been a major type of slum dwelling in Rio de Janeiro since the mid-nineteenth century. Originally taking the form of corticós, which were built for this purpose, this kind of housing has increasingly been made up of casas de comodós, large buildings built originally as town houses for the rich and subsequently subdivided for low-cost rental to many families, all of whom share the facilities of water, toilet, shower and washtank. These casas were found to be generally two-story structures with an average of 17 rooms each and a mean occupancy rate of 3.1 persons per room. There are at present roughly 150 to 200 thousand persons living in these houses throughout the centrally located districts of the city of Rio, more than in any other city of Brazil except Sao Paulo, which has over three times this number. This latter city,

1 Lawrence F. Salmen, "The Casas de Comodos of Rio de Janeiro; A Study of the Occupants and Accommodations of Inner-City Slums and a Comparison of the Characteristics with the Favelas," Ph.D. Dissertation, Columbia University, New York, 1970.

however, has almost no favelas, which first sprung up in Rio in the 1920's and now shelter close to a million of the city's population.

The major problems associated with the casas de comodos evolve from the deteriorated physical condition of the buildings and the overcrowding of the occupants. These include infestation by rats and vermin, poor health and lack of privacy. While 70 percent of the tenement residents expressed dissatisfaction with their housing, well over half of these persons (66 percent) did not feel financially able to move to another kind of housing. The sharing of bathrooms and overcrowding in the rooms were the features of the casas most disliked by the residents.

The study reported three major advantages to living in a casa de comodos:

1. Most important, it is the cheapest accommodation which provides minimal plumbing facilities and is close to the centers of work, commerce and education. More than half of the employed casa residents either worked at home or walked to work, and the great majority of the remainder lived within short commuting distance of their place of work.
2. The casas de comodos are generally located very near the residences of the middle and upper-classes and thus many of the residents of this housing are well-situated to gain favors and economic opportunities from the affluent members of these classes.
3. Due to the close proximity of residence in the casas, there is a considerable amount of exchanged favors and services which is not present in other forms of habitation.

Though it would appear that the resident of the casas de comodos might naturally want to leave his rented room for a house in a favela, not one of the sample expressed a desire to do so. This is so despite certain definite

advantages which favelas offer, notably: low-cost housing which can be built over time as resources become available, lack of threat of eviction for failure to pay rent, land near the house for small agriculture or animals, credit and other favors from favela shopowners, and fuller community life. It may be that part of the reason for the casa residents' lack of desire to move to the favelas arose from the little familiarity they had with them-- only four percent of the sample of 300 were very familiar with the favelas or their residents; this ignorance would make for a greater gullibility regarding the general bias against favelas in Brazilian society.

The reasons given by the residents of casas de comodors for not wanting to move to a favela fell into two general categories, social and physical: the people of the favelas were felt to be socially inferior and the favelas to be dirty, distant from work and schools and poorly serviced. The social bias had little factual foundation: there is remarkably little crime in the favelas and social disorganization is less in these communities than in the casas de comodors. However, an authoritative survey of the favelas² taken at that time does give data which show the favela population to be considerably less educated, less fully and stably employed and, most important, more poorly paid than are persons living in casas de comodors. Confirming the impression that the standard of living is lower in the favelas than the casas is the fact that the average casa domicile has more major appliances than does that of the favela. Physically, favelas appear to be somewhat worse than the casas de comodors. Though less densely settled, they are on the average farther removed from places of work, and more important, far less adequately serviced for sewage, water and electricity.

2 Companhia de Desenvolvimento de Comunidade (CODESCO), Pesquisa sobre tres favelas, Rio de Janeiro, 1967 (Xeroxed).

An Improvement Program in a Tenement Slum in Panama City

At about the same time this study in Rio was being conducted, the Foundation for Cooperative Housing (FCH), a non-profit, private organization working on housing problems in the U.S. and the developing world, was assisting the Panamanian Housing Agency (IVU) in implementing an AID-financed project aimed at improving the living conditions of residents of multi-family tenement houses in Panama City which were similar to the casas de comodos. In Panama this form of housing is known as casas de inquilinato. Many blocks of these houses had been constructed in downtown Panama City at the time of the building of the Panama Canal to house the canal workers. They were built as two-story structures around a small courtyard with 12 rooms and one wash/toilet area to a floor. Once these buildings became tenements, they were occupied by a family per room, with the result that the high density gave rise to many of the same serious health and crowding problems reported for the casas of Rio.

The intention of the AID project was to improve the conditions of the residents of two of the worst tenement slum areas, Curundu and Maranon, by providing the residents various alternatives for lower-density yet low-cost housing. The program also included upgrading of selected existing squatter settlements. A survey was conducted to determine the number of persons desiring to remain in the same area of the city and those who preferred to move to a new settlement, Nuevo Veranillo, located within the development area of Panama City at a distance roughly 25 minutes by bus from the tenements.

Selected blocks of tenement housing were razed (using labor from the communities) to allow for construction of new low-cost yet more fully serviced housing and commercial structures in the vacated lots. Residents of the

demolished tenements were given the choice of moving to new minimal housing in New Veranillo or to the new housing built in their same neighborhood. The structures which remained were rehabilitated to allow each family two or three rooms, water and sanitary facilities in place of the one unserviced room it had had. Nuevo Veranillo was planned as a modified sites and services project with 1,200 core and shell housing units which the residents could finish as their incomes allowed. In addition, there were health education facilities and vocational training programs in the new community and a housing materials production center which employed 50 persons and produced enough to generate an income of \$4,500 (net) a month. By 1971, 1,500 families had voluntarily relocated to Nuevo Veranillo and the densities of Maranon and Curundu had been reduced, with some blocks cleared for new development. The Nuevo Veranillo site had been planned to accommodate those desiring the amenities of a more suburban location (land, single-family residences, clean air, etc.). Most important, several alternatives were made available to the slum residents, to be selected according to residential preferences and economic ability. The key factor in the success of this program was the involvement of the residents through community associations--participating in the design, promotion and implementation of the project--and relocation by voluntary as opposed to forced methods. Upon completion of this AID-funded project, IVU developed a new area near Nuevo Veranillo providing similar core house alternatives to 2,500 additional families.

Proposed Improvements for Selected Slum Areas of Cairo

Drawing on its experience both overseas and in the U.S., FCH became involved very recently in the development of multi-faceted demonstration

projects affecting both inner-city and peripheral area lower-income settlements in Cairo, Egypt. In March of this year, the Egyptian Ministry of Housing and Reconstruction (MOHR) and AID requested FCH's help in preparing a preliminary report "Housing and Community Upgrading for Low Income Egyptians." The FCH team worked jointly with MOHR counterparts in selecting several sites for demonstration projects, now under consideration by AID for financial support.

The principle followed in all target areas was to preserve the existing housing stock, respect present community organization and improve or build on both to allow for increased and better serviced shelter. A brief account of the selection of sites in Cairo³, and of the development plans for two types of lower-income settlements illustrates an approach to the question of how to improve differing types of lower-income communities.

The three areas of Cairo tentatively chosen for upgrading were Al Gamalia, a section of Old Cairo in the center city, Ain Shams, a growing area of low-cost housing and small industry in the northern part of the city, and Helwan, a major industrial complex to the south of Cairo.

The criteria for this selection was as follows:

1. High concentration of poor
2. Availability of employment
3. Commercial center
4. Growth pole, north and south - to relieve congestion at the center
5. Location on desert rather than agricultural land
6. Cultural significance (Al Gamalia)
7. Potential for self-generating development.

³ Sites were also selected in secondary cities with a view to slowing immigration to Cairo and spurring regional development.

The last two of these criteria played a major part in the selection of Al Gamalia as an area for improvement. Located in the old section of Cairo and containing many mosques and other historical monuments as well as a part of the old commercial center, or Bazaar, Al Gamalia appears to offer a Major potential for revitalization, once provided with a small impetus of capital and technical assistance. The hope is that as the physical aspects of the area are improved, tourism, which already comes to the bazaar, may increase; this growth in tourism will raise the demand for goods and services which will, in turn, generate increasing employment. As more people get better paying jobs, they will be able to pay for increasing physical improvements and invest in better productive enterprise, which will attract more visitors, and thus the self-generating cycle proceeds.

For this optimistic vision to become reality many hard problems will have to be dealt with. Suffice it here to name a few: rent control laws, very low income and educational levels of much of the population, lack of vacant land and insufficient space for needed improvements in transportation, sewerage and water facilities.

The proposed demonstration project would include the following components: Water and sewer improvement, loans for repair and expansion of residential structures, construction of new multi-family dwelling units, additional community services--health, family planning, nutrition, improved circulation for vehicles and pedestrians, restoration of monuments, small scale tourist facilities--restaurants and rest areas. There should also be a program of vocational training, loans and technical help to small business enterprises to help produce more jobs and increase incomes. A community based savings credit system would also make a major contribution to the upgrading process.

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There is no easy answer to the rent control problem which inhibits landlords from making repairs and improvements. However, several possibilities should be considered.

A number of old residential buildings are owned by the Government and these could be rehabilitated and sold to residents as cooperatives or condominiums, allowing recuperation of the investment with long-term mortgages.

The mortgage could be on the property only, with the Government retaining title to the land, making it available on a long-term lease to the cooperative. This would help prevent speculation on unearned profit to the cooperative, since land values will increase dramatically as the upgrading program progresses. It would also reduce the monthly payments on individual apartments.

Another possibility which should be considered to reduce monthly charges would be the use of very long-term mortgages, perhaps 40 years. This is not uncommon in developed countries and might work in Cairo. The security is in the building and the certain appreciation of the land. Monthly payments could also be stepped for younger families, increasing as their incomes increase.

The Government also owns vacant lots in the area which would allow for new construction of cooperatives and condominiums which would also be sold with a land-lease arrangement, avoiding rent control problems.

In both the new and rehabilitated units the street level space would be reserved for commercial shops on the front and small "factories" in the rear, following the traditional pattern of the area. These areas would be rented by the cooperative, and the income would help subsidize the monthly payments of the residents on the upper floors.

Both new construction and rehabilitation work would be done by private contractors, with encouragement to use small contractors who already do much of the repair work and small new construction jobs. There would be a need

for helping them to upgrade their management and administrative capabilities and to improve the quality of their work through training and apprentice programs. They would be encouraged to hire from the community.

In addition to the physical improvements-tourism cycle mentioned above, improved health, education, vocational training and childcare centers would also contribute to increased incomes as residents benefitting from these services would be better able to find meaningful employment outside the project area.

The other two areas to be upgraded, Ain Shams and Helwan, are both located in desert land, thus signifying a Government attempt to encourage city growth away from the scarce arable land needed for agriculture. Both settlements, at opposite ends of Cairo, have grown up over the last twenty years in relatively unplanned informal fashion. Housing in these two areas is generally of inferior quality and poorly serviced by water and sewerage systems. Some of the housing in each area is squatter. Like newly growing suburban fringe areas in other cities of the developing world, these areas also lack social and community services.

Comprehensive, integrated urban development is often recommended though rarely put into practice due to competing, sometimes conflicting and un-coordinated bureaucratic structures both within the municipal and national governments of developing countries and within foreign assistance agencies of donor nations. It is hoped that the projects for Ain Shams and Helwan will be an exception and achieve an integrated development; with this as a goal, they are to include the many and varied components of water, sewer and electric lines, home expansion and improvement loans, "roof loans," vocational training, and other methods of employment generation, a community credit system, adult education programs in health, nutrition and family planning.

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The hope is that these two outlying new slum areas, with a full complement of physical, social and economic improvements, may become, like Al Ganalia, communities with the potential to generate their own development process.

Policy Implications

A general conclusion that can be derived from the foregoing is that the poor are where they are due to their own assessment of what is best for them, given the severe constraints within which they live. The inner-city tenement slums are home for people who cannot afford to move to better housing; they have chosen their habitat largely for its convenience to places of employment. Squatters, who pay no rent, are generally poorer than the residents of the tenements; they do, however, enjoy the benefit of a small plot of land which allows for future improvement and a more cohesive community, both lacking in the tenements.

What is becoming the conventional wisdom is born out by the research and experiences cited here: good urban development policy is that which reinforces and builds upon the existing social and physical structures of the poor. The best policy would not only improve what is already in place but do so in such a way that the poor may increasingly affect the decisions which touch upon their own lives.

Center-city multi-family tenements are favored by location and plagued by overcrowding and inadequate services. Improvement in these center-city areas should not displace persons away from their job markets. It should lessen densities, on a voluntary basis, as was done in Panama, providing

new housing in the same general area for those for whom the center-city location is important, while facilitating the transition to low-cost housing and land farther removed from the center for those who desire and can afford the transportation to and from work which this move generally entails. It is important that tenants of the down-town converted tenements be assured of continuous provision of adequate services. Once water and sewerage facilities are provided to these buildings, the municipality needs to keep constant surveillance over the landlords to assure adequate maintenance and delivery of these services. Whenever new structures are built, the physical design should facilitate the constant close interaction which has been shown to be of great importance to the poor's struggle to survive.

Each of the major slum types, downtown tenements, squatter areas and newly-settled peripheral settlements, all benefit far more from the kind of integrated, comprehensive approach proposed for Cairo than piecemeal uni-sectoral programs. Poverty is caused by many factors, bad health, low educational levels, poor motivation, squalid physical environment, etc. Not one but a combination of these problems must be remedied for any real benefit to accrue to the poor.

More important, any improvement which is carried out in any type of slum will only have a lasting value to the people affected if they ultimately come to determine the scope and direction of the improvement effort. Development is only effective if it becomes internalized such that the objects or recipients of improvement become the subjects or promoters of change. In policy terms, this means that urban development efforts should be dedicated to building up community organizations, in the form of cooperatives of all kinds (consumer, production, housing), credit unions, neighbor-

hood associations, and other such network linkages. Unless there is the opportunity to enter into the decision-making process with the transfer of power which these forms of community associations allow, any development effort, be it physical amenities, jobs, health centers or whatever, will fail, in that the poor will still passively depend upon rather than become an active force in changing the social and economic system from which they receive so little benefit.

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Wallace Campbell
Elected President of CARE



Wallace J. Campbell, who served as President of the Foundation for Cooperative Housing from 1964 to 1975, has been elected President of CARE, the internationally known and respected aid and development agency he helped found in 1945. Mr. Campbell, as President Emeritus of FCH and President of the International Cooperative Housing Development Association, continues to work for the improvement of housing for low-income families overseas. He also serves as Permanent Representative of the International Cooperative Alliance to the United Nations Economic and Social Council and is the CARE board member who represents the Cooperative League of the U.S.A. Paul Hebert, Director of the Global Projects Office of the Credit Union National Association, replaces Mr. Campbell as Treasurer of CARE.

Humphrey Sub-Committee Recommends Reorganizing U.S. Foreign Assistance

The last legislative initiative of the late Senator Hubert H. Humphrey was to prepare a bill recommending a complete reorganization of American foreign assistance. The sub-committee on foreign aid which was chaired by Senator Humphrey prepared a bill which makes major recommendations for a new direction and a reorganization of US foreign assistance program. The bill was introduced by Senator John Sparkman and Senator Clifford Case in the Senate on January 25th as a living tribute to Senator Humphrey.

The bill recommends that the Agency for International Development be abolished and its functions and those of other U.S. Government Agencies involved in foreign assistance be incorporated under a new International Development Cooperation Administration (IDCA). The administrator of IDCA would report directly to the White House. IDCA would have responsibility for current AID programs and, in addition, be responsible for US inputs to multi-lateral aid agencies such as the World Bank and the United Nations. The IDCA would also oversee OPIC, the Overseas Private Investment Corporation, and a new International Development Institute would be created with the director of the Institute responsible to the administrator of IDCA. The institute would absorb Peace Corps and would also be responsible for coordination of U.S. support to private groups involved in foreign assistance, including cooperatives.

The bill states that U.S. Development Policy should emphasize four principle goals:

1. The alleviation of the worst physical manifestations of poverty among the world's poor majority.
2. The promotion of conditions enabling developing countries to achieve self-sustaining economic growth with equitable distribution of benefits.
3. Encouragement of development processes in which individual civil and economic rights are respected and enhanced.
4. The integration of the developing countries into an open and equitable international economic system.

Throughout the bill the constant theme is to increase the participation of the beneficiaries of AID programs in the decisions that affect their lives. It also recommends major shifts toward the involvement of the private sector by stating "United States cooperation in development should be carried out to the maximum extent possible through the private sector including those institutions which already have ties in the developing areas such as educational institutions, cooperatives, credit unions and private and voluntary agencies. *cont'd on page 6*

FCH Conducts Seminar in Lebanon

FCH recently conducted a seminar in Beirut on housing issues at the request of the Government of Lebanon and AID. The team also engaged in consultation of a policy nature with the President, Prime Minister and Minister of Housing and Cooperatives.

Lebanon has a severe housing problem as a result of recent civil conflict in that country which caused great damage to the housing stock. In addition, there has traditionally been a housing shortage for low-income families. Government has not played a major role in the provision of housing in the past. The issue of alternative government roles for the future was addressed in the seminar and in discussions between the FCH team and government officials.

High-level Lebanese participants from both public and private organiza-

tions participated in the AID-sponsored seminar. The subjects included fundamental issues of national housing policies, technical considerations in land use, unit design, site planning and innovative approaches to shelter finance for new construction and repair of damaged housing. The keen interest shown by the Lebanese participants in the program was reflected in the extensive and very favorable press coverage accorded the seminar. Furthermore, the priority enjoyed by housing as a matter of government concern is evidenced in the commitment in principle by the government of Lebanon of approximately U.S. \$160 million to the overall housing effort in the near term. The U.S. Agency for International Development (AID) will contribute \$19.5 million toward this activity, with grant funds for technical assist-

ance and home repairs and loan funds provided through the Housing Guaranty mechanism of the AID Office of Housing.

The FCH team consisted of respected authorities in housing and community development. John Howley, former Deputy FHA Commissioner, was the team leader and team members included John Horne, FCH trustee and former Chairman of the Federal Home Loan Bank Board, Nathan Porter, Executive Director, Housing and Redevelopment Authority, Huntsville, Alabama; Louis Sauer of Sauer Associates and Professor of Architecture at the University of Pennsylvania, and Eric Peterson, FCH architect and resident advisor in Lebanon (*See story on page 4*).

HOUSING WORKSHOP – KENYA

A successful three-day Workshop on Housing for Low Income Workers in Kenya was held in Kisumu from November 23-26. The Workshop was organized by the Central Organization of Trade Unions (COTU) in conjunction with the Ministry of Cooperative Development.

The Workshop was attended by the Minister of Housing and Social Services, The Minister of Cooperative Development as well as the Permanent Secretary of the Ministry of Labour. Also present were representatives from various

Workshop. He described the housing problem in Kenya this way: "The workers in Kenya are becoming impatient. They see new factories and new luxury hotels . . . what most workers cannot see are decent houses where they can live in dignity with their families. Most low-income workers live in disgraceful houses. This is not necessary in Kenya where resources can be made available to build decent houses for workers."

Mr. Boy noted that at the present time there was no financial institution in

purpose in mind.

Representatives from the Housing Research and Development Unit (HRDU) of the University of Nairobi pointed out that standards for services and construction often stood in the way of providing housing and services within reach of low income workers. They also suggested that a more flexible attitude should be adopted towards the high standard of housing in Kenya, thereby bringing it to a level within the economic reach of the poor.

Jack Edmondson, representing the Foundation for Cooperative Housing and the International Cooperative Housing Development Association (ICHD), submitted a paper in which he recommended the timely formation of a national cooperative housing sponsoring organization under the joint auspices of the COTU, the National Kenya Cooperative Union, the Cooperative Bank, the Kenya National Cooperative Savings and Credit Organization, the Ministry of Housing and Social Services and the Ministry of Cooperative Development and perhaps with participation from the National Social Security Fund, the National Housing Corporation and the Housing Finance Company.

Edmondson reasoned that a joint approach of this kind would assure the coordination needed to carry out programs of scale and insure the cooperation and participation of the respective agencies. He felt that mobilization of financial resources among the workers combined with the financial inputs from government, the private sector, international lenders, and the cooperative bank should provide the capital resources to initiate such a program.



The Honorable Paul Ngei, Minister for Cooperative Development is pictured addressing the audience at the Workshop on Housing for Low-Income Workers, held in Kisumu, Kenya last November. The Workshop was organized by the Central Organization of Trade Unions (COTU) in conjunction with the Ministry of Cooperative Development. On Mr. Ngei's left is Fred Omido, Chairman General of COTU, and on his right the Honorable Juma Boy Secretary General of COTU.

organizations in Kenya including the National Social Security Fund, The Cooperative Bank of Kenya, the Africa Cooperative Savings and Credit Association, the African American Labour Center and the United Nations Habitat and Human Settlements Foundation.

The Honorable Juma Boy, Secretary General of COTU, was one of the principal coordinators and speakers at the

Kenya which was very concerned with financing houses for low-income workers.

Another prominent speaker at the Workshop, Mr. A. Ligale, Director of the Department of Physical Planning with the Ministry of Lands and Settlement, said that subletting of rooms to low-income workers should be supported, as well as constructing houses with this

Operation Program Grants *(from page 1)*

for Economic Integration (CABEI) for funding for three site and services projects. The Municipal Council of the Central District of Tegucigalpa (MCCD) is providing the land for the two FEHCOVIL projects and is making the initial selection of participants in these projects. INVA, FEHCOVIL and the MCCD have requested FCH's technical assistance in different aspects of planning, programming and implementing the site and services projects for poor families.

In Jamaica, the Government of Jamaica has announced a new housing strategy that provides for the rehabilitation and improvement of the existing housing stock in selected areas. The

Jamaica Mortgage Bank (JMB) will receive an AID Housing Guaranty loan to fund this activity. The Ministry of Local Government (MLG) will be responsible for an inner city tenement upgrading program. The Ministry of Housing (MOH) will be responsible for a squatter area upgrading program and the Jamaica Co-op Credit Union League, Ltd., (JCCUL) will be responsible for a rural home improvement loan program. The MLG, the MOH and JCCUL have requested technical assistance from FCH in the planning, programming and implementing of their respective programs.

New FCH Overseas Assignments

Upchurch to Botswana



Mr. James Upchurch, from Sebring, Florida, joined the FCH International Staff at the end of October. Upchurch, 36, has been appointed to the position of Advisor to the Self-Help Housing Association (SHHA) of the Gaborone Town Council in Botswana.

Mr. Upchurch, who holds a B.A. degree in Business Management from Guilford College in Greensboro, North Carolina, has had a highly successful career with the American Friends Service Committee (AFSC) for the last ten years. He has worked on their foreign and domestic programs in the development of aided self-help housing programs for low-income families. FCH has been acquainted with his outstanding work in rural housing through the AFSC, the Rural Housing Alliance and the Farmer's Home Administration.

His most recent assignment was as State Director for rural housing in Florida where he was instrumental in establishing five local organizations for the sponsorship and execution of housing projects for the poor. Prior to holding this position he was the Director of the AFSC Mexican self-help housing program. He and his wife, Betty, the co-director, were responsible for promoting self-help housing as well as conducting educational programs about homeownership.

(Cont'd on page 5)

Barash to Peru



FCH will soon be providing technical assistance to the Peruvian Housing Bank (BVP) and to the savings and loan system in Peru in developing a home improvement loan program for poor urban families. FCH's assistance will be funded by an Operational Program Grant recently received from the U.S. Agency for International Development (AID).

Mr. Mahlon Barash, who recently joined FCH, will be the resident FCH advisor in Peru.

The BVP is the borrower for a \$15 million dollar AID Housing Guaranty loan for the improvement of urban infrastructure in marginal areas, the construction of site and services projects and home improvement activities.

In accordance with an agreement among the BVP, AID and FCH, FCH will be posting Barash in Peru for a period of eighteen months and will also be providing short term advisors and consultants for a total of five man months. They will assist the BVP develop the procedures for planning, programming and implementing a demonstration home improvement loan program in a selected low income settlement of Lima. The project will be evaluated and the procedures developed will then be available for use throughout Peru in developing home improve-

(Cont'd on page 5)

Peterson to Lebanon



The Foundation for Cooperative Housing is collaborating with the United States Agency for International Development and the Government of Lebanon in the reconstruction and improvement of that country's housing stock, which suffered substantial losses in the recent civil disturbances. The Lebanese government estimates that 20,000 housing units were damaged or destroyed, and that approximately U.S. \$170 million will be required to repair and reconstruct that housing.

FCH architect Eric N. Peterson has moved to Beirut where he will work with the Lebanese Ministry of Housing and Cooperatives over the next several years in the implementation of the reconstruction program. Mr. Peterson, who studied and lived in Sweden and Belgium, brings to his assignment in Lebanon considerable expertise in programs involving self-help by project beneficiaries and renovation of existing urban structures. In addition, Mr. Peterson served for three years as a Peace Corps volunteer teaching and carrying out community development work in a rural area on Panay Island.

Against the backdrop of a USAID \$4 million grant program to assist the Government of Lebanon undertake the massive home repair and reconstruction effort in the wake of the civil war, and a Housing Guaranty of an additional US \$15 million

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Marchese to Lesotho



Lawrence Marchese has been chosen as FCH advisor to the Production Systems Division of the Low Cost Housing Company (LEHCO-OP) in Lesotho. Production Systems fabricates building materials and other products. The Agency for International Development (AID) is providing the resources for this activity through an Operational Program Grant, which also provides for the purchase of additional equipment and plant expansion. This is one of several grants that FCH has recently received from AID for projects in Botswana, Honduras, Jamaica and Peru in addition to Lesotho.

Marchese began working with FCH International in early January of this year, and will begin his two and one half year assignment in Maseru in early February. Marchese, from Merienville, Pa., received a BS degree in Business Administration from Youngstown State University. He then did graduate work at Clark University in Worcester, Mass. where he received an MBA, specializing in international business and management.

He acquired a strong background in training, group dynamics and problem solving from the Abraxas Foundation in Merienville where he worked for two years. This expertise will serve him well in Maseru where he will be training a local staff to assume greater management responsibility for their production

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U.N. Sponsors Meeting on Urban Settlements

Lawrence Salmen represented FCH at a U.N. meeting on *Strategies for the Improvement of Different Types of Lower-Income Urban Settlements*. Among the participants were representatives of various U.N. agencies, AID's Office of Housing, the World Bank and a number of individual experts.

The meeting took place at U.N. Headquarters in New York from November 28 to December 2. Discussion focused on inner city tenement slums, squatter settlements and peripheral semi-urbanized areas in the various regions of the world. The conclusions of the meeting may be best expressed in the following excerpt from the letter of transmittal

prepared in the closing session of the conference and addressed to the Secretary-General of the United Nations:

"The experts felt that in order to develop effective improvement strategies for settlements of low-income populations, a realignment of basic development and sectoral objectives was necessary giving greater priority to job creation and income-earning opportunities as well as to settlement improvement programs for the lowest income groups, recognizing their present effective demand levels. The major recommendations included: a) a more equitable distribution of public resources in the sector; b) high priority for the *in situ*

improvement of the different settlements keeping in mind as target groups the present residents; c) emphasis on the expansion of the present settlement options for the poor in the form of progressively developed sites and services; d) much greater community participation and control in settlement programs, and e) broader possibilities for alternative land occupation and possession.

The Group hopes that by means of these recommendations, more realistic as well as equitable and effective strategies will make possible an improvement of the quality of life of the majority of the urban low-income people."

Upchurch to Botswana (from p. 4)

Along with his strong background in housing and construction, Mr. Upchurch brings to FCH expert skills in manpower training and community organization.

In his new post Upchurch will be aiding the SHHA in the planning, implementation, and management of their urban development projects for the poorest majority. In particular he will be focusing on the Broadhurst sites and services project which is funded in part by a USAID Housing Guaranty loan of \$2,600,000. This project involves the development of about 300 hectares of vacant land in Gaborone through the provision of infrastructure and sites and services for approximately 2400 lots designated for self-help housing and other community and commercial purposes. Another phase of the development will be the encouragement of local building materials production.

In addition to the Broadhurst development, the large squatter community known as Old Naledi will be upgraded.

Mr. Upchurch will be accompanied by his wife and 10 year old son on his assignment to Botswana which is funded through a grant to FCH from AID.

Barash to Peru (from p. 4)

ment loan activities.

Mr. Barash will also be assisting the BVP in the preparation and presentation of two workshops on home improvement loan programs.

Before joining FCH, Mr. Barash worked with various institutions dealing with

credit and shelter programs. He was employed as an International Finance Specialist for the Global Projects Office of the Credit Union National Association, and as a Financial Analyst for the Overseas Private Investment Corporation, as a Project Manager for the Planned Neighborhood Division of IBEC Housing International, Inc. Mr. Barash worked in Peru as a Peace Corps Volunteer from 1965 to 1967. He has a B.A. in History from Hanover College, an M.A. in Anthropology from Pennsylvania State University and a M.A. in International Management from the American Graduate School of International Management. Mr. Barash is married and has two children.

Peterson to Lebanon (from p. 4)

authorized but not yet finalized, Peterson will be providing assistance to the Ministry of Housing and Cooperatives and the Council for Development and Reconstruction in the immediate implementation of the program. He will further advise and assist in the long-range development of housing policy with emphasis on those facets impacting on shelter for the lower income strata of Lebanon society.

Marchese to Lesotho (from p. 4)

organization. Employment generation is a major element in this project; Production Systems, a subsidiary of LEHCO-OP, now employs about 60 Basothos in the manufacture of cement block, window and door frames and wood and metal furniture products.

Marchese also served as a Peace Corps Volunteer in Bogota, Colombia, where he was a management and organization analyst for several small companies and for the Cooperative Credit Union Federation of Colombia.

He will be joining LEHCO-OP, a quasi-governmental cooperative housing technical service organization, almost three years after its establishment in 1975. LEHCO-OP has sponsored and constructed 200 homes for lower-middle income families with an initial grant from the United Nations Capital Development Fund (UNCDF). The United Nations Development Programme (UNDP) has provided additional resources for technical assistance for the program since its inception.

The cooperative community, called Mohalalitoe, will serve as a model for similar housing projects in other parts of Lesotho as well as in neighboring countries. Its success is due in large part to the dedicated work of the Basotho people and the coordinated support of the Government of Lesotho, the UNCDF, the UNDP, ICHDA, AID and FCH.

In early 1978, the Canadian International Development Agency will be making a follow-on grant of \$2.6 million to the government for cooperative and site and service programs in several towns in Lesotho. The expanded and strengthened Production Systems Division of LEHCO-OP will provide major inputs to the Canadian-funded program.

Marchese looks forward to the opportunity and challenge of becoming part of such a vibrant program.

Shelter Sector Assessment in Panama

LESOTHO BLOCK PRODUCTION



A view of the LEHCO-OP Production Systems Division with a cement block "egg-laying" machine in operation. Production Systems employs 50 people who are involved in the manufacture and distribution of the building of cement blocks, window and door frames and furniture.

In December, 1977, FCH fielded a multi-disciplinary five-person team to carry out a Shelter Sector Assessment in Panama for the Office of Housing of the Agency for International Development. Ted Priftis, team leader and Earl Kessler, technical advisor of FCH were accompanied by Don Stout, economist, Juan Casasco, planner, and Margery Sorock, charged with gathering information on the informal sector. The team composition allowed each of its members to concentrate on gathering in-depth information in their respective areas of concern and expertise, producing a sharply focused image of shelter sector activities, institutions, constraints, and achievements. The Shelter Sector Assessment findings and recommendations will help form the basis for future programs which may be developed with the Ministry of Housing and other Panamanian Institutions.

Humphrey Sub-Committee Recommendations *(from page 2)*

Under Section 205 of the proposed bill, it describes select development programs which deserve U.S. support and includes the following on housing and urban development; "programs of urban development with particular emphasis on adequate housing and basic services in conjunction with housing investment guaranties authorized in Section 332; small, labor intensive enterprises; marketing systems for small producers, and financial and other institutions which enable the urban poor to participate in the social and economic development of their country."

In Section 331, the bill has the following comments on shelter: "Worldwide housing guaranty—the congress recognizes that shelter requirements are among the most fundamental of human needs." It recommends continuation of the AID housing guaranty program and states that these programs shall emphasize:

1. Projects which provide improved home sites to poor families on which to build shelter and related services.
2. Projects comprised of expandable core shelter units on serviced sites.
3. Slum upgrading projects designed

to conserve and improve existing shelter.

4. Shelter projects for low income people designed for demonstration or institution building purposes.
5. Community facilities and services in support of projects authorized under this section to improve the shelter occupied by the poor.

In Section 603, it has the following comments regarding the establishment of the International Development Institute; "the functions of the Institute include the financing of development activities planned and carried out by or through private and voluntary agencies, cooperatives and the Peace Corps." The new institute would have a permanent advisory board consisting of seven members, five of whom would be selected from the private sector.

Chapter Six of the bill is titled "Private Initiative In Development". Section 601, entitled *Expanded Role of Private Voluntary Organizations and Cooperatives in Overseas Development* states—"The congress finds that the participation of rural and urban poor in their country's development can be effectively assisted and accelerated in an effective manner through an increase in activities planned

and carried out by voluntary organizations and cooperatives. . . . The Congress declares that, without compromising the private and independent nature of voluntary organizations and cooperatives, it is in the interest of the United States that such entities expand their overseas development efforts. Congress further declares that the financial resources of such entities should be supplemented by contributions of public funds for the purpose of undertaking development activities in accordance with the principles set forth in Section 201."

Clearly, the proposed bill summarizes the feelings of many individuals concerned with development both within the governmental and international agencies and among the private groups working overseas. It is time for some new directions in our foreign assistance programs. We need to focus more on the needs of the urban and rural poor and we need to involve the private sector more in implementation to supplement and complement the efforts of government agencies.

